



BASICS OF THE EUROPEAN UNIFIED PATENT SYSTEM

www.wbetal.com

WINTER · BRANDL ■ PARTNERSCHAFT MBB

PATENT AND LAW FIRM





Preface

Since January 19, 2022, the Unified Patent System in Europa has been ramped up. On this day EU Member Austria has ratified the Unified Patent Court Agreement (UPCA). Now enough EU Members are on board for the new system and the execution of the “Protocol to the Agreement on a Unified Patent Court on provisional application (PPA)” has started. The implementation of the PPA will lead to the gradual launch of the system, for example, judges are elected and appointed. The new system will start on 1 June 2023.

The introduction of the Unified Patent System has an impact on all European patents, also on “old” European patents which are already granted and in force. Patentees and applicants of European patents and applications should be aware of the implications and respond as needed. This white paper is intended to provide a basic overview of the European Unified Patent System and to support the patentees and applicants in possible steps.



Michael Schüller
German and European Patent Attorney
Representative before the Unified Patent Court
Partner at Winter, Brandl – Partnerschaft mbB, Patent and Law Firm

Munich, May 22, 2023



Listing of Agreement, Regulations, Rules, and Convention regarding the Unitary Patent

First of all, the legal basis is given here, which is referred to in the rest of the document.

The Unitary Patent is based on several legal provisions. First of all, there is the “Unitary Patent Package“:

- One part of the Package is the Regulation (EU) No 1257/2012, please see http://archive.epo.org/epo/pubs/oj013/02_13/02_1113.pdf. This Regulation implements enhanced cooperation in the area of the creation of unitary patent protection, authorized by Decision 2011/167/EU.
- A further part of the Package is the Regulation (EU) No 1260/2012 please see http://archive.epo.org/epo/pubs/oj013/02_13/02_1323.pdf. This regulation is in regard to the applicable translation arrangements.
- The agreement on a Unified Patent Court (“UPCA”) is also part of this Unitary Patent Package: http://archive.epo.org/epo/pubs/oj013/05_13/05_2873.pdf.

The UPCA creates a new court (Unified Patent Court) and new substantive standards of patent law. The two Regulations create a Unitary Patent, namely a “European Patent with unitary effect” / “Unitary Patent”. The European Patent changes from a “bundle patent” to a (small) “unitary patent”.

Furthermore, there is secondary legislation:

- Rules relating to Unitary Patent Protection (“UPR”) <https://www.epo.org/law-practice/legal-texts/official-journal/2016/05/a39.html>. The UPR provide for the establishment of a Unitary Patent Division within the EPO and lay down the details regarding all the procedures to be conducted by the EPO.
- Rules relating to Fees for Unitary Patent Protection (“RFeesUPP”) <https://www.epo.org/law-practice/legal-texts/official-journal/2016/05/a40/2016-a40.pdf>. The RFeesUPP set out the amounts of all the fees and expenses payable to the EPO by Unitary Patent proprietors and how they can be paid.
- UPC Rules of Procedure (“Rules UPC”) <https://www.unified-patent-court.org/en/court/legal-documents/69>.

Then the European Patent Convention (“EPC”) has to be considered regarding the Unitary Patent: <https://www.epo.org/law-practice/legal-texts/epc.html> The EPC is the Convention on the Grant of European Patents of 5 October 1973, including any subsequent amendments.



Classification of the European countries regarding the Unitary Patent

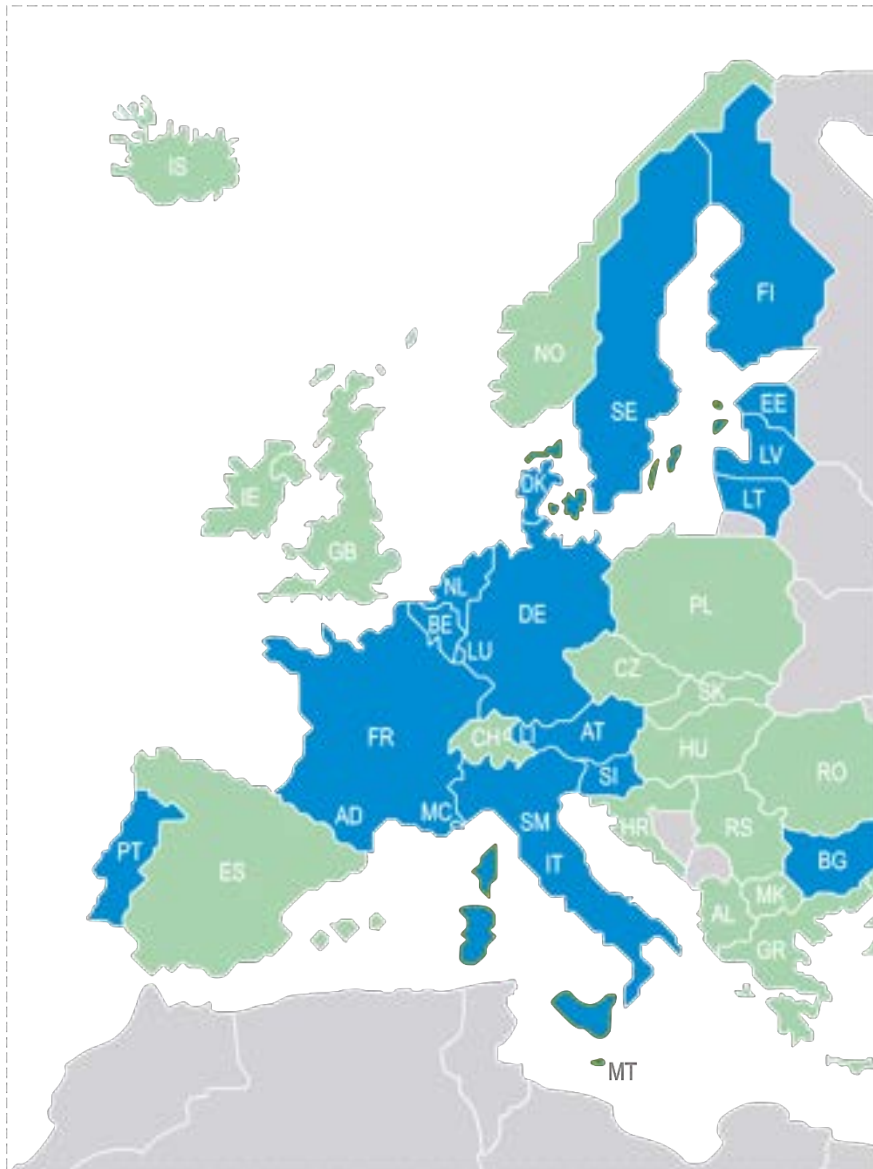
The UPCA is open to accession by any of the EU Member States of the European Union. At present, there are 27 EU Member states: *Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.*

The UPCA is not open to states outside of the European Union, such as UK. Up to date, all EU Member States except Spain, Poland and Croatia have signed the UPCA. Therefore, 24 EU Member States have signed the UPCA, wherein these Member States are called “Contracting Member States” according to Art. 2(c) UPCA (or “Participating Member States” according to Art. 2 Regulation (EU) No 1257/2012).

From the 24 Contracting Member States 17 have already ratified the UPCA (current status of ratification: <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001>): *Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Sweden.* Please note: the Unitary Patent benefits from unitary effect in these countries who have ratified the UPCA.

The 27 EU Member States are in addition members of the European Patent Organisation. All in all there are 39 members of the European Patent Organisation - please see <https://www.epo.org/about-us/foundation/member-states.html> - e.g. including UK.

In the figure below all the 39 members of the EPO are shown (blue and green marked countries). The 17 contracting members having already ratified the UPCA are marked blue.



Current Status

The UPCA has been ratified by enough Contracting Member States. Therefore, the “Protocol to the Agreement on a Unified Patent Court on provisional application (PPA)” has been in force since January 19, 2022. The implementation of the PPA will lead to the gradual launch of the system:

- Initially, institution building, the election of the Administrative Council, election and appointment of judges, adoption of the Rules of Procedure and other legal texts,
- Opt-out declarations are to be able to be submitted in advance to the Registry of the Unified Patent Court.

Germany has already ratified the UPCA and has filed the ratification certificate. The Unitary Patent system will enter into force on June 1, 2023. On the same day, the two Regulations



(Regulation (EU) No 1257/2012 and No 1260/2012) setting up the Unitary Patent will become applicable, as well as the Rules relating to Unitary Patent Protection (UPR).

Different types of patents in Europe

After the start of the Unitary Patent, there will be different options for patent protection:

- "European patent with unitary effect" (also called "Unitary Patent") means a patent granted under the provisions of the EPC which benefits from unitary effect by virtue of Regulation (EU) No 1257/2012, see Art. 2(f) UPCA. This patent benefits from unitary effect in the participating Member States by virtue of Regulation (EU) No 1257/2012 who have already ratified the UPCA.
- Classic "European patent" means a patent granted under the provisions of the EPC, which does not benefit from unitary effect by virtue of Regulation (EU) No 1257/2012, see Art. 2(e) UPCA. A classic European Patent can be validated in the 39 members of the European Patent Organisation.
- Combination of a European patent with unitary effect and a classic European Patent. With a Unitary Patent combined with a classic European patent it is possible to seek a Unitary Patent and, in addition, validate the European patent in those EPC contracting states not territorially covered by the Unitary Patent scheme because the EPC contracting states are not Contracting Member States which have signed and already ratified the UPCA or the EPC contracting states are generally not EU Member states.
- National Patent (and Utility Model if possible) in the respective European Country.

European Patents with unitary effect will have different generations in the future

The European Patent with unitary effect covers the territories of those participating Member States in which the UPCA has taken effect at the date of registration of unitary effect of a patent by the EPO. It is also likely that the outstanding ratifications of the UPCA will not take place all at once but rather successively. Consequently, there will be different generations of Unitary Patents with different territorial coverage.

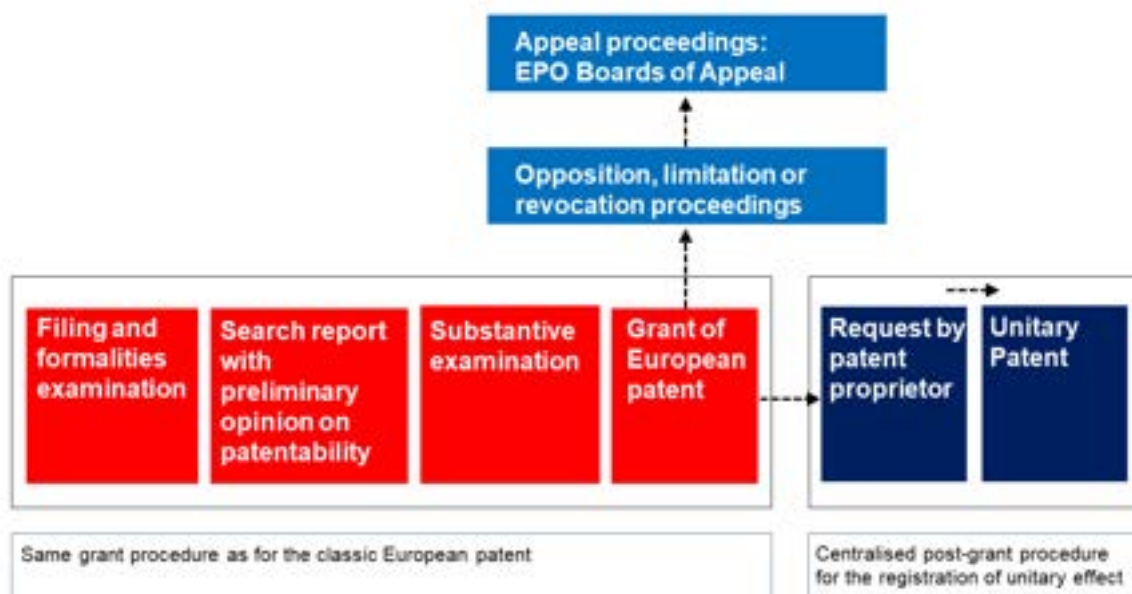
The territorial coverage of a given generation of a European Patent with unitary effect will stay the same for its entire lifetime, irrespective of any subsequent ratifications of the UPCA after the date of registration of unitary effect. In other words, a given Unitary Patent's territorial coverage will not be extended to other Member States which ratify the UPCA after the EPO has registered its unitary effect.



The participating Member States covered by a given Unitary Patent will be listed in the Register for Unitary Patent Protection.

The Unitary Patent architecture

Pre-grant phase (including opposition, limitation, and revocation proceedings) of a Unitary Patent is based on the EPC. Therefore, the pre-grant phase for Unitary Patents is exactly the same as for classic European Patents.



The EPO is entrusted by the participating Member States with the administration requests for a Unitary Patent (= requests for unitary effect).

Unitary Patent Division at the EPO

- A "Unitary Patent Division" has been set up at the EPO as a special department to deal with Unitary Patents.
- It is responsible for all the EPO's additional tasks relating to Unitary Patents referred to in Article 9(1) Regulation (EU) No 1257/2012 and entrusted to it by the participating Member States under Rule 1(1) UPR.
- The EPO departments entrusted with the procedures laid down in the EPC, namely the search, examining, and opposition divisions, the Legal Division, and the boards of appeal, will have no responsibilities in relation to Unitary Patents.



- Actions against decisions of the Unitary Patent Division must be brought before the Unified Patent Court (see Articles 32(1)(i) and 47(7) UPCA) and not before the EPO boards of appeal.

Main features of a European Patent with unitary effect (Art. 3 Regulation (EU) No 1257/2012)

- A European patent with unitary effect shall have a unitary character. It shall provide uniform protection and shall have equal effect in all the participating Member States who have ratified the UPCA.
- A European patent with unitary effect may only be limited, transferred or revoked, or lapse, in respect of all the participating Member States who have ratified the UPCA. Dropping of individual designated contracting states as with the classic European Patent is not possible with the Unitary Patent.
- A European patent with unitary effect may be licensed in respect of the whole or part of the territories of the participating Member States who have ratified the UPCA.
- The unitary effect of a European patent shall be deemed not to have arisen to the extent that the European patent has been revoked or limited.

The transitional regime: for which European patents can a Unitary Patent be requested?

A Unitary Patent may be requested for any European patent granted on or after the date of application of Regulations (EU) No 1257/2012 and (EU) No 1260/2012. These regulations will apply from the date of entry into force of the UPCA.

In other words, Unitary Patents can only be requested for new European Patents whose granted after the entry into force of the UPCA. Thus, if necessary, the applicant could try to delay the grant of the European Patent until the entry into force of the UPCA. Alternatively, the applicant could file a divisional European application which is also time-consuming.

Requirements for obtaining a Unitary Patent

First of all, in order to be eligible for registration as a Unitary Patent, a European patent must have been granted with the same set of claims in respect of all participating Member States (Rule 5(2) UPR; Article 3(1) in conjunction with Recital 7 Regulation (EU) No 1257/2012). Therefore, it is important not to withdraw the designation of any of the participating Member States because this would rule out obtaining a Unitary Patent.



As to the procedure for obtaining a Unitary Patent, a formal "request for unitary effect" must be filed with the EPO in writing by the European patent proprietor (Rule 5(1) UPR). This request must be filed no later than one month after the mention of the grant of the European patent is published in the European Patent Bulletin (see Rule 6(1) UPR; Article 9(1)(g) Regulation (EU) No 1257/2012; Article 97(3) EPC).

However, contrary to the normal EPC regime, where any of the three EPO official languages may be used in written proceedings (see Rule 3(1) EPC), requests for unitary effect have to be filed in the language of proceedings (see Article 9(1)(g) Regulation (EU) No 1257/2012 and Rule 6(2) UPR; see also point 58 above).

A Unitary Patent can also be requested for a European patent granted to multiple proprietors in respect of the same or different participating Member States as long as it was granted with the same set of claims in respect of all those participating Member States.

Only, however, if the request for unitary effect has been duly signed by all the proprietors (or their representative(s)) is their common representative entitled to act for them all. Multiple proprietors need not be listed in the request for unitary effect in the same order as in the request for the grant (EPO Form 1001) or in the European patent specification.

Translation of the Unitary Patent

During a transitional period (see below) the request for unitary effect must also contain a translation of the European patent as required under Article 6(1) Regulation (EU) No 1260/2012, as follows:

- where the language of the proceedings is French or German, a full translation of the specification of the European patent into English; or
- where the language of the proceedings is English, a full translation of the specification of the European patent into any other official language of the European Union.

Language of EPO Proceeding	Required Translation
French or German	English
English	any other official language of the EU

The translated text has no legal effect and is for information only.



The transitional period is at least 6 years and max. 12 years, see Art. 6 Regulation (EU) No 1260/2012. After the transitional period a translation is no longer necessary, see Art. 3(1) Regulation (EU) No 1260/2012.

Compensation for translation costs is available for small and medium-sized enterprises (SMEs), natural persons, non-profit organizations, universities, and public research organizations having their residence or principal place of business in an EU Member State.

Costs of a Unitary Patent after Grant

In the pre-grant proceeding, the costs for a Unitary Patent and a classic European Patent are the same. For a Unitary Patent, a uniform annual renewal fee has to be paid with the EPO. According to the table below, you can see the renewal fees of the Unitary Patent after the grant. They are compared in this table to the renewal fees of a Unitary Patent together with a national UK-Patent, a Classic European Patent validated in DE, FR, UK and a Classic European Patent validated in DE, FR, UK, IT.

Year	Unitary Patent		Unitary Patent and UK		Classic European Patent DE, FR, UK		Classic European Patent DE, FR, UK, IT	
	Renewal fee (€)	Cumulated Renewal fee (€)	Renewal fee (€)	Cumulated Renewal fee (€)	Renewal fee (€)	Cumulated Renewal fee (€)	Renewal fee (€)	Cumulated Renewal fee (€)
2	35	35	35	73	38	38	38	38
3	105	140	105	178	108	146	108	146
4	145	285	145	323	108	254	108	254
5	315	600	398	721	211	465	271	525
6	475	1075	581	1302	312	777	402	927
7	630	1705	760	2062	406	1183	526	1453
8	815	2520	968	3030	529	1712	699	2152
9	990	3510	1167	4197	647	2359	847	2999
10	1175	4685	1376	5573	771	3130	1001	4000
11	1460	6145	1684	7257	954	4084	1264	5264
12	1775	7920	2035	9291	1180	5263	1590	6853
13	2105	10025	2412	11703	1417	6680	1947	8800
14	2455	12480	2809	14512	1664	8344	2264	11064
15	2830	15310	3255	17767	1935	10279	2585	13649
16	3240	18550	3736	21503	2236	12515	2886	16535
17	3640	22190	4195	25697	2535	15049	3185	19719
18	4055	26245	4669	30366	2844	17893	3494	23213
19	4455	30700	5128	35493	3153	21045	3803	27015
20	4855	35555	5575	41068	3450	24495	4100	31115

The annual fees for the first 10 years - the average life of a patent according to the EPO - would amount to less than €5,000 for a Unitary Patent. The other options are roughly similar in terms of costs in this timeframe.

The costs for a payment service provider will be less for the single renewal fee of the Unitary Patent compared to possible multiple renewal fees of a classic European Patent. Therefore, the renewal fees are competitive in this timeframe, especially if more than three countries are designated for a classic European patent.



Further, a plurality of validation costs is not necessary for the Unitary Patent compared to the respective validation costs for the designated countries of the classic European Patent. For example, the validation costs for DE, FR, UK of a classic European Patent are around € 150 respectively.

The applicable law for Unitary Patents as an object of property

A European patent with unitary effect can be an object of property e. g. for license agreements, transfer, corporate restructurings, etc. Therefore, the applicable law in such cases is important.

According to Art. 7 Regulation (EU) No 1257/2012 a European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating Member States as a national patent of the participating Member State in which that patent has unitary effect and in which, according to the European Patent Register:

(a) the applicant had his residence or principal place of business on the date of filing of the application for the European patent; or

(b) where point (a) does not apply, the applicant had a place of business on the date of filing of the application for the European patent.

This means, if the applicant has his principal place of business e. g. in Germany, then the European patent with unitary effect as an object of property is treated as a national German Patent and German law is applicable.

In case of several applicants – e. g. two or more persons are entered in the European Patent Register as joint applicants -, point (a) above shall apply to the joint applicant indicated first. Where this is not possible, point (a) above shall apply to the next joint applicant indicated in the order of entry. Where point (a) above does not apply to any of the joint applicants, point (b) above shall apply accordingly. For example, if the first applicant has his principal place of business in France and the second applicant in Germany, then the European patent with unitary effect as an object of property is treated as a national French Patent

Therefore, if there are joint applicants from different countries the order of the applicants in the Patent Register plays an important role. The order can be changed in the granting proceeding of the European patent application.

Where no applicant had his residence, principal place of business, or place of business in a participating Member State in which the patent has unitary effect, the European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating Member States as a national patent of the State where the European Patent Organisation has



its headquarters in accordance with Art. 6(1) EPC, namely Munich in Germany. In other words, for applicant(s) outside the EU, German law applies for the European patent with unitary effect as an object of property. Germany is advantageous because there are comparatively few formal hurdles. For example, patents can be transferred orally in Germany.

This referral mentioned above is static and cannot be changed by transfer of ownership. Example: Patent proprietor as first applicant A based in the USA transfers his European patent with unitary effect to French company B, German law remains applicable for the European patent with unitary effect as an object of property.

Conflict of the Unitary European patent with national rights of earlier date

For a European patent application that is intended to be validated as a classic European patent after grant, where a national right of an earlier date exists in a contracting state designated in this European patent application, there are several possibilities of amendment open to the applicant. First, that designation may be withdrawn from the application for the contracting state of the national right of an earlier date. Second, for such a state, the applicant may file claims which are different from the claims for the other designated states. Third, the applicant can limit the existing set of claims in such a manner that the national right of an earlier date is no longer relevant. For a European patent application that is intended to have unitary effect after grant, only the third option is applicable. This means an applicant for a European patent with unitary effect has to amend the set of claims of such an application accordingly. You can find further information in the Guidelines for Examination in the EPO for a classic European Patent under the following web address: https://www.epo.org/law-practice/legal-texts/html/guidelines/e/g_iv_6.htm

In a possible action for revocation there is an important difference between a classic European Patent and a European Patent with unitary effect, please see the following example:

21.08.2023: DE application from applicant A filed.

29.03.2024: EP application from applicant B filed (first applicant from Berlin).

21.02.2025: DE application from applicant A (novelty-destroying for B) is disclosed.

20.03.2025: EP application from applicant B is granted.



1st possibility: The EP application is validated as a classic European Patent (EP-B) for several countries including Germany (with opt-out)

In a nullity proceeding (action for revocation) EP-B is revoked for DE only before the German Federal Patent Court, because of the national right of an earlier date in DE. In all other validated countries, EP-B remains in force because only in Germany the DE application A is opposed to a national German patent respectively to a European Patent validated in Germany. In the other validated countries, the national right of an earlier date in DE is not relevant.

2cd possibility: The EP application is validated as European Patent (EP-B) with unitary effect

In a nullity proceeding (action for revocation) before the UPC, the EP-B is revoked in respect of all the participating Member States who have ratified the UPCA because of the DE application A as a national right of an earlier date. This is because the first applicant is from Berlin, Germany and therefore, according to Art. 7 Regulation (EU) No 1257/2012 the EP-B shall be treated as a national German patent (please see also above under “The applicable law for Unitary Patents as an object of property”).

Advantages of the European Patent with unitary effect

- Centralized pre-grant procedure after grant and not only until grant, as in classic European patents.
- Business-friendly level of renewal fees and less complexity in paying renewal fees compared to classic European patents.
- No parallel litigation in the contracting members having already ratified the UPCA. Litigation is centralized at the UPC.
- The European patent with unitary effect provides inventors with uniform and comprehensive territorial protection in the contracting members having already ratified the UPCA.
- Validation of the Unitary Patent in several states is not necessary. The validation for a classic European Patent is a time-consuming and complex administrative process, e.g. translations have to be filed, fees charged by national patent offices, and attorney fees arise. In contrast, for obtaining the European Patent with unitary effect patent proprietors file a single request with the EPO.
- For the European patent with unitary effect one single renewal fee has to be paid to the EPO. The fee has to be paid in one currency and under a single legal regime as regards deadlines and admissible means of payment. In contrast, renewal fees for the classical



European Patent vary in amount, have to be paid to different national offices operating under different legal requirements.

- The renewal fee level is very attractive and business-friendly. The total fees for the first ten years – which is the average lifetime of a patent – amount to less than EUR 5000. There is a 15% reduction in renewal fees for patent proprietors who file a statement on a license of right with the EPO.
- Reduced Costs for small and medium-sized enterprises (SME) and other small entities.
- Management of a European patent with unitary effect, e. g. transfers, licenses, and other rights, no longer need to be registered country by country in the national patent register with multiple local patent attorneys. Instead, a single registration entered in the Register for Unitary Patent Protection centrally administrated by the EPO is sufficient.
- According to Rule 1(1) UPR the EPO shall be bound by decisions handed down by the UPC in actions brought under Art. 32(1)(i) UPCA.

The Structure of the UPC

The UPC is bound by EU law in the same way as any national court, Art. 1 UPCA. Therefore, the UPC shall cooperate with the Court of Justice of the European Union to ensure the correct application and uniform interpretation of Union law, as any national court, following Article 267 TFEU (TFEU = Treaty on the Functioning of the European Union) in particular, please see Art. 21 UPCA.

The UPC is competent (Art. 3 UPCA) to any:

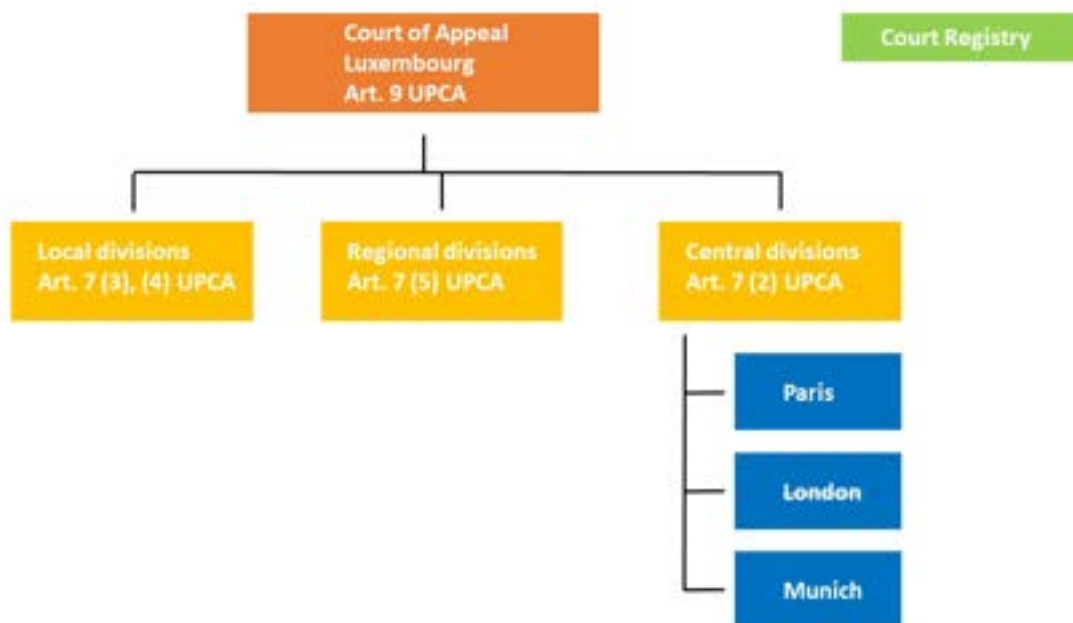
- (a) European patent with unitary effect,
- (b) Supplementary protection certificate issued for a product protected by a patent,
- (c) Classic European patent which has not yet lapsed at the date of entry into force of the UPCA or was granted after that date, without prejudice to Art. 83 UPCA (no opt-out) and
- (d) European patent application which is pending at the date of entry into force of this Agreement or which is filed after that date, without prejudice to Art. 83 UPCA (no opt-out).

The territorial scope of UPC decisions:

- European patent with unitary effect: all participating Member States in which the UPCA has taken effect at the date of registration of unitary effect of this patent by the EPO, please see Art. 5 and 18 Regulation (EU) No 1257/2012.



- Classic European patent: in all member states where this patent is in force, please see Art. 34 UPCA.



The court of 1st instance comprises a central division as well as local and regional divisions. It is competent inter alia for actions for infringement or revocation, see Art. 32 UPCA. In general, the jurisdiction of the court depends on the defendant's residence or place of infringement, please see Art. 33 UPCA for further information. Local divisions are for example in: Milan, Vienna, Helsinki, Paris, The Hague, Brussels, Hamburg, Mannheim, Düsseldorf, Munich.

The central divisions are competent for isolated actions for revocation (Art. 33 (4) UPCA) and actions for declarations of non-infringement of patents and supplementary protection certificates. It also handles infringement actions if infringement takes place where no local or regional division is located or the defendant has his residence outside the territory of the Contracting Member States (Art. 33 (1) b UPCA). Because of the Brexit, London's competence shall be divided between Paris and Munich until a new regulation is decided, wherein a decision will be issued probably during the implementation of the PPA.

The Court of Appeal in Luxembourg is competent for an appeal against a decision of the Court of First Instance, see Art. 73 UPCA.

The Court Registry is competent of the administration of proceedings and documents (all document traffic with the court in electronic form), verification of formal requirements, online register of proceedings, entire procedural file accessible to anyone, restriction of disclosure-only upon justified request and only to confidential information, please see Art. 22 ff UPCA.



Benefits of the UPC

- The UPC provides proprietors with a means of avoiding the high costs, risk, and complexity associated with multiple litigations in different jurisdictions.
- The UPC has specialized and highly qualified judges (including technically qualified judges) who will establish harmonized case law and increase legal certainty.

The transitional period regarding the competence of the UPC (Opt-out)

In general, when the UPCA has taken effect, the UPC is competent for European patents with unitary effect and for classic European patents. Exception: There is a seven-year transitional period, Art. 83 (1) UPCA, during which an action for infringement or for revocation of a classic European Patent can also be brought before national courts (the transitional period can be prolonged by up to seven years, see Art. 83 (5) UPCA). A proprietor of or an applicant for a classic European patent has the possibility to opt-out from the exclusive competence of the UPC, please see Art. 83 (3) UPCA. In other words, the patent proprietor of a classic European patent can exclude the parallel jurisdiction of the UPC and therefore opt for the exclusive jurisdiction of the national courts. The patent proprietor of a classic European patent cannot determine the sole jurisdiction of the UPC.

The UPC is competent for action for infringement or for revocation of European patents with unitary effect without exception. During the transitional period, national courts remain competent for all proceedings concerning classic European patents.

During the transitional period for classic European Patents without opt-out, a combination of national courts and the UPC is probably possible as desired. E. g. for a classic European Patent an action for infringement could be filed with the regional court Düsseldorf (Germany) and at the UPC Regional Division Milan (Italy) for all designated countries except Germany.



Transitional Period for classic European Patents

	Unified Patent Court	National Courts
Parallel jurisdiction (default)	Green	Green
Opt-out	Red	Green
Opt-in	Green	Green
Not available	Green	Red

Preconditions for Opt-out

A proprietor of or an applicant for a classic European patent granted or applied (not for a European patent with unitary effect) has the possibility to opt-out under the following preconditions (Art. 83(3) UPCA):

- Action has not been brought before the UPC yet. This means that bringing a negative affirmative action for a right before the UPC renders later opt-out effectless.
- The opt-out has been notified to the Court Registry of UPC by the latest one month before the expiry of the transitional period.

Legal issues in the context of the opt-out

The opt-out shall take effect upon its entry into the register. Thus, the application for opt-out alone is not sufficient to effectively declare an opt-out. The registration of the opt-out via a CMS is probably very fast.

According to R. 5.1(b) RulesUPC, the application to opt-out has to be made in respect of all of the Contracting Member States for which the classic European patent has been granted or which have been designated in the application. Therefore, a selection decision by the patentee is not possible for opt-out.

Where the classic European patent or application is owned by two or more proprietors or applicants, all proprietors or applicants have to lodge the application for opt-out, please see R. 5.1(a) RulesUPC. Where the person lodging the application for opt-out is not recorded as the proprietor or applicant in the registers, the person shall lodge a declaration that he is the proprietor. In other words, all co-owners of a classic European patent or application must file the opt-out request. This could lead to disputes between co-owners. If there is a proprietor who



is not listed as an applicant and who appears later, then the opt-out is only effective from the date of the opt-out request of the last "true proprietor" becomes effective.

If there is an incorrect application for opt-out, the opt-out only becomes effective with correction and from the date of correction, please see R. 5.5 RulesUPC.

For a (classic) European patent application opt-out is possible. If the European patent application is granted and validated as a European patent with unitary effect, then the opt-out request is deemed to be withdrawn with effect for the territory of the European patent with unitary effect, please see R. 5.9 RulesUPC.

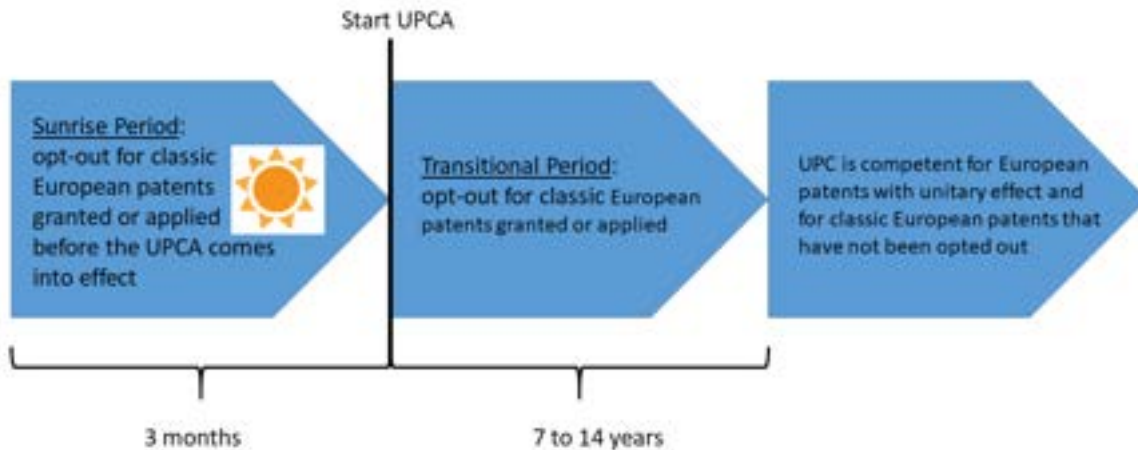
If a divisional application is filed based on a (classic) European patent application, then the opt-out of the European patent application does not apply to the divisional application.

Ratification of an EU Member State after the opt-out

If an EU Member State ratifies the UPCA after opt-out of a classic European patent, e. g. Spain, then it is up to now unclear, whether the opt-out does also apply to the Spanish part of the classic European patent (if the Patent is validated in Spain). A uniform opt-out (i.e. also for Spain) is considered to be very likely.

“Sunrise Period” for Opt-out

The opt-out can be earmarked during the “Sunrise Period” to the start of the UPC system, please see R. 5.12 RulesUPC. Therefore, during the Sunrise Period applications for opt-out accepted by the Court Registry before the entry into force of the UPCA shall be treated as entered on the register on the date of entry into force of the UPCA. That allows patentees to file opt-outs for their existing classic European patents granted or applied before the UPCA comes into effect. Therefore, third parties cannot file claims against these patents in the UPC immediately on the date of entry into force of the UPCA (what would impede an opt-out). It is expected that the Sunrise Period takes place 3 months before the date of entry into force of the UPCA.



Opt-in (withdrawal from the opt-out)

The opt-out can be withdrawn by means of a "Request for withdrawal from the use of the opt-out", please see R. 5.9 and 5.9 RulesUPC. This is called "opt-in". The possibility to opt-in is unlimited in time - i.e. even after the end of the transitional period regarding the competence of the UPC. The withdrawal from the use of opt-out can be essentially declared according to the same formal rules compared to opt-out, i.e. in particular for each classic European patent separately and by effecting an entry in the register.

The preconditions for opt-in are:

- Opt-out has been declared previously.
- No proceeding is pending before a national court. I.e. a possible infringer, fearing an infringement action before the UPC, can file a national negative declaratory action to harm the opt-in.
- Even a completed proceeding before a national court harms the opt-in.

After the opt-in, a further opt-out is not possible (no "opt-out again").

The opt-in can only be declared for all Contracting Member States for which the classic European patent has been granted or which have been designated in the application, please see R. 5.7 RulesUPC. Hence, a selection decision by the patentee is not possible for opt-in.

Implementation of opt-out

The application to opt-out has to be declared separately for each classic European patent or application, according to previous plans. No fees are charged for the application to opt-out, but considerable organizational costs. The application to opt-out has to be filed with the Court



Registry (via CMS) and not with the EPO, both after entry into force of the UPCA and during the sunrise period. Detailed procedural steps will be described at www.unified-patent-court.org.

Suggestions re Opt-out

- If you are an exclusive licensee with the right to sue, then a discussion with the licensor should be sought if you wish to opt-out.
- If you are a licensor you can check whether royalties are payable "as long as a contract property right is in force". In such a case, opt-out should be considered.
- The more license agreements exist for a European patent, the more likely it is to opt-out.
- If you are negotiating a license agreement, please think of opt-out/validation for a European Patent with unitary effect.
- Co-owners of a classic European Patent must opt out together. Therefore, if you are one of several patent owners you should contact your co-owners.
- If you have several IP rights to "the same" invention, one European Patent should allow access to the UPC, one IP right to a national court. Therefore, if necessary, opt out of one IP right.

Approach with opt-out for “crown jewels” and “non-crown jewels”

Crown jewels are:

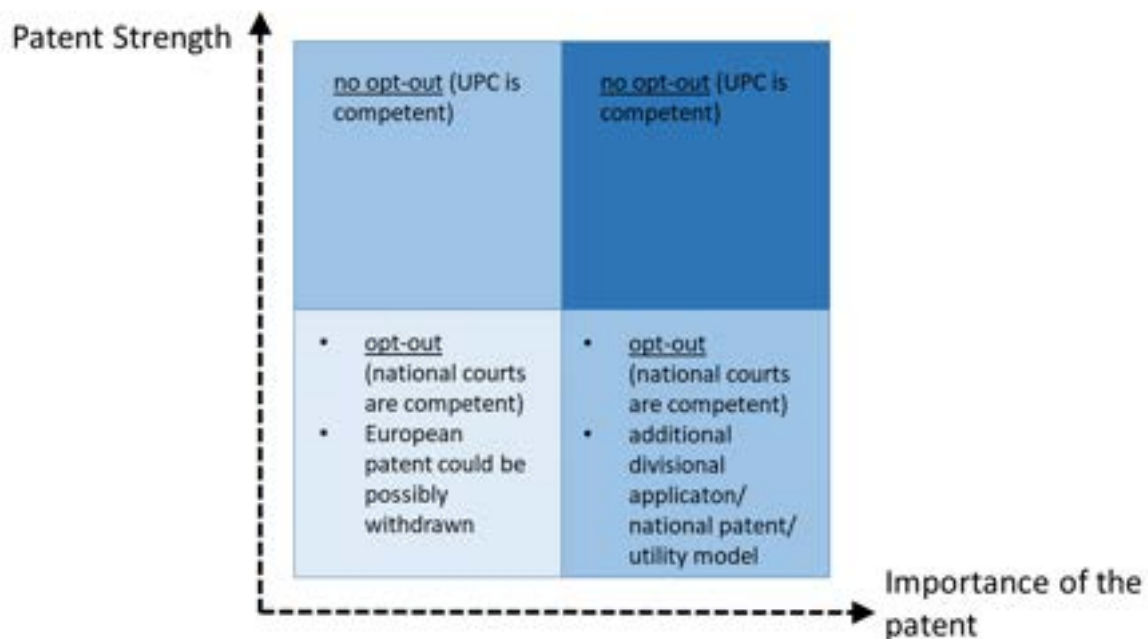
- basic European patents with a long term,
- European patents already infringed by competitors,
- the product manufactured according to European patent is available everywhere in Europe,
- the product manufactured according to patent contributes significantly to the company's turnover,
- the product manufactured according to the patent has a high profit-margin.

For a crown jewel, opt-out is recommended to avoid a centralized revocation via the UPC.

A strong European patent (e.g. because of successful opposition proceedings) which is not a crown jewel, access to the UPC could be maintained. Therefore, a revocation is unlikely and opt-out is rather not recommended.



For weak European patents, a request for opt-out should be filed to avoid a centralized revocation via the UPC. Afterward opt-in is possible (under certain circumstances, see above).



Strategic considerations on the European Patent with unitary effect

The European patent with unitary effect offers new possibilities. If it is to be in force in a large number of European countries, it offers a cost advantage compared to the classic European Patent. For example, a European patent with unitary effect is useful if it protects a pharmaceutical product or if it concerns a product for a large aftermarket (for example in the automotive area). A major cost advantage exists for 6 countries or more.

With a European patent with unitary effect a central cross-border attack against infringers in one proceeding at the UPC is possible. This is also possible for classic European patents if no opt-out is requested. But in return, there is the danger of a centralized revocation via the UPC of the European patent with unitary effect or the classic European patent without opt-out.

For important inventions, a strategic approach could be to file a divisional application in the examination procedure at the EPO parallel to a parent/previous application to obtain a European patent with unitary effect and a (slightly modified) classic European patent (with opt-out) or the other way around. This would lead to strong protection since the European patent with unitary effect has to be attacked via the UPC and the classic European patent (with opt-out) via the respective national courts. Alternatively or in addition to the divisional application, a national patent (e.g. in Germany) could have been filed parallel, and/or a Utility Model can be branched off.

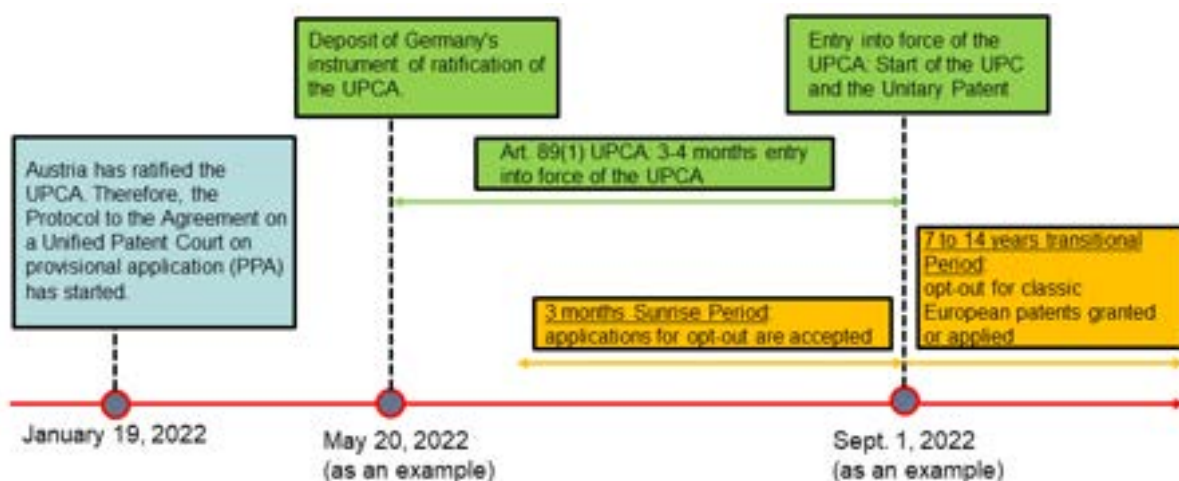


Prohibition of double patenting

At the moment (before the start of the Unitary patent system) Art II § 8 German International Patent Convention Act (IntPatÜbkG) stipulates that a national German patent loses its effect (ex nunc) when for the applicant or his successor a European patent with the same priority for the same invention has been granted. Therefore, a double patenting of a national German patent and a European patent having the same priority and the same invention is not possible (at the moment). When the UPCA is in force, then a new Art. II § 8 IntPatÜbkG is applied. Accordingly, there is no longer a prohibition of double patenting for a national German patent and a European patent with unitary effect or a classic European Patent (no opt-out) having the same priority and the same invention. This is due to the fact, that the UPC is competent for these European Patents and national German courts for the national German patent. Only, if opt-out is registered for a classic European patent, then there is still a prohibition of double patenting for the national German patent and the classic European patent (with opt-out). The new Art. II § 8 IntPatÜbkG applies to all national German patents granted after entry into force of the UPCA.

Therefore, parallel maintenance of a national German patent and a European patent with unitary effect or a classic European patent without opt-out is an option when the UPCA is into force.

Timeline for the Implementation of the Unified Patent System



Supporting users in an early uptake of the Unitary Patent by the EPO

The EPO has decided to introduce two transitional measures applicable to European patent applications having reached the final phase of the grant procedure.



These measures will be made available ahead of the entry into force of the Unitary Patent system, as of the date of deposit of Germany's instrument of ratification of the UPCA. Pursuant to Article 89(1) UPCA, this date lies between 3-4 months before the entry into force of the UPCA and will be communicated on the EPO's website.

First measure:

The EPO will allow early requests for unitary effect as of the date Germany deposits its instrument of ratification of the UPCA. Moreover, early requests for unitary effect may only be filed for European patent applications in respect of which a communication under Rule 71(3) EPC has been despatched. The possibility to file early requests will only be available until the start date of the Unitary Patent system. For example, if Germany deposits its instrument of ratification of the UPCA on May 20, 2022, then the UPCA enters into force on September 1, 2022. Between this periods, the applicant can file an early request for unitary effect if a due date for responding to a communication under Rule 71(3) EPC falls within this period.

The EPO would examine this early request and register unitary effect very soon after the publication of the mention of the grant of the European patent in the European Patent Bulletin if all requirements are met.

In other words, when a communication under Rule 71(3) EPC is “pending” after Germany deposits its instrument of ratification of the UPCA, then the applicant can file an early request for unitary effect.

Second measure:

The second transitional measure will provide the possibility for the applicant to request a delay in issuing the decision to grant a European patent after despatch of communication under Rule 71(3) EPC by the Office and before approving the text intended for grant. This will make a European patent eligible for Unitary Patent protection that would otherwise have been granted before the start of the new system and will avoid that applicants miss opportunities to obtain a Unitary Patent in the transitional phase.

The EPO will allow requests for a delay in issuing the grant as of the date Germany deposits its instrument of ratification of the UPCA. Moreover, a request for delay may be validly filed only for European patent applications in respect of which the applicant has been informed of the text intended for grant by a communication under Rule 71(3) EPC but has not yet approved that text.



For further information in regard to the first and second measures, please see <https://www.epo.org/law-practice/unitary/unitary-patent/transitional-arrangements-for-early-uptake.html>

Winter, Brandl – Partnerschaft mbB is one of Germany's major patent and law firms. We are working for you to secure intellectual property protection all over the world. We always think with an eye on products and markets and beyond purely legal terms: from selecting and designing the appropriate property right to the filing of a custom-tailored application.

Winter, Brandl – Partnerschaft mbB

Alois-Steinecker-Str. 22
85354 Freising
Germany
Phone +49 8161 930-0

Bavariaring 10
80336 München
Germany
Phone +49 89 54301-600

E-Mail: info@wbetal.de