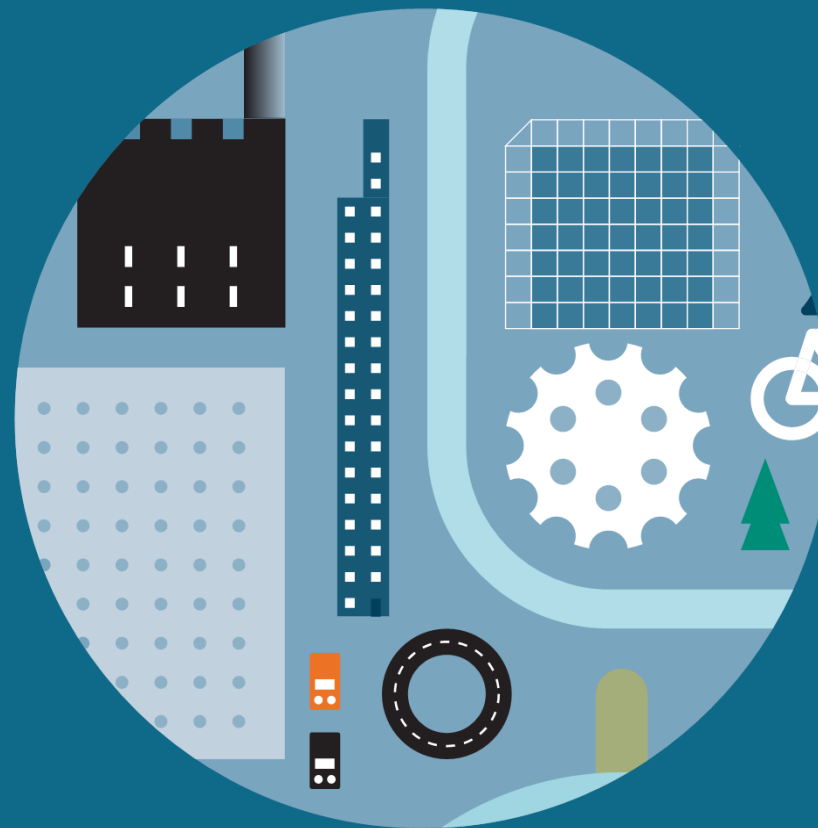


Unified Patent and Unified Patent Court

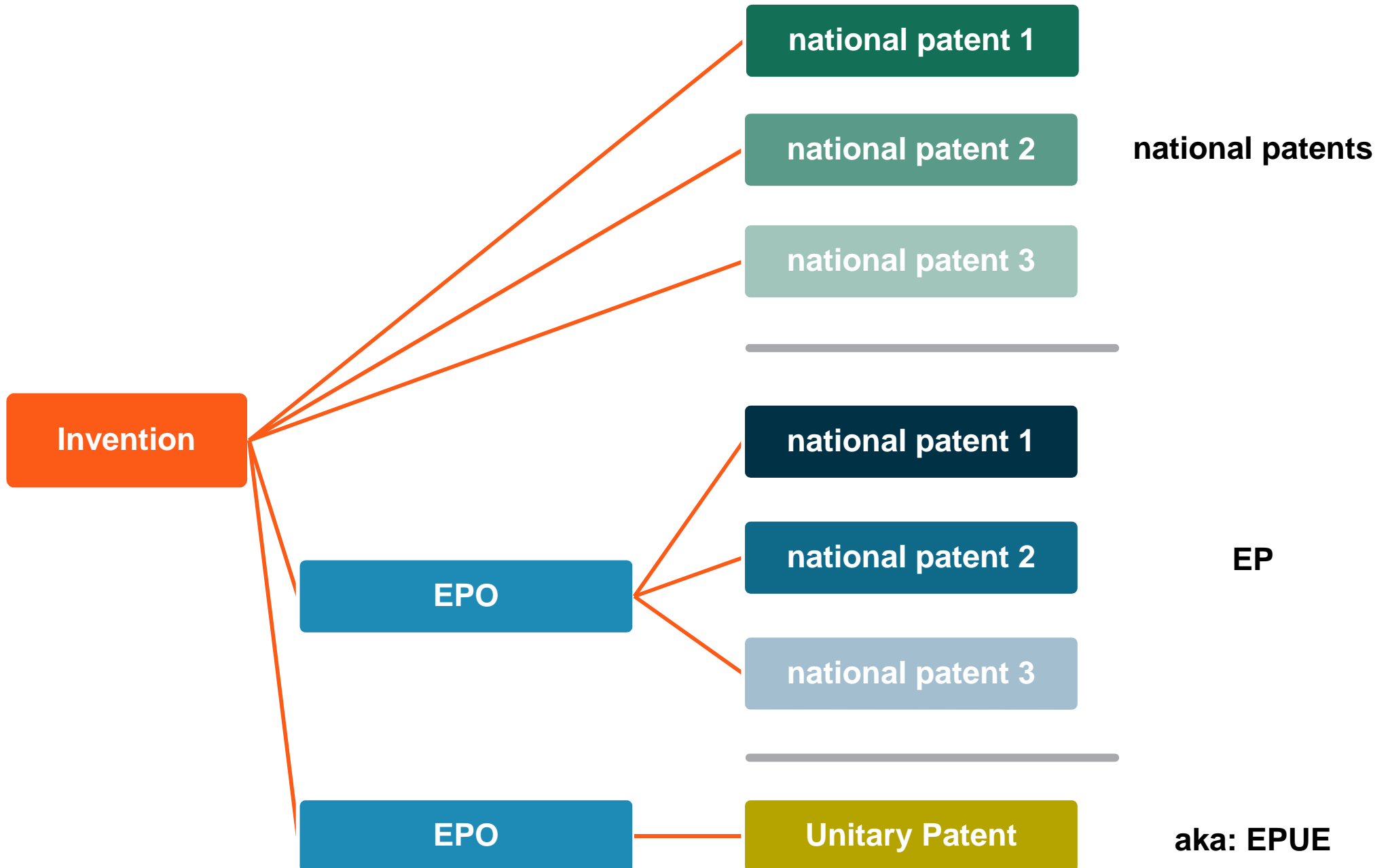


IP Summer School Bonn 2018

Dr. Johannes Graf Ballestrem, LL.M.
Rechtsanwalt, Osborne Clarke, Köln



Three ways to a transnational patent protection

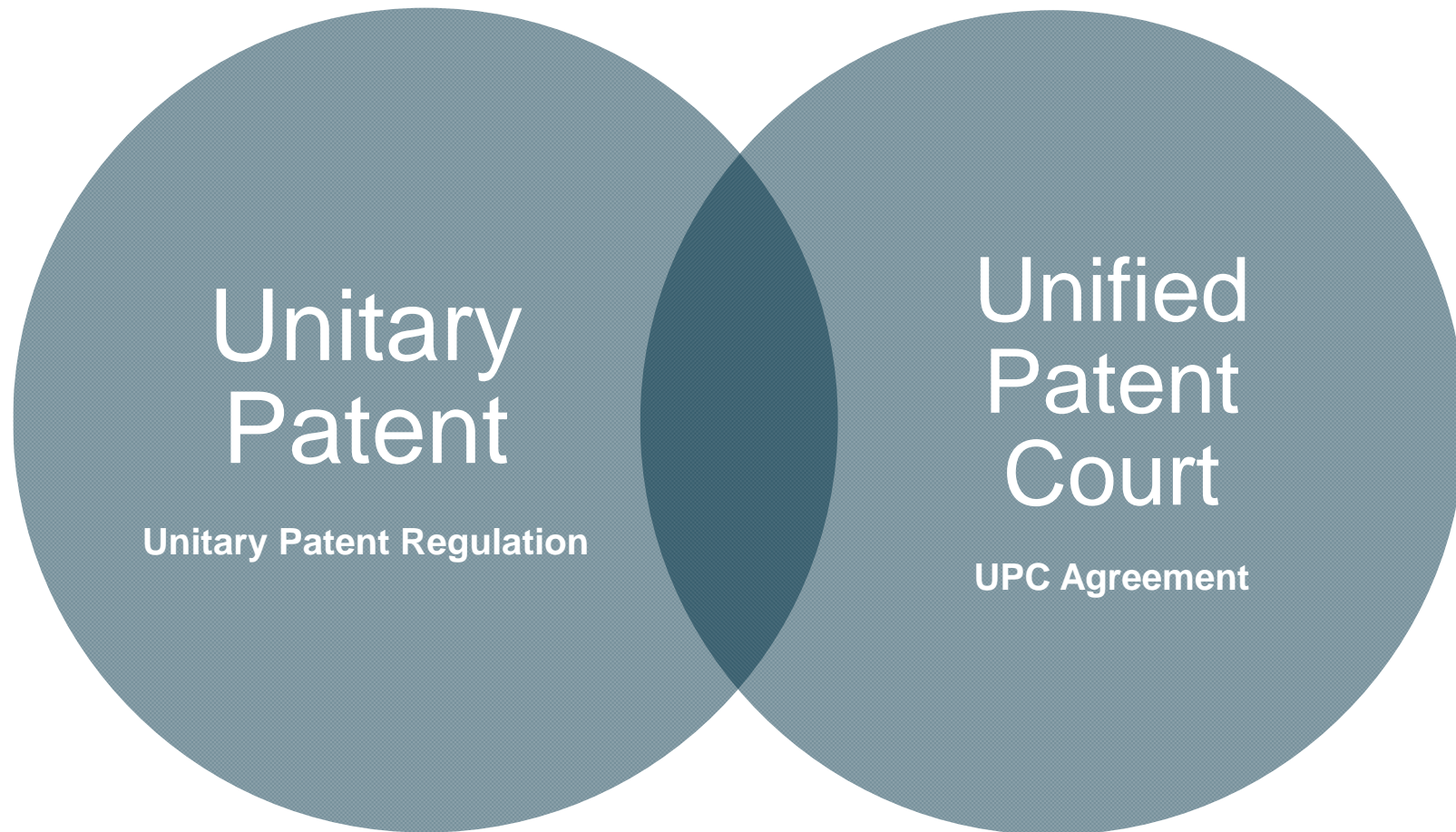


Legal basis for the Unitary Patent

Legal basis

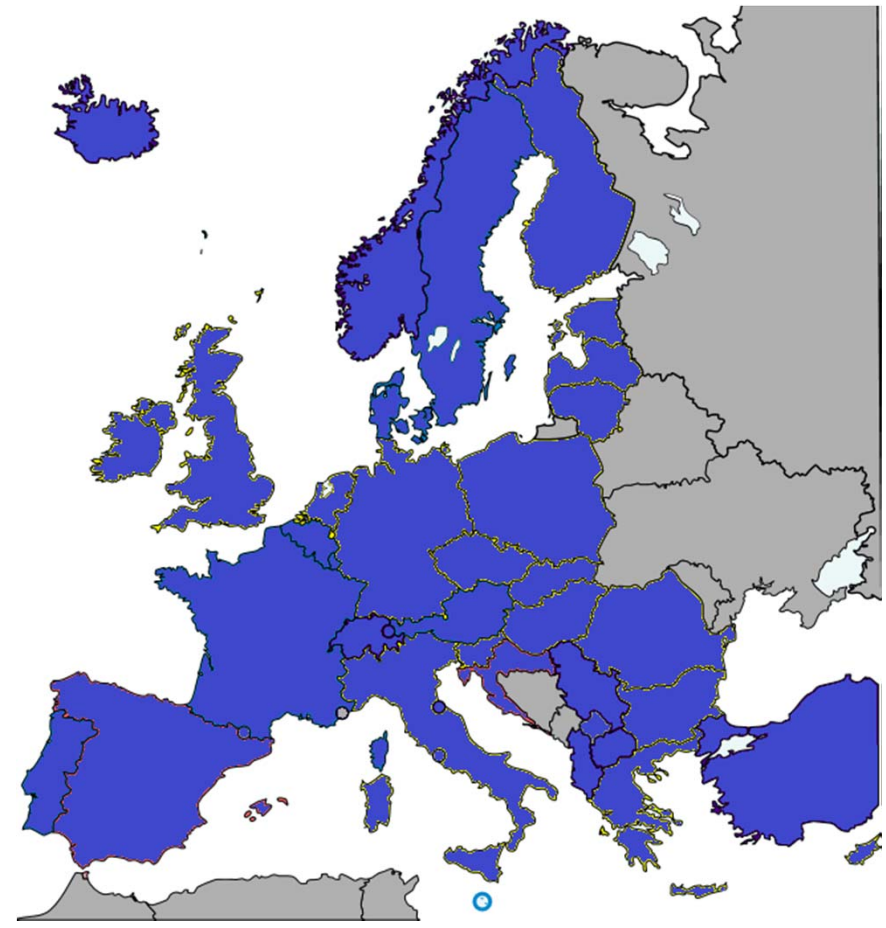
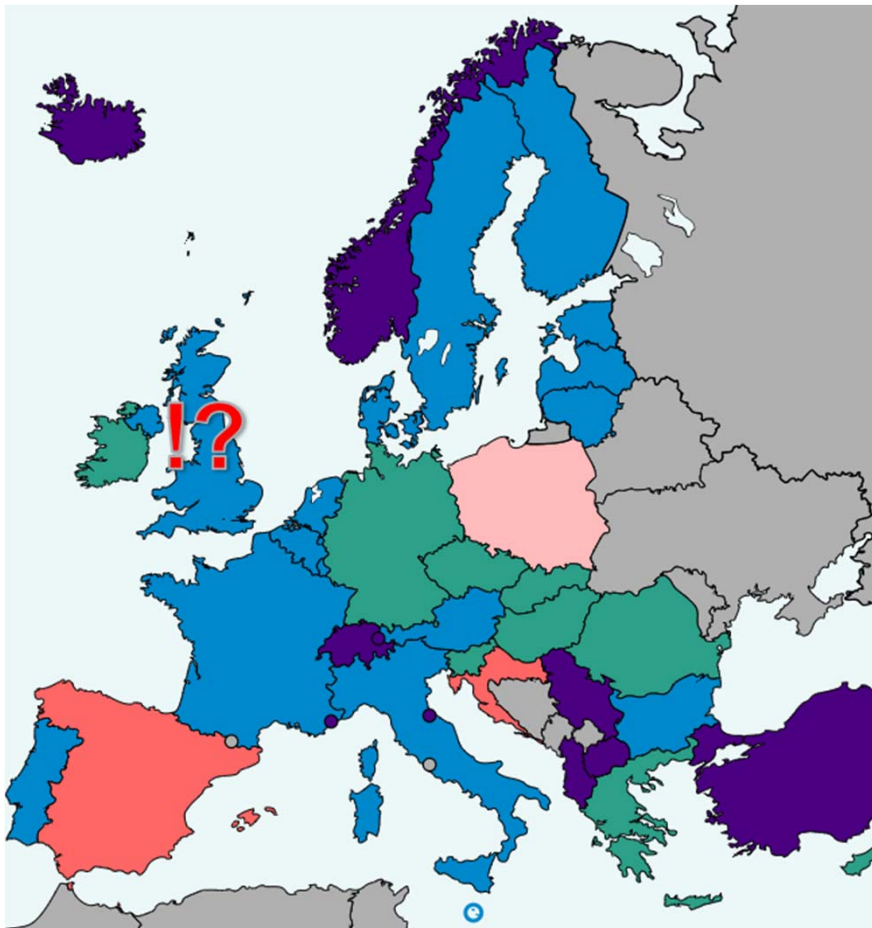
- **Regulation (EU) No 1257/2012 of 17 December 2012** implementing enhanced cooperation in the area of the creation of unitary patent protection (**Unitary Patent Regulation**)
- **Regulation (EU) No 1260/2012 of 17 December 2012** implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements
- **Agreement on a Unified Patent Court of 19 February 2013 (UPC Agreement)**, signed by 25 EU MS (except for Croatia; Poland; Spain [a non-binding request to government in March 2017 to join the UP-system, but the government will not join) not yet entered into force
- "Final" set of provisions for the [Rules of Procedure \("Rules"\) of the Unified Patent Court \(„RoP“\)](#), 18th draft of 19 October 2015 (as adopted during the preparatory committee meeting of 15 March 2017)

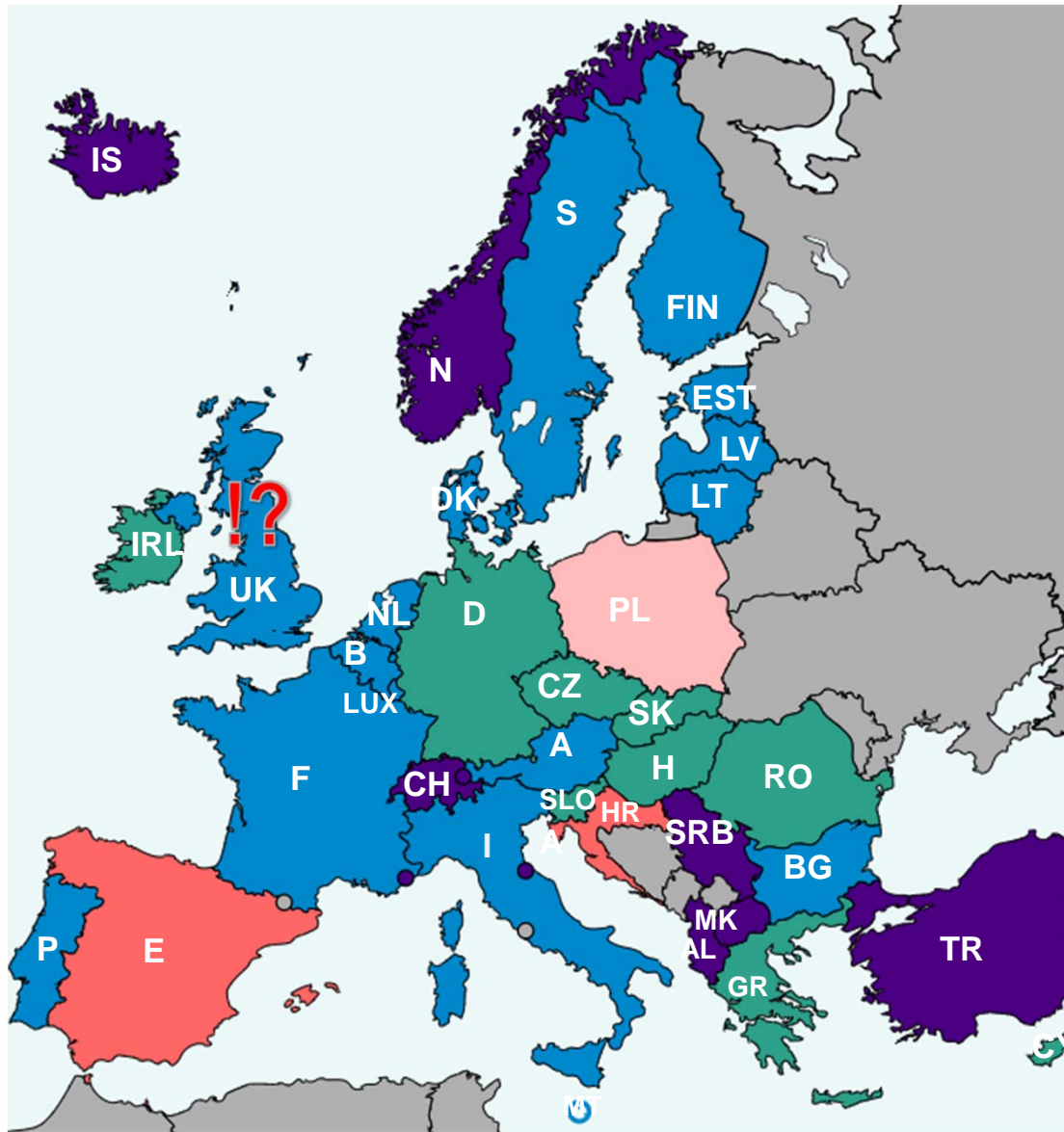
Unitary Patent & Unified Patent Court



Territorial scope of European Patent with Unitary Effect (known as Unitary Patent or "EPUE")

Comparison scope of application UPC and EPC





- UP & UPC ratification
- UP & UPC signatories
- UP only
- No UP & UPC
- Other EPC member state

Status of Ratification

Member State	Signature of the Agreement on a Unified Patent Court	Ratification of the Agreement on a Unified Patent Court
Austria	19.02.2013	06.08.2013
Belgium	19.02.2013	06.06.2014
Bulgaria	05.03.2013	03.06.2016
Croatia		
Cyprus	19.02.2013	
Czech Republic	19.02.2013	
Germany	19.02.2013	Constitutional complaint (2 BvR 739/17)
Denmark	19.02.2013	20.06.2014
Estonia	19.02.2013	01.08.2017
Greece	19.02.2013	
Finland	19.02.2013	19.01.2016
France	19.02.2013	14.03.2014
Hungary	19.02.2013	
Ireland	19.02.2013	
Italy	19.02.2013	10.02.2017
Latvia	19.02.2013	11.01.2018
Lithuania	19.02.2013	24.08.2017
Luxembourg	19.02.2013	22.05.2015
Malta	19.02.2013	09.12.2014
The Netherlands	19.02.2013	14.09.2016
Poland		
Portugal	19.02.2013	28.08.2015
Romania	19.02.2013	
Slovakia	19.02.2013	
Slovenia	19.02.2013	
Spain	request to government (March 2017) to join the system rejected	
Sweden	19.02.2013	05.06.2014
United Kingdom (!)	19.02.2013	26.04.2018

*frequently chosen for validation of national part of EP

Territorial scope of European patent with unitary effect

- Linking Unitary Patent Regulation participation to UPC participation
- Article 18 section 2 Unitary Patent Regulation
 - Unitary Patent only takes effect in member states which have ratified the UPC agreement **at the time of registration**
 - UPC agreement enters into force (Article 89 section 1) upon ratification by at least thirteen member states including Germany, France and the United Kingdom (3 + 10) → **Brexit !?** UK ratified UPC Agreement on 26 April 2018!
Germany!? Constitutional complaint is pending
(2 BvR 739/17)
 - Risk: Territorial fragmentation of the patent depending on time of registration and ratification (successive accession)

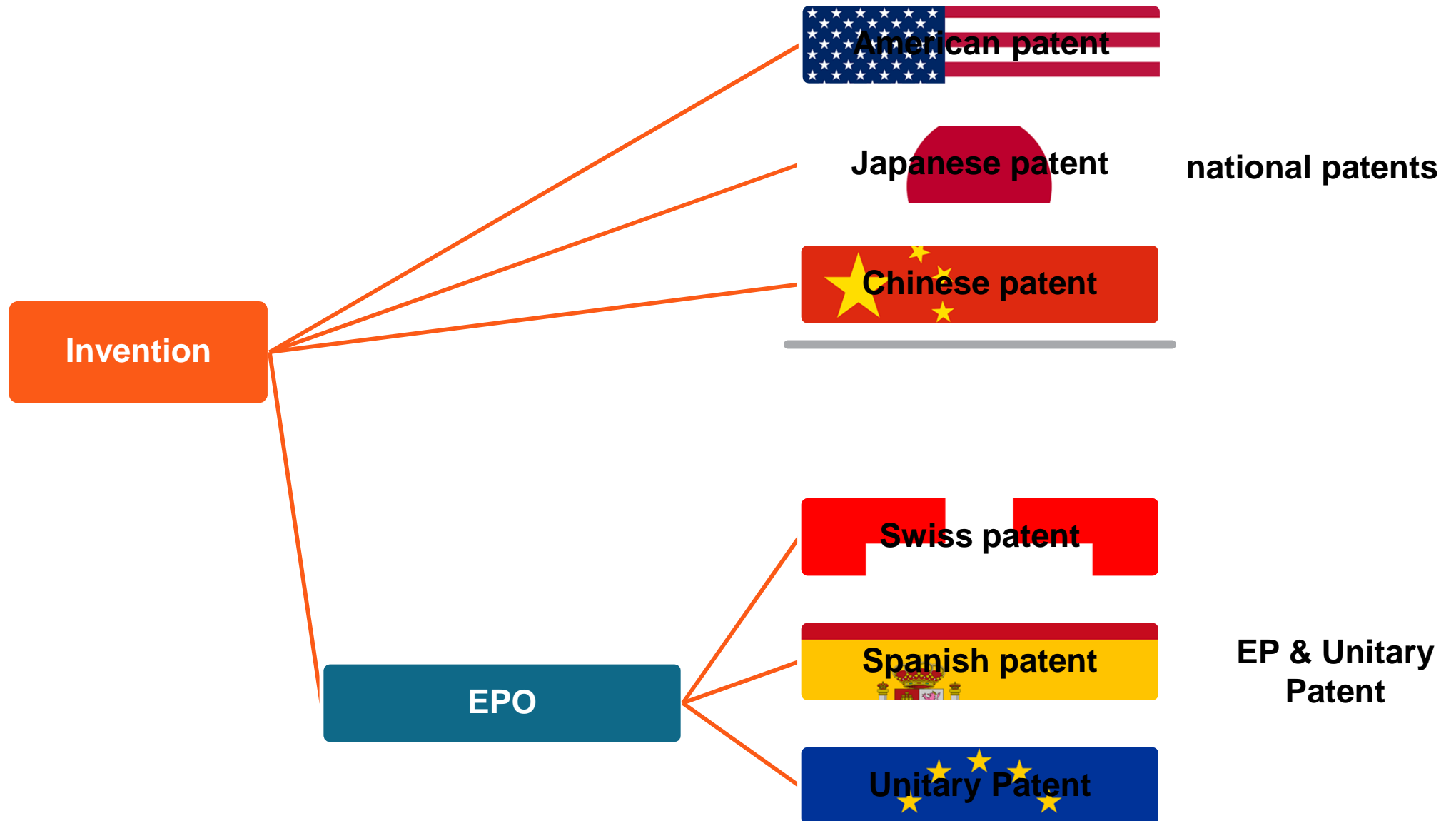
A future of the UPC and the EPUE after the Brexit!?

- Article 89 section 1: "[...] including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place [...]" → **Italy** instead of United Kingdom (was planned)?
- BUT: The UK can ratify the UPC Agreement as long as the UK is a member of the EU! → **Occurred on 26 April 2018** in spite of the future leave! → The UPC can open for business as soon as the Federal Constitutional Court of Germany gives approval (the complaint is on the list of cases to be decided by the Court in 2018; UPC door opening for cases maybe begin 2019 or even later).

A future of the UPC and the EPUE after the Brexit!?

- Article 50 Treaty on EU: 2 years (or even more in reality...) for finding a solution (29 March 2019)
- After leaving the EU there could be an amendment of the UPC (e.g. on basis of Article 87 section 2 UPC Agreement) **P: Sense of a German ratification closely to Brexit date!?**
 - no unitary effect (UP member states minus UK), but UPC jurisdiction for the UK with regard to traditional European patents (most likely/desirable option!)
- Other possibilities: EPUE without UK + national patent; an extension agreement (based on Article 142 EPC); membership in EFTA; ...

Combining different protection models



Unitary Patent and European Patent Organisation

Relationship between EPC, UPC Agreement and TFEU

- After the central granting process the EP bundle patent „decomposes“ into separate national patents
- Unitary Patent = EPC Patent (EP) with unitary effect (EPUE)
 - No EU-law sui generis; EPC constitutes material patent law, e.g. interpretation of patent claims pursuant to Article 69 EPC, legal validity, etc.
 - Article 118, 326 et seq. TFEU: enhanced cooperation 25 of 28 EU MS
- EPC member states which participate in the UPC agreement may delegate certain tasks to the EPO (Article 9 Unitary Patent Regulation and Article 143 section 2 EPC)

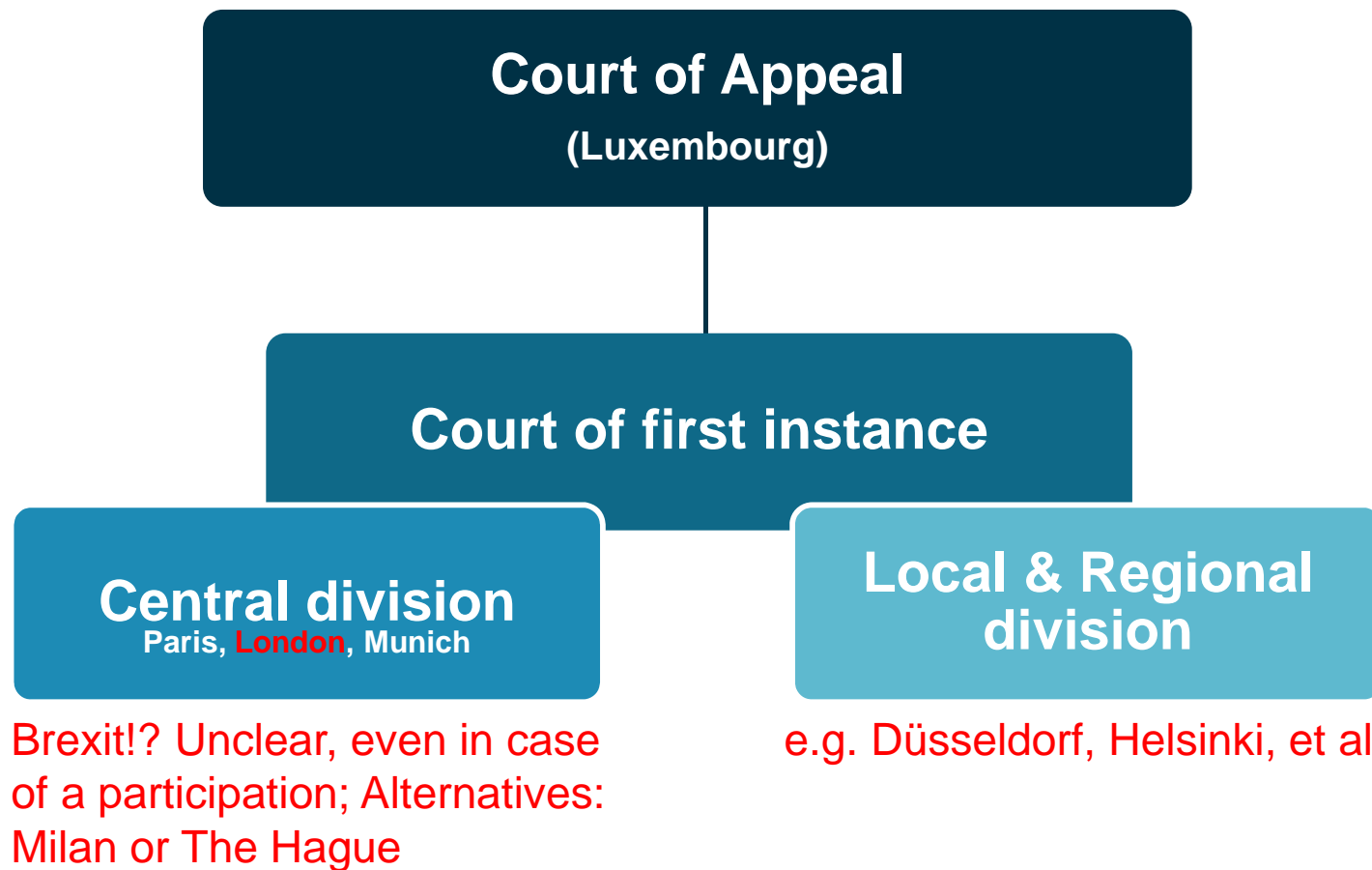
Patent with unitary effect

Unitary Patent

- Pursuant to Article 3 and Article 7 Unitary Patent Regulation and only equally for all participating MS (difference: EP is also available for non-MS) the EPUE may be
 - restricted
 - transferred
 - declared invalid
 - exception: licensing (territorially restricted complaint possible)
 - Proprietary classification according to national law
- Infringement of standardised patent within one participating member state results in injunctive relief in the whole UPC territory
 - National rights, e.g. the right of prior use, may be objected

Unified patent court

Structure



Courts of first instance

Central divisions

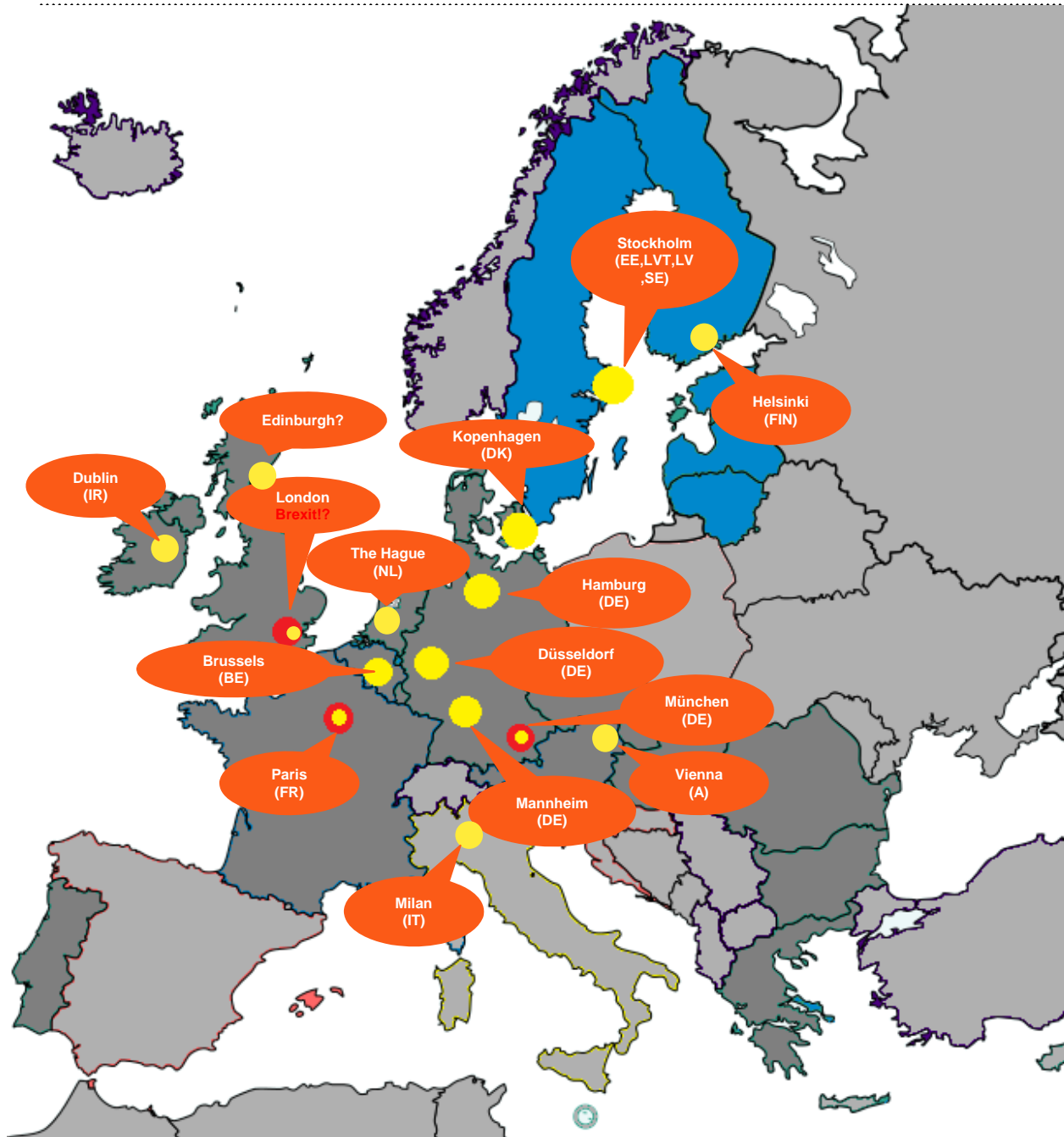
1. London (chemicals, pharmaceuticals, life-science) (or Milan/The Hague)
2. Munich (mechanical engineering)
3. Paris (others, e.g. transport, textiles, electricity)

Local division

Mostly located at "common" national infringement courts, e.g. LG Düsseldorf

Regional division

Combined chamber for countries with few patent proceedings, e.g. Sweden (Stockholm)



 Central division

 Regional and local division

Operational competence of the Unified Patent Court

- Unitary Patent (if declared as such, deadline: 1 month from grant)
if no opt-out was made or after the transitional period has elapsed also for:
- "classical" European Patent = patent bundle
 - Jurisdiction regarding the elements of the bundle, which constitute UPC member states (= all EU member states except for Spain, Croatia and Poland)
 - No jurisdiction regarding the remaining elements of the bundle
 - jurisdiction lies with national courts only, e.g. Norway, Turkey, Switzerland
 - full overview on all **EPC members** => see next slide

Map showing the geographic coverage of European patents as of 1 March 2018

Member states (38)

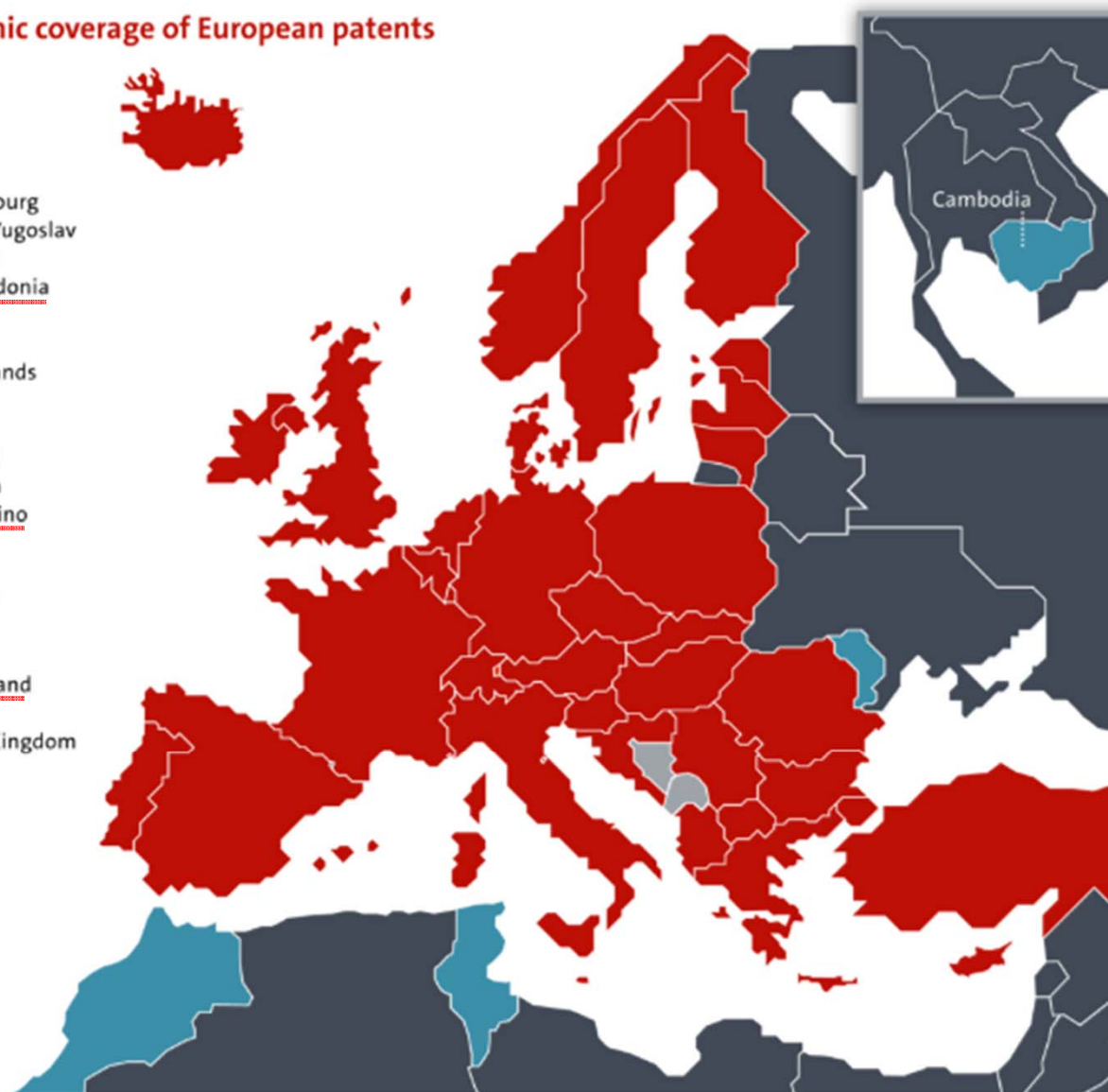
<u>Albania</u>	Luxembourg
<u>Austria</u>	Former Yugoslav
<u>Belgium</u>	Republic
<u>Bulgaria</u>	of Macedonia
<u>Croatia</u>	<u>Malta</u>
<u>Cyprus</u>	<u>Monaco</u>
<u>Czech Republic</u>	<u>Netherlands</u>
<u>Denmark</u>	<u>Norway</u>
<u>Estonia</u>	<u>Poland</u>
<u>Finland</u>	<u>Portugal</u>
<u>France</u>	<u>Romania</u>
<u>Germany</u>	<u>San Marino</u>
<u>Greece</u>	<u>Serbia</u>
<u>Hungary</u>	<u>Slovakia</u>
<u>Iceland</u>	<u>Slovenia</u>
<u>Ireland</u>	<u>Spain</u>
<u>Italy</u>	<u>Sweden</u>
<u>Latvia</u>	<u>Switzerland</u>
<u>Liechtenstein</u>	<u>Turkey</u>
<u>Lithuania</u>	<u>United Kingdom</u>

Extension states (2)

Bosnia-Herzegovina
Montenegro

Validation states (4)

Cambodia
Republic of Moldova
Morocco
Tunisia



Functional competence of the divisions

Central divisions

- Determination of non-infringement
- Revocation

Local & regional division

- Interim relief
- Infringement proceedings
- Counterclaim for revocation
 - Revocation proceedings at local or regional divisions
 - Separation of revocation proceedings and referral to central division
 - Referral of the whole proceeding to central division

And what is the role of the CJEU?

Article 21 of the UPC Agreement

- *“As a court common to the Contracting Member States and as part of their judicial system, the Court 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, in accordance with Article 267 TFEU in particular. Decisions of the Court of Justice of the European Union shall be binding on the Court.”*



What is the role of the CJEU?

- Article 267 TFEU
 - *The Court of Justice of the European Union shall have jurisdiction to give preliminary rulings concerning*
 - *a) the interpretation of the Treaties,*
 - *b) the validity and interpretation of acts of the institutions, bodies, offices or agencies of the Union, ...*

What is the role of the General Court/CJEU?

Article 38 UPC Agreement (statute)

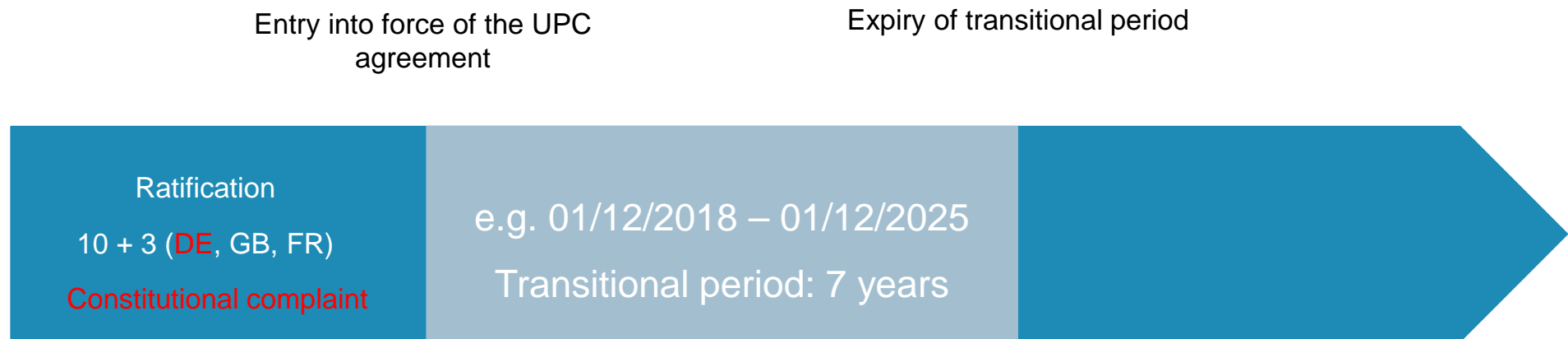
- “(1) *The procedures established by the Court of Justice of the European Union for referrals for preliminary rulings within the European Union shall apply.*
- (2) *Whenever the Court of First Instance or the Court of Appeal has decided to refer to the Court of Justice of the European Union a question of interpretation of the Treaty on European Union or of the Treaty on the Functioning of the European Union or a question on the validity or interpretation of acts of the institutions of the European Union, it shall stay its proceedings.”*

Should I stay or should I Opt-Out?

Transitional period

- Article 83 section 1 and 2 UPC agreement
 - Transitional period at least seven years after entry into force of the UPC agreement
 - May be extended up to seven further years (i.e. 14 years in total)
 - Dual functional competence for European Patents
 - UPC and national courts
 - Proceedings before a national court do not preclude subsequent proceedings before the UPC
-

Entry into force and transitional period



- ❑ National courts retain jurisdiction for European Patents
- ❑ EP patentees may declare an „opt out“ from the UPC agreement (revocable)

Opt-out and Opt-in

- Article 83 section 3 and 4 UPC agreement
 - Until expiry of transitional period
 - Opt-out from jurisdiction of the UPC as long as no proceedings are pending before the UPC
 - Opt-out only concerns the jurisdiction of the UPC; apart from that the UPC agreement remains unaffected (controversial)
 - Opt-in following opt-out possible as long as not proceedings are pending before a national court – again freedom of choice during transitional period pursuant to Article 83 section 1 UPC agreement
 - Start of the "sunrise period" for opt outs (filing opt-outs on the UPC's website in own responsibility) should begin at the end of 2018 (...or later!?)
-

Differences between EP und Unitary Patent (EPUE)

	EP with Opt-out	EP without Opt-out	EPUE
Patent type	Bundle of national patents	Bundle of national patents	One standardised patent law
Territory	Designated countries	Designated countries	All countries where UPC agreement applies (only EU MS!)
Scope of claims	Standardised in principle (national amendments possible after granting)	Standardised in principle (national amendments possible after granting)	Standardised
Renewal fees	In each country separately	In each country separately	One payment to EPO
Injunctions	for each country separately	for each country separately	Standardised
Revocation proceedings	National courts	UPC	UPC
Infringement proceedings	National courts	National courts during transitional period or UPC	UPC
Translations	Translation after granting in each country separately	Translation after granting in each country separately	Translation into English and one further EU language (for now)

Costs

One-off costs for patent granting

	European Patent bundle (25 nat. pat.)	During transitional period	Unitary Patent
Procedural costs (filing, search, examination and grant)	4.045 €	4.045 €	4.045 €
Validation costs	25 MS	25 MS*	25 MS*
Translation	20.145 €	2.380 €	680 €
Local representatives	5.250 €	0	0
Local patent office fees	2.679 €	0	0
Total validation costs	28.074 €	2.380 €	680 €
Total costs	32.119 €	6.425 €	4.725 €

Source: http://ec.europa.eu/internal_market/indprop/docs/patent/faqs/cost-comparison_en.pdf

*24 if UK will not be part of the UPC after leaving the EU

Recurring costs

EPC patent bundle

Renewal fees in all countries where patent protection was granted (if all countries used = 25 national fees)

Unitary Patent

One standardised renewal fee

Accumulated costs of the "True Top 4" = Accumulated national Validation fees of the most validated countries, i.e. DE, FR, GB, NL.

Cost factors regarding recurring costs

Decreasing factors

- Renewal fee is adapted to the costs of renewing an EP with average geographical range

Increasing factors

- Need for full cost recovery although only 50% of the amount of fees remain with the EPO
- No cross-subsidies from other sources of income regarding EPO's UP activity

Salary of judges

- Judge salary at the UPC annually about 132k – 144k €
- Not finally discussed yet if additional business possible.

Pro & Contra of the new patent system

Pro

- Minimum procedural delay (strived for short time limits and tight infringement and revocation proceedings)
- Single decision applies to all member states
- Enforceable in all member states (UPC = court pursuant to Brussels I regulation)
- Lower validation costs
- Lower procedural costs in case of cross-border patent infringements

Contra

- Revocation decision applies to all member states
- Decision regarding patent infringement enforceable in all member states
- Restriction of injunctive relief under very exceptional circumstances possible; discretion in Art. 63 section 1 UPC Agreement)
- Fees need to cover all costs, could therefore be higher than expected at the time being; many EPs are only validated in a few countries, primarily in DE, FR, GB, IT, SP – this results in lower costs regarding the EP
- Decrease of attractiveness after the Brexit because of the need of a national (UK-) patent!? (→ higher costs)

Conclusion

For "strong" patents an "opt-in" is preferable:

- Lower costs
- Shorter procedural duration
- Great scope of decision

For patents of minor importance/uncertain validity an „opt-out“ may be reasonable:

- Validation cost in only a few EP countries will most likely be less expensive
- Lower risk for revocation proceedings

Other alternatives: national patents and utility models

For further information

- <http://www.unified-patent-court.org/>
- <https://www.epo.org/law-practice/unitary/unitary-patent.html>
- <http://www.osborneclarke.com/insights/2017-the-year-of-the-upc/>

Thank you for your attention



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