

Unitary Patents and the Unified Patent Court

FAQs



Significant changes to the patent landscape across Europe are coming, what can be expected and what can be done to prepare?

After years of planning, the Unitary Patent (UP) and the Unified Patent Court (UPC) will soon be introduced in Europe in early 2023. A UP will provide a single patent right covering all EU Member States that have ratified the Agreement on a Unified Patent Court. The UPC will have exclusive jurisdiction over UPs. During the transitional period, EPs that are not opted-out of the UP system will be under the dual jurisdiction of the UPC and national courts. This means that the UPC will be able to hear post-grant litigation with respect to the patents in its jurisdiction and its decisions and remedies will have effect in all participating Member States, opening up the possibility of pan-EU injunctions and central revocation.

The new UP system will entail substantial changes to the system of granting and litigating patents in Europe and users of the European patent system should be prepared. Through a series of questions and answers, Osborne Clarke's patent specialists address some of the most frequently asked questions about the upcoming changes and what you can do to prepare ahead of the new system coming into force.

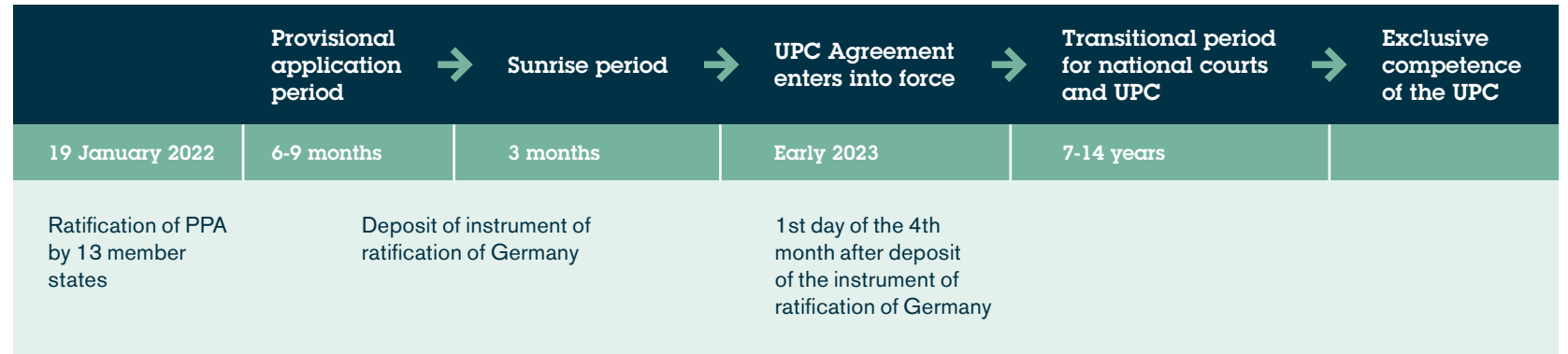
1. When will the UP system enter into force?

Following ratification by a thirteenth member state, Austria, the Protocol to the Agreement on a Unified Patent Court on provisional application (PPA) came into force on 19 January 2022. This gave legal capacity to the Unified Patent Court (UPC) and began the provisional application phase (PAP).

Commencement of the PAP means Germany's deposition of its ratification of the Agreement on a Unified Patent Court (UPCA) will be the trigger event for the UPC. Once this ratification instrument is deposited, a three month "sunrise period" will begin – a three-month window before the UPC becomes operational.

When the sunrise period ends we will enter a transitional period. The UPC will have exclusive jurisdiction for all Unitary Patents (UPs) while both national courts and the UPC will have jurisdiction for traditional European Patents (EPs) that are not opted out.¹ The transitional period will last for seven years, but may be prolonged by up to a further seven years.²

Once the transitional period ends, the UPC will have exclusive competence for all EPs and UPs with respect to the EU Member States that have ratified the UPCA (Contracting Member States).



1. See question 3 for more information on opt out. 2. See Article 83, UPCA.

2. I heard that sometime in the future there will be only Unitary Patents as the old bundle patent is abolished. Is that correct?

No, Unitary Patents (UPs) will co-exist with current European Patents (EPs). In the future, you will be able to choose between UPs and EPs or have a combination of both.

For example, it may be desirable to have a UP that provides protection in the Contracting Member States, and an EP bundle patent taking effect in states not taking part in the UP system (for example, the UK, Spain, Turkey, and Norway etc.).

Before a UP can be obtained, an applicant must first be granted an EP by the European Patent Office (EPO). After the grant of an EP is mentioned in the European Patent Bulletin, the proprietor will have one month to request that the EP has unitary effect, resulting in a UP.

Patentees will also be able to continue to choose to apply for national patents (NPs), including in those countries participating in the UPC. These NPs will not fall within the competence of the UPC.



3. Why might I want to use the new UP system for my existing patents?

Current approach

European Patents (EPs) are applied for centrally at the European Patent Office (EPO) and converted, on grant, into a bundle of national rights for those countries designated by the applicant for that EP. An EP can be centrally opposed at the EPO within nine months after the grant of the EP but post-grant infringement and revocation actions are brought nationally before the courts of the relevant designated country.

Unitary Patents and the Unified Patent Court

Once the Unified Patent Court (UPC) is in place, the EPO will continue to grant EPs – these can be: i) converted into a Unitary Patent (UP); ii) stay as an EP and be part of the UP system; or iii) during the transitional period, stay as an EP and be opted out of UP system.

A UP will be effective only in those EU Member States that have ratified the UPCA³ (Contracting Members States). Therefore, EPs (through national designations) or national patents (NPs) would still be required to secure protection for EU Member States that have not signed up to the UP system or ratified the UPCA, and for non-EU European Patent Convention (EPC) contracting states.

The UPC will have exclusive jurisdiction over UPs. During the transitional period, EPs that are not opted-out will be under the dual jurisdiction of the UPC and national courts. This means that the UPC will be able to hear post-grant litigation with respect to the patents in its jurisdiction. This will save having to bring national actions in the various Contracting Member States. Likewise, UPC decisions and remedies will have effect in all Contracting Member States, opening up the possibility for pan-EU injunctions.

However, infringement and post-grant revocation actions would still need to be brought on a national basis where EPs have been opted-out, where the country concerned is an EU Member State that has not ratified the UPCA, and in non-EU EPC states.



3. See question 4 below for more information on Contracting Member States.

3. Why might I want to use the new UP system for my existing patents?

Opt out⁴

Although UPs will be subject to the exclusive jurisdiction of the UPC, all existing EPs will, by default, be subject to the dual jurisdiction of both national courts (as at present) and the UPC when it comes into force. However, until the end of the transitional period an EP can be opted out of the UPC's jurisdiction. An EP can be opted out when the sunrise period begins and during the transitional period, provided that an action has not already been brought before the UPC.

The sunrise period will begin when Germany deposits its UPCA ratification instrument and will last until the UPC becomes operational on the first day of the fourth month after such deposit.

The transitional period itself will last for seven years from when the UPCA comes into force, and may be extended by another seven years. At the end of the transitional period, all EPs that have not been opted out will be subject to the UPC's exclusive jurisdiction.

Opt out will have effect for all of an EP's designations. If there are multiple proprietors then all of the proprietors must agree to opt out.

It is possible to withdraw an opt out at any time unless an action has already been brought before a national court. As with opt out, withdrawing an opt out will have effect for all of the relevant EP's designations. Once an opt out is withdrawn, it cannot be reinstated.

Note that a supplementary protection certificate (SPC) for an opted out EP will also automatically be opted out.

National patents

NPs will continue to be available from a country's granting office and can be litigated nationally as at present.



4. See Article 83, UPCA.

3. Why might I want to use the new UP system for my existing patents?

Picking between UPs, EPs, and NPs?

Obtaining a UP will mean that patent protection will be secured across all Contracting Member States without having to specifically designate each country. A single set of proceedings can be initiated before the UPC and the court's decision and remedies will have effect in each Contracting Member State without having to initiate multiple sets of concurrent national proceedings. This may be quicker and more cost effective in certain scenarios.

If an EP is not opted out of the UP system, it will continue to be granted as a bundle of separate patents for each designated country. However, such an EP will be subject to the concurrent jurisdiction of the UPC and national courts during the transitional period. If the UPC is seised in proceedings, then the UPC's decision would be enforceable in all designated states that have ratified the UPCA. If a national court is seised then, of course, a national decision would continue to be enforceable nationally only.

Even if a UP is chosen, protection would still need to be sought in non-participating EU Member States and non-EU EPC contracting states. Likewise, any proceedings with respect to these countries would still need to be brought nationally.

Although there can be some cost savings with respect to securing a UP versus an EP, this may not always be the case depending on the coverage needed.

EP applicants will still be able to designate multiple countries at once and therefore obtaining EP protection will still be more streamlined than obtaining the equivalent NPs separately.

Some patent proprietors might want to opt out their EPs from the UPC's jurisdiction initially, especially given that opt outs can later be withdrawn. However this is not a risk free option because if revocation proceedings are begun against that EP it will be "stuck" in the national system and the opt-out cannot be withdrawn.



3. Why might I want to use the new UP system for my existing patents?

A comparison between UPs, EPs (not converted to UPs and not opted out), EPs (opted out) and NPs

Action	Unified Patent	European Patent (not converted to UP, not opted out)	European Patent (opted out)	National Patent
Scope of patent protection	Unitary effect in EU Member States that have ratified the UPCA	Bundle of separate patents for designated EPC states	Bundle of separate patents for designated EPC states	National effect only
Enforcement	One set of proceedings brought in the UPC, covering all EU Member States that have ratified the UPCA	UPC – one set of proceedings brought in the UPC, covering all designated states that have ratified the UPCA National courts – patent must be enforced separately in each designated state	Patent must be enforced nationally in each designated state	Patent must be enforced nationally
Enforceability of decisions	Decisions enforceable in all EU Member States that have ratified the UPCA	UPC seized – decisions will be enforceable in all designated states that have ratified the UPCA National court seized – decisions only enforceable nationally	Decisions only enforceable nationally	Decisions only enforceable nationally

4. Which countries are covered?

Picking between UPs, EPs, and NPs?

The Unified Patent Court (UPC) will be a court common to the Contracting Member States. The Agreement on a Unified Patent Court (UPCA) is open to accession by any Member State of the EU but not to any other countries.

Twenty-five EU Member States signed the UPCA in February 2013, establishing the UPC. This included the UK, which has now withdrawn from the Unitary Patent (UP) system. However, UPs and the UPC's decisions will only be effective in the territories of Contracting Member States that have ratified the UPCA at the time of the registration or ruling, respectively.

On the commencement of the provisional application phase (PAP) on 19 January 2022, 16 of the 24 signatories of the UPCA had **ratified** it: Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, and Sweden. Germany will also ratify the UPCA three months prior to the start of the UPC.

Once the UPC commences, unless and until other Member States ratify the UPCA, UPs and UPC rulings will only have effect in the above 17 Member States. The UPC's jurisdiction will not "grow" for a granted UP as additional countries join the system (in contrast to an EU Trade Mark).

Cyprus, Czechia, Greece, Hungary, Ireland, Romania, and Slovakia have all signed the UPCA but have not yet ratified it.

Croatia still needs to sign and ratify the UPCA and therefore at present is not participating in the UP system.

Poland and Spain have said they will not participate in the UP system.

As the UK is no longer an EU Member State, it will not participate. Other non-EU European Patent Convention (EPC) contracting states will also not be able to participate, which are: Albania, Iceland, Liechtenstein, Monaco, North Macedonia, Norway, San Marino, Serbia, Switzerland, and Turkey.



4. Which countries are covered?

Country	Signed UPCA	Ratified UPCA
Austria	✓	✓
Belgium	✓	✓
Bulgaria	✓	✓
Croatia	✗	✗
Cyprus	✓	✗
Czechia	✓	✗
Denmark	✓	✓
Estonia	✓	✓
Finland	✓	✓
France	✓	✓
Germany	✓	Ratification 3 months before start of UPC
Greece	✓	✗
Hungary	✓	✗
Ireland	✓	✗

Country	Signed UPCA	Ratified UPCA
Italy	✓	✓
Latvia	✓	✓
Lithuania	✓	✓
Luxembourg	✓	✓
Malta	✓	✓
The Netherlands	✓	✓
Poland	✗	✗
Portugal	✓	✓
Romania	✓	✗
Slovakia	✓	✗
Slovenia	✓	✓
Spain	✗	✗
Sweden	✓	✓
Non-EU EPC states	Not able to participate	Not able to participate

5. How much will a Unitary Patent cost?

Unitary Patent fees

No specific fees will need to be paid to the European Patent Office (EPO) for the filing and examination of the request for unitary effect. A single translation of the patent application (into English, or another official EU language) will need to be filed with the EPO during the transitional period, and therefore the corresponding translation costs will be lower than for obtaining a European Patent (EP).

In addition, one objective of the Unitary Patent (UP) is to reduce the renewal costs, with annual fees corresponding to the combined renewal fees of the four countries where EPs are most validated. The fees must be paid at the EPO and increase in proportion to the number of years of validity (the first year being fixed at €35 and the 20th year at €4,855).

Compared to EPs, the renewal fees are lower if a large territorial scope is sought (usually five or more designated countries) but remain higher where the protection sought is limited to only a few EP countries; in that respect, Brexit also needs to be taken into account, as, for the UK, a separate EP will be necessary. Of course, due to the unitary effect, it is not possible to limit the renewal costs of a UP by withdrawing from a particular Contracting Member State (unlike an EP which can be abandoned on a country-by-country basis).

Proceedings costs

Unified Patent Court (UPC) court fees, whether for infringement or revocation proceedings, are comprised of a fixed fee and a value-based fee for the actions exceeding a value of €500,000 in first instance.

The fixed fee for infringement claims, counterclaims for infringement, actions for declarations of non-infringement and actions for compensation for licence of right is set at €11,000 and an additional fixed fee of €3,000 is payable for applications to determine damages. For independent revocation claims, the fixed court fee is €20,000.

In terms of recoverability of the litigation fees, the UPC Rules of Procedure provide that the unsuccessful party must bear the costs of the proceedings.

Court fees are recoverable in full, as are the costs exposed (other than legal representation, such as for technical expert advice), which are recoverable provided they are reasonable and proportionate.

As for the costs of legal representation, the successful party will be entitled to recover them provided they are reasonable and proportionate and within the limits of the recoverable costs ceiling. Based on the value of the dispute, these costs range from €38,000 for cases valued up to €250,000 to €2 million in cases where the value at stake exceeds €50 million. These limits may be raised in exceptional circumstances to an absolute maximum of €5 million for particularly complex cases.

6. As the owner of European Patents, do I have to take any action for my patent portfolio?

Existing European Patents (EPs) will by default be submitted to the dual jurisdiction of national courts and the Unified Patent Court (UPC) when it comes into force, unless proactively opted out by the EP owner.⁵

During the transitional period of seven years (which may be renewed for an additional seven years), it will be possible to opt out from the jurisdiction of the Unified Patent Court (UPC) and remain in the national court system. An opt out can later be withdrawn and the EP opted back in the UP system, provided no infringement or revocation proceedings are pending before a national court.

In other words, actual EP owners do not have to undertake any action to benefit from the UPC system, but should nevertheless make the strategic assessment whether to opt out or not. Such assessment should be made as soon as possible, and preferably during the sunrise period. If no action is undertaken, an EP may end up being locked in the UPC system by a competitor who attacks the EP centrally before the UPC (or, conversely, locked in the national court system if attacked before national courts).

EP portfolios should therefore be reviewed and the decision to opt out should be made on a case-by-case basis. Several factors can be taken into account to support a decision, such as the costs of a litigation procedure and whether litigation in multiple contracting member states is likely⁶, the general balance between the advantages and drawbacks of the UP system (with respect to patent enforcement and enforceability of court decisions among others), and the business and market perspectives of each EP in the contracting member states.

More specifically, each EP should be reviewed bearing at least the following in mind:

- How important is the technology to the business and how is the technology protected (patents, undisclosed know-how, other IP rights)?
- How strong is the patent from a validity perspective (a central attack before the UPC may lead to a revocation in all Contracting Member States)?
- How does the patent interact with other patents within the portfolio (one could decide to opt out weak patents and only keep the strongest ones in the UP system)?
- What is the sector and industry at hand? Where are competitors located (in Contracting Member States)? And are they likely to attack the validity of the patents?
- In the case of co-owned patents or licensed patents: are there contractual provisions relating to the opt out decision?⁷

Such an assessment may prove difficult at this stage and professional advice should be sought, since even the broadly feared unpredictability of the UPC may be viewed positively. The uncertainty related to what to expect from the UP system and the way it will be implemented by UPC judges in their first decisions may indeed be offset by the fact that the lack of UPC case law will give judges greater latitude in their decision making, giving greater power to the parties to influence the making of the first decisions.

7. As a party to an agreement, do I have to review and amend my contract templates and existing contracts in anticipation of the entry into force of the unitary patent system?

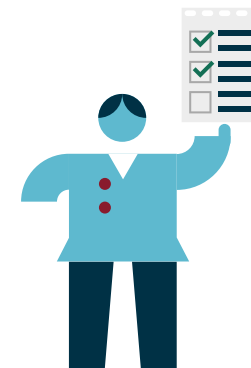
Yes. The entry into force of the Unitary Patent (UP) system will bring significant changes to European patent filing strategies and litigation, and will impact patent-related contracts, in particular when it comes to co-ownership, research and development (R&D) collaboration, and licensing agreements. Patent-related contracts should be reviewed and, as a party to the contract, you should understand for each contract what is strategically important, assess whether it will be affected by the UP system and, if needed, reach out to the other parties and seek to amend the agreements in your best interests.

(a) Applicable law

A UP as an object of property is governed, in its entirety and in all the Contracting Member States, by the national law of the Contracting Member State in which the applicant had its residence or principal place of business on the date of filing.⁸ If these criteria do not apply (for example, for a US or Chinese-based applicant who is not yet active in any Contracting Member State), it is the law of the Contracting Member State where the applicant has a non-principal place of business that will apply and, if not applicable, the laws of Germany. The applicable law is definitive and will not be affected by subsequent transfer of ownership (it is therefore the date of filing that matters).

In the case of joint applicants, the same principles apply but it is the law of the joint applicant indicated first in the European Patent Register that will apply. The order in which joint applicants are mentioned is, therefore, critical (co-ownership laws are not harmonized across Contracting Member States) and joint applicants will need to carefully assess whose name should appear first on any European Patent (EP) application, taking into account the applicable law that would result from such designation.

The applicable law may impact, among other things, the right of each co-owner to assign its part of co-ownership to third parties, their right to bring an action, their right to grant licences without the other co-owners' authorisation, or the need to compensate other co-owners when a co-owned patent is exploited.



⁸ Article 7, Regulation (EU) No 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (UPR).

7. As a party to an agreement, do I have to review and amend my contract templates and existing contracts in anticipation of the entry into force of the unitary patent system?

(b) Co- ownership agreements

As for any co-owned patent, it is advised to define the respective rights and obligations of the UP co-owners in a co-ownership agreement, including the applicable law to the agreement.⁹

The right to request the conversion of an EP into a UP deserves particular attention. This right lies with the EP owner and co-ownership agreements should therefore define how the request of a UP is handled by the co-owners, including what principles will apply to decide on whether unitary effect should be requested or not, and how the decision is made.

The situation will likely differ where the co-owners are related and part of the same group of companies – a unified approach, including for litigation, may be positively viewed. Whereas unrelated co-owners (as a result of an R&D collaboration agreement, for example), may prefer the greater independence that derives from the classic EP system in order to better defend their respective interests. Having contractual decision-making mechanisms in place will be useful to mitigate future disagreements on the relevance of the UP system for each of the co-owners.

The same applies for the decision to opt out an EP from the UPC system.¹⁰ Opt out requires a joint application, and should therefore be tackled in the corresponding co-ownership agreements: is opt out the rule? If not what principles will apply to such a decision and how will the decision be made? If opt out is decided, how and when should the withdrawal of an opt out be decided?

In view of the rights granted to the EP patent co-owners, patent registers should be reviewed to make sure that the correct ownership of the EP at stake is reflected. This should be done before any request to opt out or, equally, for unitary effect is made.

R&D collaboration agreements may also be impacted by the entry into force of the UP system as they may lead to co-owned results and patents. The parties should anticipate and agree on their approach to UP protection and decide whether unitary effect will be requested (or not) by default or on a case by case basis. In the latter case, clear decision making principles should be agreed in advance.



9. But one should bear in mind that the law applicable to the UP as an object of property will remain defined by Article 7, UPR. 10. See question 3 for more information on opt out.

7. As a party to an agreement, do I have to review and amend my contract templates and existing contracts in anticipation of the entry into force of the unitary patent system?

(c) Licence agreements

A UP may only be transferred in respect of all the Contracting Member States but may be licensed in respect of all or part of the territories of the Contracting Member States.¹¹

Only the licensor, as EP patent holder, has the right to request the unitary effect and the right to opt out (and subsequently opt in). These decisions may have a significant impact on the licensee as the interests of the parties may not be aligned.

A patent holder is likely to be more mindful of the risks posed by a central attack and revocation of a UP. Whereas an exclusive EU licensee may favour the possibility of obtaining an injunction that has effect across all Contracting Member States (however, the opposite could also be true).

From a commercial perspective, and depending on the importance of the contractual relationship, it may be wise for a patent holder to ascertain the position of the licensee on these issues, in order to try to reach a common position on the request of the unitary effect or on opt out decisions. A contractual mechanism aimed at reaching an alignment could be implemented in the license agreement.

The right of an exclusive licensee to bring actions in case of infringement should also be reviewed and (re)negotiated if needed. According to the Agreement on a Unified Patent Court (UPCA), the exclusive licensee has the same right as the patent holder to bring actions before the UPC, this is provided that the patent holder is given prior notice and unless the contract provides otherwise.¹²

Depending on the applicable national law, it may therefore be easier for a licensee to act before the UPC. If so, as a consequence, the UPC would have jurisdiction and opt out would no longer be available to the patent holder where the EP was not previously opted out. Conversely, if the action was initiated before a national court, the patent holder would not be able to act before the UPC anymore, thereby losing its right to benefit from the UP system.

EP holders should therefore review their exclusive licensing agreements well in advance (that is, before the entry into force of the UP system), in order to remain in control and avoid irreversible consequences from actions initiated by their licensees.



8. I plan to file a new European Patent: does it make sense to go for a Unitary Patent?

As before the entry into force of the Unitary Patent (UP) system, patentees will need to consider the territories in which they would like to protect their technology. The territorial scope of protection needed will guide the route to pursue – the national route, the European Patent Convention (EPC) route, the Patent Cooperation Treaty (PCT) route or, for the first time, the UP route.

With the UP route, as compared to the European Patent (EP) system, a company does not have to select the member states in which it seeks protection. Instead of resulting in a bundle of multiple national patents, a UP automatically covers all Contracting Member States with a uniform effect¹³ – even if protection is not needed in certain countries. Therefore, from a territorial point of view (and from a financial point of view, since several national filings can be more expensive), opting for a UP might be useful where a patentee is seeking patent protection in a greater number of Contracting Member States.

Likewise, this thought is relevant for licence agreements too. Since license fees are usually only due for countries in which a patent is both validated and used, the UP automatically enlarges the reference value for collection of licence royalties.

Both the advantage and disadvantage of the unified effect is the possibility and the risk of a centralised attack, both for claimants in infringement proceedings and defendants in validity proceedings.

From a patent holder's point of view, a UP allows cross-border enforcement for the first time. For example, a German automotive supplier owning a UP would be able to enforce its UP at a local division in Germany, in order to prohibit patent infringing acts by a French company in all Contracting Member States (provided that at least one infringing act also took place in Germany).

In the case of infringement by a company domiciled outside the territory of the Contracting Member States, the claimant could also sue in the central division (but note that the competent location depends on the IPC class).¹⁴

The same goes for preliminary injunctions. Compared to the EP and national patent (NP) systems, this may be considered an advantage as otherwise the patentee would need to enforce its patent in each country separately.

Therefore, if a company anticipates that the patent is to be enforced against a large number of infringers or infringing acts across the Contracting Member States, a UP might be strategically worthwhile. For example, it automatically includes manufacturing activity and exports from Contracting Member States that are presently less frequently chosen as EP validation countries.

8. I plan to file a new European Patent: does it make sense to go for a Unitary Patent?

On the other hand, the French company in this scenario might attack the validity of the UP, which could potentially result in the UP being declared invalid in all Contracting Member States at once. Whereas in the present EP and NP systems, validity actions would need to be carried out on a state by state basis.

The advantages and disadvantages of the UP system will need to be carefully considered by potential users of the system before deciding how to proceed. For example, if a company opts to file more NPs then this will likely result in an increase in prosecution costs and time, because more than one patent office is involved in the examination.

However, as a rule of thumb, a UP might be worthwhile, once validation in more than four Contracting Member States is desired. On the other hand, NPs enable companies to save costs by later lapsing a patent in a less important country while maintaining the patent protection in a country that turns out to be more important for the company's business.

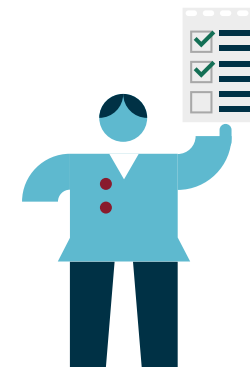
The UP might be particularly advantageous for the pharmaceutical and biotech sectors, as companies in these sectors often apply for patents in multiple states. Therefore, the cost saving in the new system could be significant.

Conversely, companies in the automotive sector often apply for patents in only a few countries, especially Germany, and therefore cost savings using the UP system are rather unlikely. In light of Brexit and the UK's withdrawal from the UP system, the attractiveness of the new system in the automotive sector might decrease even further.

The fact that the UP system has a centralised validation procedure will result in increased legal certainty given that correspondence with several national patent attorneys will no longer be necessary. This will lead to a reduced risk of translation errors, missing terms or other formal deficiencies.

Another aspect to be considered, at least in Germany, is that, in principle, one cannot take legal action with respect to an NP if a parallel EP exists. In Germany, this is true for EPs, but not for UPs. This is one further advantage of a UP where there is a parallel NP.

Ultimately, given that there are both advantages and disadvantages to the UP system, the decision whether to apply for a UP or not must be made on a case by case basis.



9. Can the UPC be used to challenge the validity of European Patents?

As long as the patent holder does not choose to opt their European Patent (EP) out of the Unitary Patent (UP) system, during the transitional period, the Unified Patent Court (UPC) has dual jurisdiction over EPs along with national courts.¹⁵

At present, validity challenges of national patents (NPs) or EPs in each designated state only refer to the respective national IP right. If a company would like to challenge the patent protection of a competitor, this needs to be challenged in each country where the patent is in force. After entry into force of the new UP system, validity can be challenged centrally for UPs and, during the transitional period, EPs not opted out of the UP system.

At least in the transitional period there are four options for attacking the validity of EPs:

1. Oppositions at the European Patent Office (EPO).
2. Validity proceedings at national courts.
3. Validity proceedings at the UPC (Central Division).
4. Invalidation counterclaims where there are parallel infringement proceedings at the UPC.

Oppositions at the EPO will still be possible (within the common nine month period beginning with the publication of the grant of the EP). In particular, there is no priority of European opposition proceedings over validity proceedings at the UPC.

If there are parallel proceedings and a timely decision from the EPO may be expected, the UPC may stay its proceedings. It may also request that opposition proceedings before the EPO be accelerated in accordance with the proceedings of the EPO.¹⁶ Oppositions are the only proceedings in which an EP may be invalidated *in toto*.

During the transitional period, national validity proceedings are possible, even without an application for opt out.¹⁷ However, patentees may decide to opt out of the UP system if they want their EP to remain in the existing EP system.

Consequently, the national courts retain their jurisdiction over infringement and validity actions. In national validity proceedings, only the respective national designation of the EP may be invalidated. After the transitional period, the UPC will have sole jurisdiction over EPs (provided that they have not been opted out before the end of the transitional period).



9. Can the UPC be used to challenge the validity of European Patents?

The validity of a UP can be attacked at the UPC centrally via the Central Division (at the seat in Paris (responsible for IPC classes B, D E, G and H, for example, physics and electricity), the section in Munich (responsible for IPC class F, for example, mechanical engineering, lightning and heating) or formerly in the section in London (responsible for IPC-class A and C, for example, chemistry and human necessities)). If such validity proceedings are successful, then the UP will be declared invalid in all Contracting Member States.

Indeed, this is one of the major disadvantages of the new system for patent holders. In principle, this centralised invalidation procedure also applies to EPs that the UPC has jurisdiction over. However, it needs to be considered that such validity proceedings may only invalidate the national designations of the EP in the Contracting Member States. As an example, the national part of an EP in the UK or Switzerland or Poland cannot be invalidated in validity proceedings at the UPC as these are not Contracting Member States.

Nevertheless, the risk of invalidity with a broader territorial impact is higher with the UPC. It remains to be seen whether patentees (especially those in the pharmaceutical and biotech sectors, since these sectors could benefit most from the new system due to the broad validation practices) consider the risk of a centralised attack to be so substantial that opt out becomes preferable.

With respect to the validity assessment of their patents and patent applications, patent holders should first comply with the case law of the EPO while no qualified case law of the UPC exists.

Furthermore, a validity action filed with the Central Division must be filed in the language the patent was granted.¹⁸ This might constitute an additional hurdle for non-EU-claimants.



¹⁸. See Article 49(6), UPCA.

10. In which courts can I enforce my Unitary Patent against infringers?

The Unified Patent Court (UPC) has exclusive competence for Unitary Patent (UP) infringement proceedings. Infringements of UPs cannot be enforced in national court systems.

The UPC consists of a Court of First Instance, a Court of Appeal, and a Registry, which are organized as follows:

Court of First Instance

The Court of First Instance is a decentralised court organised in a Central Division and multiple Local and Regional Divisions. The Central Division will have its seat in Paris (for IPC classes B, D, E, G and H). There will also be a section in Munich (for IPC class F). At present, it is not yet clear whether there will be an additional section replacing the originally planned section in London (for IPC classes A and C) and, if so, where it would be located.

With regard to the Local and Regional Divisions, Contracting Member States are able to apply for one or more Local Divisions, depending on how much patent litigation regularly occurs in the applying state. For example, in Germany four different Local Divisions have been established, located in Munich, Mannheim, Dusseldorf, and Hamburg.

Moreover, Contracting Member States may cooperate with each other and set a joint Regional Division. For example, the Regional Division for the Nordic-Baltic area – a cooperation between Sweden, Lithuania, Estonia and Latvia based in Stockholm. A list of all of the UPC locations can be found [here](#).

It is anticipated that infringement cases will ordinarily be brought in the Local or Regional Divisions of the Court of First Instance of the country where the infringement takes place or where the defendant has its registered seat. Depending on the circumstances of the case, the case may have to be filed with the Central Division. For example, where there is no Local or Regional Division in the defendants' registered seat or the place of the infringement.

Court of Appeal

The Court of Appeal has its seat in Luxembourg and it is competent for complaints against final decisions of the Court of First Instance.

Registry

The Registry will be set up at the location of the Court of Appeal (Luxembourg) and will keep records of all cases before the UPC.

In the event that specific questions regarding European law arise, the UPC may submit such questions to the Court of Justice of the European Union just as national courts of EU Member States can.

11. What provisional enforcement measures (such as interim injunctions or seizures) are possible within the new system?

The Unified Patent Court (UPC) generally provides for a number of different provisional and interim measures to address the legitimate needs of the owners of Unitary Patents (UPs). The UPC will have the authority to:

- Order provisional measures to preserve evidence and to inspect premises.¹⁹
- Order a party to produce evidence.²⁰
- Order a party not to remove any assets from the UPC’s jurisdiction or “freezing orders”.²¹
- Grant provisional and protective measures such as injunctions against an alleged infringer or any intermediary.²²
- Order the seizure or delivery up of products suspected of infringing a UP, as well as the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of the bank accounts and of other assets of the alleged infringer.²³

The court will weigh up the interests of the parties and also take into account the potential harm to either of the parties resulting from the grant or refusal of the provisional measures/injunction.

Relevant factors could be, for example: the urgency of the matter, the outcome of European Patent Office (EPO) opposition proceedings/national proceedings, whether the defendant has been heard, and whether protective letters have been filed.

It is worthwhile noting that provisional measures can be granted without involving the defendant. For example, if it is necessary to avoid any delay because an imminent irreparable harm is likely to occur or in case there is a demonstrable risk of evidence being destroyed.

In order to minimise the risk of becoming an addressee of provisional measures, it is planned that the option to lodge a protective letter with the Registry will be available. Such a protective letter would set out facts, evidence and arguments of law as to why a potential future application for provisional measures should be rejected.

Lodging a protective letter would attract a fee but it would be effective for a period of six months (extendable for a further period with an additional fee). In the event, provisional measures were actually applied for, the UPC would consider the protective letter before making a decision as to whether to grant the provisional measures.

The 18th draft of the Rules of Procedure has now been adopted, subject to certain **amendments**. The Rules will enter into force on 1 September 2022. A consolidated version incorporating the amendments will be made available ahead of their entry into force.

12. What is the particular impact of Brexit on the UPC?

As the Unitary Patent (UP) system is only available to contracting EU member states, the UK will not be a part of the new system.

Businesses based in Contracting Member States will therefore not be able to use the Unified Patent Court (UPC) or UPs to protect their inventions in the UK. Instead, they will continue to gain protection in the UK under the current procedures – via the national route, the European Patent Convention route or the Patent Cooperation Treaty route.

A UK-based business will be able to use the UP system to protect its inventions within Contracting Member States, however, as with businesses based within the UPC's jurisdiction, national patents (or European Patents designating the UK) will still be needed if protection is required in the UK.

UK based businesses will also still be open to litigation in the UPC if they infringe a UP within a Contracting Member State.



13. Can I still obtain a European Patent for the UK and a Unitary Patent in parallel?

Yes, you can still obtain a European Patent in parallel with a Unitary Patent. In many instances, it will be preferable to obtain both types of patent to cover your inventions. It will indeed be necessary where you require protection in states that are party to the European Patent Convention but are not Contracting Member States of the Agreement on a Unified Patent Court – for example, the UK, Spain and Norway.



14. I am a global automotive supplier. I have a production line in the UK. How does the UPC affect me? What about for my other production sites in Poland and Bulgaria?

Neither the UK nor Poland will be participating in the Unitary Patent (UP) system and therefore patent protection would need to be separately secured here – either by the national route, the European Patent Convention route, or the Patent Cooperation Treaty route. Enforcement of these patents would also need to be carried out nationally. Any decisions arising out of those enforcement proceedings would only have national scope.

Bulgaria, however, is a Contracting Member State and therefore would be within the scope of a UP and within the Unified Patent Court's (UPC) jurisdiction. Thus, any UPC decisions with respect to either a UP or a non-opted out European Patent (EP) (for which Bulgaria was one of the designations) would have effect in Bulgaria. Thus, if a UP was revoked then that would have effect in Bulgaria (and the other Contracting Member States). Likewise, for a non-opted out EP with a Bulgarian designation (it would also have effect in any other EP designated states that are also Contracting Member States). If a finding of infringement was made and an injunction granted this would also have effect either in all Contracting Member States or the EP-designated states that are Contracting Member States.



15. I am a generic drugs manufacturer – will the Unitary Patent reduce my marketing opportunities? Will supplementary protection certificates be available for Unitary Patents?

Whether the Unitary Patent (UP) will impact the marketing opportunities of generic drugs manufacturers will depend, among other things, on the strategy adopted by the European Patent (EP) holders covering the reference drug when the UP system comes into force.

If the patent at stake is a UP, having only one patent to attack will represent significant savings for generic drug manufacturers to clear the path, through a single central attack before the Unified Patent Court (UPC) instead of filing several invalidity proceedings in each national jurisdiction. This may turn out to be a significant advantage for generic manufacturers.

On the other hand, risks will increase if the UP at stake is a strong title, with pan-EU injunctions available to the patent holder through a single procedure in front of the UPC.

As far as the pharmaceutical industry is concerned, EPs are usually validated in a large number of European countries. In this case, while obtaining a UP could reduce costs, there is also the risk of a central attack at the UPC. Accordingly, it is expected that the pharmaceutical industry will adopt a prudent approach to begin with and test the waters before opting for the UP system.

As for supplementary protection certificates (SPCs), SPC protection will remain available but there is currently no unitary SPC. The current SPC regime will remain in force with SPCs having to be applied for separately at national patent offices.

The European Commission is obviously aware of this discrepancy and the related drawbacks. As such, it launched a **call for evidence** from 8 March 2022 to 5 April 2022 proposing to harmonise patent law with a unitary SPC and a single procedure for grant. The Commission will use the feedback obtained here to develop and fine-tune its proposal for an SPC with unitary effect.



Contacts

Please reach out to your usual Osborne Clarke contacts or one of our contacts below to discuss how we might be able to assist you. Click photo for full biography:



Robyn Trigg
Knowledge Lawyer, UK
T +44 20 7105 7338
robyn.trigg@osborneclarke.com



Ethan Plumb
Associate, UK
T +44 20 7105 7049
ethan.plumb@osborneclarke.com



Agnieszka Sztoldman
Counsel, Poland
T +48 503 973 626
agnieszka.sztoldman@osborneclarke.com



Arty Rajendra
Partner, UK
T +44 20 7105 7850
arty.rajendra@osborneclarke.com



Xavier Pican
Partner, France
T +323 1 84 82 45 88
xavier.pican@osborneclarke.com



Johannes Graf Ballestrem
Partner, Germany
T +49 221 5108 4246
johannes.ballestrem@osborneclarke.com



Tim Harris
Partner, UK
T +44 20 7105 7144
tim.harris@osborneclarke.com



Tim Reinhard
Partner, Germany
T +49 89 5434 8024
tim.reinhard@osborneclarke.com



Will James
Partner, UK
T +44 20 7105 7774
will.james@osborneclarke.com



Valentin de la Court
Counsel, Belgium
T +32 2 515 93 62
valentin.delecourt@osborneclarke.com



Trevor Crosse
Partner, UK
T +44 20 7105 7329
trevor.crosse@osborneclarke.com



Anna Rawlings
Senior Associate, UK
T +44 20 7105 7154
anna.rawlings@osborneclarke.com

Our locations around the world

Europe

Belgium: Brussels
France: Paris
Germany: Berlin, Cologne, Hamburg, Munich
Italy: Busto Arsizio, Milan, Rome
The Netherlands: Amsterdam
Poland: Warsaw
Spain: Barcelona, Madrid, Zaragoza
Sweden: Stockholm
UK: Bristol, London, Reading

USA

New York, San Francisco

Asia

China: Shanghai
India*: Bangalore, Mumbai, New Delhi
Singapore

Osborne Clarke is the business name for an international legal practice and its associated businesses. Full details here: osborneclarke.com/verein/

*Services in India are provided by a relationship firm

osborneclarke.com