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5 Considerations In Preparing For EU's New Patent System

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Ever since the European Patent Convention was signed on Oct. 5, 1973, the long-term goal was to have one patent for all of Europe that can be enforced in one court. Almost 50 years later, Europe is now finally closer to that stage.

The unitary patent, which is one patent spanning many European countries that can be kept in force by paying a single annual renewal fee, and the Unified Patent Court, which is a central patent court for patent disputes, both for infringement and validity, are scheduled to be implemented soon.

This article explores the top strategic considerations for patent owners and patent applicants outside of Europe in view of these changes.

1. As the European Patent Convention, unitary patent and Unified Patent Court do not cover the same jurisdictions, special strategic consideration are necessary.

The unitary patent and the Unified Patent Court, having their legal basis partly in the European Union, do not include all the members of the European Patent Convention. There are currently 38 member states of the European Patent Convention, including two extension states and four validation states.[1] The Unified Patent Court system will eventually be available in 24 jurisdictions.[2] At the start of the Unified Patent Court system, 17 jurisdictions will have ratified the agreements.[3]



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Table 1: Initial Member States of the Unitary Patent System

Austria	Latvia
Belgium	Lithuania
Bulgaria	Luxembourg
Denmark	Malta
Estonia	Netherlands
Finland	Portugal
France	Slovenia
Germany	Sweden
Italy	

The countries that may still join the Unified Patent Court system are: Cyprus, Czech Republic, Greece, Hungary, Ireland, Romania and Slovakia. Notably, the Unified Patent Court system will be unavailable in Croatia, Poland, Spain and the United Kingdom, which has left the European Union.

Typically, European patents are most frequently validated in Germany, France and the U.K. The differences in coverage will require specific strategies depending on the desired scope of protection.

2. The unitary patent does not change prosecution of European patent applications or the availability of European oppositions.

The unitary patent does not impact prosecution of European patent applications. Up to grant, the procedure is the same as for traditional European patent applications. On grant, the patent applicant needs to choose between validation in specific European countries and/or via the unitary patent. However, it is not possible to obtain both a unitary patent and a classical European patent in a Unified Patent Court member state.

The Unified Patent Court system is unavailable for national patents directly filed in unitary patent member states. Even if the unitary patent is chosen for validation, it is still possible to validate a European patent in European Patent Convention member countries not part of the unitary patent.

Even when the unitary patent is chosen, as before, oppositions before the European Patent Office are available within the nine-month window after grant. For a unitary patent (and classical European patents, for which the Unified Patent Court has jurisdiction, as discussed below), the Unified Patent Court has the option of staying possible proceedings pending at the Unified Patent Court until a decision has been reached in the EPO opposition as well as sua sponte requesting acceleration of the opposition if the patent is involved in a Unified Patent Court action; the parties in a Unified Patent Court action can also request such acceleration.[4] Legal challenges may arise if the proceedings are not stayed and the EPO decides differently from the Unified Patent Court.

3. Depending on validation countries, the unitary patent reduces costs but also reduces flexibility.

Utilizing the unitary patent can reduce the validation costs and annuity fees when compared to validation in specific countries. If only specific jurisdictions are of interest, it may be cheaper to forgo the unitary patent and pursue validation in individual countries.

For the unitary patent, the EPO will adopt the single renewal fee to be the equivalent of the national renewal fees for the four most common European validation countries. The fees will range from €35 (\$34) for year 2 up to €4,855 (\$4,759) for year 20; the EPO estimates that the unitary patent renewal fees for the average lifetime of a patent in Europe (10 years) will be less than €5,000 (\$4,901).[5]

If fewer countries are chosen for validation, the classical European patent will be cheaper. Nevertheless, the unitary patent offers a unique possibility to have protection in a significant number of European countries at a reasonable price. Thus, some patent owners may want to change their strategy from validating in few countries to obtaining coverage in 17 European countries by one unitary patent.

Often European patents are validated in many jurisdictions based on initial business needs. As the business needs change, patents in specific jurisdictions are allowed to lapse thereby reducing costs. Once the unitary patent is selected, the annuities are tied together, and it is not possible to drop individual countries covered by the unitary patent.

Advantages	Disadvantages
One patent spanning seventeen jurisdictions.	Selection of Unitary Patent automatically gives the Unified Patent Court jurisdiction (<i>i.e.</i> , the patent can be invalidated in all these jurisdictions in one invalidity proceeding).
One renewal fee spanning all seventeen jurisdictions	UP does not allow applicants to reduce cost of annuity fees based on business needs for these countries.

4. For existing patents, patent owners should consider opting out of Unified Patent Court jurisdiction during the sunrise period.

The Unified Patent Court is estimated to be operational in early 2023.[6] The Unified Patent Court will include a court of first instance, a court of appeal and a registry.[7] The registry will identify which patents are not subject to Unified Patent Court jurisdiction. For patents subject to its jurisdiction, the Unified Patent Court will provide a patent enforcement regimen binding to all Unified Patent Court member countries (where validated in case of classical European patents, as discussed below).

Once in operation, the Unified Patent Court will have exclusive jurisdiction over European patents validated in the member states of the Unified Patent Court (see Table 1 above) and unitary patents. [8] For European patents validated in the member states of the Unified Patent Court, the respective national patent courts will remain competent during a transitional period of seven years, extendable by further seven years (dual jurisdiction).

For existing European patents validated in Unified Patent Court member states, the Unified Patent Court will have automatic jurisdiction unless the patent owner opts out.[9]

For an opted-out patent, the patent owner can still choose to place the patent under Unified Patent Court jurisdiction by withdrawing the opt-out.[10] As such, due to the uncertainty of how friendly the Unified Patent Court will be as a forum to the patent owner, and to avoid that patents are drawn into the Unified Patent Court system by a Unified Patent Court revocation action, the best course of action for the patent owner seems to be opt-out.

The opt-out timing is important. When the Unified Patent Court is implemented, there will be a sunrise period before the court is operational, during which it is possible to opt out. Once the court is operational, the filing of an action before the Unified Patent Court can prevent the opt-out.[11] As such, patent owners should opt out during the sunrise period, if desired. It is again important to note that there is no opt-out for unitary patents.

5. The Unified Patent Court does not have jurisdiction over direct filings.

Once the unitary patent is effective, the Unified Patent Court also has jurisdiction over European patents that are directly validated in European Patent Convention member countries if the country is a member of the Unified Patent Court. For new patent grants, thus, the opt-out should preferably be declared prior to the decision for grant.

The Unified Patent Court, however, does not have jurisdiction over patents that grant from a direct national filing, *i.e.*, national patents of the Unified Patent Court member states. Thus, for pending applications or pending Patent Cooperation Treaty applications, it is possible to avoid Unified Patent Court jurisdiction (see Table 3).

Table 3: Overview of UPC jurisdiction for patents and pending applications		
	Type	UPC Jurisdiction
Patent validated in UPC country	Opt-out	No
	No opt-out	Yes
Pending European Application or European Applications filed post UP/UPC implementation	UP (after grant)	Yes
	Direct validation (no opt-out)	Yes
	Direct validation (opt-out)	No
Direct filing in UP/UPC member country		No

Conclusion

Until the Unified Patent Court is operational, patent owners should consider which patents, if any, to opt-out from Unified Patent Court jurisdiction in order to take advantage of the sunrise period. Similarly, until the unitary patent is in effect, for existing applications close to allowance, patent applicants should consider whether the potential cost savings of the unitary patent are of interest.

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[1] <https://www.epo.org/applying/european/unitary/unitary-patent.html> (last accessed July 13, 2022).

[2] <https://www.unified-patent-court.org/about> (last accessed July 13, 2022).

[3] Id.

[4] <https://www.unified-patent-court.org/faq/competence-upc-0> (last accessed July 13, 2022).

[5] <https://www.epo.org/applying/european/unitary/unitary-patent/cost.html> (last accessed July 13, 2022).

[6] <https://www.unified-patent-court.org/news/provisional-application-phase-and-upcs-expected-timeline> (last accessed July 13, 2022).

[7] Id.

[8] <https://www.unified-patent-court.org/> (last accessed July 13, 2022).

[9] <https://www.unified-patent-court.org/faq/opt-out> (last accessed July 15, 2022).

[10] Id.

[11] Id.