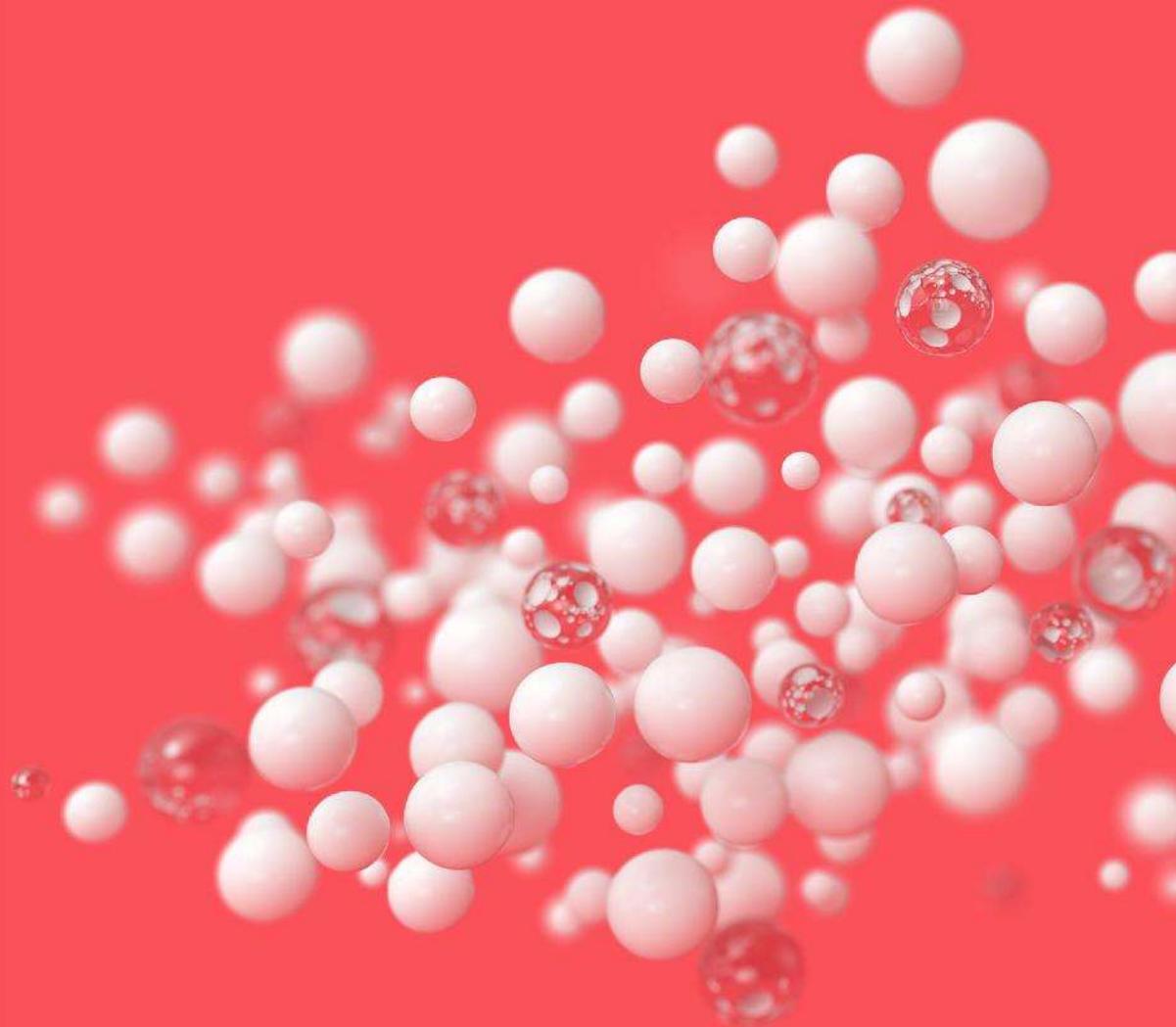


The Unitary Patent & The Unified Patent Court

A Practical Guide

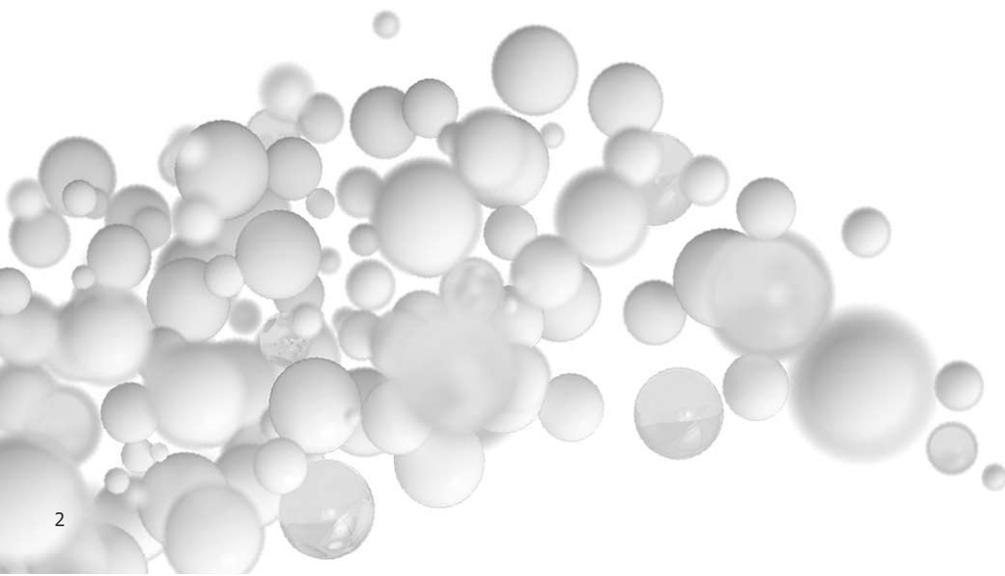


The Unitary Patent & The Unified Patent Court

A Practical Guide

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Introduction

Europe's new patent and enforcement system is coming into force on **1 June 2023**. The new system will comprise two main elements:

- **Unitary Patent** - A single unitary patent with force in all states which have ratified the Unitary Patent Court Agreement (**UPCA**) at the date of grant; and
- **Unified Patent Court (UPC)** - A single Court with jurisdiction over patents granted by the European Patent Office (EPO) in all states which have ratified the UPCA.

The unitary patent represents an alternative to validating patents in individual countries and will be relevant for every patent granted by the EPO after 1 June 2023. A unitary patent will cover the entire group of participating countries (on the date of grant) with one single registration.

The UPC will have jurisdiction to issue judgments in relation to all patents granted by the EPO. This jurisdiction is shared with existing national Courts for national validations of European patents (which have not been opted out of the UPC), but is exclusive for unitary patents, which cannot be opted out. Such decisions will be enforceable for the entire group of participating countries in a single action, which presents both risks and opportunities to litigants.

Through our network of European IP experts, Simmons & Simmons is prepared for the unitary patent and UPC, and ready to assist our clients in navigating Europe's new patent system.



Coverage

There are 24 EU Member States which have signed the **Unified Patent Court Agreement (UPCA)**, 17 of which have ratified the UPCA.

The remaining 7 EU Member States which have signed the UPCA may ratify it at any time. The EU Member States which have not signed the UPCA may still do so. Non-EU countries cannot participate, meaning there will be a number of EPO countries which cannot sign the UPCA.

Initially, the UPCA will be in force in the 17 Member States which will have ratified the UPCA.

Participating countries in the Unitary Patent and the UPC	EU countries that may accede later	EU countries that have stated they do not wish to accede	Excluded from participation (non-EU EPO countries)
17 EU countries	7 EU countries	3 EU countries	12 countries
Austria	Cyprus	Croatia	Albania
Belgium	Czechia	Spain	Iceland
Bulgaria	Greece	Poland	Liechtenstein
Denmark	Hungary		Monaco
Estonia	Ireland		Montenegro
Finland	Romania		North Macedonia
France	Slovakia		Norway
Germany			San Marino
Italy			Serbia
Latvia			Switzerland
Lithuania			Turkey
Luxembourg			United Kingdom
Malta			
Netherlands			
Portugal			
Slovenia			
Sweden			

Coverage



27 EU Member States

- Participating States (24)
- No Participation (3)
- Non-EU States

UPC will open covering:

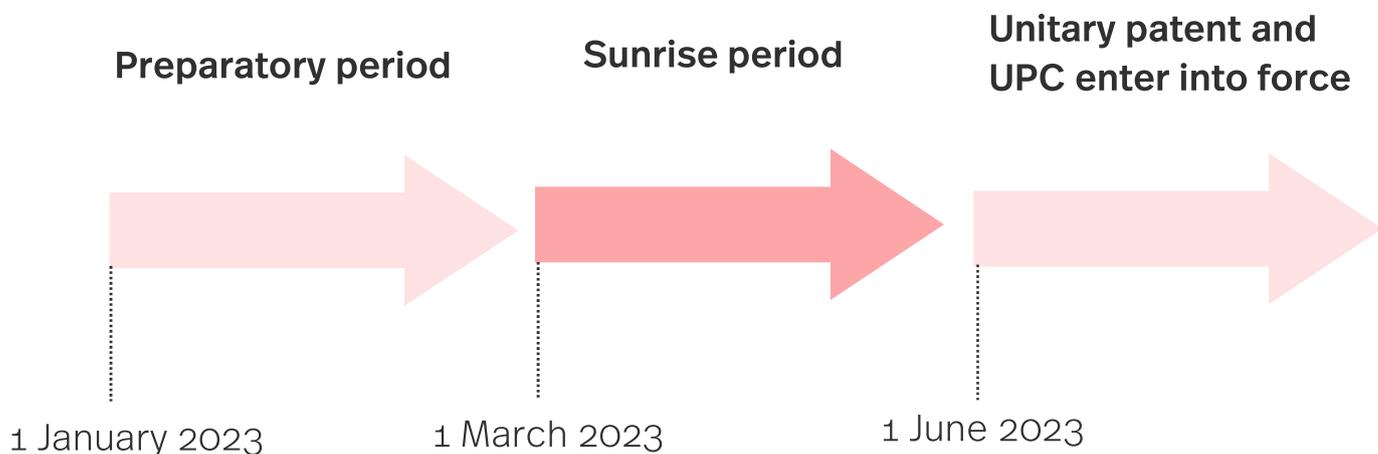
- Austria
- Belgium
- Bulgaria
- Denmark
- Estonia
- Finland
- France
- Germany
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Portugal
- Slovenia
- Sweden



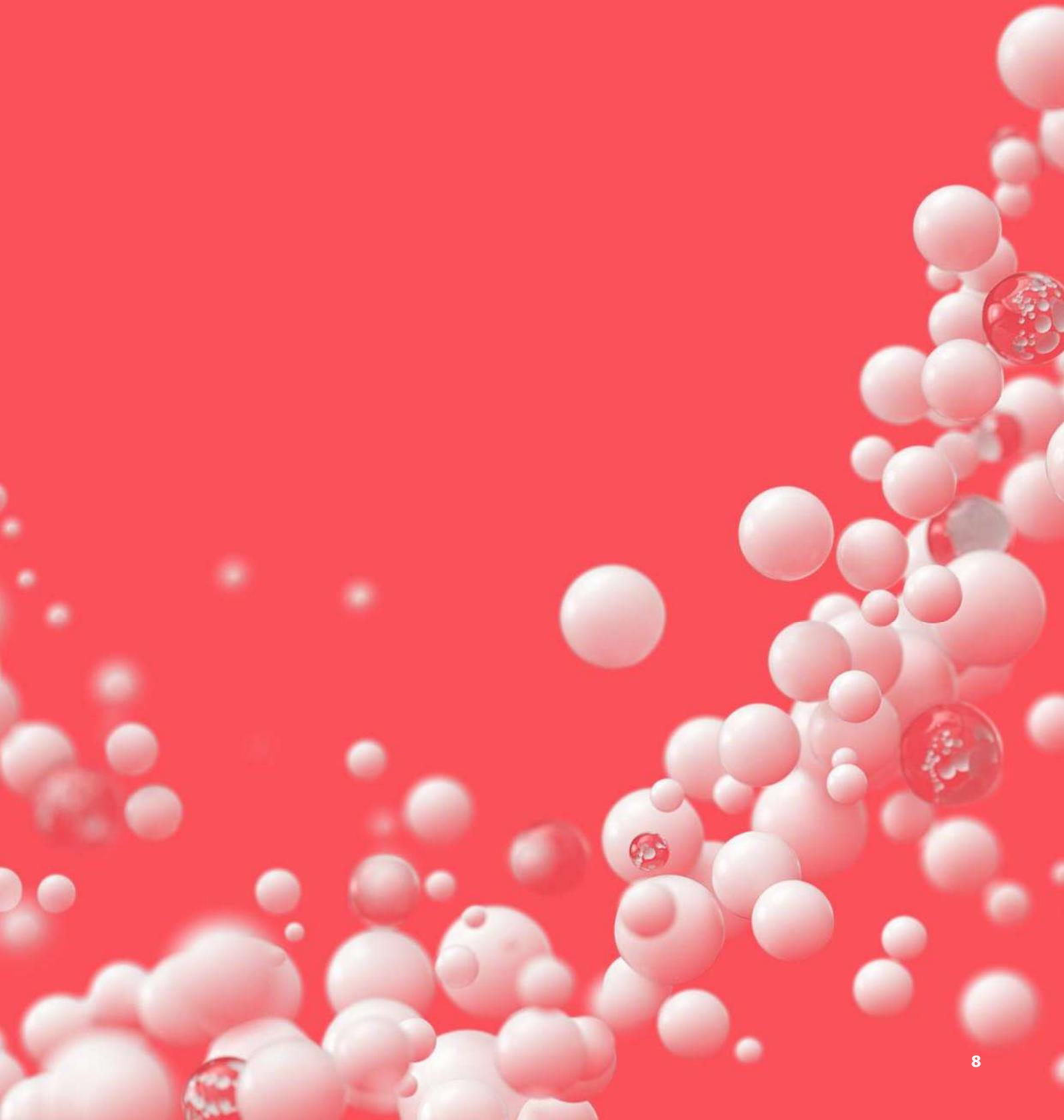
Timeline

Although the Court will not open until **1 June 2023**, the Sunrise Period (the period in which European patents can be opted out of the UPC's jurisdiction) starts on **1 March 2023**.

At the EPO, applicants can already file early requests for unitary effect and for a delay in issuing the decision to grant a European patent as of **1 January 2023**.



The Unitary Patent



Unitary Patent

The unitary patent offers a **supranational route** to register a European patent for all participating countries which have ratified the UPCA on the date of grant. This single unitary right will therefore act as an alternative to national validations. However, national validations will still be needed for non-participating countries.

Registering a unitary patent

In order to register a unitary patent, a request must be submitted to the EPO within **one month** of the grant date of the patent. No official fee is payable, but during a transitional period of at least 6 years (and up to 12 years), a translation of the whole patent specification will be required.

If the patent is written in English, a full translation of the application into “any other official language of the Union” will be required.

Unitary Patent Cost Comparison

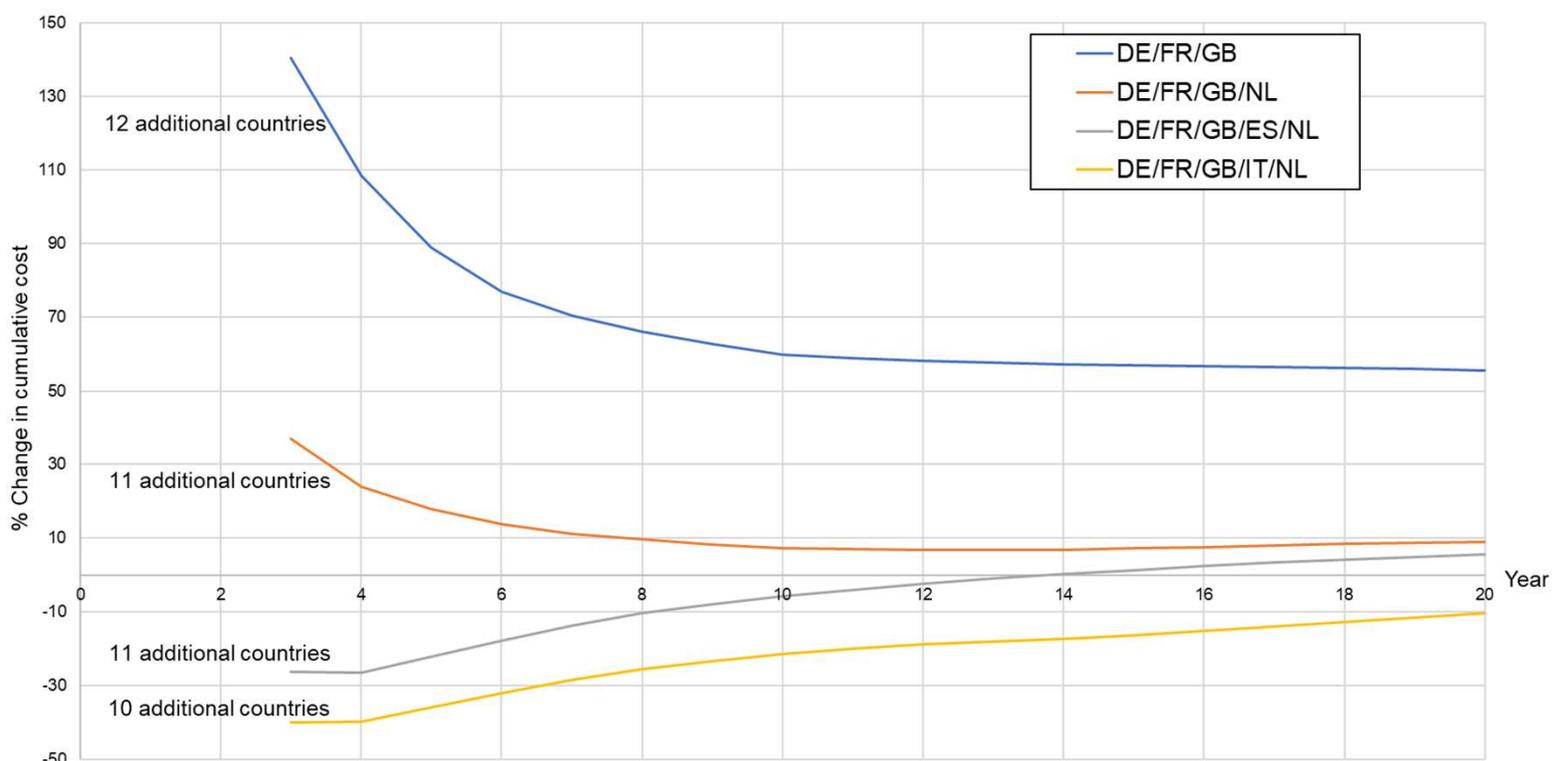
If the patent is written in French or German, a full translation of the application into English will be required.

In order to obtain protection in non-participating countries, only the usual route of national validations will be available.

Renewal fees

A unitary patent will require renewal fees to be paid every year. This fee is equivalent to the sum of the annual renewal fees for the ‘top 4’ most popular validation jurisdictions for European Patents at the time the fee level was adopted in 2015 (Germany, France, the United Kingdom and the Netherlands).

A comparison of the cost of a unitary patent against national validations is complex. The chart below is an indicative comparison of cumulative costs for common groups of countries covered by a unitary patent, or conventional validations.





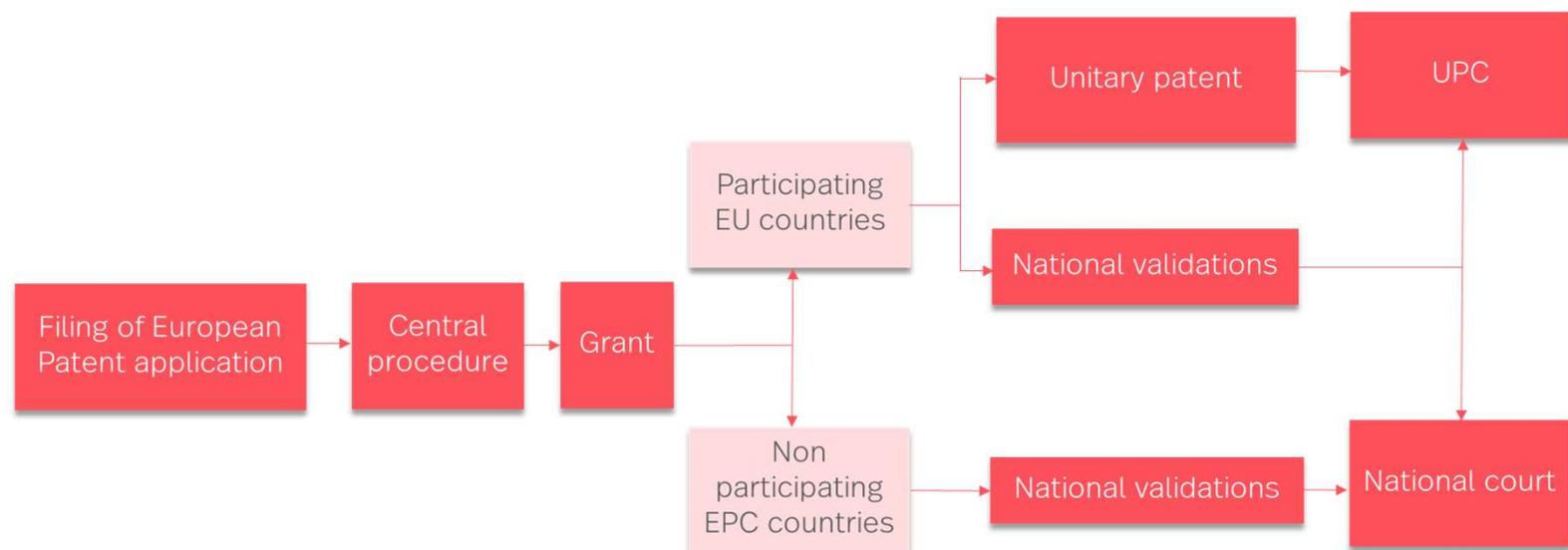
Unitary Patent

Key legal and cost considerations

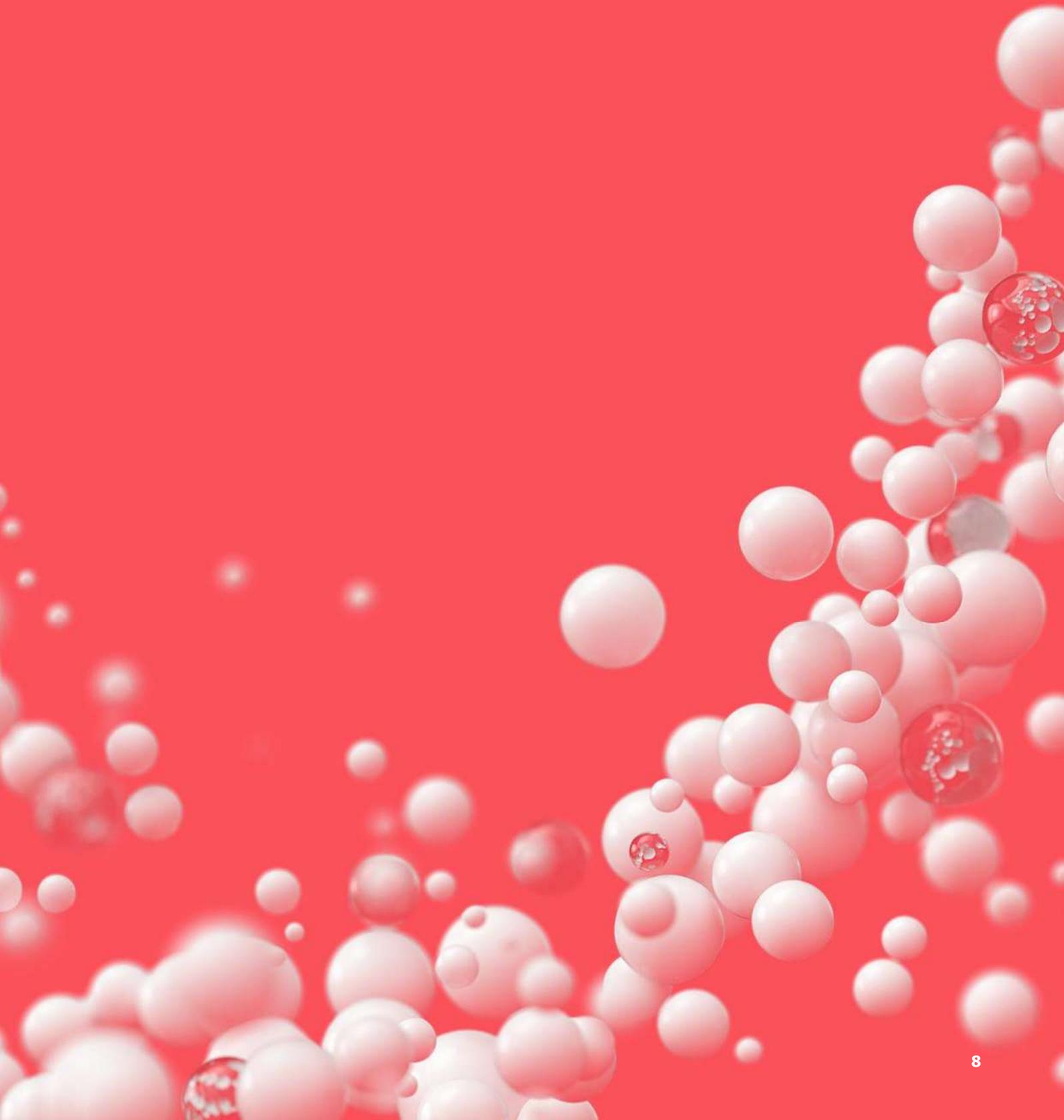
The choice of a unitary patent or national validations will be dependant on the business strategy that applies to the invention. It will be imperative to compare the total costs of a unitary patent with the alternative system of national validations. In general, a unitary patent will be cheaper where protection of the patent in many countries is desired, but more expensive where protection is desired in fewer than four participating EU countries.

A significant legal consequence of opting for the unitary patent is that litigation is restricted to the new UPC. As the UPC will have exclusive jurisdiction over unitary patents, it will not be possible to litigate before a national court. A decision by the UPC may be attractive to patentees due its supranational effect – a judgment that the patent is infringed is enforceable in the entire group of participating countries. However, the reverse is also true and a judgment that the unitary patent is invalid will result in revocation of the unitary patent for all participating countries.

It is also worth noting that the UPC will be a newly established court with new rules, making the outcome of actual proceedings potentially less predictable.



The Unified Patent Court



The Unified Patent Court (UPC)

The **Unified Patent Court (UPC)** is competent to deal with the infringement and validity of both:

- i. Unitary Patents; and
- ii. European patents that have been validated nationally in a participating EU Member State and are not opted out.

The UPC also has jurisdiction to hear declarations of non-infringement and preliminary injunctions for patents and supplementary protection certificates (SPCs) for the same groups of rights.

As previously mentioned, the UPC will issue judgments with **pan-European effect** across all participating EU Member States.

The court structure of the UPC

The UPC will be broadly divided into a **Court of First Instance**, with three subdivisions, and a **Court of Appeal** in Luxembourg. Appeal to the European Court of Justice (ECJ) is possible, but only on matters of EU law.

Overall, all divisions of the UPC will apply the same law and procedure and will comprise a mix of local and non-local judges, while also including a technically qualified judge.

The Court of First Instance will be divided into three divisions as follows:

• Local Divisions

10 countries have chosen to have local divisions. The local divisions can handle cases with a basis in that UPC seat. Germany may choose to have more than one local division.

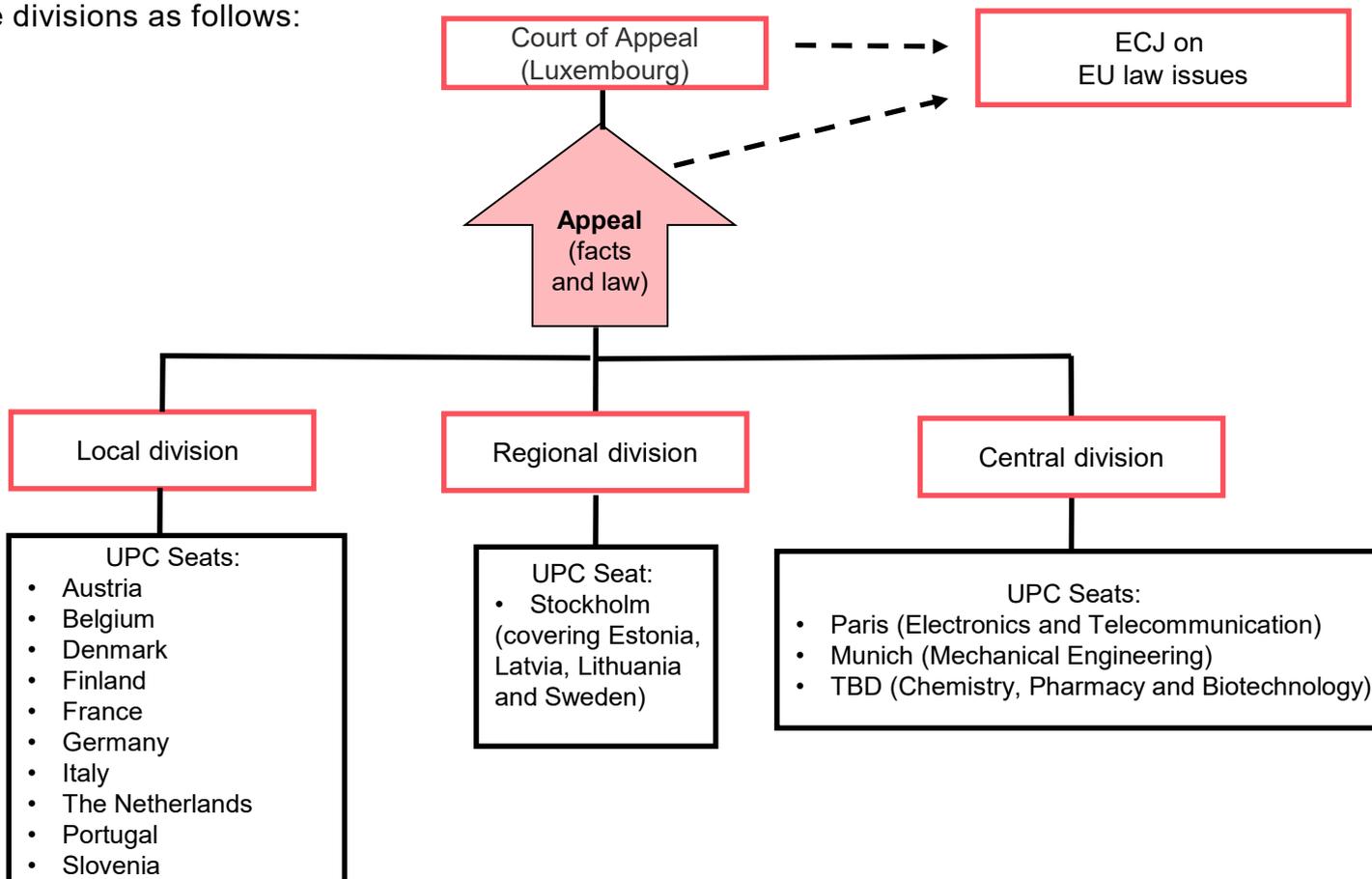
• Regional Division

So far, one regional division has been agreed, based in Stockholm, which will have a competence related to Sweden, Estonia, Latvia and Lithuania.

• Central Division

The central division has branches in Paris and Munich, with a location for a third branch to be determined. The central division has a competence related to the **entire area** covered by the UPC.

The different seats of the central division will cover different **technical subject matters** for revocation actions or declarations of non-infringement. Patents in the fields of electronics and telecommunication shall be handled in Paris; mechanical engineering in Munich; and chemistry, pharmacy and biotechnology in the third seat.





The Unified Patent Court (UPC)

Powers of the UPC

Each seat of the local and the regional divisions can handle an action for **patent infringement** provided that the alleged infringement took place in the relevant country or if the defendant is established in the relevant country.

The central division is competent at first instance for handling a case in which the **invalidity** of a European patent is sought. Infringement proceedings may be started in the central division if the defendant is domiciled outside the EU or if the relevant member state does not participate in a division. The parties may also agree to bring proceedings in the central division. Such instances are expected to be rare.

Overall, all divisions of the UPC will be competent to award injunctions and damages across all participating countries.

Language

The language of the country in which the seat is established may be used in the local and regional divisions, although most are expected to accept English as an alternative option. If English is chosen as an alternative, it is for the claimant to decide the language of proceedings.

For the central division, the official UPC language will be the language in which the European patent was drawn up (i.e., English, French or German).

Procedure of the UPC

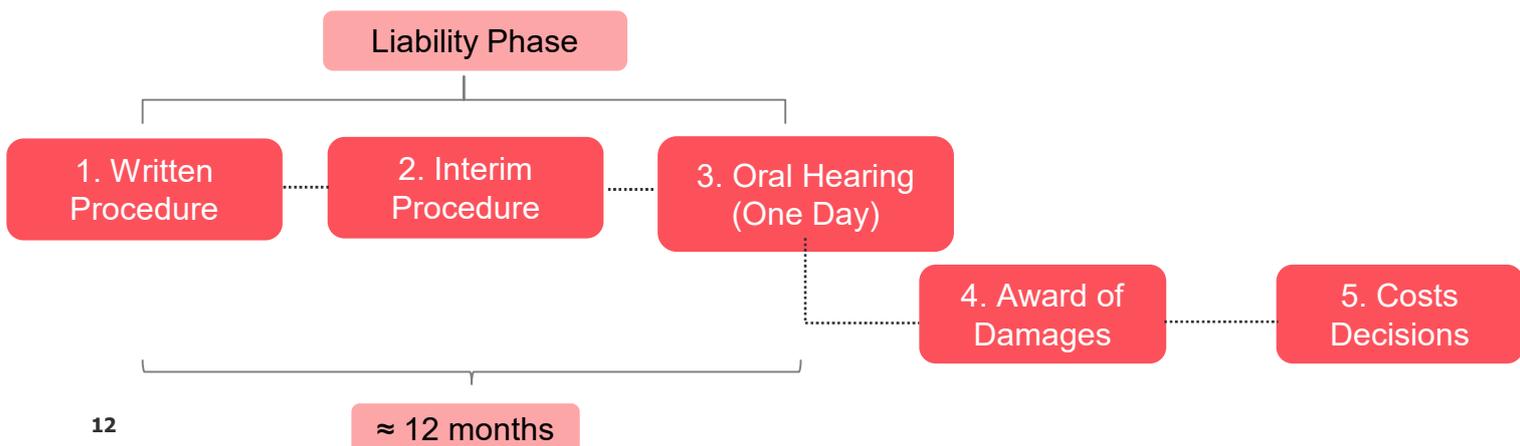
It is intended that cases will be heard within **12 months** from the issue of proceedings.

Overall, there is a clear emphasis on **frontloading** the court procedure, with parties obliged to set out their cases in detailed written submissions with supporting evidence early in the proceedings.

The UPC Rules set out a **five-stage process** for claims at First Instance (see figure below) with the first three stages dealing with liability and culminating in a one-day oral hearing. This will be followed by an optional fourth and fifth stages which shall deal with damages and costs respectively.

All EU lawyers will have **representation rights** before the UPC, as well as European Patent Attorneys with a litigation certificate (including those in the UK).

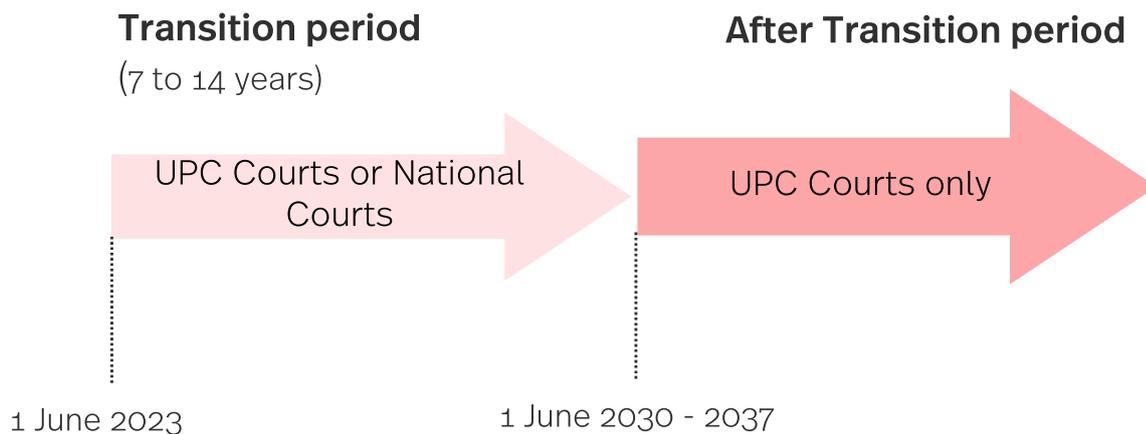
Five-Stage Process at First Instance



Shared Jurisdiction

During a 'transition period' of seven years from the start of the UPC, the UPC will have shared jurisdiction with existing national courts for national validations (where the patent in question is not opted out) but exclusive jurisdiction for unitary patents. This transition period may be extended, at most by a period of seven years.

For non-opted out patents, once a case is initiated, the patent will be 'trapped' within the chosen forum. Therefore, it is important to consider whether a potential litigant should 'opt out' of the UPC as the competent court during the transitional period. Opting out is for the life of the patent, but the opt out may be withdrawn (see below). Patents will not be able to be opted out of the UPC following the conclusion of the transition period.

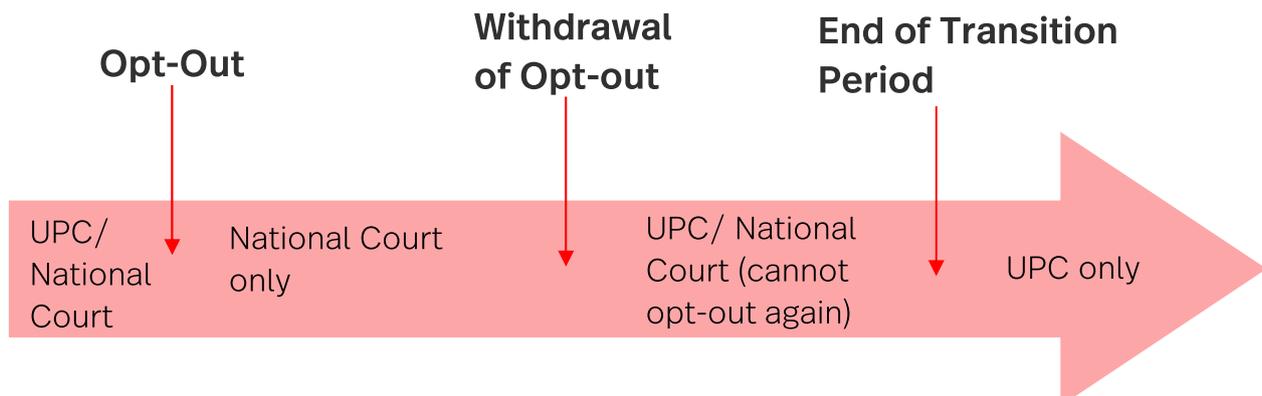


Commercial Considerations with Opting Out

- Opting out of the UPC will prevent a third party from commencing a central revocation action, thereby trapping the patent permanently in the UPC.

This is likely to only be a significant concern if a patent proprietor expects proactive revocation actions or is concerned that the UPC will come to less patentee-friendly decisions than national courts. A prudent patentee should consider an opt out strategy.

- Furthermore, patents can in effect be opted back in by filing a withdrawal, provided that no action has been started. If an opt-out is withdrawn, then the shared jurisdiction of the UPC will apply again and the patentee will not be able to opt out again.
- One advantage of opting out is that a patent proprietor can then choose when to litigate a case before the UPC by withdrawing the opt-out.
- There is no fee to opt out, although doing so will entail a relatively significant administrative effort.



The UPC: Key Commercial Considerations

Litigants are therefore confronted with a choice of either pursuing patent disputes in the UPC or continuing via the national courts.

Commercial Considerations with the UPC

- The principal factor to consider is the **supranational jurisdiction** of the UPC, which presents both risks and opportunities.

Overall, the UPC presents a far more **efficient** route for multi-national patent litigation. If a favourable decision is reached it will be effective in all participating EU Member States in or for which the European patent is registered. This is likely to be considerably quicker and more cost-effective relative to individually litigating patent cases in the national courts.

However, the supranational effect of the UPC equally applies to unfavourable validity judgments and declarations of non-infringement, and therefore presents an inherently **increased risk** for patentees, particularly in relation to such actions pursued by third parties.

- The First Instance of the UPC has signalled its intention to issue decisions within twelve months from the issue of proceedings, which is often **quicker** than in a national procedure.
- On the other hand, it is also expected that the **costs** for a case before the UPC will be significantly greater than conducting a single case before a national court.
- There is some **uncertainty and unpredictability** with the new rules and procedures of the UPC coupled with the lack of case law.
- Litigating in the UPC may provide opportunities for clients to avoid specific **national law peculiarities**, such as the negative approach to dosage regimens in France.

Equally, however, there may be issues with reconciling differing national legal concepts. For example, in relation to SEP/FRAND litigation, Germany places a heavy emphasis on competition law whereas courts in the Netherlands rely more on precontractual good faith.

- An example of the differing factors for an infringement action is set out in the table below:

National action	UPC action
Local Judges only	One or two local judges, two or one "outside" judges
Very variable, likely > 12 months	Time to trial c. 12 months, covering both infringement and validity.
Language of local Court	English expected to be accepted in all divisions, or a local language
Local lawyers	Any UPC nationality, plus European patent attorneys
Local remedies only	Remedies to cover all UPC countries

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