

The Unitary Patent System

AND HOW IT AFFECTS YOU

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In Brief: Unitary Patent

When the Agreement on a Unified Patent Court (Agreement) eventually comes into force, a unitary patent will run alongside national patents and the classical European patent, having a unitary effect across all its signatory European Union (EU) member states.

Currently, 25 out of 28 EU member states are participating in the system, with the exception of Croatia, Poland and Spain. The Agreement, signed by the participating states on 19 February 2013, will enter into force after it has been ratified by at least 13 states, of which France, Germany, and the UK must be included. As of August 1, 2017, there have been 13 state ratifications, including France. However, Germany and the UK have not yet ratified – and the UK's participation is now unclear due to Brexit.

It is hoped that the Agreement can enter into force by early 2018, but the result of the UK's EU referendum on 23 June 2016 may have a bearing on this. If Italy replaces the UK as the third essential state, implementation is likely to require more time to complete preparation of the ratification and re-organising of the Unified Patent Courts.

Classical European Patent & Unitary Patent Compared

FILING

The new unitary patent has a similar application process to the classical European patent. Indeed, the European Patent Office's (EPO) day-to-day search, examination and granting work will remain largely the same.

The implementing rules of the unitary patent will be based on the rules and procedures under the European Patent Convention, including remedies such as further processing and additional fees for late payment. When indication of allowance is received, just like the existing process, both systems would require the translation of claims into the other two of the three official languages of the EPO (French, German or English).

VALIDATION AND RENEWAL

When grant of the patent takes place under the classical European patent system, the patentee has to select the relevant contracting states of interest. Depending on national requirements of specific countries, local representatives may need to be engaged, official fees paid, and/or translations of the claims or the entire specification may have to be prepared. A renewal fee will need to be paid for each patent territory in the 'bundle', ensuring that the granted patent remains in force.

By contrast, if the new unitary patent system is chosen, individual validation is no longer required for countries that have adopted the unitary system. Thus, in theory it can be valid for up to 25 countries at once and it dispenses with the need to engage local representatives for countries that are in the unitary system.

Furthermore, translation requirements for the unitary patent will be much more streamlined. The long term goal is for the translation requirement to be dispensed with after the grant of the unitary patent. Only when there is a dispute, at the request of a court or an alleged infringer, will the proprietor of a unitary patent have to provide a full human translation into the relevant language.

Until this long term goal is achieved, however, the following translation requirements will likely be implemented for a transitional period (possibly up to seven years):

- **where the patent is granted in English, the patent owner will have to provide a translation of**

the patent into any official language of the European Union;

- where the patent is granted in French or German, the patent owner will have to provide a translation of the patent into English.

In addition, one renewal fee would cover all the signatory countries. For countries that are not in the unitary system, such as Croatia, Poland or Spain, the patentee can still validate in these countries individually and pay annual renewal fees as usual.

OPPOSITION

Currently, a nine month period is available for central post-grant opposition at the EPO. Following this period, central revocation is no longer possible and local proceedings are required to deal with each patent in the bundle separately. Revocation of one of the patents in the bundle by a national court does not affect the remaining patents in the same bundle.

Under the unitary patent system, however, central revocation can be sought at the Unified Patent Court (UPC) even after the nine month period has elapsed, and it can lead to a unitary patent losing its rights across all corresponding states. Owners of a unitary patent can also bring infringement action at the Unified Patent Court rather than at the local court in each country.

When the UPC comes into force, there is a transitional period (possibly around seven years) where existing European patents in bundles can opt out of the UPC to preserve them as individual patents. Thus, patent owners can forum shop during this period. If not opted out, a classical European patent in a bundle can utilise the central renewal fee system in states that are participating states to the unitary patent, and utilise the UPC to bring an infringement action. However, the European patent will also be vulnerable to being attacked centrally at the UPC for the relevant member states.

For non-unitary patent states, the European patent will remain as individual patents and action has to be brought at national courts.

Potential Advantages and Disadvantages of the Unitary Patent

Clearly, it is more convenient to administer and maintain a single unitary patent than multiple national patents under the classical European patent system. As a single set of patent laws applies across all countries party to the unitary patent system, the scope is harmonised across all these countries. A single infringement action can be brought by the patentee at the UPC rather than an individual local action in each of the states where infringement is taking place. Procedures and costs are thus streamlined.

As validation is streamlined under the unitary system, the costs involved are thus lower than validating individually in these countries under the classical European patent system. The intention is for high quality machine translations to be used for unitary patents, avoiding costs for mandatory translation unless litigation arises.

Renewal fees for a unitary patent are paid centrally, based on the cumulative renewal fees for the top four validation countries (currently Germany, France, the UK, and the Netherlands). Therefore, the renewal fee under the unitary patent system can be more cost effective than the classical European patent system if more than four countries are selected. Having said that, the ability to save on renewal fees by letting the patent lapse in countries that are no longer of interest would be lost under the unitary patent system.

Non-payment of the unitary patent renewal fee would cause lapse of right across all unitary patent states.

Another disadvantage of a unitary patent is its vulnerability to central attack at the UPC. If successfully revoked at the UPC, all rights are lost across all corresponding states. It is far more difficult and potentially more costly for a patent granted under the classical European patent system to be revoked in all states covered.

Certainly, having a bundle of separate national patent rights may be safer if litigation is likely. If so, patent owners should utilise the transitional period to opt out of the unitary system when the Agreement finally comes into force.

Also bear in mind that the unitary patent will only cover 25 member states, and the classical European patent system presently covers 38 member states.

What about Costs?

As mentioned previously, a European application following the unitary patent system coming into effect begins much the same way as the current system. The decision on whether or not a unitary effect is desired is only required within one month of grant.

Upon grant, as validation and much of the translation requirements have been dispensed with, the unitary route would be a more cost effective option for unitary patent states. However, if three or fewer unitary patent states would have been selected for validation under the classical system, then the cost savings in validation may be outweighed by the unitary renewal fee, which is based on the cumulative renewal fees for the top-four validation countries.

Overall, if wide-ranging European coverage is sought, then the unitary patent route would be more cost effective due to its lack of validation and one set of central renewal fees. If protection is only required in a few countries, then cost effectiveness could be roughly comparable between the two systems.

Unified Patent Court (UPC)

The UPC will enter into force after it has been ratified by at least 13 states, of which France, Germany, and the UK must be included. The UPC is made up of a Court of First Instances with local, regional and central divisions located in the member states, with a central Court of Appeal. There is therefore still some degree of forum shopping even within the UPC.

The UPC has jurisdiction for both classical European patents (unless opted out during transitional period) and unitary patents, particularly exclusive jurisdiction to hear:

- **infringement actions**
- **counterclaims for revocation**
- **revocation actions**
- **actions for provisional and protective measures and injunctions**

The UPC offers centralized trials for a European patent as opposed to the current system where court

action in each country is required (apart from an opposition action at the EPO within the first nine months from grant). Therefore, the UPC can be a more cost effective forum to bring an action, with its decision affecting all contracting states of the UPC.

A timeline of around twelve months from filing claim particulars for a revocation action at the UPC has been proposed, which is shorter than the typical timeline for an opposition at the EPO.

Should We Wait and See?

Unitary effect can be registered upon grant of a European patent, more precisely, within one month of grant. Thus the patent owner should have a fair amount of time to consider which route to take, whilst an application remains pending. Furthermore, in light of the lack of definite timescale for the Agreement to come into force and the provision of the transitional period for any granted patents to opt out of the unitary system, there should be no need to delay filing in Europe due to the unitary system.

Potential Effect of 'Brexit'

The 'out' vote from the UK's EU referendum may have a negative impact on the implementation of the unitary patent. London presently holds the pharmaceutical central division of the UPC, and it is difficult to see how this will be maintained when the UK leaves the EU. This is likely to cause delay to the implementation of the unitary patent system.

However, importantly, the UK will still remain as a participating state of the European Patent Convention and therefore can still be designated when filing a European patent application. Upon grant, the patent can be validated and maintained as a separate national right in the UK, and actions would have to be brought locally, rather than through the UPC, to have an effect in the UK.

It is worth reiterating that the classical European patent system is not linked to the European Union; it is a separate system. As such, if the UK (or other European countries in the future) were to leave the European Union, it would have no impact on the classical European patent system and membership of that system.

General Advice Post-Brexit relating to Patents, Trademarks and Designs

The UK will be a part of the EU and thus the CTM (European Community Trade Mark) system through March 2019. There is also the possibility of more countries following the UK's lead and leaving the EU over time. So what strategies should advisors and clients be considering?

Regarding trademarks, if finances permit, then submitting a CTM plus a UK trademark application at the same time is the safest option. This also applies if other countries decide to leave the EU in due course.

However, it seems highly unlikely that provisions will not be provided by the UK Government to convert a CTM into a UK national right, when the time comes. Therefore, if you or your client has more limited finances, then continuing with the submission of only a CTM should ultimately be fine and allow the continued extension of rights to the UK in due course.

Regarding patents, the UK leaving the European Union has no effect on the present European patent system, which is a higher-level organisation and covers many more countries than only the EU countries (see [this link](#) for a list of the member countries). The UK is still an intrinsic part of the European patent system, and therefore it is entirely business as usual.

The new unitary patent system for the EU has been repeatedly delayed, and should other countries leave the EU over the next few years, it may be abolished altogether.

However, when filing a new European patent application, no decision needs to be made as to which system to use. A decision is only required at the time of grant, which is typically 4 to 6 years after filing (assuming there is no acceleration required). As such, there is little to worry about at this point.

Just to reiterate, the current European patent system will continue unaffected.

Pros and Cons of the Current European Patent System and the Unitary Patent System:

CURRENT EUROPEAN PATENT SYSTEM

- Covers more European territories
- Invalidation has to take place in each country separately, therefore more secure if you are the patent owner, but more expensive if you are the opposer
- Cheaper over the patent lifetime if less than four territories covered
- Litigation has to take place in each territory covered

UNITARY PATENT SYSTEM

- Only covers European Union members, therefore possibly limited
- Invalidation in one country automatically invalidates across all states, could be risky
- Cheaper over the patent lifetime if four or more territories are to be covered
- Centralised court system will be expensive
- Translation requirement on grant removed

About the Author

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