

Looking ahead to the unitary patent

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1. Introduction

No discussion of patents is nowadays complete without raising the subject of the upcoming 'unitary patent' in Europe. This radical addition to the European patent system is widely anticipated to come into being as early as 2016 and will transform patent ownership and enforcement in those countries to which it applies. This chapter briefly outlines the key features of the unitary patent and its context within the Unified Patent Court (UPC) and the existing (hereinafter 'classic') system of European patents.

2. Context

In the current system, the European Patent Convention provides a centralised application procedure in which the European Patent Office (EPO) grants a bundle of classic patents across Europe. Disputes about patents after grant (with the exception of those patents opposed at the EPO within the first nine months) are adjudicated upon exclusively by national courts.

However, the UPC, when in operation, will create a court in which future unitary patents and classic European patents can be litigated in a largely one-stop shop for the participating EU member states¹ – that is, it will be possible to enforce and revoke a unitary patent simultaneously in all of the territories that it covers in one set of UPC proceedings. The UPC will have a number of divisions across Europe: local and regional divisions making up a Court of First Instance, and a central division split between three sections in Paris, London and Munich. The London section has been assigned responsibility for so-called 'human necessities' and chemistry and metallurgy patents, a class that includes life sciences subject matter. Appeals will be heard by an appeals chamber in Luxembourg.

3. The unitary patent

In contrast to classic European patents, unitary patents, the full name of which is 'European patents with unitary effect', will be single pan-European rights protecting all the EU member states that participate in Council Regulation 1257/2012/EU (hereinafter 'the Regulation') and have ratified the UPC Agreement. At mid-2014, this excludes Italy, Spain and Poland.² The patent is intended to represent a key

1 The system of national patents will continue. These will remain exclusively actionable in the national courts.

component of the European single market, but will exist alongside the existing system of classic European patents and national patents. The unitary patent will come into force at the same time as the UPC.

The unitary patent is created by Article 3(1) of the Regulation:

A European patent granted with the same set of claims in respect of all the participating Member States shall benefit from unitary effect in the participating Member States provided that its unitary effect has been registered in the Register for unitary patent protection.

A unitary patent, as further provided in Article 3(2) of the Regulation, is a classic European patent that has been registered as having unitary effect upon grant by the EPO. As mentioned above, this means it has the effect of a single right conferring on its proprietor and exclusive licensees the right to prevent a third party from committing certain infringing acts in all the EU member states covered. The Regulation states that the protection provided across the participating member states must be uniform.³ Hence, only classic European patents granted with the same claim sets can benefit from unitary status. This, as the recitals to the Regulation state,⁴ ensures the fundamental purpose of the unitary patent as a patent of uniform substantive scope of protection across Europe.

The corollary of this breadth of protection is that any change to the status of the unitary patent also takes effect across all the participating member states as a whole, in uniformity, in accordance with Article 3(2) of the Regulation, which states: "It may only be limited, transferred or revoked, or lapse, in respect of all the participating Member States." This presents a great risk that a patentee, faced with a decision as to whether to register for unitary effect, needs to consider the possibility that his patent could be revoked across all the participating member states through one UPC revocation action.

Despite this uniform nature, the Regulation specifically states that a unitary patent may be licensed in respect of the whole or part of the territories of the participating member states.⁵ The implication of this provision appears not only to be that licences may be granted to different licensees for different respective participating member states, but that transactions that are based on patent licensing, such as those described in the chapters of this book, will also be possible in respect of the whole or a part of the territories of the participating member states.

The proprietor of a unitary patent may also file a statement with the EPO that he is prepared to grant a licence in return for appropriate consideration,⁶ and the Regulation envisages that such a statement should have the consequence of a reduction in renewal fees.⁷

Requests for unitary effect should be filed with the EPO within one month of the date of publication of the mention of the grant in the European Patent Bulletin.⁸

2 Italy and Spain did not sign the Unitary Patent legislation. Poland did not sign the UPC Agreement, which has the effect that the unitary patent cannot extend to Poland.

3 Article 5(2) of the Regulation.

4 See Recital 7 and Article 3(1) of the Regulation.

5 Article 8 of the Regulation.

6 Article 8 of the Regulation.

7 Recital 15 of the Regulation, although no such arrangements were in place at the time of writing.

8 See Article 3(2) and Recital 18 of the Regulation.

Hence, if unitary effect is not applied for within this time period, the opportunity to obtain unitary patent status in respect of a classic European patent is lost. The EPO currently states that:

The details of the procedure to request and validate a unitary patent, as well as the level of renewal fees and the key under which the fees will be distributed to the participating states, will be prepared by the select committee of the Administrative Council of the European Patent Organisation.⁹

The EPO will also be responsible for collecting, administering and remitting renewal fees for unitary patents and for keeping a register of unitary patents that will include legal-status information relating to licences, transfers, limitation, revocation or lapse.¹⁰

4. Classic European patents in the UPC

The UPC will have jurisdiction over classic European patents. Decisions of the UPC in respect of classic patents will simultaneously apply to all designations of the patent in contracting member states who have ratified the UPC Agreement. Such decisions are also, therefore, pan-European in effect. However, when the UPC first comes into force its jurisdiction to deal with disputes concerning classic European patents will be subject to important limitations for a seven-year transitional period.¹¹ During this transitional period Article 83(1) of the UPC Agreement permits disputes concerning classic patents to be litigated in either the UPC or the national courts of the EU member states of designation that have contracted to and ratified the UPC Agreement.¹²

All classic European patents designated in member states that have ratified the UPC Agreement automatically become subject to the exclusive competence of the UPC after the transitional period has expired, unless they have opted out (see section 5 following).

5. Opt-out of classic European patents

An opt-out removes a classic European patent from the exclusive jurisdiction of the UPC which would otherwise apply to it after expiry of the seven-year transitional period. This is important because a classic European patent that has been opted-out can only be litigated in the national court of its designation, subject to a later withdrawal of the opt-out (see section 5.1 below). A party attempting to revoke the patent must therefore do so in national courts country by country rather than in one action in the UPC. It is currently thought that the opt-out will have effect for the entire life of the patent.¹³ And although an opt-out may be withdrawn, once the seven-year transitional period has expired, it may not be opted-out again.

There is an important restriction on the right to opt out. If the UPC is seized with

9 EPO website, unitary patent page: www.epo.org/law-practice/unitary/unitary-patent.html.

10 See www.epo.org/law-practice/unitary/unitary-patent.html.

11 This period may be extended by another seven years.

12 This is currently all EU member states except Poland and Spain. Note that unlike the unitary patent, Italy did contract to the UPC and therefore Italian designations of classic European patents are subject to the UPC's jurisdiction.

13 'Patent' includes any supplementary protection certificate based upon the patent.

an action concerning a classic patent before an application to opt-out that patent has appeared on the UPC Register, that action must continue in the UPC¹⁴ and the patent concerned cannot be opted-out. This has the practical effect that patent proprietors or the party responsible for opting out must ensure they opt-out as soon as possible those patents that they would like to take out of the UPC system, to avoid the risk of a revocation action in the UPC.

5.1 **Withdrawal of opt-out**

Classic European patents that have been opted-out of the UPC system may later have the opt-out withdrawn, under Article 83(4) of the UPC Agreement. Withdrawal of an opt-out for a classic European patent places all the designations of that patent into the exclusive jurisdiction of the UPC. Much like the opt-out, the withdrawal of an opt-out is barred if an action relating to one of the patent designations in question has already been brought before a national court. The danger of opting out for a patent proprietor is therefore that he might lose the opportunity to enforce his classic European patent against an infringer across Europe in the UPC. However, it is currently unclear whether a classic patent that has been litigated in a national court can subsequently have the opt-out withdrawn, or whether it remains only subject to national jurisdiction for the remainder of its term.

5.2 **Co-owners of classic European patents**

The opt-out procedure is set out in Rule 5 of the Rules of Procedure.¹⁵ This states that the application to opt out must be lodged by the “proprietor” of a granted patent or application. If the application or granted patent is owned by two or more proprietors “all proprietors shall lodge the application”. In practical terms, this means that co-owners of a patent must agree between themselves whether they wish that patent/application to be opted-out; and they will need to collaborate on their opt-out strategy before the UPC comes into effect.

5.3 **Classic European patent designations with different owners**

Rule 5.1(c) of the Rules of Procedure refers to the opt-out application being made in respect of “all of the Contracting Member States for which the European patent is designated”. This makes it clear that a classic European patent must be opted-out across all the designated contracting member states, or none at all. Furthermore, the patentee of one classic European patent designation cannot opt-out all designations in circumstances where they have come under different ownership as a result of assignment to third parties. Consequently, agreement must be reached between such different owners. This includes the proprietors of designations of the patent in contracting member states to the UPC Agreement who have not ratified the UPC Agreement at the time of the opt-out. The practical effect is that owners of different designations must collaborate on the issue of opt-out, in similar fashion to co-owners.

14 Article 83(2) of the UPC Agreement.

15 The Rules of Procedure are in their 16th draft at the time of writing. See section 6 below for more details.