

The European Patent and the UPC

Robin Keulertz

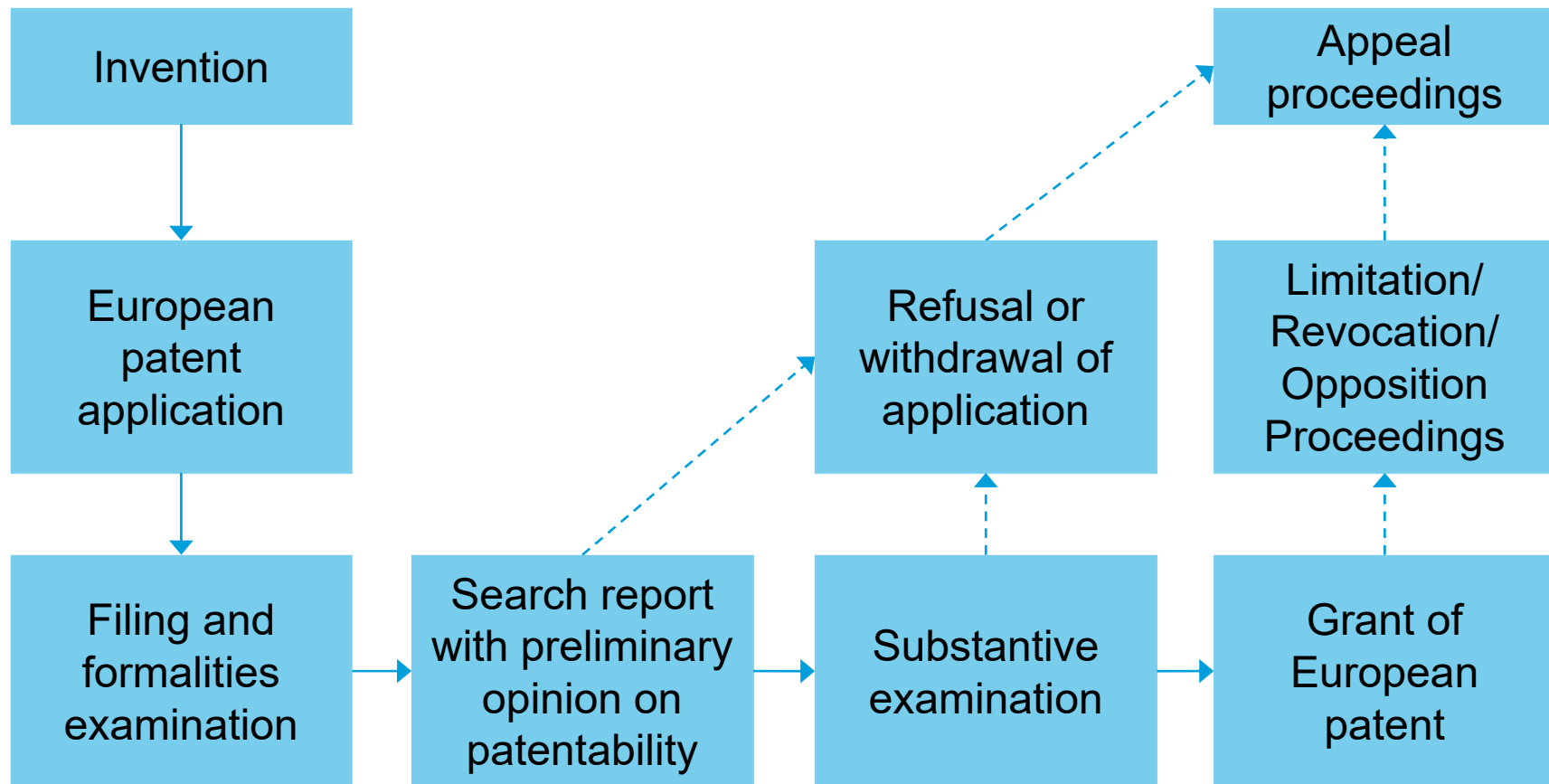
German Patent Attorney, European Patent Attorney,
European Trademark and Design Attorney

February 22nd, 2019



OLBRICHTPATENTANWÄLTE

Current European Patent Grant Procedure



Current European Patent Grant Procedure



- Patent has to be validated to retain its protective effect
- Splits into a bundle of national parts each having its own fate, subject to national law
- Depending on the relevant national law it is required:
 - to file a translation of the specification in an official language of the national patent office
 - to pay fees by a certain date
 - to pay annuities with a range of formal requirements



The EU Patent Package



- To overcome the shortcomings in the post-grant phase and to create a unified patent system in Europe, three legislative acts which constitute the EU patent package were required:
 - Regulation on the unitary patent (UPR)
 - Regulation on the language regime for the unitary patent (UPTR)
 - Agreement on the Unified Patent Court (UPCA)
- The regulations entered into force on January 20, 2013, and are **applicable** from the date of the entry into force of the Agreement on a Unified Patent Court (UPCA)
- The Agreement on the Unified Patent Court will enter into force after ratification by 13 member states including Germany, France and the United Kingdom



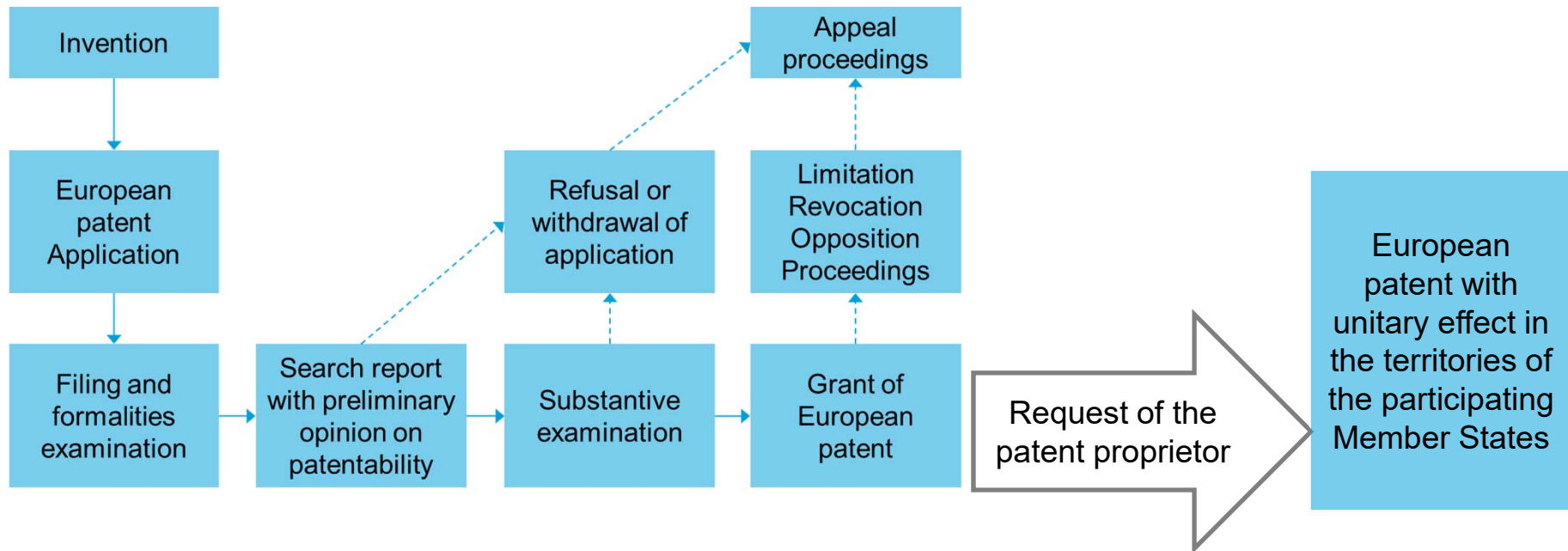
Participation in the EU Patent Package



- 25 EU Member States have signed all three legislative acts)
- European bundle patent will remain effective for:
 - the Contracting States of the EPC which are not EU members
 - The EU Member States which are not participating in the enhanced cooperation (Spain and Croatia)
 - The participating Member States in which the UPCA has not yet entered into force



Regulation on the Unitary Patent (UPR)



- Unitary patent protection as an option to the traditional European bundle patent
- Limitation, transfer, revocation and lapse in all participating Member States at the same time
- Course of procedure remains unaffected for applying for a patent and examination of the application
- If request is not filed, the effect of the bundle patent persists



Regulation on the Unitary Patent (UPR)

Preamble No. 26 of EU Regulation No. 1257/2012:

This Regulation should be without prejudice to the right of the participating Member States to grant national patents and should not replace the participating Member States' laws on patents. Patent applicants should remain free to obtain either

- a national patent,*
- a European patent with unitary effect,*
- a European patent taking effect in one or more of the Contracting States to the EPC or*
- a European patent with unitary effect validated in addition in one or more other Contracting States to the EPC which are not among the participating Member*



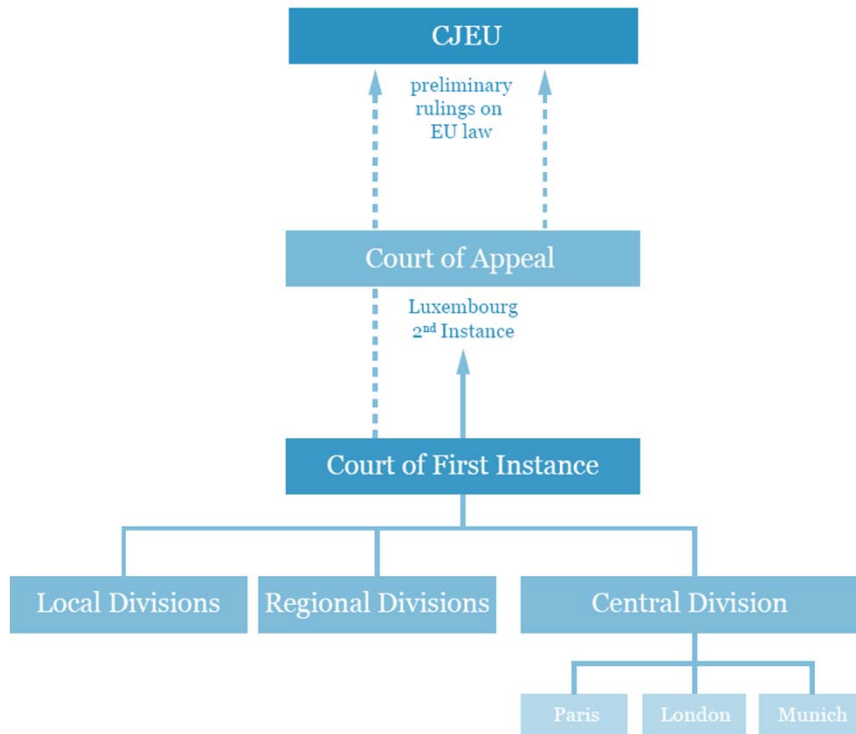
Regulation on the Translation Arrangements (UPTR)



- European patent application may be filed in any language
- If not filed in one of the official languages of the EPO, a full translation is necessary (becomes language of proceedings)
- Before grant, translations of the claims in the two official languages other than the language of proceedings have to be filed
- As a rule, no further translations are necessary in the states in which the unitary patent has taken effect
- During transitional period, full translation of the specification required (up to 12 years until machine translation is available)
 - Language of proceedings FR or DE: EN translation
 - Language of proceedings EN: translation in one EU language



The Unified Patent Court (UCP)



- Court of First Instance comprises three types of division
 - Central Division (Paris, London, Munich)
 - Local Divisions
 - set upon request of a member state (London, Düsseldorf, Munich, Mannheim, Hamburg, Paris, The Hague, Brussels, Milan, Helsinki)
 - Regional Divisions
 - Countries cooperating to form a division
 - Nordic-Baltic (SE, EE, LT, LV)



The Unified Patent Court (UCP)



- Member States confer on the UPC the exclusive jurisdiction for litigation in respect of European patents
- Central Division: revocation/non-infringement
- Local or Regional Division: infringement
- Opposition proceedings do not block the possibility of filing an action for revocation
- UPC-judges: legally qualified judges and technically qualified judges in different ratios, depending on the court division



Implementation of the EU Patent Package



- Member states work on ratification and adaption of the national law
 - Parallel establishment of a select committee which takes legal and financial decisions during the implementation of the EU Patent Package
 - 5 working areas: Legal framework, Financial aspects, IT, Facilities, Human resources and training
 - Expectations for the start of the EU Patent package: start of 2020
- **Main changes:**
 - Opt-Outs
 - Actions before the Central Division
 - Reply to Statement of Defense
 - Failure to provide security for costs
 - Applications for Legal Aid



Costs comparison

	European „bundle“ patent (25 MS)	European patent with unitary effect (25 MS) – <u>during</u> transitional period	European patent with unitary effect (25 MS) – <u>after</u> transitional period
Procedural fees (filling, search, designation, examination and grant)	4 565 € * (not concerned by the reform)	4 565 € * (not concerned by the reform)	4 565 € * (not concerned by the reform)
Validation costs:			
Translation	20 145 €	2 380 €	680 €
Local patent agents	5 250 €	0	0
Official local fees	2 679 €	0	0
TOTAL COSTS	32 639 €	6 945 €	5 245 €

EU Commision (modified)



MS – Member states

*Online filling; European search; excluding renewal fees

Comparison of renewal fees

- Business-friendly fee pattern adopted for the unitary patent (June 2015): “**True Top 4**”
- Proposed fees covering 25 EU member states correspond to the sum total of renewal fees for the four countries in which European patents are most frequently validated (Germany, France, United Kingdom, Netherlands)

	True TOP 4	25 MS
Total renewal fees after 10 years for pending application	4 685 €	29 428 €
Total renewal fees after 20 years for pending application	35 555 €	158 621 €



Advantages and Disadvantages of the Unitary Patent

+	-
Significant simplification of the payment of fees	
Savings resulting from abandoned translation requirements	No cost benefits for the states in which only the European bundle patent will remain effective
Possibility to enforce the UP and the European bundle patent in one single procedure with effect in all states for which UPCA has entered into force	Risk that the patent may be invalidated in one single procedure for its whole territory
Advantage in scope of protection with regard to contributory infringement as it is sufficient that the means are supplied in view of an exploitation of the invention within the group of countries covered by the UP	Risk that a patent may be invalidated much later as the termination of the infringement proceedings (current state of the art in Germany)



Opt-in or Opt-out ?

- Jurisdiction of the UPC not only applies to European bundle patents granted after the entry into force of the UPCA, but also for patents granted **before**
- Applicant or patent proprietor can exclude the exclusive jurisdiction of the UPC (opt-out) for a transitional period of 7 years (might be prolonged)
 - The declaration can be withdrawn (opt-in)
 - Applies only for bundle patents - not for unitary patents
 - Both opt-out and opt-in are subject to the requirement that no action has been filed yet at the court which had the jurisdiction until the relevant declaration
 - No fee
 - Preliminary register at EPO (Sunrise register) around start of 2019
 - Final register at the UPC



Strategic Options for the Patentee

- **Unitary patent**
 - Enforced through UPC in 25 countries
 - Risk of central attack
 - If patent is strong (i.e. no doubts on patentability) and protection is required in all of Europe or as a trial run
- **Traditional European patent, not opted out**
 - Validated in countries of choice
 - Enforced through UPC
 - Risk of central attack



Strategic Options for the Patentee

- **Traditional European patent, opted out**
 - Validated in countries of choice
 - Enforced in national courts, country-by-country
 - If patent is relevant for several jurisdictions, is of high economic value and is of uncertain validity
- **National patent**
 - Enforced in national courts, country-by-country
 - If patent is needed only in some jurisdictions



BREXIT

BREXIT and UK

- UK has ratified the UPCA → BREXIT thereafter
- Unitary Patent and UPC was a “subject” of the EU
- UPCA is a contract by EU members but not based on EU law; however there is a broad basis of EU law involved in the setup of the court
- After the ratification of the UPCA, the UK is also bound to the UPCA
- Major issue: UPC is bound to EU law, but UK is only bound to the UPCA, which is not EU law



GERMANY

GERMANY

- Without a ratification of the UPCA by Germany there will be no UPC;
- The ratification process is nearly finished; Bundestag has voted for the ratification of the UPCA;
- Constitutional challenge was filed by Dr. Ingve STJERNA (<https://www.stjerna.de/qa-cc/?lang=en>) with the BVerfG (German Constitutional Court; 2 BvR 739/12); (to be decided in 2019)
- Main argument: No correct vote!
- 13 June 2017: BVerfG puts ratification of the UPC Agreement on hold (Federal President Frank-Walter Steinmeier shall not sign the UPC Agreement)



GERMANY

Further constitutional complaints:

- Four further complaints with respect to the EPO
2 BvR 2480/10; 2 BvR 421/13; 2 BvR 756/16; 2 BvR 786/15
(to be decided in 2019)
- No independence of board members
- Similar situation led to the foundation of the
“Bundespatentgericht”
- UPC is based on the granting procedure of EPO



GERMANY

- possible outcomes
 1. Dismissal of complaint
 2. Acceptance of complaint and decision by the BVerfG
 3. Acceptance of complaint and referral to ECJ/EUGH (European Court of Justice)



UPC – RUMOURS

- Dr. Matthias Zigann (Judge in Munich): The complaint will be dismissed; at the latest in December 2018; there were two similar cases in the past which were also dismissed.
- EPO: “The start of the new system is currently expected for the first half of 2019.”
- As it is pending for such a long time and the ratification process is put on hold it is unlikely that the constitutional challenge will be dismissed.
- The ratification is politically important in the negotiations with the UK after the BREXIT



Thank you for your attention!



OLBRICHTPATENTANWÄLTE

