

The European patent with unitary effect and the Unified Patent Court: how to be prepared for the new situation and make the most of it

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Current system

- **Application**
 - National patents
 - European patents
 - Centralized examination and granting by the EPO for all member states (MS) of the EPC
 - High costs due to the validation requirements and renewal fees in each country
- **Enforcement**
 - Only before the national courts
 - This implies trials in several countries, high costs, diverging decisions, and legal uncertainty

Current system

- **Invalidation**
 - Once the 9 month opposition period after grant has expired (centralized opposition procedure), the invalidation is country by country
- **Transfers and licenses**
 - Single countries
 - The related registration fees and agent costs to file the registration can be expensive
 - The requirements for registering the transfer are not consistent across many of the member states

The future EP-UE

- A single patent which is granted with **equal effect** through each and every MS of a territory and which is **maintained as a single unit**
- **Supranational validation** instead of a national validation of an European patent
- Supra-nationally validated EP has existed from the beginning of the EPC (CH-LI). Sufficient to validate in CH for it become effective in CH and LI

The future EP-UE

– Application

– Before grant:

- Centralized examination and granting by the EPO for all MS of the EPC
- EP-UE will be granted by the EPO just as a EP patent

- Upon grant has to be registered as a EP-UE

- Possibility to file a request for UE in all 25 MS if the set of claims is the same, within a period of 1 month after grant, and filing a translation together with the request
- When UPC is in force, this will apply to any patent that will be within the 1 month period after grant

The future EP-UE

- **Enforcement and invalidation**
 - Litigated as a single unit across the territory before the UPC
 - Infringement and validity decisions apply equally to all member states (MS)
 - Opposition at the EPO is available within a 9 month period
 - Other validity challenges are only available through the UPC
- **Transfers and licenses**
 - Only transferred as a whole
 - It can be licensed in respect of the whole or part of the territories of the participating MS

Legal basis

- Legal basis for supra-national effect: **Art. 142 EPC**
 - *“(1) Any group of Contracting States, which has provided by a special agreement that a European patent granted for those States has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.”*
- EU Regulation on Unitary patent protection
 - **Art.1 Reg 1257/2012** :Regulation that constitutes a special agreement within the meaning of Art 142(1) EPC
 - **Art.3(2) Reg 1257/12** holds that a EP-UE has a unitary character
 - ➔ In accordance with **Art.142(2) EPC** provisions of part IX of the EPC applies to this group of contracting states (CS)
Part IX give additional tasks to the EPO / set up EPO special departments for this purpose / set up a Select Committee of the Administrative Council for the purposes of supervising activities of special departments

Turning point in the process towards the unitary patent

- Several attempts in the past to create a Community patent and/or a central court system failed
- The main problems jurisdiction and languages (translations and legal effect of translations)
- **10 December 2010:** Fact that allowed moving forward in the process towards EP-UE:
 - Competitiveness Council declares that an **Agreement on the Community patent cannot be attained** within a reasonable period by the Union as a whole
 - *“Insurmountable difficulties existed, making a decision requiring unanimity impossible now and in the foreseeable future”*
 - **Request** to the European Commission (first by 12 Member States – later by 25) with a view to launch **enhanced cooperation** in the patent field

The path from community patent to unitary patent

- **14 December 2010:** The Commission presented a **proposal for a Council Decision** authorizing enhanced cooperation
- **10 March 2011:** Competitiveness Council adopted a **decision** authorizing enhanced cooperation among 25 participating MS allowing some EU MS to come together to create the EU patent package
- **13 April 2011:** The Commission presented **proposals for 2 Regulations**
 - Regulation creating unitary patent protection (concerned with enhanced cooperation) - **T1257/12**
 - Regulation on translation arrangements - **T1260/12**
- **June 2011:** ES and IT sued against the use of the instrument of enhanced cooperation (**C-274/11 and 295/11**)=> Dismissed by the CJEU (2013)

The path from community patent to unitary patent

- **December 2011: agreement** in informal talks (trialogue) about the **text of the regulations** but **no agreement reached on the seat of the central division**
- Main components of the EU patent package:
 - **Agreement on a Unified Patent Court**
 - **EP-UE Regulation (Regulation (EU) No 1257/12)**
 - **Translation regulation (Regulation (EU) No 1260/12)**
- The negotiations on the Unified patent court run in parallel to the ones of the EP-UE

The path from community patent to unitary patent

- **June 2012:** After tough negotiations the Council came to a European **compromise on the seat** of the central division
- The Council also **proposed to delete articles 6-8** of the regulations on effects and limitations of the unitary patent
 - This would remove any EU competence for substantive patent law
- The **Parliament rejected** this proposal on the grounds that the regulations legal basis, art 118 (1)TFEU, required that substantive patent law remained part of the regulation
- The Parliament also wanted to ensure that the CJEU would retain the power to rule on such a law

Trick for the EP-EU regulation to be approved

- In the beginning of December 2012 the parliament and the council reached a **compromise**
 - Removed Articles 6-8 from the regulation
 - Inserted an Article (**Art 5 – Uniform protection**)
 - It defines **uniform protection**
 - It also defines the acts against which the Unitary patent provides protection by referring to the national law of the UPCA MS determined by Art .7 (object of property)
 - For all UPCA MS, this national law is the same substantial law which is defined in the art. 25-27 UPCA, and which will be implemented as a national law in every MS that ratifies the UPCA
 - The trick is that **through the UPCA these rights will be harmonized**, they will be the same in all the EU participating MS
 - The objective of excluding the provisions on infringement from the jurisdiction of the CJEU was accomplished

Art. 5 Uniform protection

- 1. *The European patent with unitary effect shall confer on its proprietor the right to prevent any third party from committing acts against which that patent provides protection throughout the territories of the participating Member States in which it has unitary effect, subject to applicable limitations.*
- 2. *The scope of that right and its limitations shall be **uniform in all participating Member States** in which the patent has unitary effect.*
- 3. *The acts against which the patent provides protection referred to in paragraph 1 and the applicable limitations shall be those **defined by** the law applied to European patents with unitary effect in the participating Member State whose **national law is applicable to the European patent with unitary effect as an object of property [...]**.*

Timetable for implementation

- **17 December 2012: Regulations** were formally adopted and **signed**
- **20 January 2013: Both regulations entered into force** but they will **apply only when the UPC enters into force**

Article 18

Entry into force and application

1. This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

2. It shall apply from 1 January 2014 or the date of entry into force of the Agreement on a Unified Patent Court (the 'Agreement'), whichever is the later.

By way of derogation from Articles 3(1), 3(2) and 4(1), a European patent for which unitary effect is registered in the Register for unitary patent protection shall have unitary effect only in those participating Member States in which the Unified Patent Court has exclusive jurisdiction with regard to European patents with unitary effect at the date of registration.

Timetable for implementation

- Interdependence of UE and UPC: all or nothing
- The UPCA was signed the **19th February 2013** by 25 MS
- Since it is an international agreement it must be ratified according to the constitutional requirements of the contracting MS
 - E.g. Some countries such as Ireland and Denmark may require a referendum
 - Danish referendum already done
 - Ireland confirmed that there would be no more referendum during this Parliament. The UPCA is unlikely to be ratified in Ireland until late 2016 or early 2017
 - **It must be ratified by 13 countries including Germany, France and Great Britain.**
 - It is expected that the necessary 13 ratification (including UK, DE, GB) will be available by the **Autumn of 2016**

Territorial coverage of the unitary patent

Unitary patent states



UPCA states



Italy has requested the European Commission to join the enhanced cooperation procedure. It is expected that Italy will be a member state no later than November 2015

Figure of Stefan Luginbuehl. Strasbourg 2015

Options for applying for patents in Europe once the unitary patent system is in force

- **European patent** application (38 designated states)
- After grant:
 - a) Request for unitary effect in the participating MS:
EP-UE + Separate validations for
 - Non participating or countries that have not ratified: ES, HR, PL, etc.....
 - Countries outside EU: CH, NO, TR, etc
 - b) Bundle of **national validations** of the EP patent
- **National patents** granted by national offices

Situation for Spanish applicants after the UPC enters into force

- It will be quite favourable once the Unitary Patent Package enters into force
- **Spanish applicants**, as any applicants for European patents, will be able **to benefit from the EP-UE** (obtain broad protection in many European countries in a cost effective way)
- The **Spanish validations** as well as the **national court system** will remain **unchanged**
 - Litigation in Spain, which can be preferable for many Spanish companies
- Possible **concern**:
 - The **law applicable to a European patent with unitary effect from a Spanish applicant as object of property, will be subject to the legislation of Germany** (due to the fact that Spain is not a participating member state)

EU package: law regime

- The UPCA will create a new substantive patent law which will be applicable to EP-UEs but also to traditional EP and SPCs in the UPCA MS
- The EU package includes a **complex choice of law regime**, whereby both the **EP-UE regulation and the UPCA contain provision on the applicable law**
- **Art 24(1) UPC** enumerates the **source of law**
- A source of law only applies to the extent that the higher ranking source of law provides no answer

EU package: substantive and procedural law

- **Substantive law**
- **European Union law**: EU Regulation No 1257/12
 - Principle of uniform protection
- **UPC agreement**
 - Scope of protection against direct and indirect infringement, limitations, right of prior use, EU exhaustion
- **EPC**
 - Validity
 - Scope of protection determined by the claims (Art.69 EPC and protocol)
- **Other international agreements applicable to patents and binding for all MS** (TRIPS, PCT)
- **National law**
 - Need to determine the country which law applies
- **Procedural law**
- **EP-UE rules of procedure**
- **UPC rules of procedure**

Law applicable to EP-UEs as objects of property

- Until grant the provisions of the EPC apply
- **Traditional EP patents:** National law of each of the countries for the Individual national parts
- **EP-UE: Art 7 EP-UE reg. 1257/12** direct reference to national law, but the EP-UE must be **governed by the property law of one country**
 - (i) the law of the EP-UE MS where **the applicant first applicant** indicated in the order of entry **had its residence or principal place of business when filing the application for the EP**
 - (ii) when **none of them had it residence or principal place of business in a country where the patent had unitary effect** when the application was filed, the law of the state **where EPO has its headquarters (DE)**
 - This will also be the case for Spain

Law applicable to EP-UEs as objects of property for joint applicants

- In case of joint applicants, the law of the **one named first** on the Unitary patent will apply for the patent as an object of property
- If first joint applicant does not have its residence or its principal, and in the absence of principal, its normal place of business in a EP-UE MS, then **next joint applicant**

Law applicable to the effects of EP-UE

- EP-UE does not specify the effects of the EP-UE
 - Article 5- Uniform protection (**effects and limitations of a EP-UE** are governed by the **national law** applying to the EP-UEs. Rights are **harmonized through the UPC**
- The **UPCA** will provide for the effects of EPS with and without unitary effect (Art 25 to 30 UPCA) => Art 5(3) indirect references to these articles
 - Direct infringement (Art 25)
 - Indirect infringement (Art 26)
 - Limitations (Art 27)
 - Prior use (Art 28)
 - Exhaustion (Art 29)
 - Effects of SPCs (Art 30)
- **Gaps could be filled by the national law applicable to EP-UE or by interpretation by the judges of articles 25-30**

Law applicable to the scope of protection and law applicable to claims and remedies

- Law applicable to the **scope of protection**:
 - Art 69 **EPC** and protocol
- Law applicable to **claims and remedies**
 - Part III, chapter IV of the **UPCA** (injunctions, damages and communication of information)
 - Some claims and remedies in the **Rules of procedure** (Rule 141-143)
 - National law

Draft Rules relating to Unitary Patent Protection (relating to both 1257/12 and 1260/12 regulation)

- As approved in principle at the 11th meeting of the Select committee's (9.12.2014)
- PART I INSTITUTIONAL PROVISIONS
 - Select Committee of the AC; Functions and Power of the President of the EPO; Special Departments of the EPO
- PART II PROCEDURES TO BE CARRIED OUT BY THE [EPO]
 - Request for Unitary Effect; Compensation Scheme; Licenses of Right; Renewal Fees; Lapse
- PART III INFORMATION TO THE PUBLIC
 - Register for Unitary Patent Protection; Publications
- PART IV COMMON PROVISIONS
- PART V FINANCIAL ISSUES

The Select Committee

- Legal basis **Art 9(2) 1257/12**
- A Select Committee of the Administrative Council was established on **20 March 2013** by the participating MS
- Composition:
 - Representatives of the 25 participating MS and of the European Commission as an observer
- Main competence (Rule 2 draft Unitary patent)
 - **Adoption of the implementing rules relating to unitary patent protection**
 - **Setting of level of renewal fees** and share of distribution
 - Governance and **supervision** of the activities related to the **EPO's additional tasks**
- Up to date fifteen meetings of the committee

How is the unitary effect achieved by regulation 1257/12?

- **Condition for registration** of the unitary effect
 - European patent granted with **same set of claims** in all participating MS (**Art 3(1)) and Rule 5)**
 - This also means that **all these countries must be designated** in the European Patent
- There is **no fee for the request** of a unitary patent (it would have been supplementary formal requirement and could have delayed the procedure)
- **Withdrawal of designations and limitation** of claims would prevent UE
 - e.g. if a prior national right is discovered in a participating MS prior to the grant of an EP patent and the applicant files a set of claims for that State
- **Malta problem**

Malta problem

- **MT problem:** patents registered before 01.03.2007 (date EPC MS) cannot be designated in pending EP applications. They cannot be turned into a EP-UE
 - A patent granted in 2015 would need to be granted more than 8 years after its filing date to fall into this trap
- If **Croatia** accedes to the UPC agreement, the same problem will arise
 - Croatia joined the EU on 1.07.2013
 - EPC MS since 01.01.2008
 - The cut-off date will be 01.01.2008
- Other recent EPC-joiners that are not yet EU members are Norway (EPC since 01.01.2008), Albania (EPC since 01.05.2010), Macedonia (EPC since 01.01.2009), Serbia (EPC since 01.10.2010) and San Marino (EPC since 01.07.2009)
 - If any of these join the EU in the near future, and becomes a MS of the unitary patent, it would shift the cut-off date even closer

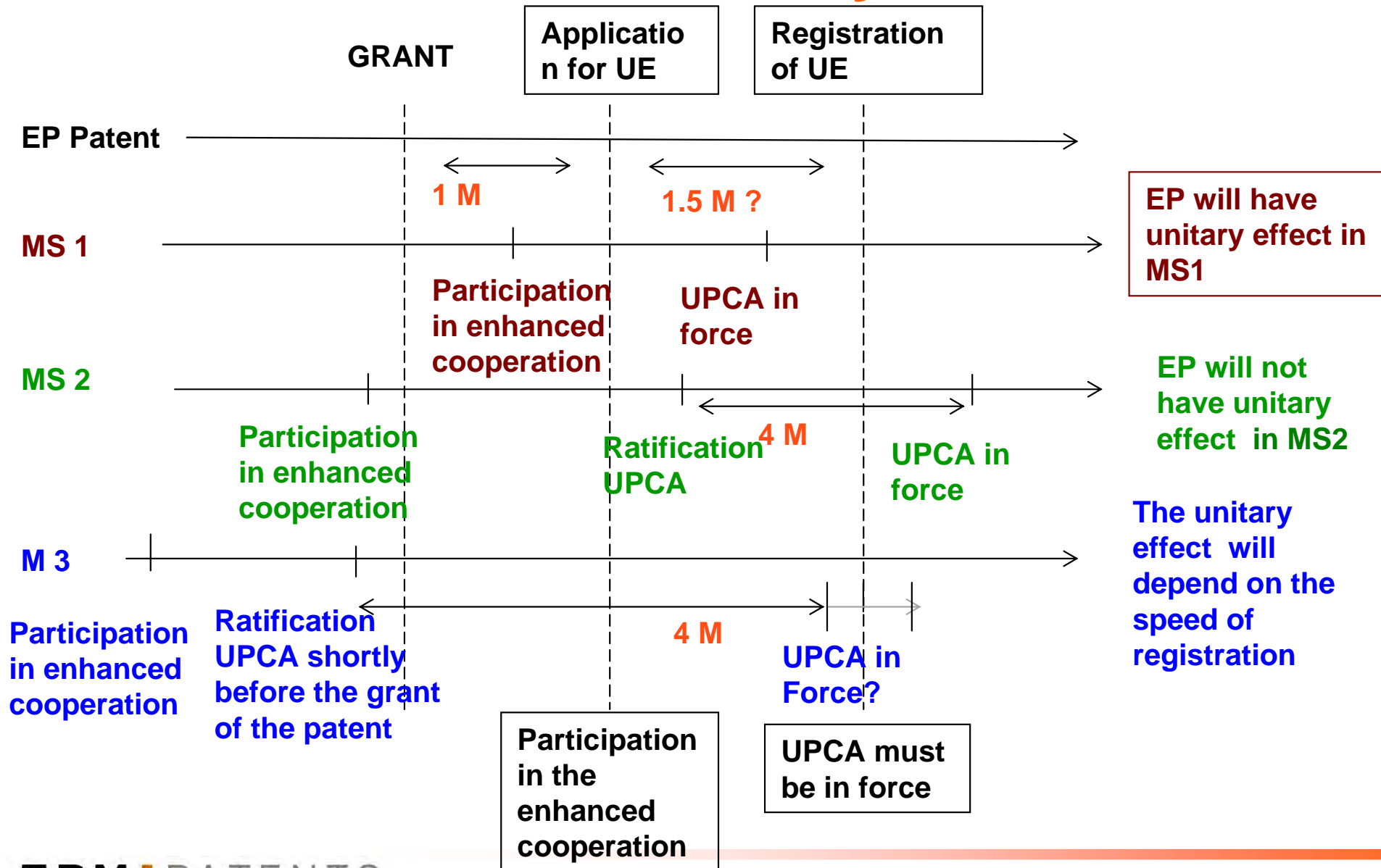
Date of effect

- Upon registration of the unitary effect, the EP-UE will have unitary character:
 - Retroactively
 - In all EU MS at the time of registration
 - As of the **date of publication of mention of grant** in the EPO official bulletin
 - **art. 4(1)**

Territorial scope

- A European patent with unitary effect shall have unitary effect in those countries that:
 - (i) at **the time of application for registration** of unitary effect are participating in the enhanced cooperation
 - (ii) at the **time of registration of the unitary effect** the UPCA is in force **Art 18(2)**
- EP-UEs will differ in the territorial scope depending on the time of their registration
 - The number of EP-UE MS will grow over time
 - EP-UE will have unitary effect only in those countries that at the time of registration as EP-UE are EP-UE MS

Rules for unitary effect



Registration of unitary effect

- **Substantive requirements** (*European patents that were granted with the same set of claims and in respect of all 25 participating MS*)
- **Formal requirements** (**Rule 6** draft rule unitary patent).
Request for unitary patent protection with the EPO
 - No later than **1 month** after the date of mention of the grant has been published in the EP bulletin
 - In **writing**
 - In the **language of the proceedings**
 - This deviates from the EPC regime where any of the three EPO official languages may be used in written proceedings
 - Users will complete a form that contains the request in the three EPO official languages

Registration of unitary effect

- It must include:
 - The **name of the requester, number of the EP, information representative** (in case of multiple proprietors, the common representative), etc...
 - A **translation** during the transitional period
 - When it applies, a **request for compensation for the translation cost** and a **proprietor declaration** that the proprietors of the EP patent is an entity or natural person entitled for the compensation (**rule 9** draft rules of Unitary patent)
 - No supporting documents needed

Examination of the request by the EPO

- (i) The EPO invites the requester to correct the deficiencies within a **non-extendable period of one month** if the request is filed in due time but at least one of the **formal requirements** is **not met**

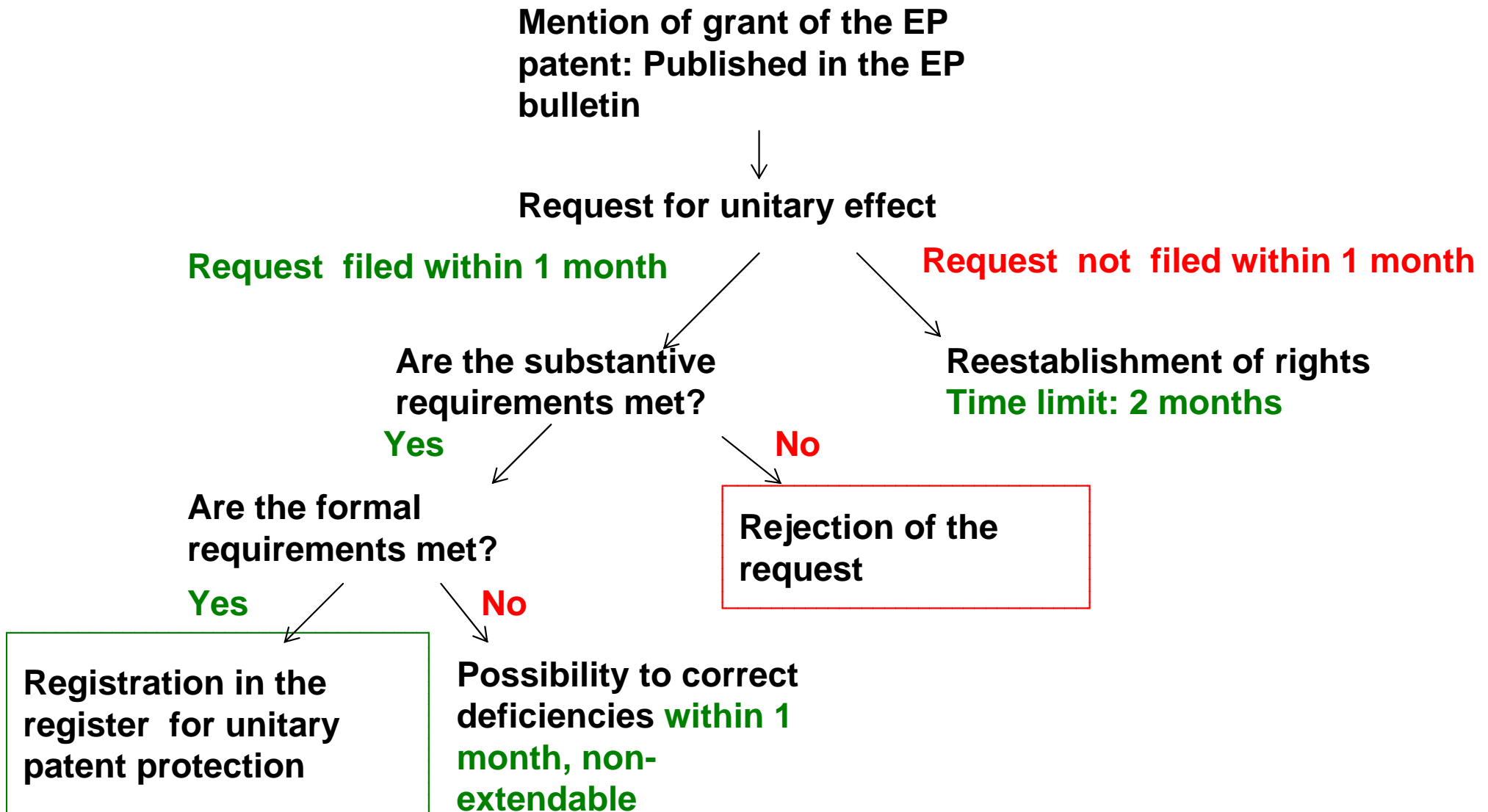
=>The request is **rejected if the deficiency is not corrected** within the set period

- Requester can file an **appeal with the UPC** against the decisions of the EPO
- Implementation of the Unitary Patent Package in the national legislation: Possibility to validate the patent, regardless of normal time limits
 - In the Netherlands: proposal of **safety clause** if unitary effect is rejected. Validation for up to two months after receiving the EPO rejection or the decision of the UPC
 - Sweden has introduced a similar clause in its national legislation

Examination of the request by the EPO

- (ii) The EPO **registers** the unitary effect in the Register for unitary patent protection and informs the requester if the **substantive and formal requirements are met**
- (iii) The EPO **rejects** the request:
 - if the **substantive requirements** are **not met** (same claims) or
 - if the **request is not filed in due time**
 - In case substantive requirements are met but request not filed in due time, a request for **reestablishment of rights** in respect of the period specified in **Rule 6** *may be* filed within **two months** after the expiration of the one month period (**Rule 7** draft rules Unitary patent)
 - » Reestablishment under usual conditions of the EPC (payment of the fee, state the grounds, complete the omitted act)
 - » The decision is taken by the unitary protection division of the EPO (by one qualified member, **Rule 4** draft rules Unitary patent)

Registration of unitary effect



Translations arrangements

- Builds on EPO language regime (English, German or French), **Art. 14(6) EPC**
- **No further translations required after grant unless a legal dispute** arise, **Art 4. translation regulations**
 - Need to provide a translation in case of legal dispute also after the transitional period
- High-quality machine translations (cooperation of EPO with Google)
 - available for free
 - For the purpose of informing of the content of the patent (no legal effect)
- **Transitional provisions**
- **Compensation scheme**

Translations – transitional provisions

- During a **transitional period of at least 6 years but at most 12**, a full human translation of the EP's specification and claims will have to be provided according to the following regime (**art 6(1), (3) and (5) translation regulation**)
 - If language proceeding FR or GE => provide a full translation into EN
 - If language proceeding EN => translation into one other official language of the EU
 - If the patentee wishes to validate ES or PL => provide one of these translations

Compensation scheme

- Compensation scheme for the reimbursement of the translation costs into an EPO official language, up to a ceiling for
 - Applicant filing patent applications at the EPO in one of the official languages of the European Union that is not an official language of the EPO
- Only available for:
 - SMEs
 - Natural persons
 - Non-profit organizations
 - Universities and public research organizationsthat have their residence or their principal place of business within a MS of the European Union (EU applicants)
- **Art 5 translation regulation, Rule 8 draft rule Unitary patent**

Compensation scheme

- If **multiple proprietors**: each of the proprietors must comply the conditions
- If the EP-UE is **transferred** before a request for UE, both the initial applicant and the proprietor of the patent must fulfill the conditions
- **Once granted, it shall not be rescinded** in case of changing of status
- The compensation scheme also **applies to Euro-PCTs** originally filed at a receiving office in an official language of the European Union other than EN, FR, and DE

Compensation scheme

- If the EPO finds that the compensation was granted on the basis of **a false declaration**, then the EPO invite the patent proprietor to **pay**:
 - **an additional fee** composed of
 - The amount of the compensation paid and
 - An administrative fee (50% of the amount of the compensation paid)
 - **together with the next renewal fee falling due**
- If this additional fee is not paid in due time, the European patent with unitary effect shall lapse
- Negative decision can be appealed under the UPC
- **Rule 10** draft rules of unitary patent

Licenses of right

- Licenses: Reduction of fees (**Rule 12** draft rules of unitary patent)
- Requirements:
 - The patent **must be granted with unitary effect**
 - The **proprietor should file a statement** before the EPO stating that he is prepared to **allow any person to use the invention as a licensee** in return for appropriate consideration
 - In case of dispute, the UPC will have to determine the amount of the appropriate compensation if a request for same is made by one of the contracting parties to the license agreement
- In such case, the **renewal fees** for this EP-UE which fall due after receipt of the statement shall be **reduced** (the amount in Rules relating to fees)

Licenses of right

- The **offer may be withdrawn** at any time
 - If the license is withdrawn, the amounts should be returned
 - The withdrawal does not take effect until the amounts are returned
- Previous statement **not possible if exclusive license is recorded in the Register** for unitary patent protection
- No request for an exclusive license will be recorded in the Register after a statement has been filed, unless it is withdrawn

Transfer of rights/licenses

- EP-UE is a unitary right
- It can only be **assigned in its entirety for all EP-UE MS**
- A **license** can however **be granted with regard to individual EP-UE MS** and even for **parts of the territory of such a state**
- Assignments and licenses shall be entered into the EP- E U Register, but registration shall not be a pre-requisite of an assignment to be legally effective

Current renewal fees scheme

- EPO collects annual renewal fees starting from the third year after filing an EP application
- The fees are paid directly to the EPO while the patent application is pending
- After grant, the fees are paid to the national patent offices of validated states
- The national fees increase annually
- It is common to validate in several countries at grant and geographically narrow to a small number over time

Unitary patent renewal fees scheme

- The legal framework (**art. 12 of reg.1257/12**) provides that renewal fees shall be:
 - **Progressive** throughout the term of the unitary patent protection
 - **Sufficient to cover all costs** associated with the grant of the EP patent and the administration of unitary patent protection
 - Sufficient together with the fees to be paid to the EPO during the pre-grant stage to ensure a **balanced budget at the EPO**
- Reductions possible for specific entities such as SMEs
- Only broad criteria has been set out in Regulation

Unitary patent renewal fees scheme

- A single renewal fee for the unitary patent **to be paid to the EPO instead of in multiple national offices**
- The EPO will be in charge of collecting and administering the renewal fees as well as additional fees for late payment
- The EPO will perform these tasks in accordance with the internal rules of the EPO
- Computation of time limits also follow the EPO practice
- **Rule 13 draft rules of Unitary patent**

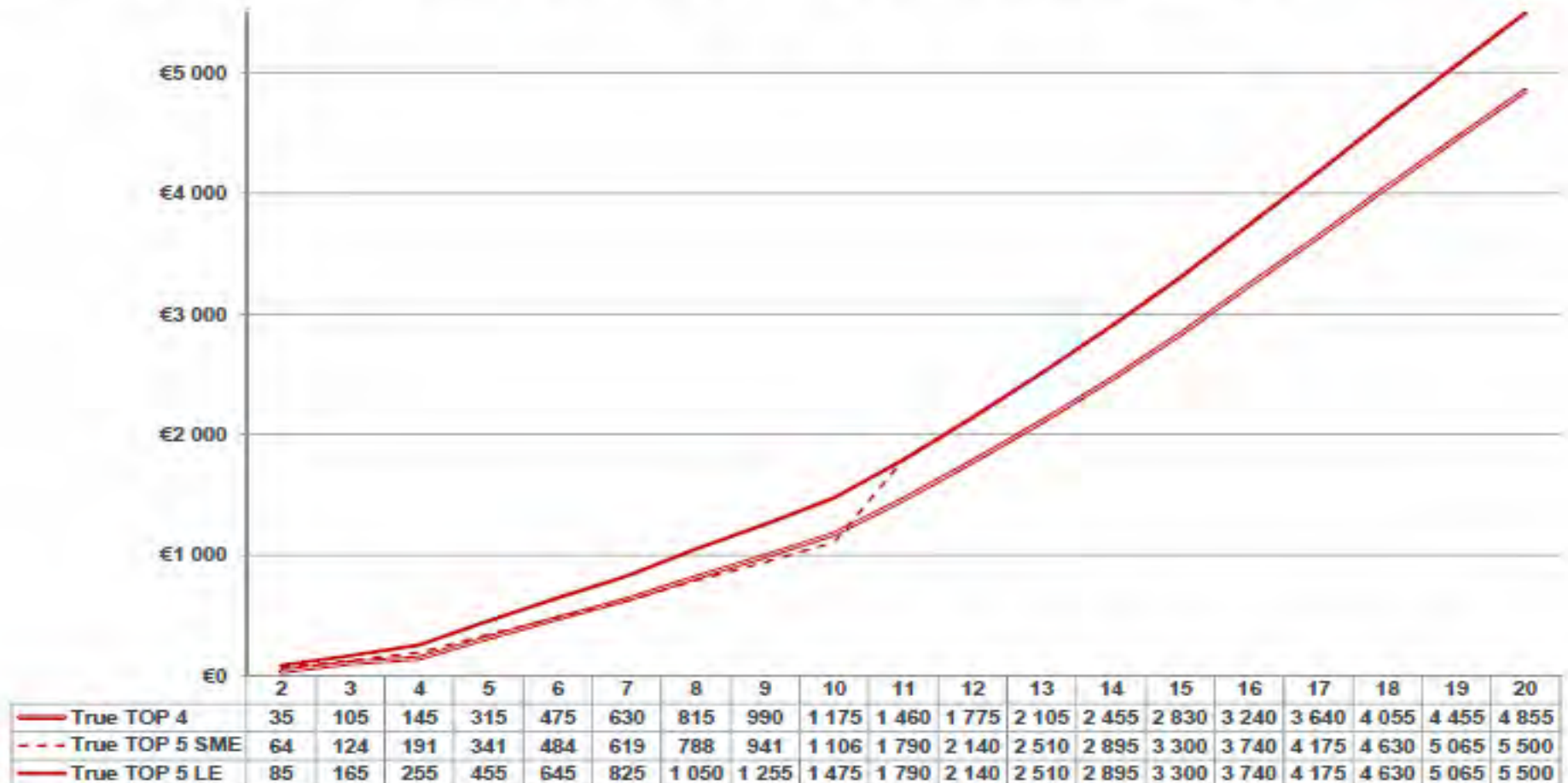
Unitary patent renewal fees scheme

- March 2015 first EPO proposal
 - Top 4 (FR, GB, DE, NL)
 - Top 5 (FR, GB, DE, NL, SE)
 - Top 5 model contained a 25% fee reduction for SMEs during the first ten years
 - Structure:
 - Years 3-5 EPO fees at the level of EPO internal renewal fees
 - Years 6-9 transitional level
 - Only corresponded to the actual renewal fees in the top 4-5 MS after year 10
- May 2015 adjusted EPO proposal
 - Structure: **Sum of the renewal fees paid today for the 4-5 states from year 2 to 20**

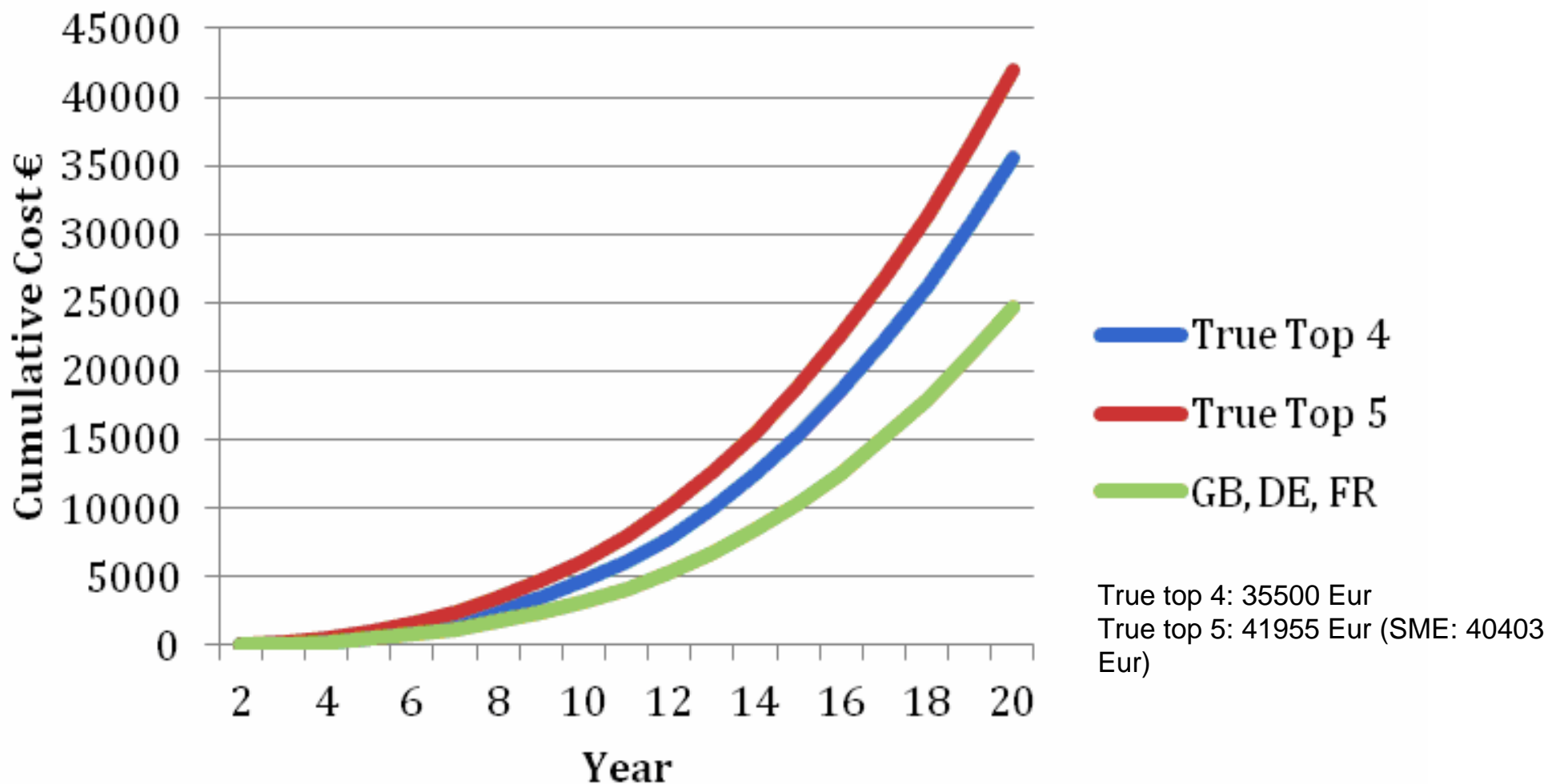
Costs

- EPO's president Benoît Batistelli submitted a report to the Select Committee of the Administrative Council containing two alternative fee structures, referred to as True Top 4 and True Top 5

ANNEX 2 PROPOSAL FOR THE LEVEL OF RENEWAL FEES



Proposal comparison regarding the level of renewal fees



True Top 4 proposal

- The Select Committee agreed to the European Patent Office’s “True Top 4” **renewal fee model** (in its 15th meeting held in Munich on 23 and 24 June 2015)
- It is **subject to review** in four year’s time
 - Initially 13 states. To the extent more states ratify the UPC, the same fee will be shared by more countries

True top 4 renewal fees proposal

Renewal fee amount similar to what would currently be paid if the European patent was validated in FR, GB, GE, NL

Year	True TOP 4 €	25 MS €		
2	35	0	11	1 460
3	105	1 298	12	1 775
4	145	1 874	13	2 105
5	315	2 545	14	2 455
6	475	3 271	15	2 830
7	630	3 886	16	3 240
8	815	4 625	17	3 640
9	990	5 513	18	4 055
10	1 175	6 416	19	4 455
			20	4 855
			Total	35 555
				158 621

True Top 4 proposal

- **Unitary patent renewal fees can be attractive for:**
 - Applicants who currently validate in **four or more countries**
 - Coverage in a significant number of additional states for less than the cost of an additional state under the current system
 - Currently, If validation in the four following countries: DE, FR, GB, and NL
 - DE, FR, GB no translation costs are incurred beyond the mandatory translation of the claims at grant, which applies independently of the states being validated.
 - Whilst the patent is in English the Netherlands have no translation requirement
 - For those who validate in many states (ten or more) , the renewal fees and translation cost savings will be large
 - Applicants who currently validate in **fewer than four countries**, but who expect that the reduced validation and renewal overhead compensate for increased renewal fees

Estimated costs comparison

Document SC/19/15: Comparison of fees and external costs between a European Patent and a Unitary Patent:

1.1 UP= True TOP 4 : Estimated costs in EUR, including external costs, for validation and maintenance, by a network of patent attorneys

	Unitary patent	Classic European Patent validated and maintained in							
	UP True TOP4 SC/18/15	Val 1 MS DE	Val 2 MS DE FR	Val 3 MS DE FR GB	Val 4 MS DE FR GB NL	Val 5 MS DE FR GB NL SE	Val 6 MS DE FR GB NL SE BE	Val 7 MS DE FR GB NL SE BE AT	Val 25 MS
		1Val: 0% grants	2Val: 16% grants	3Val: 39% grants	4Val: 13% grants	5val: 7% grants	6Val: 4% grants	Val: 2,5% grants	25Val :0,4% grants
Total official fees years 5-10 in €	4400	1280	1990	2898	4428	5951	6641	8635	29116
Total external costs years 5-10 in € (attorney costs: translation, validation + maintenance)	2980	640	995	1449	2999	4591	6906	9778	41728
Total costs till year 10 in €	7380	1920	2985	4347	7427	10542	13547	18413	70844
variance UPvsEP in €		5460	4395	3033	-47	-3162	-6167	-11033	-63464
variance UPvsEP in %		284%	147%	70%	-1%	-30%	-46%	-60%	-90%
Total official fees years 5-12 in €	7635	2370	3620	5033	7663	9880	10985	14336	45013
Total external costs years 5-12 in €	3627	1185	1810	2517	4617	6555	9078	12628	49677
Total costs till year 12 in €	11262	3555	5430	7550	12280	16435	20063	26964	94690
variance UPvsEP in €		7707	5832	3713	-1018	-5173	-8801	-15702	-83428
variance UPvsEP in %		217%	107%	49%	-8%	-31%	-44%	-58%	-88%

Estimated costs comparison: SC/18/15

Unitary patent	Classic European Patent validated and maintained in								
	UP True TOP4 SC/18/15	Val 1 MS DE	Val 2 MS DE FR	Val 3 MS DE FR GB	Val 4 MS DE FR GB NL	Val 5 MS DE FR GB NL SE	Val 6 MS DE FR GB NL SE BE	Val 7 MS DE FR GB NL SE BE AT	Val 25 MS
		1Val: 9% grants	2Val: 16% grants	3Val: 39% grants	4Val: 13% grants	5val: 7% grants	6Val: 4% grants	Val: 2,5% grants	25Val :0,4% grants
Total official fees years 5-15 in €	15025	5100	7490	10026	15056	18587	20562	26732	77265
Total external costs years 5-15 in €	5105	2550	3745	5013	8313	10909	13866	18826	65803
Total costs till year 15 in €	20130	7650	11235	15039	23369	29496	34428	45558	143068
<i>variance UPvsEP in €</i>		12480	8895	5091	-3239	-9366	-14298	-25428	-122938
<i>variance UPvsEP in %</i>		163%	79%	34%	-14%	-32%	-42%	-56%	-86%
Total official fees years 5-20 in €	35270	13030	18530	24269	35299	41693	45948	59217	158309
Total external costs years 5-20 in €	9154	6515	9265	12135	18435	22462	26559	35069	106325
Total costs till year 20 in €	44424	19545	27795	36404	53734	64155	72507	94286	264634
<i>variance UPvsEP in €</i>		24879	16629	8021	-9310	-19731	-28083	-49862	-220210
<i>variance UPvsEP in %</i>		127%	60%	22%	-17%	-31%	-39%	-53%	-83%

SC/19/15 document also includes the same kind of comparison but carried out by specialized validation/translation/payment service providers

Fees reduction in case of will to license a patent

- EPO fees proposal includes a reduction of 15% if a patent proprietor is willing to license his patent
- This means that the renewal costs for a patent could be reduced over the maximum 20-year lifetime of a patent by about € 5000

Renewal fees distribution

- The Select Committee has to decide how the renewal fee income will be distributed between the member states

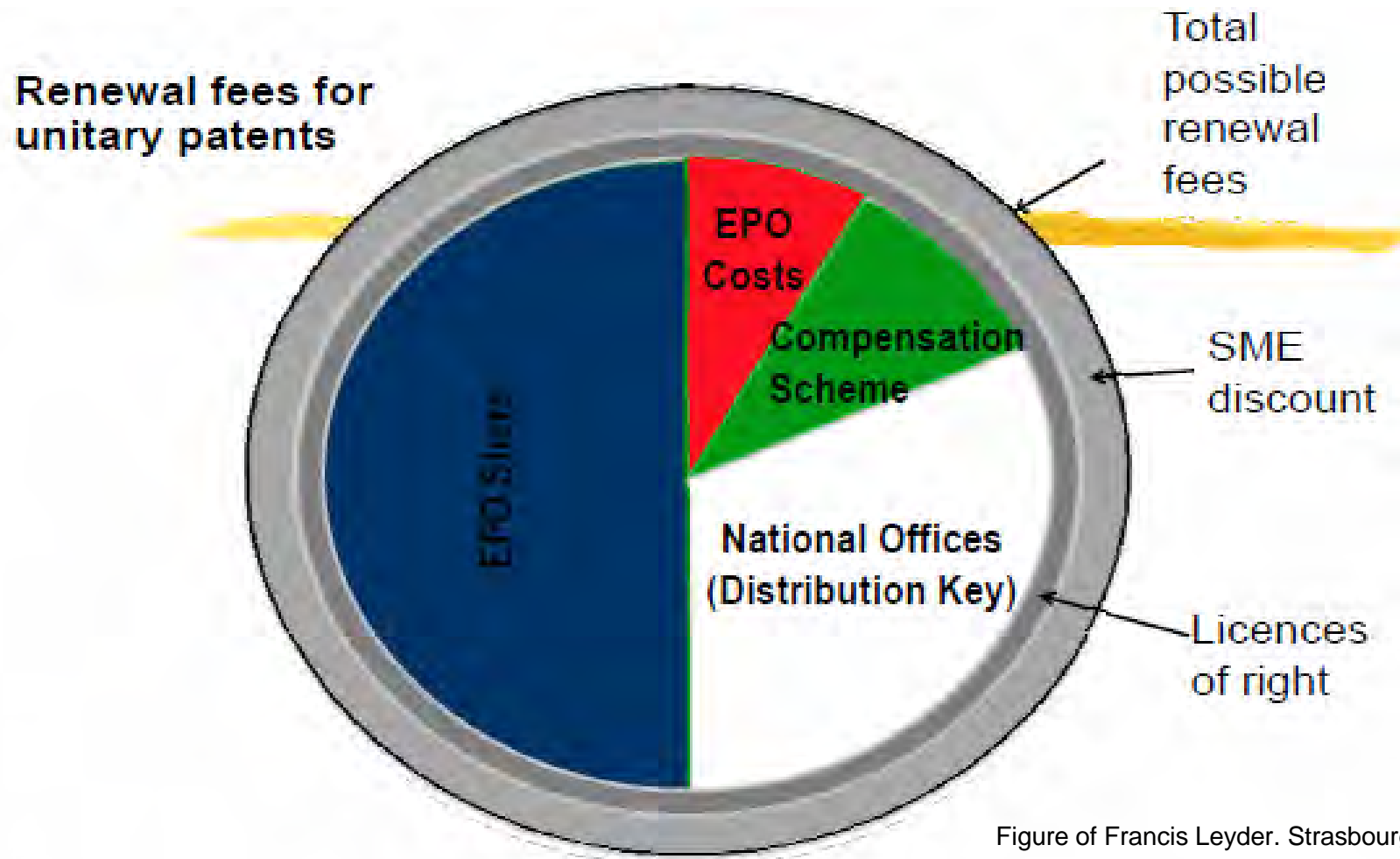


Figure of Francis Leyder. Strasbourg 2015

Unitary patent protection – New tasks for the EPO

1. **Receiving and examining** requests for unitary effect
2. **Registering** unitary effect
3. **Publishing translations** during the transitional period (in electronic form, in the public part of the file)
4. Setting up and maintaining a new "**Register** for unitary patent protection"
 - containing entries on assignment, transfer, lapse, licensing, limitation or revocation of unitary patents
5. **Collecting annual fees** for unitary patents
6. **Distributing** part of the annual fees to the participating Member States
7. **Administering a compensation scheme**
 - Reimbursement of translation costs (up to a ceiling) for certain applicants filing applications in an official language of the European Union other than English, French or German

Register for unitary patent protection

- Usual data
- Usual data request UE and grant
- MS of application
- License, transfers
- Withdrawals
- Renewal fees
- Information sent by the EPO, national authorities, UPC
- If patent lapse by no payment of fees, the date the patent lapse which is the date renewal fees due
- Name and address of applicant at the publication date of the application
- Voluntary indication of the place of business of the applicant on the filing date of the application
- Data relating to the SPCs
- **Rule 16 draft rules of Unitary patent**

Possible actions before the EPO: Opposition/appeal/ limitation proceedings

- EP-UE can be **opposed and limited just like any other EP before the EPO** using the same procedures as for EPs
- It must be started within 9 months from the grant of the unitary patent
 - Not 9 months from the election of unitary effect
- It will **affect the entire patent** (e.g. EP-UE and EP-ES)
 - The only (cheap) route when the patent must be revoked in countries who have not joined the UPC (Spain, Poland) or who can't join because they are not a MS of the EU (Turkey, Switzerland...)
- **No way to limit only the EP-UE.** Limitation or revocation of the patent has effect in all participating member states
- A limitation of the patent can also be requested before the UPC in contentious proceedings

Prior national rights

- Prior national rights = national patent applications or national utility model applications that have been filed earlier than a EP application, but published after the filing date of said EP application, in a MS where the EP patent has an effect
- After the grant of **EP patent** (without unitary effect), a prior national right can have an impact on the validity of a **EP patent** only in the State where such prior national right exists
- A prior national right in a participating **MS in which the unitary effect** is in force will be **state of the art for the EP-UE**
- Scope should be limited for the **entire patent** with unitary effect
- Prior national right in a participating **MS which has not ratified the UPC agreement is not prior art** against the unitary patent

Prior national rights

- It is being discussed how to deal with this issue
- The Select Committee is evaluating this issue
- Possible options?
 - Allow conversion to a national patent
 - Basis in the EPC. According to Article 135(1) and (2) EPC:
 - All participating member states should provide for this possibility in their national law.
 - **Revoke the unitary effect and transfer the EP-UE to a classical EP for the countries where no national prior right exists**
 - Include an extra period of validation in national law? Suspend the validation period from the date of request of the UE
 - Allow partial revocation of a unitary patent
 - Declare a unitary patent non-enforceable for some countries

SPCs based on EP-UEs

- Political discussion about whether SPCs should have unitary effect or not
 - No (clear) legal basis on the regulation
 - Who is going to grant the SPC? (OHIM, EPO, national patent office...)
 - Who gets the fees?
- Current approach
 - For the time being, **no unitary SPC**
 - Possibility of introducing it when the system is up and running
 - The patentee, same as now, will have to **apply for an SPC at each national office**

SPCs based on EP-UEs

- A **EP-UE** can represent the **basic patent** for a SPC application
- Under the new system of unified patent protection
 - We will still have a **bundle of national SPCs** based on EP-UEs as the basic patent
 - The **national authorities** in each member State will be responsible for the **examination of SPC application** based on these patents
- **UPC has jurisdiction** over SPCs. However, issues related with the grant process of the CCP continue being under national jurisdiction
- **Opt out** possible for a SPC of an European patent but not of a SPC granted on the basis of a Unitary patent

When it is advisable to choose a EP-UE

- EP-UE could be a good option for owners who file **many patents and need full coverage** in Europe
 - Ability to **stop importation at all borders of the EU**
- Also for owners who wish to **increase the enforcement options** through the filing of **divisionals**
 - Possibility of obtaining both a Unitary patent and a traditional European patent. E.g. EP-UE with narrow scope and EP with wider scope but opted out
 - The Unitary patent would provide access to the UPC
 - The traditional EP patent could be opted out from the competence of the UPC to provide access during the transitional period to the existing national courts
- Also for applicants that want to **transfer the EP-UE**
 - Strategy: File the statement of will of transfer before the EPO to have a reduction in the renewal fees.

What to do from now on

- (i) Review the established **validation strategy** of your company:
 - **Additional cost vs. additional territorial scope**
 - If your major markets are UK, FR, DE, and ES, probably not useful and not cost-effective
 - Markets of Eastern Countries might gain importance in the future
 - Protection in a non-EU-EPC state or in Spain, Poland, or Croatia will still require nationally validated EP patents
 - An EP-UE will **simplify** the internal and external administrative process compared to registering several national patents
 - **Loss of flexibility**
 - Maintained or lapsed in its entirety
 - The single renewal fee will prevent the dropping of countries from your renewal program over time
 - Patent **vulnerable** across Europe to a **single attack**

What to do from now on

- (ii) If EP-UE is chosen, evaluate the options of **saving in validation costs and renewal fees**:
 - File the **translation of the EP-UE in ES** since this translation can be used for the validation in Spain later on
 - **License of right**. Transfer all maintenance fee obligations for all contracting member states to the new owner simultaneously
- (iii) Prior to the Unitary Patent system is in force:
 - If the grant of a patent application which is a **unitary patent candidate**, looks likely to occur, then consider to try **keeping that application pending**

What to do from now on

- (iv) Once to the Unitary Patent system is in force:
- **Delay the grant of a European patent if the UPCA is about to enter into force in an additional desired country**, to ensure a broader territorial scope
 - The territorial scope is determined at the time of registration as an EP-UE
 - **If a country is about to become an EP-UE member state because of the ratification of the UPC** but it is not clear whether this will happen before or after the patent's registration as an EP-UE (4M after ratification to enter into force), **initiate a national validation as a safety measure**
 - The time when the registration as a EP-UE is effected will not be in the hands of the patentee. It will depend on the speed of the registration process

What to do from now on

(v) Review the license agreements (both patentee and licensee)

- As a licensee you **may want patentees to opt out** to prevent a central attack but the **existing license will contain no such provision**
 - Only the patentee (all of them if co-owners) can notify a decision to opt-out
 - In new licenses try to stipulate who has the right to make/impose a decision on whether or not to opt out

What to do from now on

- Be aware of the provision regarding who can be a party to an action before the UPC
 - **Exclusive license** authority to enforce a patent without consent from the patentee unless provided otherwise in the license
 - A **non-exclusive licensee** can bring an action if the agreement expressly provides for it and notice is given
 - The **patentee** may join an action commenced by a licensee, but validity can only be contested if the patentee participates
 - The other party will have to bring a revocation action against the patentee
 - Both patentees and non-exclusive licensees should check their licenses

What to do from now on

(vi) During the transitional period:

- Evaluate the **possibility to exclude some patents from the UPC jurisdiction by filing an opt-out**, which prevents a central attack on validity

Before entry into force:

- **Decide the opt-outs.** The sunrise period for opt-outs probably will start in Spring/Summer 2016

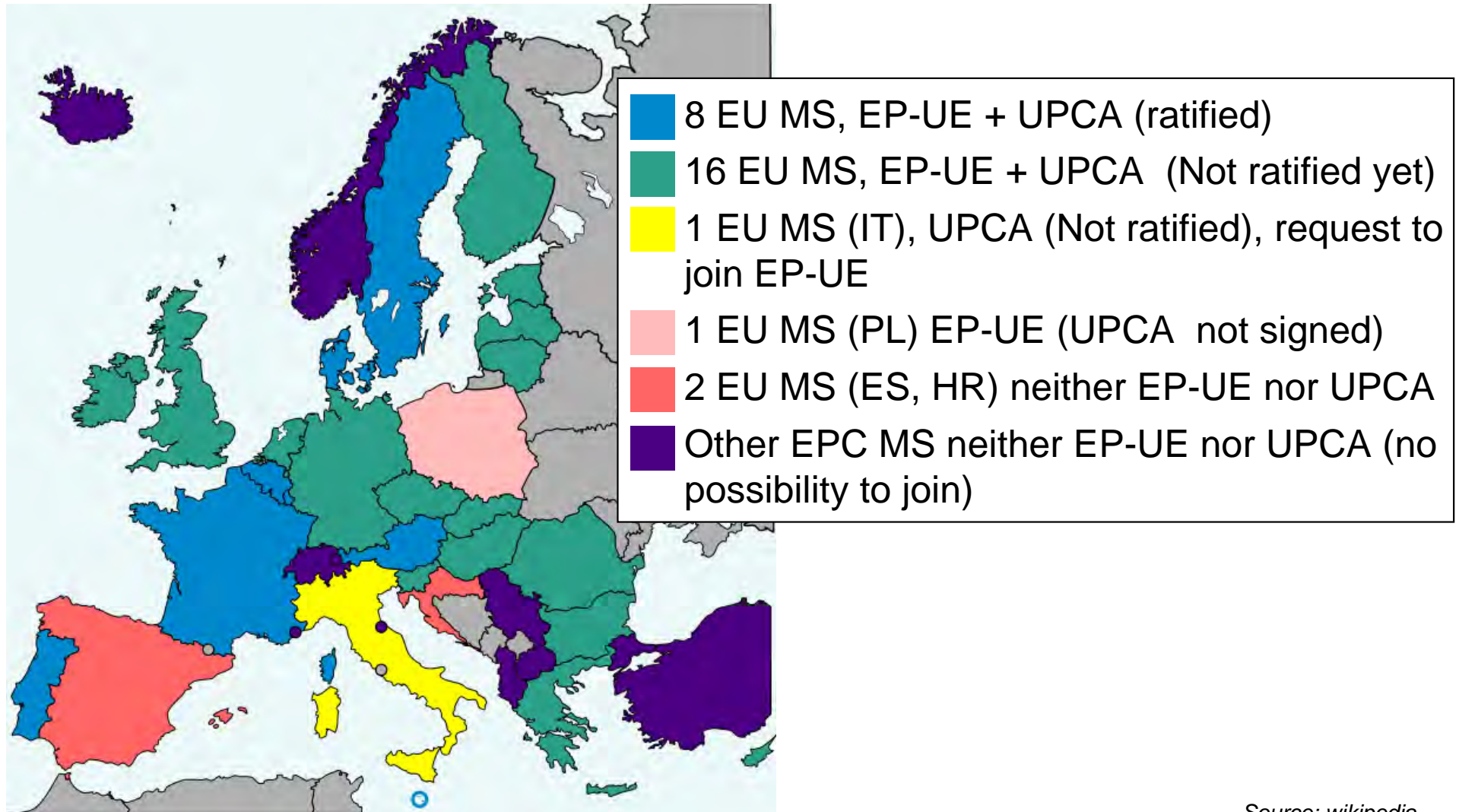
The new litigation system

- The new Unified Patent Court (UPC) system will make it possible to enforce, attack and defend a European patent in a cost-effective way before one single court with effect for all participating member states
- The UPC is a specialised **court** open for participation of the **European Union member states** that will be **subject to the same obligations under Union law** as any national court of the contracting member states
- The Court was established by an intergovernmental treaty signed by **25 EU member states**: 24 countries (including Italy) signed on 19.02.2013. Bulgaria signed on 5.03.2013
- Not signed by Spain, Poland (although participating in the enhanced cooperation procedure), and Croatia (joined the EU in July 2013)

UPCA – Entry into force

- Conditions for the UPCA to enter into force:
 - Not before 1.1.2014 ✓
 - Regulation (EU) No 1215/2012 (jurisdiction, recognition and enforcement of judgments in civil and commercial matters in force ✓
 - Deposit of **13 instruments of ratification or accession**, including the 3 MS which have had the highest number of validations the year preceding the UPCA signature => FR, DE and UK
- So far, 8 states have deposited their instruments of ratification: AT (7.08.13), FR (14.03.14), SE (5.06.14), BE (6.06.14), DK (20.06.14), MT (9.12.14), LU (22.05.2015), PT (28.08.2015)
- Territorial scope of decisions of the UPC will change over time
- According to Kevin Mooney, Chairman of the Drafting Committee for the Rules of Procedure: "The most optimistic date remains 1st October 2016"

Current status in Europe



Source: wikipedia

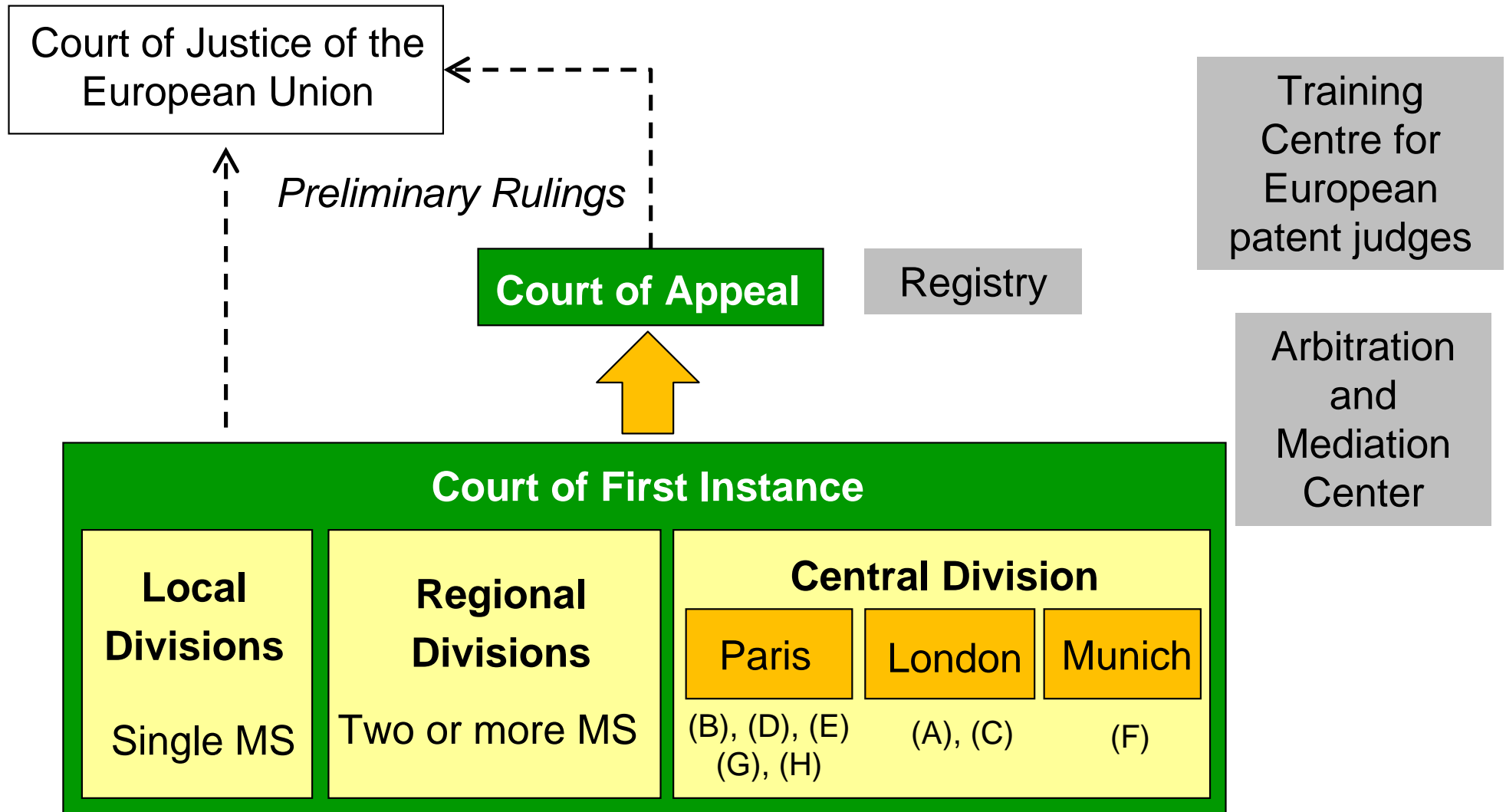
Legal basis

- **Agreement on a Unified Patent Court** of 19.02.2013, 2013/C 175/01
- **Rules of Procedure** (“Rules”) of the Unified Patent Court
 - Procedure for opting-out, types of actions, stages of the proceedings, fees, deadlines, languages, evidence, court experts, legal aid...
 - Currently 18th draft version (1 July 2015) to be discussed at the Preparatory Committee meeting on October 19th. Final proposal for agreement expected in February 2016.
- Other rules:
 - Rules on the European Patent Litigation Certificate and other appropriate qualifications pursuant to article 48 (2) of the UPCA; rules of the Administrative committee, Advisory committee and Budget committee; rules on legal aid; rules on mediation and arbitration

The Preparatory Committee

- The UPC will not exist as a legal entity until four months after the last-required ratification
- A **Preparatory Committee** (PC) has been established to ensure that the UPC is fully operational from day one
 - Advisory Committee, Budget Committee and Administrative Committee will need to be formed (adequate rules, budgets...)
- The PC has prepared a **protocol on the provisional application** of the UPCA during a period of approx. **six months** before the UPCA comes into force to take all the practical steps including the hiring and training of essential staff and the location of premises.
- The signature of the draft Protocol is planned for October 2015

The Court structure



UPC locations



- **Local/regional division(s):** London, Düsseldorf, Munich, Mannheim, Paris, The Hague, Milan, Brüssels, Copenhaguen, Hamburg, Dublin, Viena
- **Central Division:** London, Paris, Munich
- **Court of Appeal:** Luxembourg
- **Mediation Centres:** Lisbon, Ljubljana
- **Judicial trainig Centre:** Budapest

Source: Stefan Luginbuehl (CEIPI Course on Patent Litigation 2015)

Languages

Local/regional divisions

- Official local or designated regional language(s)
- Divisions may designate additionally one or more EPO languages
 - In such case the judges may however use the official language of the local/regional division for certain parts of the proceedings such as oral proceedings, orders or decisions (18th draft of rules of procedure)
- Under certain conditions: the language of grant

Central Division

- Language of grant

Court of Appeal

- Language of Court of First Instance; or
- If parties agree, the language of grant; or
- “Exceptionally”, Court of Appeal may designate another language with the consent of parties

UPC Judges - requirements

- UPC panels will have both **legal and technical judges** that fulfill the following conditions:
 - **Nationality** of a **contracting** member state
 - Good command of at least one **official language** of the **EPO**
 - **Proven experience** in the field of **patent litigation** (which may be acquired by the training framework of the UPC)
- Additionally, **legal judges** must possess the qualification required for appointment to judicial offices in a Contracting Member State.
- **Technical judges** must have a university degree, proven expertise in a field of technology.

Judges – Selection & Training

– Selection

- The Preparatory Committee started a call for expression of interest in becoming a UPC judge in late 2013. In July 2014 a list of suitable candidates was approved:
 - 170 **legal judges** eligible (experienced)
 - 184 **legal judges** eligible with training
 - 341 **technical judges** eligible

–Education and training

- For legal judges: advanced courses in patent law/litigation, internships in patent courts in countries with high patent litigation
- For technical judges: the training will focus on patent law, in particular on validity, and basic concepts of civil procedure.
- For all future judges: language training will also be given.

Composition of Judicial Panels

Panel type		No. of judges	Legal judges	Technical judges	No. of nationals
FIRST INSTANCE <i>(parties may choose single judge)</i>	Local Division <i><50 cases/year</i>	3 (+1) ^A	3	0 (+1) ^A	1
	Local Division <i>≥50 cases/year</i>	3 (+1) ^A	3	0 (+1) ^A	2
	Regional Division	3 (+1) ^A	3	0 (+1) ^A	2
	Central Division	3 ^{B,C}	2	1	
SECOND INSTANCE	Court of Appeal	5 ^{B,C}	3	2	

A Upon request of one of the parties (or the panel); B Judges of different nationalities

C Except administrative cases where the panels will be formed by 3 legal judges

Arbitration / mediation and the UPC

- The Centre for arbitration and mediation of the UPCA will be financed by the own budget of the Court => this reflects the current **trend to promote** the use of **alternative dispute resolution** (“ADR”) such as **arbitration and mediation** for intellectual property disputes
 - ADR are generally cheaper and faster procedures than litigation. ADR lead to legally binding decisions enforceable in multiple jurisdictions
- The **possibility of a settlement**, including through mediation, and/or arbitration will be explored by the judge Rapporteur during the **interim procedure**
- Limitation included in the UPCA: a patent may not be revoked or limited in mediation or arbitration proceedings

UPC – CJEU Relationship

- Perception: **CJEU lack knowledge of patent law and technology**
 - => limit the jurisdiction of the CJEU : Provisions on infringement moved from Unitary Patent regulation to UPCA & provisions on validity already in the EPC
- UPC established by international agreement. Not Union law.
 - No right of appeal from UPC court of appeal
- What can be dealt with by the CJEU in relation to UPC cases?
 - Biotech Directive 98/44/EC
 - Unitary Patent regulation 1257/2012
 - Translations regulation Reg. 1260/2012
 - Competition law issues (Art 101 TFEU),
 - Enforcement Directive 2004/48/EC
 - SPC regulation 469/2009
 - Bolar provision,
 - Pediatric extension regulation
 - ...

Jurisdiction of the UPC

- UPC will have exclusive jurisdiction for the settlement of disputes regarding certain types of actions relating to:
 - **"classic" European patents (EP)** in the MS which have ratified the UPCA
 - **European patents with unitary effect (EP-UE)**
 - **Supplementary Protection Certificates (SPC)** based on classic European patents (for MS which have ratified the UPCA) or on European patents with unitary effect
- **BUT**, during a **transitional period** possibility to litigate classic EP patents in national courts (parallel jurisdiction, opt-out)

Jurisdiction of the UPC

Exclusive jurisdiction *inter alia* in respect of:

- Actions of infringement
- Declaratory actions of non-infringement
- Revocation /invalidity actions
- Actions for provisional and protective measures
- Actions regarding damages or compensation of licenses
- Actions regarding prior use
- Actions against decisions of the EPO (additional tasks under the EP-UE regulation)

Jurisdiction of the national courts

- National patents
- Validations of European patents (EP) in EU MS which have not signed/ratified the UPCA or in non-EU MS
- All actions which do not come within the exclusive jurisdiction of the UPC also for a European Patent with Unitary effect
 - For example:
 - right to a patent (inventorship, ownership)
 - compulsory licenses
 - contractual license disputes connected to patents
 - employee remuneration
 - transfer of a patent right

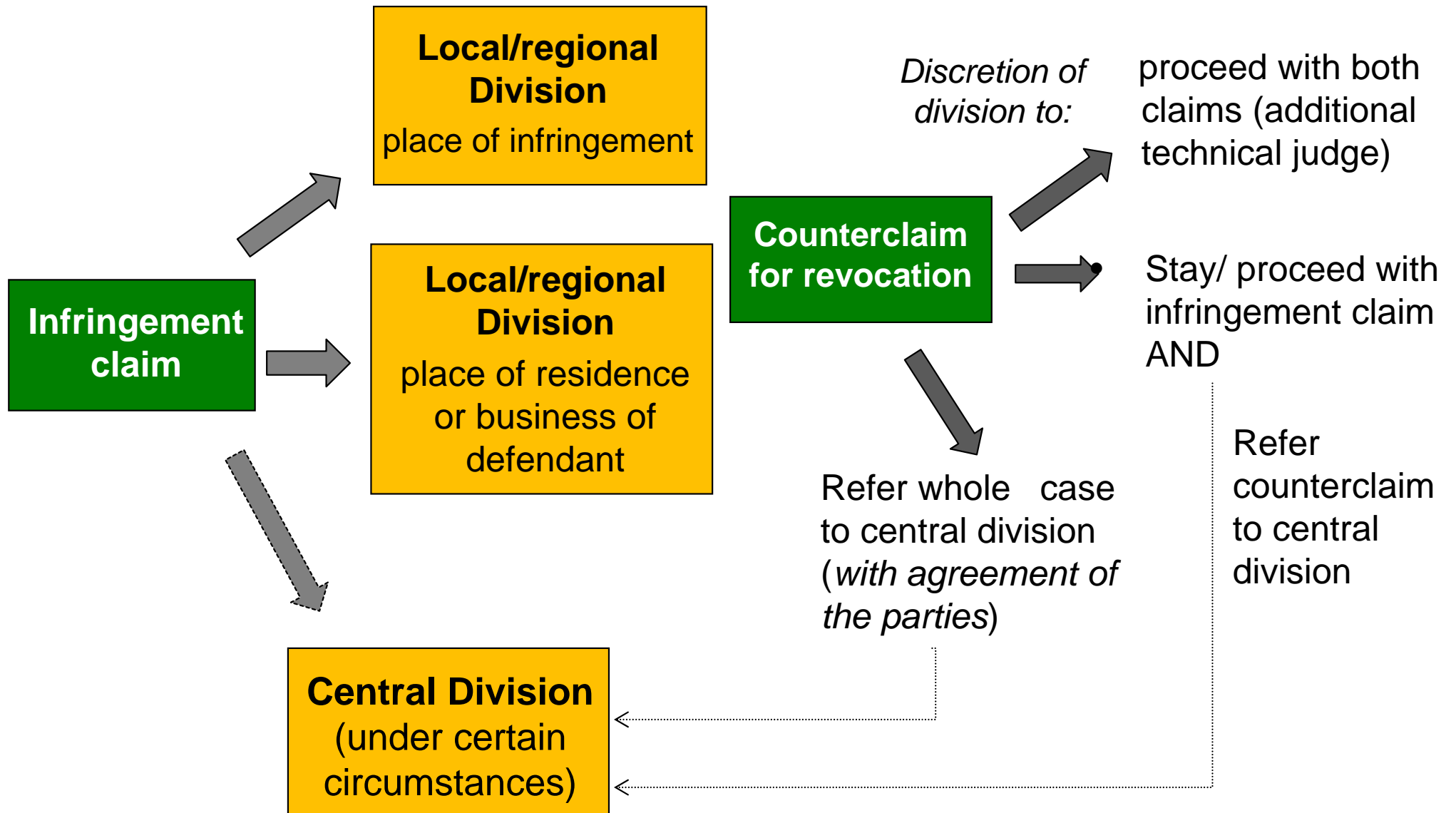
Competence Court First Instance

- **Local / Regional divisions (LD, RD)**
 - Infringement, injunctions, damages, prior use.
 - In infringement actions possible selection between:
 - Local or Regional division where the infringement takes place
 - Local or Regional division where the defendant has its residence or place of business
 - If an infringement action has been brought before a local or regional division, a revocation action or a declaratory action for non-infringement between the same parties and relating to the same patent must be brought to the same local or regional division

Competence Court First Instance

- **Central Division (CD)**
 - Actions concerning the revocation
 - Actions for declaration of non-infringement
 - If within 3 months an action for infringement is started in a local or regional division, the declaration of non-infringement must be stayed
 - Infringement, injunctions, damages, prior use if:
 - Defendant has no residence or place of business in a contracting MS
 - The contracting MS has no local or regional division
 - If a revocation action has been brought before the central division, an action for infringement between the same parties and relating to the same patent may be brought to the central division (alternatively: local or regional division)
 - Actions against decisions of the EPO (additional tasks)
- **Parties may agree upon Division of choice**, including Central Division

Infringement and validity – *Bifurcation?*



Competence of the Court of Appeal

– Appeals (ordinary remedy)

- Against final decisions or orders from the Court of First Instance
- Deadline: 2 months from decision or 15 days of order
- Suspensive effect (actions and counterclaims for revocation, and actions concerning decisions of the EPO additional tasks)

– Rehearings (Extraordinary remedy)

- Discovery of a decisive fact unknown when decision was made or fundamental procedural effect (e.g. false testimony)
- Deadline: 10 years from date of decision but no later than two months from date of discovery of new fact or procedural defect

Provisional and protective measures under the UPC

- Order a party to **produce evidence**
- Order provisional measures to **preserve evidence** and **inspection of premises** or **saisie-contrafaçon**
- Order a party not to remove from the UPC's jurisdiction any assets (**freezing orders**)
- Grant provisional and protective measures such as **injunctions** against an alleged infringer or any intermediary
- Order the **seizure or delivery up** of products suspected of infringing a patent

Preliminary injunctions under the UPC

- If granted, **effect in the entire territory** of the UPCA MS
- The UPC will not grant automatic preliminary injunctions. Interests/potential harm for the parties resulting from granting/refusal of the injunction will be weighed up. The UPC will take into account:
 - Outcome of any EPO opposition proceedings / any other proceedings before a national court
 - Urgency of the case
 - Whether the defendant has been heard
 - Whether any protective letter has been filed.
- The UPC may also require that the claimant credibly shows that the defendant is infringing, or that such infringement is imminent
- If, within a specified time period provided for in the Court's order the applicant does not start proceedings on the merits of the case, provisional measures will be revoked.

Protective letter

- A letter in **anticipation** of a request for provisional injunction
- It must be filed with the Registry in the language of the patent
- It must contain an indication of the facts, evidence and arguments for defending that the patent is invalid including the reasons why any application for provisional measures should be rejected
- Payment of a fee (current proposal 200 EUR)
- **If no provisional measures are requested** within 6 months from the date of receipt of the Protective letter, the Protective letter shall be removed from the register (in this case it will remain **confidential**) unless an extension of 6 months is applied for and paid (current proposal 100 EUR)

Request to be heard but it is not a guarantee

UPC Legal costs

- In proceedings before the UPC, reasonable and proportionate legal costs and other **expenses incurred by the successful party will be generally paid by the unsuccessful party** up to a ceiling
- Recoverable costs include court fees, costs for representation, costs for experts and witnesses, experiments ordered by the court and paid for by the party, letters rogatory, costs of interpreters and translators
- The compensation is only available in *inter partes* proceedings.
- If a party succeeds only in part the court may order that the cost be apportioned equitably or that the parties bear their own costs
- The unsuccessful party may ask for **a revision of the costs in costs proceedings** and may oppose any costs he finds unnecessary. **The decision on the costs is appealable** to the courts of appeal.

UPC Court Fees

-Fixed fees

- For **all types of actions**, payable when starting the action

-Value-based fees

- For **certain types of actions** when the value of the action is determined to be above 500.000 € (estimation that 25% of actions will incur no additional fees)

- Payable once the value of the action is determined by the court at the interim conference. The value may differ from that attributed to the action by the parties

 - A party will not know what the court fees will be at the beginning of the proceedings

- It is unclear how the value in dispute should be calculated. Draft guidelines have been prepared by the Preparatory Committee but not released yet

Consultation on court fees and recoverable costs

- On 8 May 2015, the UPC Preparatory Committee published a **Consultation document** containing proposed **fees** and **recoverable costs** in the UPC. Consultation ended on 31 July 2015
- Aim: to set the fees at the minimum level required to enable the Court to be **self-financing** after a period of 7 years
- It appears that the fees of the high-value actions are intended to subsidise the fees for the smaller actions
- Final version is due to be published in Autumn 2015
- The UPCA has established the obligation by the Administrative Committee to review fees periodically. It is highly likely that the fees will be adapted once the UPC is running and the real operating costs are known

Court fees proposal

– Fixed fees

Actions	Fixed fee
Infringement action [R. 15]	11.000 €
Counterclaim for infringement [R. 53]	11.000 €
Action for declaration of non-infringement [R. 68]	11.000 €
Action for compensation for license of right [R. 80.3]	11.000 €
Application to determine damages [R. 132]	3.000 €
Appeal pursuant to Rule 220.1 (a) and (b) [R 228]	16.000 €
Other counterclaims pursuant to Article 32 (1) (a) UPCA	11.000 €

Court fees proposal

Value-based fees

–For infringement and counterclaims, declarations of non-infringement, damages actions and appeals, depending on the value of the action:

Value of action	value-based fee
≤ 500.000 €	0 €
≤ 750.000 €	2.500 €
≤ 1.000.000 €	5.000 €
≤ 1.500.000 €	10.000 €
≤ 2.000.000 €	15.000 €
≤ 3.000.000 €	20.000 €
≤ 4.000.000 €	25.000 €
≤ 5.000.000 €	30.000 €
≤ 6.000.000 €	35.000 €

Value of action	value-based fee
≤ 7.000.000 €	40.000 €
≤ 8.000.000 €	45.000 €
≤ 9.000.000 €	50.000 €
≤ 10.000.000 €	55.000 €
≤ 15.000.000 €	70.000 €
≤ 20.000.000 €	85.000 €
≤ 25.000.000 €	115.000 €
≤ 30.000.000 €	150.000 €
> 30.000.000 €	220.000 €

Court fees proposal

– Fixed fees for other procedures and actions

Procedures/actions	Fixed Fee
Revocation action [R. 47]	20.000 €
Counterclaim for revocation [R. 26]	same fee as the infringement action subject to a fee limit of 20.000 €
Application for provisional measures [R. 206.5]	11.000 €
Application for opt-out [R. 5.5]	80 €
Application for withdrawal of an opt-out [R. 5.8]	80 €

Court fees proposal

Procedures/actions	Fixed Fee
Action against a decision of the EPO [R. 88.3, 97.2]	1.000 €
Application to preserve evidence [R. 192.5]	350 €
Application for an order for inspection [R. 199.2]	350 €
Application for an order to freeze assets [R. 200.2]	3.000 €
Filing a protective letter [R. 207.3]	200 €
Application to prolong the period of a protective letter [R. 207.8]	100 €
Interlocutory appeals [R. 220.1(c.), 228]	3.000 €

Procedures/actions	Fixed Fee
Application for leave to appeal [R. 221, 228]	3.000 €
Request for discretionary review [R. 220.2, 228]	1.500 €
Application for rehearing [R. 250]	2.500 €
Application for re-establishment of rights [R. 320.2]	350 €
Application to review a case management order [R. 333.3]	300 €
Application to set aside decision by default [R. 356.2]	1.000 €

Proposal on reduction of fees

- Two alternative proposals for **reducing the Court fees**
 - **Alternative 1**: reimbursement of 25% if case heard by a single judge or of 20-60% when the case is settled or withdrawn at set stages
 - **Alternative 2**: full exemption of value-based fees for SMEs, non-profit organisations, universities and other public research organisations
- Discretion of the court to vary the fees in cases where the economic existence of a party could be affected

Proposed ceilings on recoverable costs

Value of action	Ceiling for recoverable costs of representation
≤ 250.000 €	< 50.000 €
≤ 500.000 €	< 75.000 €
≤ 1.000.000 €	< 150.000 €
≤ 2.000.000 €	< 200.000 €
≤ 4.000.000 €	< 400.000 €
≤ 8.000.000 €	< 600.000 €
≤ 16.000.000 €	< 800.000 €
≤ 30.000.000 €	< 1.000.000 €
≤ 50.000.000 €	< 1.500.000 €
> 50.000.000 €	< 3.000.000 €

UPCA Transitional provisions

- During a **transitional period of 7 years** (extendable to 7 more years) after the entry into force of the UPCA the agreement provides:
 - **Parallel jurisdiction** national courts/UPC for certain actions (Art. 83(1) UPCA)
 - Possibility to **opt-out of the UPC** (Art. 83(3)(4) UPCA)

These options are only available for “classic” EP patents (not for EP-UE)

Parallel jurisdiction national courts/UPC

Art. 83 UPC Agreement

*(1) During a transitional period of **seven years** after the date of entry into force of this Agreement, an action for **infringement or for revocation of a European patent** or an action for **infringement or for declaration of invalidity of a SPC** issued for a product protected by a European patent may still be brought before national courts or other competent national authorities.*

- **No blocking effect** of the first action: Actions can be brought before UPC and national courts simultaneously as long as they do not relate to the same cause of action and same parties (*lis pendens* provision)
- Are actions for **declaration of non-infringement, counterclaims for revocation** and **provisional and protective measures** excluded?
 - According to the Preparatory Committee: the legislator's objective was to give a choice of forum during the transitional period for **all actions** that are normally dealt with by the UPC.

Opting-out of the UPC

- The **UPC jurisdiction of the opted-out patents is entirely removed**
- Opt -out only available for “**classic**” **EP patents** (not EP-UE) provided that an **action has never been started before UPC**
- Time limit: until **1 month** before end of transitional period
- In respect to all contracting MS that have ratified the UPCA.
- In force for **the entire life-time of the patent** unless opt-out is withdrawn. If applied for a patent application, it continues to apply once the patent is granted. It extends to any SPCs based on the EP patent.
- **Sunrise clause**: possibility to register opt-out before UPCA is in force
 - Avoid that proprietor is prevented from having the opportunity to opt-out because an action is started before the UPC by a third party on the first day the UPCA enters into force.
 - Sunrise register will start probably in Spring/Summer 2016.

Opting-in the UPC

- Withdrawal of the opt-out (opt-in) is available for “**classic**” **EP patents** (not EP-UE) provided that an **action has never been started before a national court**.
 - Filing an opt-out avoids litigation before the UPC, but withdrawal of and opt-out does not exclude that actions can be brought before national courts during the transitional period because of the parallel jurisdiction
- **No time limit provided for opt-in** (it should be possible even after transitional period)
- A **second opt-out** is not allowed

Opt-out / opt-in requirements

18th draft version of the Rules of procedure

- The requests must be filed by the proprietor.
- In case of **several proprietors**, they must all **act together**
 - If the proprietor of the patent and the SPC are different, all proprietors must submit the application
 - Proprietor is the one entitled to be registered as such whether or not in fact recorded in the register
- A **fixed fee** (current proposal 80 €) must be paid in respect of each European patent or application for which an opt out or opt-in is requested
- Opt-out/opt-in only effective with entry into register

Summary: Litigation options for invalidating a patent in Europe (UPCA in force)

- **National patents** -> National courts
- **EP-EU patent** -> UPC (opt-out not allowed). Decision covers MS in which UPCA is in force at date of EP-UE registration only
- Validations of **classic EP patents in MS where the UPCA does NOT apply** -> national courts
- Validations of **classic EP patents in MS where the UPCA has been ratified** -> UPC, but during the **transitional period**:
 - If opted-out -> National courts
 - If not opted-out or opt-out withdrawn during transitional period -> UPC/national courts
- **After transitional period, the only option for avoiding the UPC jurisdiction for revocation actions in UPCA MS will be by filing national patents**

Example of litigation options for revocation (UPCA in force)

European patent granted

After grant, the Unitary Effect requested for 13 MS that have ratified the UPCA. And the EP is also validated in Greece (assuming that it had not ratified the UPCA), Spain (UPCA has not been signed), and Switzerland (non-EU MS)

- A **decision on a revocation action of the EP-UE** initiated by a third party before the UPC will have effect in the 13 MS but it will not have effect in GR, ES, and CH
- A **decision on a revocation action of the EP(ES)** initiated by a third party before Spanish national courts will have effect in Spain only (not in the 13 MS EP-UE or GR, CH) (current situation)

Forum shopping between UPC and national courts

- During the **transitional period** there is room for a new era of forum shopping between **UPC** and **national court MS**
- **Parallel jurisdiction**: No "blocking effect" of the first action. Examples:
 - national infringement action in a national court and later revocation action before the UPC and *vice versa*
 - national infringement action in a national court and later infringement action over the same patent before the UPC between different parties
 - Possibility to select court system case-by-case
- **Opt-out provision**
 - Proprietor can avoid the UPC by **opting-out** or, when appropriate and possible, **opting-in** again later
 - Alleged infringer may **force patentee into the UPC** by bringing an action before the UPC if he has not opted-out, or could **force the patentee to stay out** of the UPC by filing a national action if the patent has been opted-out

Forum shopping between the UPC and the European Patent Office (EPO)

If the nullity of a European patent (with or without unitary effect) is sought:

- **Opposition before the EPO**

- Only within 9 months after grant
- Decision applies to all EPC member states

- **Action for revocation before the UPC**

- No time limit for filing the revocation action
- Decision applies to EU MS that have ratified the UPCA

- During the **transitional period** and if the EP is not a EP patent with unitary effect, also possible to file:

- **Action for revocation before a national court**

- Familiar court
- Language
- If only one country of interest: less expensive

Forum shopping between UPC divisions

- For instance, a patentee bringing **an infringement action** before the UPC can choose to bring the action in the:
 - **Local/Regional division** where the infringement takes place
 - **Local/Regional division** where the defendant has its residence/place of business
 - **Central Division**
 - where the defendant does not have its residence/place of business in a UPCA MS
 - where the potential infringer has already brought an action for revocation or declaration for non-infringement in the Central Division
- If an infringement action is brought before a regional division and the **infringement** has occurred in the territories of **three or more regional divisions**, the defendant may ask the regional division concerned to refer the case to the central division.

Forum shopping between UPC divisions

- According to an explanatory note of the Preparatory Committee, risk of forum shopping minimized because:
 - panels will be multinational;
 - All judges will be equally competent;
 - All divisions will apply the same rules of procedure and jurisprudence of the UPC Court of Appeal.
- However, certain differences may exist between divisions at least in the starting times of the UPC:
 - National backgrounds (legal judges determined by nationality)
 - Experience of the judges of the division
 - Approach to grant injunctions, bifurcation
 - Pro-patentee attitude
 - Language of the division

UPC or national courts?

	UPC	National Courts
Territorial scope of decision/size of market	It covers at least 13 countries including FR, DE UK. Big market	Only one country. Much smaller market
Duration of litigation proceedings	Expected to be around 1 year at the UPC	In the national Courts of the EU, the average duration of proceedings is much longer
Technical understanding/ Predictability of the decisions	More or less strict decisions but more predictable (training of the judges and technical judges in the panels)	In some countries there is no specialization at all of the judges, even less technical judges
Number of possible attempts	UPC offers a single opportunity. All or nothing	Multiple lawsuits. Several options for enforcing/invalidating patents
Knowledge of case law	Unknow during the first times of the UPC	Generally known in particular with high standards of patent litigation

Example: Possible strategy for a patent proprietor

- Determine the likelihood of the infringement
 - If infringement is not likely => opt out (avoid a central revocation)
 - If infringement is likely:
 - If the place of infringement is mainly in non UPCA MS (eg. Spain or Poland) => opt out
 - If the place of infringement is a UPCA MS
 - If the proprietor is a small entity =>opt out (case brought in a familiar venue)
 - For a non small entity/multinational: case-by-case. Periodical review
- UPC choice for enforcing a strong patent

Example: Possible strategy for a competitor selling in Spain only

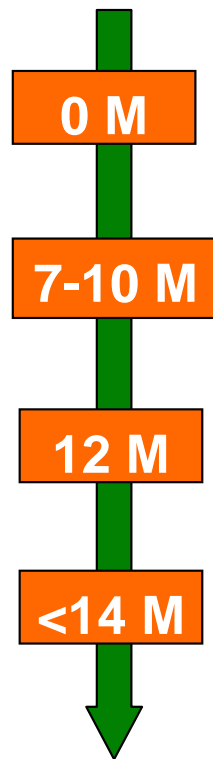
- The only relevant patent is the ES patent -> Spanish national courts.
- Possible actions to do:
 - Nothing
 - File a **declaration of non-infringement (DNI) in Spain**
 - Aim: to accelerate the decision on the infringement action that the patent proprietor will very likely file
 - Advantage: Damages are much lower than if product is on the market
 - Disadvantage: Action must be started well before the launch of the product. Would the infringement action have been filed without DNI?
 - File an **action for revocation before the Spanish Courts** before any action regarding the corresponding EP-EU/EP is started in the UPC
 - Aim: to avoid that a decision of the UPC on the validity of the corresponding EP-EU/EP initiated by another party is followed by a Spanish judge. If the patent is declared invalid in Spain, the later UPC decision will be irrelevant to the Spanish patent

Example: Possible strategy for a competitor selling in several EU MS

- Relevant patents: ES patent + EP-EU/EP
- Possible actions to do:
 - Nothing
 - File a **revocation action before the UPC** (weak patents)
 - Advantage: Less expensive and more predictable
 - Disadvantage: only one attempt
 - File a **protective letter before the UPC**
 - Not an option before a Spanish court
 - Aim: to prevent grant of preliminary injunctions without being heard

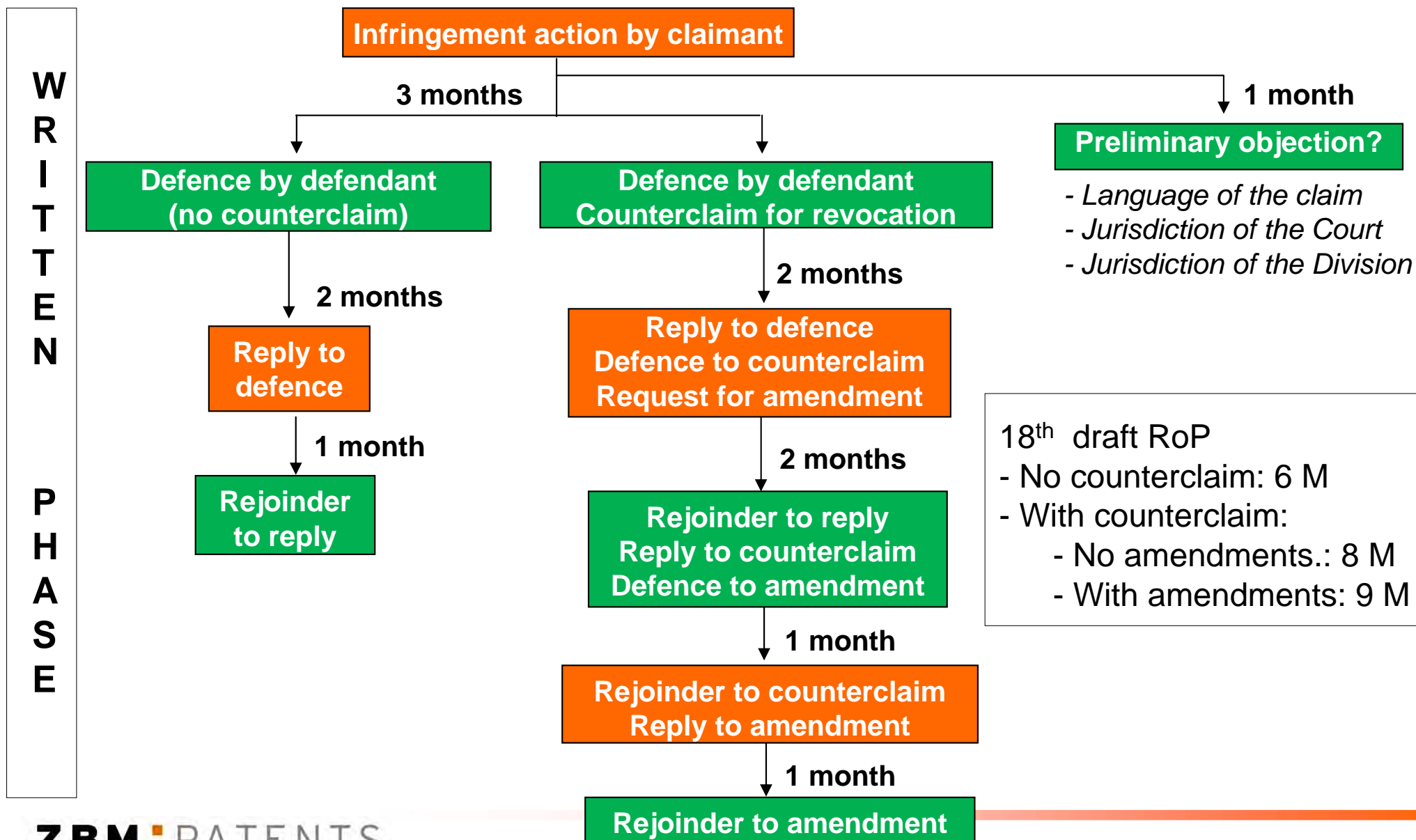
Proceedings before UPC

- The speed at which the UPC is expected to handle its cases is one of the most attractive features of the new Court.
 - Prerequisite: timely co-operation by the parties

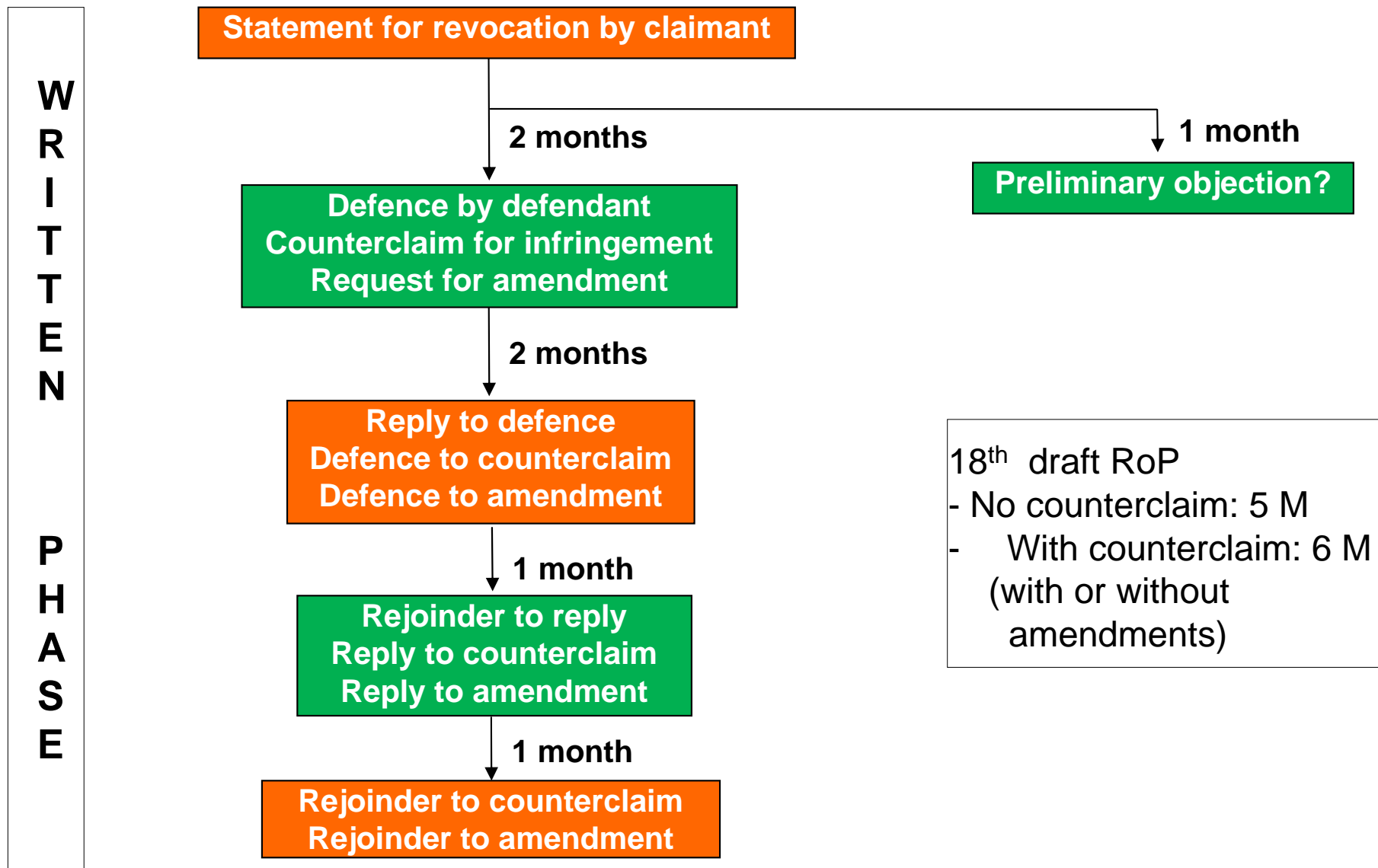


- Different stages in the procedure:
 - **Written proceedings**
 - Exchange of written pleadings between parties
 - **Interim proceedings**
 - All necessary preparations for the oral hearing
 - **Oral Hearing**
 - Oral submissions parties, experts, witnesses
 - **Court Decision** within approx. 1 year

Time frame of a typical infringement action



Time frame of a typical revocation action



Second stage: interim procedure

- Preparation of the case for oral hearing (Judge rapporteur)
 - Identify **main issues** and relevant facts in dispute
 - Where appropriate, **clarify the position** of the parties
 - Establish a schedule for the further progress of the proceedings
 - Explore with the parties the **possibilities to settle** the dispute
 - Where appropriate, issue orders regarding production of further documents, evidence, etc.
 - Where appropriate, hold preparatory discussions with witnesses and experts

Third stage: oral hearing

- Two months prior notice (unless the parties agree to a shorter time period).
- Presiding judge takes over from judge-rapporteur
- Coordination in case of bifurcation
- Duration: in principle **one day**
- Hearing of the parties' oral submissions
- Witnesses and experts if ordered during interim procedure
- Open to the public
 - Unless parties' interests require confidentiality
 - Hearing will be audio (not video) recorded
- Decision on the merits in writing preferably within 6 weeks

Representation before the UPC

- According to the UPCA (Art. 48), **representation** of the parties is **compulsory** before the UPC (except for actions against decisions on EPO tasks), i.e., an authorized (registered) representative must be appointed, which can be:
 - A **lawyer** authorized to practise before a court of a **Contracting Member State**
 - A **European Patent Attorney** (EPA) with **appropriate qualifications** such as a **European Patent Litigation Certificate (EPLC)**
- The Preparatory Committee (PC) published a proposal on the Rules on the EPLC and other appropriate qualifications on 13 June 2014. Users were allowed to make comments for 6 weeks.
- At the 11th meeting (3 September 2015) the Preparatory Committee agreed on the Rules for the EPLC.

Proposal on the EPLC and other appropriate qualifications

- The **European Patent Litigation Certificate** will be obtained after doing a 120 h course on civil litigation and infringement matters at an accredited university (written and oral examination compulsory).
- Alternative appropriate qualifications provided in the draft:
 - **Bachelor or master degree in law**
 - During a **transitional period of one year** from the entry into force of the UPCA, appropriate qualifications will include:
 - Successful completion of **particular courses** (e.g. CEIPI, Nottingham Law School, etc.)
 - **Experience with patent litigation** in a contracting MS (at least three patent infringement actions within the five years preceding the application for registration)

Thank you for your
attention

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