The Unitary Patent and the Unified Patent Court

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Overview

I. Status quo

II. What’s new?

III. Unitary Patent

IV. Unified Patent Court

V. Impact on license agreements
I. Status quo
1. National Patents

- Prosecution before national Patent Office
- Enforcement by national courts
- Downsides: various languages, representation, legal regimes
2. European Patent

- Prosecution & opposition procedure before EPO
- Enforcement (and revocation proceedings) by national courts

Advantages:
- one single prosecution procedure (representation, languages)
- lower costs if more than 4 states are covered

Downsides: various validation requirements & legal regimes for enforcement
I. Status quo

3. Current patent litigation in EU (number of cases per year)
   - Germany:          1,250
   - FR+ IT (each):     250
   - UK + NL (each):      50
   - All others:   less than 10

4. Why Germany?
   - High quality judgments at reasonable costs
   - Procedural law favors plaintiff
   - Important market
II. What’s new?
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1. Unitary Patent

- European Patent with unitary effect within all 25 member states
  - Prosecution before EPO
  - Single set of substantive and procedural law
  - Enforcement and revocation by single new court (Unified Patent Court)
- In addition to national and European Patents
II. What’s new?

2. Legal basis – The “Patent Package”

- Unitary Patent Regulation (Regulation (EU) No 1257/2012)
- Translation Regulation (Regulation (EU) No 1260/2012)
- Unified Patent Court Agreement (OJ of EU 2013/C 175/01)
II. What's new?

3. Requirement for entry into force of UPCA
   - Ratification in 13 member states (incl. DE, FR, GB)
   - Entry into force 4 months after last necessary ratification

4. Ratification status quo
   - PT ratified as 8th member state (incl. FR) on 6 August 2015
   - GB intends to ratify until spring of 2016
   - Effectiveness expected for early 2017
III. Unitary Patent
III. Unitary Patent

1. How to obtain an Unitary Patent?

   - Application and examination procedure before EPO
     - Prosecution same as European Patent
     - Application for unitary effect within one month after publication of grant of European Patent

   - Costs
     - „Top 4“ (DE, FR, GB, NL)
     - Annual fees: € 35 (2nd year) to € 4,855 (20th year)
     - total costs for 20-year period: € 35,555
2. Languages Regime

- Transitional period of 7 years
  - One English translation of complete specification always required

- After transitional period
  - No requirements for translations
  - Exception: during litigation on request of opponent
III. Unitary Patent

3. Unitary effect

- Unitary enforcement (substantive & procedural law) by UPC
- Unitary validity & transfer (“all or nothing”; license can be geographically restricted)
- Unitary effect only in participating member states (will develop over time)
III. Unitary Patent

4. Why to apply for a Unitary Patent?

- **Pros**
  - Unitary enforcement
  - Cost advantage if big territorial coverage needed
  - Simple administration

- **Cons**
  - Unitary validity
  - Cost disadvantage: no possibility to drop patent for certain countries
  - Mandatory jurisdiction of UPC (no opt-out)
IV. Unified Patent Court
1. **Subject matter jurisdiction**
   - Exclusive jurisdiction over
     - Unitary Patents
     - “Classical” European Patents (existing and future ~)
     - Supplemental Protection Certificates
   - Competent for infringement and validity matters
IV. Unified Patent Court

2. Structure of Unified Patent Court (UPC)

- Court of First Instance organized in
  - Central division (Paris, with sections in London and Munich)
  - Local divisions (for single state with > 50 cases per year)
  - Regional divisions (for multiple states)

- Court of Appeal seated in Luxembourg
3. Competence of divisions

- Infringement actions:
  - Local or regional division of domicile of defendant or location of infringement
  - Central division if
    - no domicile of defendant in any member state or
    - no division for member state of domicile exist

- Revocation actions: Central division
  - but counterclaim for revocation action before local / regional division possible
4. Judges

- Legally and technically qualified judges
  - Local / regional division: 3 legally + 1 technically qual. judge, if ordered
  - Central division: 2 legally + 1 technically qual. judge

- Pool of judges

- Fear of high number of unexperienced judges
5. Procedure

- “German style procedure”
  - preparation by written submissions
  - interim procedure (by reporting judge)
  - oral hearing (one day)
- Counterclaim for revocation
- Speedy procedure (judgment after 12 / 14 months)
6. **Language of proceedings**

- Central division: language of patent
- Local division: language of hosting member state (with exceptions)
- Court of Appeal: language of proceedings before Court of First Instance

7. **Costs**

- Court costs comparable to German proceedings
- Recoverable attorneys fees tend to be higher than in Germany
8. “Classical” European Patents: Option to Opt-Out from jurisdiction of UPC

- In principle: Exclusive jurisdiction of UPC
- But Opt-Out during transitional period (7 years)
  - deadline: one month before end of transitional period
    → if no lawsuit filed with UPC yet
  - can be withdrawn anytime
    → if no lawsuit filed with national courts yet
  - costs (proposed): € 80 per patent family
## Opt-out? – guidance for your decision

<table>
<thead>
<tr>
<th>Patent</th>
<th>important</th>
<th>not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>strong</td>
<td>invalidity unlikely → still <strong>opt-out</strong>? → consider additional divisional application</td>
<td>invalidity unlikely → <strong>no opt-out</strong></td>
</tr>
<tr>
<td>weak</td>
<td>invalidity likely → <strong>opt-out</strong></td>
<td>costs for opt-out too high → <strong>no opt-out</strong> (drop patent?)</td>
</tr>
</tbody>
</table>
V. Impact on license agreements
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1. For licensor
   - Ensure opt-out
   - Consider prohibiting (exclusive) licensee from litigating at UPC

2. For licensee
   - Consider obligation / prohibition for licensor to opt-out

3. Conclude supplementary agreements to existing contracts
Thank you for your attention!
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