

TYPES NOT MAPPED YET March 09, 2023 | TTR not mapped yet | Steven M. Ritchey

Preparing for the EU's upcoming Unitary Patent regime: Four things patent owners need to know

After nearly five decades of discussions and preparations, the framework for a European Patent with Unitary Effect (a "Unitary Patent" or "UP") and a Unified Patent Court (UPC) is scheduled to come into effect on June 1, 2023. This will be a significant change for procuring, maintaining, enforcing, and defending existing patents in Europe. In view of the change, it is advisable for owners of European patents ("EPs") and patent applications to consider whether to opt some or all of their EP patents out of the UP/UPC regime.

Here's what EP owners need to know when considering opting out options:

1. Understand the Geographic scope of the UP/UPC system.

The UP/UPC system, among other things, allows for granting, maintaining, enforcing, and challenging a single, indivisible Unitary Patent that covers at least 17 European Union (EU) member states at the start, but that number is expected to increase to 24 of the 27 EU member states soon thereafter. In contrast, the current system requires the owner of an EP to validate it in selected countries and to enforce each EP on a validated country-by-country basis.

EPC countries that joined the UPC

Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, and Sweden.

EPC countries not joining the UPC

Croatia, Poland, and Spain.*

EPC countries soon to join the UPC

Cyprus, Czech Republic, Greece, Hungary, Ireland, Romania, and Slovakia.

EPC countries ineligible for UPC (non-EU countries)

Albania, Iceland, Liechtenstein, Monaco, Montenegro, North Macedonia, Norway, San Marino, Serbia, Switzerland, Turkey, and the UK.*

*An owner wishing for its EP patent to cover these countries will have to continue validating, maintaining, and enforcing a EP patent according to the current practice.

2. Review the following summary of advantages and disadvantages of the UP/UPC system from a patent owner's perspective.

Advantages

Reduced total grant and renewal fees if a patent is validated in more than 4 UPC member states.

Higher total grant and renewal fees if a patent is validated in 3 or fewer UPC member states.

Reduced translation costs for pending applications that become granted.

Disadvantages

Higher total grant and renewal fees, if a patent is validated in 3 or fewer UPC member states.

A UP has a fixed geographic scope; owner cannot let patents lapse on a country-by-country basis, which

Advantages

A UP or EP subject to the UPC may be enforced in a single, relatively quick UPC proceeding instead of country-by-country. If infringing activities occur in multiple UPC countries, a single enforcement action will reduce overall costs. Even though an EP may be enforced in the UPC, the enforcement is limited to the validated countries that are UPC member states (i.e., an owner cannot capture coverage not selected at validation). Interestingly, an EP may be enforced in the UPC or a national court if no action was previously filed with the UPC.

A UP may allow for increased net revenue from licensing or product sales due to the likely increased number of covered countries at a lesser overall cost.

Disadvantages

could result in greater costs over time.

The total grant and renewal fees for UPs compared to EPs are essentially the same for validating in 4 UPC member states. For comparison, 20 years of annuities for a single UP will total about €36,000, whereas the annuities for an EP validated in 24 UPC member states will total about €160,000.

UPC is new court system with new judges and rules. It may take time to optimize procedures and develop a body of case law.

3. Understand the timeline to expect should you choose to opt out.

There is an understandable amount of concern regarding the UP/UPC system. To assuage some of the concerns, there will be a time during which it is possible for owners of EPs and published pending applications to “opt-out” of the UP/UPC system.

Periods relevant to the UP/UPC system and opting out.

Sunrise period

Before the UPC comes into effect on June 1, 2023, owners may choose to opt out all or some of their presently granted EPs and pending published applications from the UP/UPC system during a “sunrise period” starting on March 1, 2023, and ending on May 31, 2023. An owner that does not opt-out existing EP from the UP/UPC system by the end of the sunrise period gives a competitor the opportunity to make a EP subject to the UPC’s jurisdiction via a challenge to the EP before the UPC.

Transition period

After the UPC comes into effect on June 1, 2023, there will be a “transition period” that will last for at least seven years (until June 1, 2030). The transition period may be extended in seven-year increments. It is worth noting that the EPO is planning to stop accepting opt-out requests one month before the end of the transition period.

During the transition period, an owner of a EP granted as of the effective date of the UPC (June 1, 2023) will still have the opportunity to opt it out of the UPC system, provided the EP has not already been subject to the UPC via an enforcement action or validity challenge before the UPC.

During the transition period, an owner of a granted application will have the opportunity to validate it as follows:

- a UP for the UPC member states (at the time of grant);
- a EP in any selected EPC member states, including UPC member states; or
- a UP for the UPC member states (at the time of grant) and a EP for selected non-UPC, EPC member states.

Post-transition period

After the transition period, an owner can no longer opt out of the UPC’s jurisdiction. Regardless of whether an owner validates the granted application as a UP or EP, the UPC will have jurisdiction for validated UPC member states. As such, owners will be incentivized to validate a granted application as a UP to obtain the advantages to go along with the unavoidable disadvantages.

After the transition period, the only way to avoid the UP/UPC system will be to file separate applications at the various national patent offices instead of a single application at the European Patent Office.

As mentioned above, a EP owner will have to continue validating, maintaining, and enforcing EP patents in the following EPC member states that are not UPC or EU member states: Albania, Croatia, Iceland, Liechtenstein, Monaco, Montenegro, North Macedonia, Norway, Poland, San Marino, Serbia, Spain, Switzerland, Turkey, and the UK.

4. Know who is able to opt out of a granted EP or pending application

Only the “true” owner of a EP or pending application can authorize an opt-out request. The true owner may be different from that recorded in the register of the EPO or a national patent office. If a party other than the true owner authorizes the request, the validity of the opt-out can be challenged before the UPC and, if found invalid, the EP will be subject to the UPC’s jurisdiction.

If a EP has multiple owners in all or some of the countries in which it was validated, even non-UPC member states, all the owners across all the validated countries must authorize the opt-out request together.

If the registered owner(s) are different from the true owner(s) (e.g., an assignment was not recorded) the true owner(s) may lodge the opt-out request without pre-recording the assignment, provided the true owner(s) file a declaration that he/she/it/they were entitled to register as the owner(s). In other words, it is not necessary to correct the chain of title before filing the opt-out request, but you should ensure that the true owner(s) are requesting the opt-out.

Withdrawal of an opt-out

An opt-out may be withdrawn at any time to place a EP into the UPC’s jurisdiction. But once an opt-out is withdrawn and a EP or UP is in the UPC’s jurisdiction, it can never be opted-out again.

Conclusion

Due to the expected hundreds of thousands of EPs that will likely be opted out and an untested system for lodging the opt-outs, there may be problems and significant delays. Therefore, it is advisable for owners of EPs to consult their patent attorney managing their portfolio as soon as possible.

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