



# An Enhanced European Patent System

*The Select Committee  
The Preparatory Committee*

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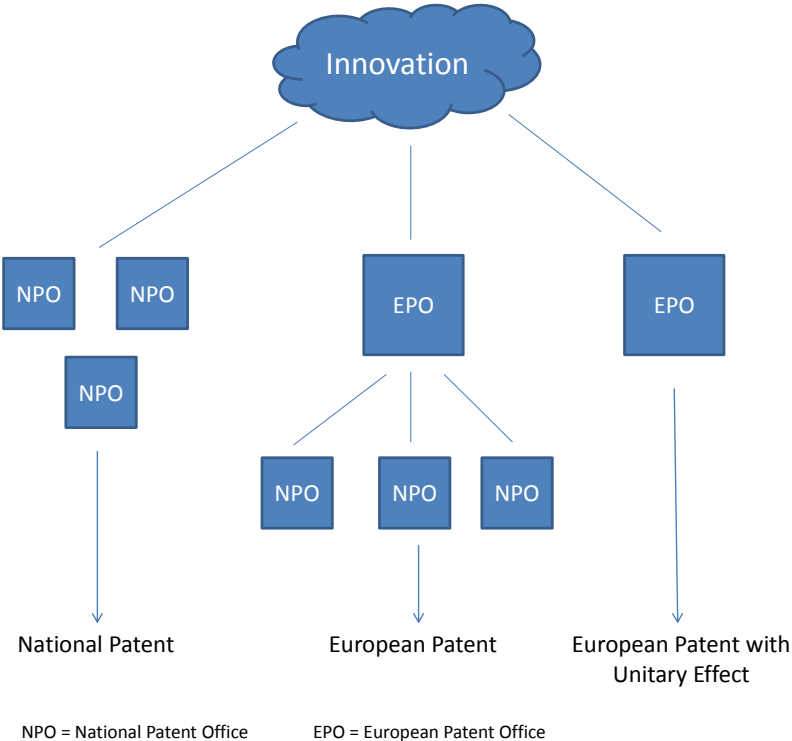
In December 2012 the Council of the European Union and the European Parliament agreed on two regulations<sup>1</sup> laying the foundation for unitary patent protection in the EU. Shortly afterwards, in February 2013, 25 EU Member States signed the Agreement on a Unified Patent Court (UPC). This committed the Contracting Member States to establish a Court common to them with exclusive jurisdiction for future European patents with unitary effect (Unitary Patent Protection, UPP) as well as for European patents validated in one or several of the contracting states – “classical” European patents.

The aim of the reform is to offer business an alternative by simplifying the existing system and support a cost effective route to patent protection and dispute settlement. It will still be possible to use the national route for those preferring to seek protection in individual Member States and to validate a European patent in one or several Member States. It will also be possible to combine the new system with the

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<sup>1</sup>) Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection, Council Regulation (EU) No 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements.

old one and have a European Patent with unitary effect and in addition validate the patent as a classical European Patent in other EPC Contracting States. Consequently there will be three routes to patent protection in Europe in the future.



# The Unitary Patent Protection

The Unitary Patent Protection (UPP) will make it possible to get unitary effect for a European patent in 25 EU Member States by one request.

## The pre-grant phase

The UPP builds on the European Patent Convention (EPC). This means that nothing changes in the pre-grant phase. The applicant applies for a European patent at the European Patent Office (EPO). The EPO handles the application in accordance with the EPC and, if all relevant criteria are met, eventually grants a European patent.

## How to get unitary effect

The proprietor of a European patent will, after grant, have the opportunity to file a request for unitary effect. If the formal requirements are met the European patent shall then benefit from unitary effect – uniform protection and equal effect – in all the participating Member States. Consequently, by the means of one single request, the proprietor of a European patent will be able to get patent protection in 25 Member States of the European Union.

This should be compared with the “classical” European patent where the patent holder needs to validate the patent in each Member State where protection is required. Different validation requirements apply in the Member States. In several Member States the patent holder must file a translation of the European patent into the official language of the state where protection is requested, pay a publication fee to the national patent office and within prescribed periods of time comply with various formal requirements relating in particular to the number of copies to be filed and the use of specific forms. Once the patent is validated the patent holder must pay renewal fees in every Member State where the patent is valid.

***A European patent in 25 EU Member States by one request.***

## **The formal requirements for UPP**

In order to gain Unitary Patent Protection the European patent must have been granted with the same set of claims for all the participating Member States. All 25 Member States need to be designated. Consequently, withdrawal of designations and limitation of claims for certain of the participating Member States need to be avoided since it would prevent unitary effect. In addition, the request for unitary effect shall be filed at the EPO in the language of proceedings within one month from the publication of the mention of the grant in the European Patent Bulletin.

As from the date of application of the UPP regulations there will be a transitional period of six to a maximum of twelve years during which the patent holder will need

to file a translation of the patent specification into one additional language. If the patent is granted in German or French the translation shall be into English. If the patent is granted in English, the translation shall be into any other official language of the EU at the choice of the patent holder. These translations are for information purposes only and do not have any legal effect. After the transitional period no translations will be required.

## **The geographical extension of the UPP**

The geographical extension of the unitary patent protection will eventually embrace all the EU Member States that are contracting parties to the EPC and have joined the enhanced cooperation in the area of the creation of unitary patent protection – the participating Member States.

The unitary effect of a European patent will cover the territories of those Contracting Member States that have

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ratified the UPC Agreement at the date of the registration of the unitary effect of the individual patent. The geographical extension of the unitary effect for an individual European patent will remain fixed and will

not be extended to those Contracting Member States that ratify the Agreement after the registration. However once all the Contracting Member States have ratified the UPC Agreement, European patents registered thereafter will enjoy unitary effect in all participating Member States. Currently Spain, Italy and Croatia are not participating in

the UPP. They might of course join. Poland is participating in the UPP but has still not signed the UPC Agreement.

The proprietor of a European patent with unitary effect can choose to validate the patent as a classical European patent also in the non-participating states; Spain, Italy and Croatia and in those Contracting Member States that have not yet acceded to the UPC Agreement at the given time. Once all the participating Member States have acceded to the UPC Agreement it will be possible to gain patent protection in the entire EU via one request and a maximum of three additional national validations. In addition it will of course be possible to validate the same patent in the ten Contracting States of the European Patent Organisation that are not EU Member States. This is to be compared with the current European system where the patent, in order to gain the same level of protection, would have to go through individual validation processes in 38 Member States with the need to provide translations, publication fees and comply with various formal requirements.

## **Compensation for translation costs**

According to regulation (EU) No 1260/2012 a compensation scheme will be available making it possible to receive reimbursement for all translation costs up to a ceiling for patent applications filed at the EPO in one of the official languages of the Union that is not an official language of the EPO. The compensation scheme will be available only for SMEs, natural persons, non-profit organisations, universities and public research organisations having their residence or principal place of business within a Member State.

## Renewal fees

The proprietor of a European patent with unitary effect will pay only one annual renewal fee. It shall be paid to the European Patent Office. The level of the renewal fees will be decided by the Select Committee established under the European Patent Convention by the participating Member States. The Select Committee will have to follow the principles contained in the regulation (EU) 1257/2012. The

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renewal fees shall be sufficient to cover all costs associated with the grant of the European patent and the administration of the unitary patent protection and ensure a balanced budget of the EPO. The level of the renewal fees shall be set, taking into account, the situation of specific entities such as small and medium-sized enterprises, with the aim of facilitating innovation and fostering the competitiveness of European businesses. The level of the renewal fees shall also reflect the size of the market covered by the patent, the renewal rate of current European patents and the number of requests for unitary effect. The fee level shall be similar to the level of the national renewal fees for an average European patent taking effect in the participating Member States at the time the level of the renewal fees is first set.



## The UPP or a classical European patent

The UPP and the UPC add other options to the patent system in Europe. It doesn't replace the already existing ones. The new patent package will consequently provide users with new choices. A choice between a classical European patent and UPP will need to be made taking into consideration the preferences of the individual patent holder on the different relevant aspects.

The costs for a classical European patent (costs for validation and the cost of renewal fees in each Member State where protection is required, including related transactional costs) need to be compared with the costs for UPP (no validation costs except the cost for one translation during the transitional period, a single renewal fee).

It will be for the patent holder to consider if there is a need for broad geographical coverage or if protection in a few Member States is enough. Consideration should be made as to whether there is a need for protection at the external borders of the EU against imports from third countries via the EU customs regulation. It is difficult to prevent the further distribution of a certain product once it has entered the Single Market.

In addition the patent holder needs to consider if the patent should be subject to the exclusive jurisdiction of the UPC or if it is better to use national courts with a more limited geographical jurisdiction. The exclusive jurisdiction is mandatory for UPP and initially optional for the classical European Patent (transitional period of seven years and opt-out for patent holder). National patents will remain in the jurisdiction of national courts.

# The Unified Patent Court

The UPC Agreement aims to establish a unified patent jurisdiction covering all the Contracting Member States that have ratified the Agreement.

## **The nature of the UPC**

The UPC will be a court common to the Contracting Member States and thus be part of their judicial system. The UPC will consist of a Court of First Instance, a Court of Appeal and a Registry.

## **The Contracting Member States**

Accession to the UPC Agreement is open to any Member State of the European Union. The Agreement is not open to states outside of the European Union. Up to date, all European Union Member States except Spain, Poland and Croatia have signed the Agreement.

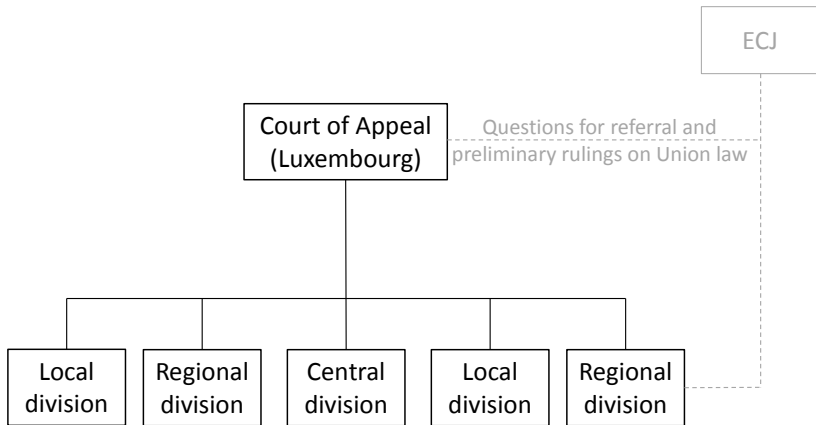
## **The general competence of the UPC**

The UPC will, as a general rule, have exclusive competence in respect of civil litigation on matters relating to classical

European patents, European patents with unitary effect, supplementary protection certificates issued for a product covered by such a patent and European patent applications. The UPC's rulings will have effect in the territory of those Contracting Member States having ratified the UPC Agreement. The UPC will not have any competence with regard to national patents or supplementary protection certificates granted for a national patent.

The UPC will also have exclusive competence in respect of actions concerning decisions of the European Patent Office in carrying out the tasks of administering the UPP set out in the UPP regulations.

## Structure of the Unified Patent Court



ECJ = Court of Justice of the European Union

## The UPC Court of First Instance (UPC-CFI)

### *One Court*

The UPC-CFI will be one court with several divisions. All the panels will have a multinational composition and will operate under the same Rules of Procedure. The decisions of the UPC-CFI can be appealed to the UPC Court of Appeal.

### *The divisions*

The UPC-CFI will have a central division as well as local and regional divisions. The central division will be seated in Paris, with sections in London and Munich dealing with cases concerning specific patent classifications (London: Human necessities, chemistry and metallurgy, Munich: Mechanical engineering, lighting, heating, weapons and blasting). Every Contracting Member

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State may request the UPC to set up, as part of the UPC-CFI, up to four local divisions or a regional division together with one or more other Contracting Member States.

### *Competence of the divisions*

Actions for or relating to *infringement, provisional and protective measures and injunctions, damages or compensation derived from provisional protection and/or prior use* shall be brought before the local/regional division where the infringement has occurred; or where the defendant has residence or place of business. In such a case the plaintiff has the choice between the division of the place of infringement and the division of the residence or place of business of the infringer. If the alleged infringement has occurred in the

territories of several local or regional divisions of the UPC-CFI the plaintiff will also have the possibility to choose between different divisions relating to the place of infringement. If the defendant has no residence or place of business in one of the Contracting Member States actions shall be brought before the local/regional division where the infringement has occurred or before the central division. If the concerned Contracting Member State has no local/regional division actions shall be brought before the central division.

Actions for *revocation or non-infringement* shall be brought before the central division unless an action for infringement between the same parties referring to the same patent already has been brought before a local or regional division in which circumstances these actions may only be brought before the same local/regional division.

Actions concerning *decisions of the EPO*, when carrying out administrative tasks regarding the UPP such as the administration of requests for unitary effect, the Register for the UPP, the collection and administration of renewal fees or the compliance with the transitional translation requirements for the UPP, shall always be brought before the central division.

### ***Counterclaim for revocation***

If an infringement action is initiated before a local or regional division of the CFI and a counterclaim for revocation of the patent is brought before the local or regional division concerned, the UPC Agreement foresees different scenarios:

- The local or regional division concerned may decide to proceed both with the infringement action and the counterclaim for revocation together;

- The local or regional division may alternatively decide to refer the counterclaim for revocation for decision to the central division and, depending on the circumstances of the case, either suspend or proceed with the infringement action (bifurcation); or
- with the agreement of the parties, the local or regional division concerned may also decide to refer both the infringement action and the counterclaim for revocation to the central division, where they will be dealt with together.

### *The language of proceedings*

In the CFI the main rule will be that the language of proceedings is the official language or one of the official languages of the Contracting Member State hosting the

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local division or the official language(s) designated by the Contracting Member States sharing a regional division.

The language of proceedings in the central division will be the language in which the patent was granted (language of the patent). However there are exceptions making it possible for Contracting Member States to designate one or more of the official languages of the EPO, i.e. English, German or French, in addition to or instead of the official language of the Member State(s) as the language of proceedings of their local or regional division. It will also be possible under certain conditions to change the language of proceedings of the local or regional division, to the language of the patent.

## The Court of Appeal

The UPC Court of Appeal will have its seat in Luxembourg. The Registry will be set up at the seat of the Court of Appeal. All the panels of the Court of Appeal will have a multinational composition and will operate under the Rules of Procedure of the UPC. The language of proceedings before the Court of Appeal will be the language of proceedings before the Court of First Instance.

## The role of the Court of Justice of the European Union

The UPC will be a court common to the Contracting Member States. It will therefore, as any national court, be obliged to refer requests for preliminary rulings on the interpretation and application of EU law to the European Court of Justice in accordance with Article 267 of the Treaty on the Functioning of the European Union.

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## Representation

Parties that litigate before the UPC shall be represented by lawyers authorised to practice before a court of a Contracting Member State or alternatively by a European Patent Attorney who is entitled to practice before the EPO and who has appropriate qualifications such as a European Patent Litigation Certificate.

## **The transitional period – Opt-out scheme and choice of forum**

In the UPC Agreement a transitional period is prescribed. It only applies for classical European patents and not for European Patents with unitary effect. The transitional period is seven years but may be prolonged up to a further seven years on the basis of a broad consultation with the users of the patent system and an opinion of the Court.

During the transitional period, actions for infringement or for revocation concerning classical European patents or for a supplementary protection certificate (SPC) issued for a product protected by such a patent may still be brought before national courts unless an action has already been brought before the UPC.

In addition, during the transitional period, a proprietor of – or an applicant for – a European patent granted or applied for prior to the end of the transitional period or a SPC issued for a product protected by such a patent will also have the possibility to opt out the patent/application/SPC, from the jurisdiction of the UPC unless an action has already been brought before the UPC. To this end they shall notify their opt-out to the Registry. The opt-out shall take effect upon its entry into the register. It will be possible to withdraw such an opt-out at any time. There will be no possibility to opt out European patents with unitary effect.



## The judges of the UPC

The Court will be presided over by both legally qualified judges and technically qualified judges. The judges must be nationals of a Contracting Member State, have the highest standards of competence, have proven experience in the field of patent litigation and good command of at least one official language of the EPO.

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Legally qualified judges shall possess the qualifications required for appointment to judicial offices in their respective Contracting Member State. Technically qualified judges shall have a university degree and proven expertise in a field of technology as well as proven knowledge of civil law and procedure relevant to patent litigation.

## Mediation, arbitration and training

A patent mediation and arbitration centre with seats in Ljubljana and Lisbon and a training framework for judges with facilities in Budapest shall be established.

## Court fees

The court fees will consist of a fixed fee, and above a predetermined ceiling, a value-based fee. The court fees will be finally decided by the Contracting Member States in the Administrative Committee of the UPC. They will however be prepared by the Preparatory Committee established by the Signatory States of the UPC Agreement.

## Benefits of the UPC – why not to opt out

The proprietor of a classical European patent will be able to choose to opt out the patent from the jurisdiction of the UPC. When making this choice the patent holder will need to weigh the advantages of litigating before the UPC against possible disadvantages. The main benefits of the UPC would be

- a unified jurisprudence resulting in increased predictability and the avoidance of parallel litigation,
- judgements (injunctions, damages) with effect in 25 Member States of the EU, and
- the expectation of speedier procedures than in many of the individual Member States.

## Choice between different divisions of the UPC-CFI

In the case of infringement actions it will on some occasions be possible for the plaintiff to choose between different divisions of the UPC-CFI depending on the place of infringement or the domicile of the defendant. The choice is expected to depend mainly on the convenience of

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the venue and on the language of proceedings of the the divisions. In terms of efficiency, speed, quality of judgements and interpretation

of law, no major differences are expected. All the panels will operate under the same Rules of Procedure and the decisions of the UPC-CFI will be reviewed under appeal by the UPC Court of Appeal. The UPC Court of Appeal will be a warrant for a uniform jurisprudence.

# When will it happen?

The implementation of the new system takes place under the auspices of two committees. The Select Committee is responsible for preparing for the Unitary Patent Protection and the Preparatory Committee is responsible for the establishment of the Unified Patent Court. Since the application of the UPP regulations is dependent on the entry into force of the UPC Agreement the two strands are closely related. The UPC Agreement will enter into force when it has been ratified by 13 Signatory States. The three most patent intensive Member States, i.e. Germany, France and the United Kingdom must be among the states that have ratified. The territorial effects will expand as the ratification processes in the individual Contracting Member States are concluded.

The Select Committee is established under the European Patent Convention. It consists of all the EU Member States participating in the enhanced cooperation. The European Commission, Business Europe, the European Patent Institute and other EPC Member States that are not participating in the enhanced cooperation have received the status of observers. The Select Committee has among other things been given the task to govern and supervise the activities of the EPO relating to the UPP. An important task during the preparatory phase will be to fix the level of the renewal fees for European patents with unitary effect.

The Preparatory Committee is established by the Signatory States of the UPC Agreement. Poland, the European Commission and the EPO have observer status. Its objective is to prepare for the establishment of the UPC in order for it to be operational once the UPC Agreement enters into force. The Preparatory Committee has identified five major work streams; Legal Framework, Financial Aspects, Human Resources/Training, IT and Facilities. Each work stream has been assigned to a specific working group which have been given the task of preparing proposals to the Committee where all decisions are taken. The Preparatory Committee has established a roadmap outlining all the different tasks of the Committee.

Up to date information about the time plan and the expected time of entering into force of the new system is published on the websites of the two committees.

# Further information

More information about the Unitary Patent Protection and the Unified Patent Court can be found on the following websites:

Website of the Preparatory Committee:

<http://www.unified-patent-court.org/>

Website of the Select Committee:

<http://www.epo.org/about-us/organisation/select-committee.html>

Website of the European Commission:

[http://ec.europa.eu/internal\\_market/indprop/patent/](http://ec.europa.eu/internal_market/indprop/patent/)

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