

The Unified Patent Court

● ● ● Updated October 2018

The unitary patent creates an additional option to obtain patent protection in Europe. At the same time a new patent Court will be introduced: the Unified Patent Court. It is still difficult to predict when the unitary patent system will start.

The Unified Patent Court (UPC) is a common European patent court for unitary patents (1). The UPC has exclusive jurisdiction for unitary patent and traditional European patent litigation. The UPC provides for central enforcement and revocation and will have a Central Division with seats in Paris, London and Munich. Local and Regional Divisions will be set up throughout the EU. A Court of Appeal will be seated in Luxembourg. Questions of EU law may be referred to the Court of Justice of the EU. Arbitration and Mediation centers will also be set up.

The UPC versus national courts

The UPC:

- abolishes (parallel) national procedures before national courts;
- provides for central enforcement and revocation in a single action;
- will be staffed with specialized patent judges;
- issues a single decision applying to all member states;
- will lead to a reduction of total litigation costs;
- rules out inconsistent decisions between national courts;

- promotes a fast litigation procedure, both in inter partes and ex parte proceedings, wherein a first instance decision is issued within about 14 months;
- provides for provisional measures, which likewise apply across all UPC member states

The fact that the UPC issues a single decision may, under circumstances, also be regarded as a disadvantage. In case of revocation the unitary patent will be lost for all UPC member states, contrary to a European bundle of national patents.

Central Division versus Local/Regional Divisions

Revocation actions and declarations of non-infringement need to be brought before the Central Division. Infringement actions and counterclaims for revocation need to be brought before a competent Local or Regional Division. In case of a counterclaim for revocation, the Division may either proceed with the revocation action or refer it, or even the entire case, to the Central Division. The technical field of the patent in suit determines which seat of the Central Division will handle the case.

Costs

The amount of court fees to be paid is a combination of a fixed fee and, depending on the type of action, a case or dispute value based fee. Currently, the fixed fee for a revocation action or revocation counterclaim is set at EUR 20,000 whereas the fixed fee for infringement related actions amounts EUR 11,000. The value based fee, which is not applicable to revocation actions, rises considerably with higher values of the dispute. Significant court fee reductions are available to small entities and reimbursements may apply in case of settlements, for example.

Regarding recoverable costs, in general, the losing party bears the costs of the winning party. There is, however, a limit to these recoverable costs, which is based on the value of the dispute.

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Transitional period; opt-out?

During a transitional period of seven years from the start of the unitary patent system, infringement and revocation actions for the traditional European patents may be brought before national courts or before the UPC, at the choice of the party initiating the proceedings. To the contrary, all legal actions regarding unitary patents can only be brought before the UPC. The same holds for the traditional European patents after the transitional period.

During the transitional period, proprietors of European patents which do not benefit from unitary effect will be given a one-time choice of "opting-out" for actively blocking the UPC litigation route for these patents. Or, in other words, to keep the situation exactly as it was before entry into force of the UPC. This option is no longer available if a patent is subject to litigation before the UPC. The choice of opting-out holds for the entire lifespan of the patent. "Opting-in", i.e. choosing the UPC as the competent court, remains available, provided that no national court proceedings are pending yet. A sunrise period of three months is currently foreseen so as to be able to opt-out before entry into force of the unitary patent system.

A request to opt-out is available to the actual legal owner(s) of a European patent at the time of the request. In existing license agreements, rights of licensees may influence the availability of the option to opt-out.

Entry into force

At this moment 16 Member states (2) have completed all required legislative actions, more in particular the ratification of the Agreement on a Unified Patent Court. In any case, Germany must still ratify this Agreement. The unitary patent system will become effective four months after the ratification requirements are met. The result of the EU-referendum in the UK of 23 June 2016 has created uncertainty regarding participation of the UK in the unitary patent system. In particular after the 'Brexit' - date, i.e. after that the United Kingdom leaves the EU. The German ratification has been put on hold as a result of a complaint filed with the German Constitutional Court. A decision on admissibility of the complaint – which is only a first step – is still not issued. If considered inadmissible, Germany should be able to ratify shortly after that. If admissible, a considerable delay is to be expected.

Strategical considerations

The unitary patent system sets many new aspects which need careful consideration in view of the specific demands of your client. However, there are some basic issues you have to observe in advising your clients. Unitary patents are bound to the Unified Patent Court for central infringement and revocation actions. For traditional European bundle patents, you are given the option to block the UPC litigation route. This option will be available during a transitional period only and expires once litigation in relation to a European patent has been initiated.

If you are of the opinion that the exposure of traditional European patents to a central attack on validity is risky or unwanted, you should decide to opt-out so that any litigation is to be brought before national courts.

Although the unitary patent system is not effective yet, it is now time to start considering the options you will soon be confronted with. The Unified Patent Court, for unitary patent litigation, will also affect litigation in your present European patents. This leaflet contains a brief overview of key features of the Unified Patent Court. For key features of the unitary patent we refer to our leaflet "The Unitary Patent". Do not hesitate to consult your AOMB patent attorney to discuss the optimal strategy for your client.

(1) For information on unitary patent: we refer to our leaflet "The Unitary Patent"

(2) Already ratified: Austria, Belgium, Bulgaria, Denmark, Finland, France, Italy, Luxembourg, Malta, Netherlands, Portugal, Sweden, United Kingdom, Estonia, Lithuania and Latvia.