

The background features three large, overlapping red circles of varying sizes, each with a white center and a light red shadow. Two thin red lines intersect at the center, forming an 'X' shape that divides the page into four quadrants.

The European Unitary Patent Package

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The European Unitary Patent Package

1 Introduction

The most radical change in EPO in over 40 years was the introduction of “Unitary Patent Package” legislation that proposed a Unitary Patent System and a Unitary Patent Court open for participation for all member states of the European Union. On 19 Feb’2013, the legislation was signed by 25 of the then 27 contracting states of the European Union with an exception of Spain and Italy. The unitary effect is a single patent that is provided uniform protection across all participating member states with a single renewal fee. The revocation as well as infringement proceedings are to be decided for the unitary patent centrally in the Unitary Patent Court rather than for each country individually. The new system offers new opportunities and challenges to patent owners concerned about potential infringement.

The first attempt to introduce a community patent was made in 1960 but it failed due to numerous reasons largely over differences in language translation issues. Again in 2000, the community patent concept was introduced in EU Patent under Lisbon Treaty. Although, the contracting states agreed on a common political approach, the concept failed over differences regarding the details of translation. In Dec’2009, the member states agreed on an enhanced patent system including main guidelines of the EU patent except for the translational arrangements. Finally at the request of 12 of its member states, the European commission proposed to launch enhanced cooperation regarding unitary patent protection on 14



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Dec'2010. Another 13 member states submitted request to join enhanced cooperation following the decision from the European commission. The enhanced cooperation is a procedure wherein minimum of nine member states or one third member states of EU are permitted to establish advanced integration or cooperation in an area within EU structures without the involvement of other member states.

The European parliament consented on 15 Feb'2011 and the enhanced cooperation was launched on 10 Mar'2011 with participation of 25 member states. The European commission proposed two regulations that created a European Patent with Unitary effect for the participating states on 20 Jan'2013. The regulations also include a Unified Patent Court created for EU states that participate in Unified Patent Court Agreement.

2 Unitary Patent System

The Unitary Patent system is a special kind of patent provided by the EPO that enforces a patent in all contracting states without actually validating a patent separately in every individual state.

Prior to the introduction of the unitary patent, there were two kinds of patent protection options available to patent owners in Europe namely, a patent issued by the EPO (classical patent) and a national patent. The classical patent needs to be validated in each EPO member state that the patent owner prefers, after the grant from EPO, in compliance with the laws that govern that particular member state. The national patent is issued at a national level and is enforced within the territory of the respective member state.



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The classical patent can be validated with the unitary effect with the request of such desire from a patent owner within one month of a grant of the classical patent. The unitary patent system functions in parallel to the classical European patent as well as the national patent providing multiple options for filing patents in Europe. The unitary patent rights of the patent owner remain similar to those of classical European Patents. The collection of renewal fees and registration of unitary effect upon grant, exclusive licenses and statements of licenses availability are the administrative tasks that are handled by the European Patent Office. The unitary patent shall be under the administration of the EPO for transfer, revocation or lapse in a contracting state, for the whole term of the patent. The renewal fees for the patent shall be paid to the EPO. The EPO provides uniform protection in all contracting states.

The new patent system minimizes the costs incurred by enforcing a patent in several contracting states for the classical European patent. Although the exact fee structure for a unitary patent is yet to be decided, it is assumed to be approximately the renewal fee amount for 5-6 member states. The Unified European Patent also reduces the time spent on patent prosecution in different member states and conflicting decisions in member countries.

The new system also provides a system for machine translating a patent in all contracting state languages. The EPO already provides translation for 13 languages expecting to cover about 32 language translations, by the end of 2014 at the earliest. Hence, the translational costs incurred by a national level enforcement of a classical European patent are significantly reduced. The protection of a patent across all contracting states in Europe assists patent owners to adopt stronger freedom to operate strategies. The



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provisions laid for software and biotechnological patents shall be continued to be assessed the same way as for classical European patents.

3 The Unified Patent Court

The Unified Patent Court (UPC) is a centralized patent court for contracting states that handles all litigation involving patents issued by the European Patent office including both classical and the unitary patents. The UPC shall have exclusive jurisdiction on matters regarding infringements and validity of patents. Any decision of the UPC shall have a direct effect on every contracting state. The UPC also has the right to decide matters regarding supplementary protection certificates issued for a product protected by a European patent with or without unitary effect.

The UPC consists of a First Instance Court and a Common Appeals Court. The First Instance Court is organized into a central division along with local and regional divisions. The central division is mainly located in Paris and handles cases relating to physics, electricity, transportation, textiles and paper, fixed constructions and performing operations. The division at London is supposed to handle a branch of pharmaceutical, human necessities and life science patents, whereas Munich division handles a branch of mechanical engineering, lighting, heating, blasting and weapons patents. The Appeals Court is located in Luxembourg.

The revocation and declaration of a non-infringement of a patent needs to be brought before the central division. The infringement cases are managed by the local or regional division either at the location of the plaintiff's choice or where the infringement takes place. Alternatively, the infringement cases can also be registered in the jurisdiction of defendant's place of business or



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residence. If the defendant's resident country does not have a regional/local division then the central division can handle the infringement case. The counter-claim for revocation follows the same route as the infringement cases. If the counter-claim for revocation is made in the central division and meanwhile, the infringement is not stayed, it may give rise to bifurcation.

4 Transition Period

The UPC has provided a transitional period of 7 years, wherein the patents without the unitary effect can be brought before the National Courts. Additionally, the patent owners can opt out of the UPC by notifying about such desire to the registry by latest one month before the expiry of the transition period. Thereafter, all the European patents irrespective of unitary effect have to be considered by the UPC. The transition period may be further extended up to another 7 years on the decision of the administrative committee involving representatives from the contracting states. However, the patents with unitary effect are immediately effective and enforceable in the UPC.

5 Shortcomings and Challenges of Unitary Patent Package

Invalidation: Any invalidation of the unified patent results in losing the patent for all contracting states unlike the classical European patent where the decisions regarding a patent are territorial. The companies or individuals filing key patents might opt for the classical European patent over the unitary patent owing to the threat of single action invalidation.

Bifurcation: is one of the major concerns of the UPC. The UPC may provide a system where the infringement proceedings take place simultaneously in



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local/regional courts when the revocation counter-claim proceedings take in the central division. This may be an encouraging situation for Non-Practicing Entities (trolls) where the court may issue injunctions for an invalid patent. Many companies feel that the UPC may be detrimental to progress of industry and may hamper business.

Higher litigation cost and Forum Shopping: The critics of the UPC feel that the new system may give rise to uncertainties and higher litigation costs while engaging in infringement battle with the non-practicing entities. As the plaintiff may choose a desired court, the 'shopping' for favorable courts may increase litigation costs significantly for the defendant. On the other hand, the new system may give rise to inconsistencies regarding compulsory licensing and may fail to establish a fair balance in the rights and remedies available to patent holders.

Legal Challenge from EP member states: There is also an outstanding legal challenge from Spain relating to breach of law, misapplication of Meroni doctrine, misuse of power by the European Union and lack of legal basis for EU regulations that may yet overturn the whole system. On the other hand, although Poland pledged support for the new patent system, it is doubtful whether Poland ratifies the UPC agreement. Poland Government is of the opinion that it is too early to adopt the agreement and that the proposed system could harm the country's economy.

6 Conclusion

With Unitary Patent system, there are increased choices available in Europe influencing patent filing strategies. The new system most certainly offer lowers patent costs while providing patent protection across European



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contracting states. However, the applicants requiring protection across limited member states may still opt for classical European patents.

However, the new system becomes functional only after 4 months from the ratification of the UPC agreement by 13 contracting states including United Kingdom, Germany and France. So far, the UPC agreement is only ratified by 3 contracting states. Recently, the preparatory committee of UPC published second report on the implementation of patent package covering various legal aspects including unitary patent protection and translation scheme for SMEs. Considerable work is still pending on the rules of procedure and fundamentals such as a robust and a functioning IT system for the new court. It therefore seems likely that the implementation of the Unitary Patent system may be realized in a couple of years at the earliest.



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BANGALORE

G-02, Prestige Loka, 7/1, Brunton Road,
Bangalore - 560 025, India.
Phone: + 91 - 80 6693 5000
Fax: + 91 - 80 6693 5001

MUMBAI

93-B Mittal Court, Nariman Point,
Mumbai - 400 021, India.
Phone: + 91 - 22 6669 5000
Fax: + 91 - 22 6669 5001

SILICON VALLEY

220 California Ave, Suite 201, Palo Alto,
CA - 94306, USA.
Phone: + 1 - 650 325 7100
Fax: + 1 - 650 325 7300

SINGAPORE

Level 30, Six Battery Road
Singapore - 049909
Tel: + 65 - 6550 9855
Fax: + 65 - 6550 9856