

# Cooley

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## Introduction

By early 2023, a new unitary patent system and Unified Patent Court (UPC) is expected to become operational. The new system provides for a single unitary patent that will cover all European Union member states that have ratified the UPC Agreement.<sup>1</sup> The current European patent system will still be available to the 27 non-contracting states that are party to it in parallel.

Once the new system is in place, the same application process will be used to obtain unitary patents as is currently used to obtain European patents at the European Patent Office (EPO). The only difference will be in the post-grant procedure. For the EU member states that have signed the UPC Agreement, it will no longer be necessary to validate the European patent individually in those territories. The current validation process will still be available if the owner of the patent decides not to use the unitary patent system. However, it is not possible to convert a European patent already granted before the UPC Agreement comes into force into a unitary patent.

If a unitary patent is desired once the European patent grants, the deadline to elect the unitary patent is one month from grant of the European patent. Once elected, the unitary patent **cannot** be un-elected.

The UPC will be the court responsible for enforcing both unitary patents **and** existing European patents. However, in the seven years after the UPC Agreement comes into force, it will be possible to opt out of the jurisdiction of the UPC in respect of granted European patents. The opt-out will last for the entire lifetime of the patent.

It will be possible to register opt-outs before the UPC Agreement comes into force, during the so-called three-month "sunrise period." The sunrise period will only begin when Germany deposits its instrument of ratification of the UPC Agreement. We don't yet know when this will occur, but it is expected to be in the last quarter of 2022.

If no opt-out is filed, the UPC will share jurisdiction with the national courts of the UPC member states. It will also be possible for European patents that originally opted out of the UPC to opt in once again, provided no litigation has been initiated in any designated European country.

## What are the main benefits and drawbacks of a unitary patent?

There are several benefits and drawbacks to consider in deciding whether to elect the unitary patent system or to opt granted European patents out of the jurisdiction of the UPC. We set out below a few factors to consider:

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| <b>Benefits</b> | <b>Drawbacks</b> |
|-----------------|------------------|

| Benefits   | Drawbacks  |
|--|--|
| <p>The renewal fees for a unitary patent will be considerably lower than the combined renewal fees of the 17 current member states of the unitary patent system.</p>   | <p>If you do not wish for protection in all contracting member states, then a unitary patent may be more expensive to maintain than national patent rights in a small number of important territories.</p>   |
| <p>The administrative load is lower since you only have to worry about a single renewal fee rather than a separate fee for each member state.</p>  | <p>It is not possible to convert from a unitary patent to national rights. This means that even if your business needs change and you only need protection in one or two countries covered by the unitary patent, you must pay the renewal fee and maintain the unitary patent covering for all jurisdictions.</p> |
| <p>The patent being unitary also means that if there is alleged infringement in the 17 member states, the patent can be enforced in all states simultaneously through the UPC rather than having to act through separate national courts. This could make certain types of cross-border infringement easier to stop.</p> | <p>The patent being unitary means that if the patent is attacked by a third party and revoked, you lose protection in all 17 member states.</p>  |
|  | <p>Having a unitary patent may cause future licensing agreements to be more complex if, for example, it is desired to license the patent to separate parties in multiple countries covered by the unitary patent.</p>  |

## What is the UPC?

The UPC will be a new specialised international patent court established to settle disputes relating to both European patents and unitary patents. It will have exclusive jurisdiction for unitary patents.

During the seven-year transitional period, the UPC will also automatically have jurisdiction over all nationally validated European patents of participating countries, including European patents granted before the UPC Agreement comes into effect, **unless the European patent has been proactively opted out.**

The UPC will, as a general rule, have exclusive competence in respect of civil litigation on matters relating to European patents, European patents with unitary effect, supplementary protection certificates issued for a product covered by such a patent, and European patent applications. It will have jurisdiction over contracting member states.

## What will the UPC's procedure comprise?

- A written procedure where the parties submit detailed pleadings.
- An interim procedure where directions are given for further steps leading to trial, and other preparations for trial are made. This may include an interim conference with the parties.

- An oral procedure that could include the questioning of witnesses and experts under the control of a presiding judge.
- Award of damages, which could include an interim award of damages.
- Costs decisions.

## What language will the UPC proceedings be conducted in?

Proceedings in the Court of First Instance of the UPC must be conducted in an official EU language of the contracting member state hosting the relevant division of the UPC. Contracting member states may also designate one of the official languages of the EPO (i.e., English, French or German) in addition to, or instead of, the official language of the contracting member state hosting the division.

Alternatively, the language in which the patent was granted may be used if agreed to by the parties, or on the basis of fairness and the circumstances of the case, the judges so decide with the consent of the parties.

As most patents subject to the UPC will be available in English, it is likely that English will be the predominant language used.

## What powers will the UPC have?

- **Court experts:** In addition to hearing party-appointed experts, the UPC will have the power to appoint a court expert to resolve specific technical or other questions in relation to the cases before it.
- **Disclosure and information:** The UPC will have the power to order parties and third parties to provide specified evidence and information, and to seek the assistance of non-EU courts to obtain documents or testimony.
- **Saisie-contrefaçon (proof of the infringement):** The UPC will be able to make an order to preserve evidence by allowing court officials to gain access without notice to the business premises of the alleged infringer.
- **Freezing orders:** The UPC may make a freezing order, requiring a party not to remove from its jurisdiction any assets located there or deal in any assets.
- **Provisional and protective measures:** The UPC will have the power to grant provisional and protective measures against an alleged infringer, including injunctions, seizure and delivery up of products suspected of infringing a patent.

## How much will it cost to issue proceedings at the UPC and what costs will be recoverable?

The cost of issuing proceedings will vary according to the type of action. Infringement actions, counterclaims for infringement, actions for declaration of non-infringement and actions for compensation for license of a right will cost a fixed fee of **€11,000**, and applications to determine damages will cost **€3,000**. Where the value of the action is over **€500,000**, there will be an additional value-based fee, calculated as set out in the relevant rules. For all other procedures and actions before the Court of First Instance, the fees are set out at Section III of the rules. For appeals and applications before the Court of Appeal, the fees are set out at Section IV of the rules. A link to a copy of the rules and their annexes is included below.<sup>2</sup>

A successful party will be entitled to recover reasonable and proportionate costs. A ceiling is set on recoverable costs, which is subject to the value of the claim. The scale of ceilings for recoverable costs is set out in the annex to the rules. The maximum award of recoverable costs is **€2 million** for a case valued at more than **€50 million**. For particularly complex cases, the ceiling may be raised but cannot exceed a maximum of **€5 million**. The court has discretion, on request of a party, to lower the ceiling if the amount of recoverable costs would threaten the economic viability of the requesting party, particularly if that party is a university, nonprofit organisation, public research organisation or natural person.

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## Notes

1. These are: Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, and Sweden. The following countries are likely to be covered by the unitary patent in the future: Cyprus, the Czech Republic, Greece, Hungary, Ireland, Poland, Romania and Slovakia.
2. [https://www.unified-patent-court.org/sites/default/files/agreed\\_and\\_final\\_r370\\_subject\\_to\\_legal\\_scrubbing\\_to\\_secretariat.pdf](https://www.unified-patent-court.org/sites/default/files/agreed_and_final_r370_subject_to_legal_scrubbing_to_secretariat.pdf)

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