

# **Berggren Guide to** the Unitary Patent & Unified Patent Court

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## Overview

After decades of discussion and years of delays, the provisional application period of the Unified Patent Court began in January 2022, setting in motion the final steps necessary for the court to begin operating. The planned start date for the system is 1 June 2023, at which point the European Patent Office will begin granting unitary patents and the first actions will be brought before the Unified Patent Court.

This guide is intended for applicants and owners of European patents, their in-house legal teams, and their local attorneys. After reading this guide, we hope that you will have a clear understanding of what the unitary patent and Unified Patent Court are, and how this new unitary patent system will impact your or your client's patent rights in Europe.

The unitary patent (UP) is a new type of European patent – a single patent that has legal effect in multiple European Union member states.

The Unified Patent Court (UPC) is a new European patent court that has exclusive jurisdiction over unitary patents and, by default, **also has jurisdiction over all European patents granted by the European Patent Office.**

The unitary patent and Unified Patent Court will therefore affect all applicants for and owners of European patents. The default action is change – in the short term, active steps must be taken to maintain the status quo. In the long term, changes are unavoidable. It is essential that applicants and owners of European patents understand the changes that are coming with the new system as well as the significant effects that these changes will have on their rights.

As a full-service IP firm with experienced patent attorneys and litigators under one roof, Berggren is strongly positioned to help our clients both protect their inventions and enforce their patents across Europe in the new unitary patent system. We have more than 30 experienced lawyers and European Patent Attorneys who will be entitled to represent clients before the Unified Patent Court.

Given the imminent start of the Unified Patent Court, the clock is now ticking for applicants to decide whether to opt-out of the UP system, to enthusiastically participate, or to find a suitable middle-ground.

Our patent attorneys and lawyers are available to discuss strategy, the practical implications of the new system, and any other questions that you might have.

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# The Unified Patent Court & Opt-Out

The Unified Patent Court, or UPC, is a brand-new court with exclusive competence for infringement and validity litigation relating to unitary patents, as well as “classic” European patents and supplementary protection certificates for products covered by such patents. The new system therefore has significant consequences for essentially all European patents.

Under the current European patent system, national courts handle such litigation individually for each patent in the bundle. If a proprietor wishes to sue a third party for infringement, or a third party seeks revocation, it must therefore be done essentially independently in individual countries.

Predictably, this process is expensive and inconsistent. In many countries the process can also be quite slow, and not every court has specialised patent judges with the necessary technical or legal backgrounds to produce high quality decisions. The Unified Patent Court is a single, specialized patent court, designed to address these issues.

Under the new system, actions for infringement and invalidity based on unitary patents can only be brought before the Unified Patent Court. By default, infringement and invalidity actions relating to “classic” European patents – or, to be more precise, relating to the nationally-validated patents in the countries that are participating the UP system – will also fall within the jurisdiction of the Unified Patent Court. However, during a transitional period of at least 7 years, transitional provisions allow for infringement or invalidity actions to be brought before the Unified Patent Court or national courts.

During the transitional period, it will also be possible for patent proprietors to “opt-out” of the Unified Patent Court’s jurisdiction, removing the possibility for an action to be brought before the Unified Patent Court. It should be carefully noted that opt-out is a step that needs to be actively taken – the default option is that both already-granted European patents and European patents granted in the future will fall within the Unified Patent Court’s jurisdiction. If a patent is not opted-out, the door is therefore open for a third party to bring an invalidity action in the Unified Patent Court, which could

result in the revocation of multiple national patents in a single, efficient procedure.

Almost every European patent and European patent application will be affected by the new system. Only European patents granted without being validated in any of the countries participating in the UP system will be outside the Unified Patent Court’s reach.

For those patents that are opted-out, it will be possible to withdraw the opt-out – to opt back in – but a patent can only be opted-out once. The decision to opt back in is therefore final. However, if an action is started before a national court while the patent is opted-out, it will not be possible to withdraw the opt-out and the patent will be permanently outside the UPC’s jurisdiction.

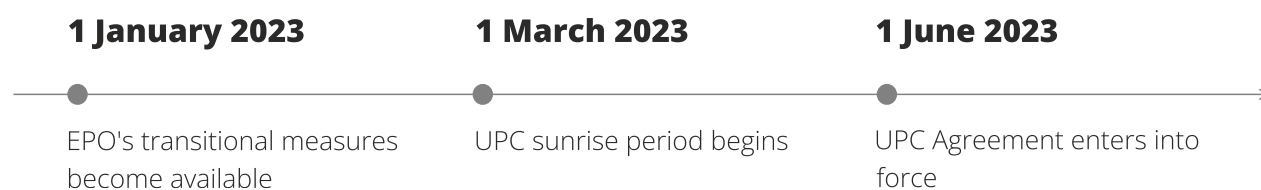
It is clear that patent owners and applicants will need to carefully consider the pros and cons of opting-out of the UP system or staying within it.

There is no one-size-fits-all answer to the opt-out question. While general strategies – such as opting-out by default, or staying in by default – may be common, the more valuable and important applications and patents in a portfolio should still be considered individually.

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# Current Status and Timetable

The unitary patent is not available yet, but we expect the system to start running on 1 April 2023. The process leading up to the start of the system and the timing has implications for when certain actions, such as opting-out, can and should be done.



## CURRENT STATUS

The Unified Patent Court entered its provisional application phase in January 2022. This means that the steps needed before the system can start running – such as hiring judges and other staff – can now take place. Judges' interviews have begun already, and development of the Unified Patent Court's IT systems is well under way.

The governing bodies of the Unitary Patent Court, such as the Administrative, Budget and Advisory Committees, have also been established and have begun work.

## THE SUNRISE PERIOD

The provisional application phase will end when the Unified Patent Court Agreement enters into force on the first day of the fourth month after Germany deposits its instrument of ratification with the Council of the European Union. The timing of this step will be carefully coordinated and will only happen once the UPC's Administrative Committee is confident that preparations for the court's operation are complete. Deposition of Germany's instrument of ratification will also begin the sunrise period, during which it will be possible to opt-out existing European patents from the jurisdiction of the Unified Patent Court.

Other transitional provisions will be provided by the European Patent Office, such as officially delaying the grant of European patents until the UPC Agreement enters into force to allow unitary patents to be obtained, will

*"The UPC sunrise period is expected to begin on 1 March 2023 with the court opening its doors on 1 June 2023. The EPO's transitional measures will be available from 1 January 2023."*

be available from 1 January 2023 onwards.

The Unified Patent Court's current estimate is that deposition of Germany's instrument of ratification will take place in February 2022, with the sunrise period starting on 1 March 2023 and the start of operations of the court, i.e. entry into force of the UPC Agreement, on 1 June 2023. The court says that further delays are unlikely.

## AFTER THE SUNRISE

Once the sunrise period ends and the UPC Agreement enters into force, it will be possible for proprietors and third parties to bring actions before the UPC for any unitary patents or any classic European patents that have not been opted-out. Where it has been decided to opt certain already-granted European patents out of the UPC's jurisdiction, it is therefore important that the European patents are opted-out during the sunrise period to eliminate the possibility of a third party beginning invalidity proceedings in the UPC before an opt-out is filed.

# Obtaining a Unitary Patent

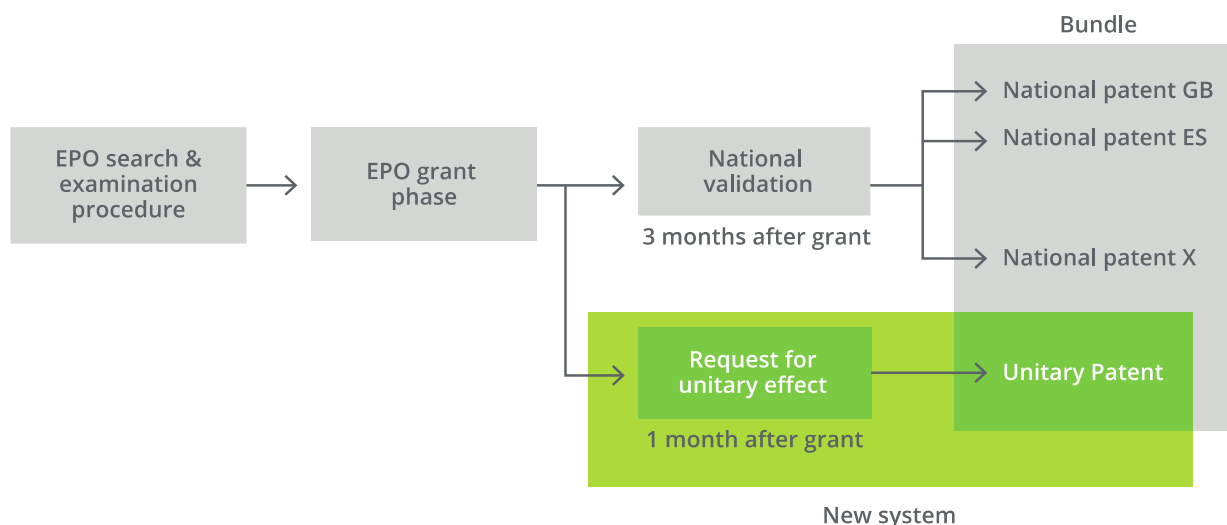
Unitary patents will be granted by the European Patent Office (EPO) after the normal examination and grant process for European patents. Importantly, there will be no changes to the pre-grant procedure at the European Patent Office.

Once the system is up and running, it will be possible to file a “request for unitary effect” with the EPO in order to obtain a unitary patent after the patent has been granted. The process for obtaining a unitary patent can therefore be seen as a new option as part of the existing national validation process.

In the flow chart below, the current EPO grant and post-grant processes are shown in grey. At the end of the current process, a bundle of national patents is

obtained in the countries that were selected for national validation.

Under the new unitary patent system, shown in green, a request for unitary effect is filed resulting in a unitary patent being issued instead of national patents in the participating countries. The unitary patent will then be part of a bundle, along with national patents in countries like the UK and Spain, which are not participating in the UP system.



## TRANSITIONAL PROVISIONS

During the sunrise period, which will begin three to four months before the official start of the new UP system, it will be possible to officially delay grant for applications already in the grant phase and to file an early request for unitary effect with the European Patent Office. The European Patent Office will then delay grant of the European patent until the unitary patent system officially starts, enabling a unitary patent to be obtained.

Nevertheless, even before the sunrise period, it may be possible to delay grant of European patent until it's possible to file an (early) request for unitary effect by drawing out the grant process. It should be relatively straightforward to delay approval of the text intended for grant until at least 12 months have passed since a communication indicating the EPO's intention to grant was first issued. This should be long enough to reach the sunrise period and file an early request for unitary effect.

## TRANSLATION REQUIREMENTS

To begin with, it will be necessary to file a full translation of the European patent specification in order to obtain a unitary patent. This requirement will be in place during a transitional period of at least six years.

If the language of the EPO proceedings was French or German, the specification must be translated into English. If the language of the EPO proceedings was English, then the specification can be translated into any other official language of an EU member state. The translation has no legal effect and is provided for information only.

Even though some of the countries participating in the UP system, like Germany and France, do not require translations to be filed in the national validation process, many other countries participating in the unitary patent system do require a translation of some or all of the specification into a local language. The requirement that only a single translation be filed for the unitary patent may therefore still reduce the overall translation costs compared to national validation.

For SMEs, non-profits, universities, public research organisations and individual applicants, a compensation scheme will be available to cover some or all of the costs of the translation of the specification, up to 500 €. However, to be eligible, the proprietor must reside or

have their principal place of business in an EU member state and must have filed the European patent application in an official EU language other than English, French or German.

## EPO OPPOSITIONS

While some changes are coming to post-grant procedure at the EPO, one aspect that will not change is the EPO opposition procedure. EPO oppositions have long been seen as a powerful but inexpensive way to challenge the validity of third-party patents.

The introduction of the unitary patent and Unified Patent Court will not change this. In fact, the EPO opposition procedure will continue to be the most effective way to challenge the validity of patents granted by the EPO – if a patent is revoked or amended following an EPO opposition, it will affect all nationally validated patents as well as a unitary patent.

Furthermore, the costs for litigation in the UPC are unlikely to be lower than the costs for litigation in any individual country. Indeed, given the higher stakes, it is reasonable to expect the costs for UPC litigation to be significantly higher. This only emphasizes the cost-effectiveness of an EPO opposition, which is typically an order of magnitude lower than the cost of litigation in the most significant European courts.



# Unitary Patent Costs and Renewal Fees

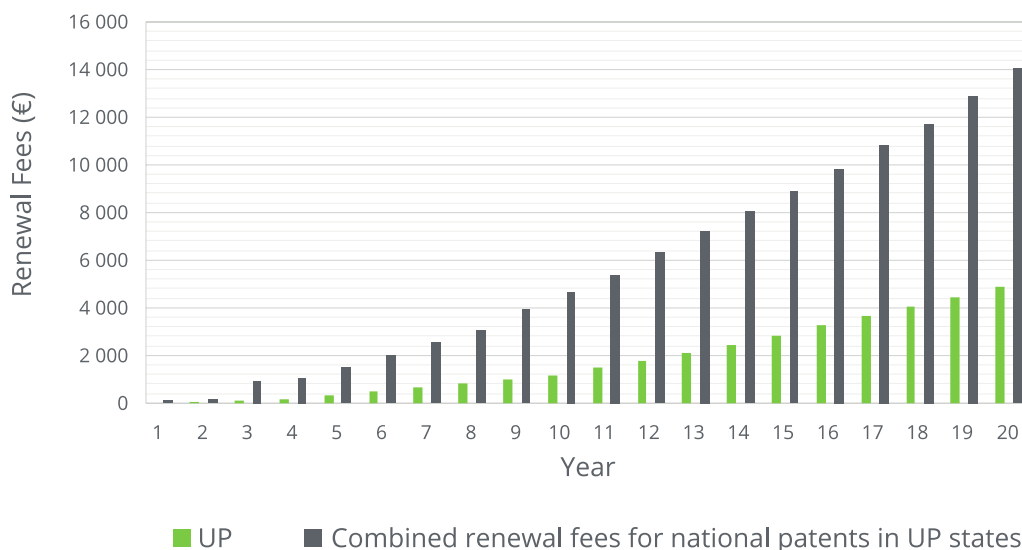
One of the stated aims of the unitary patent system is to make the process of obtaining pan-European patent protection more cost effective for applicants. There will be no official fee payable with the request for a unitary patent, and annual renewal fees have been set at relatively low level given the geographic scope of the unitary patent.

Renewal fees will be payable for unitary patents, just like the existing national rights that they replace, but in contrast to the current system, where a renewal fee is payable for every country in which the European patent has legal effect, the unitary patent will require only one, relatively attractively priced renewal fee for all participating countries.

The level of the renewal fees is roughly equal to the cost of the combined renewal fees in the four countries participating in the UP system that are most-commonly selected for national validation: Germany, France, Netherlands, and Italy. As a result, the renewal fees payable for a unitary patent are likely to be lower when the proprietor would have validated their European patent in five or more of the participating countries in the absence of the system.

Despite the apparent cost savings associated with unitary patent renewal fees, the fee is less flexible: if a unitary patent is obtained it will not be possible to reduce the renewal fee burden by dropping some national rights and leaving others in place. If the possibility of lower renewal fee is the primary motivator for obtaining a unitary patent, it should therefore be carefully considered whether or not the overall cost will actually be lower.

Finally, while there is no official fee payable with the request for a unitary patent, it will be necessary to file a full translation of the European patent in order to obtain a unitary patent during a transitional period of at least six years, as mentioned above. If an applicant normally only validates in countries like France and Germany, where there are no translation requirements after grant, then the translation cost could make the process of obtaining a unitary patent more expensive after all.



## New Options Post-Grant

The introduction of the unitary patent and Unified Patent Court will clearly have a significant impact on post-grant procedure in Europe. In addition to the existing question of *where* to obtain protection – which is not going away – it will now be necessary to ask *how* to obtain protection.

When protection is desired in those countries that are participating in the unitary patent system, there are now essentially three options post-grant: unitary patent, national validation (opted-out), and national validation (not opted-out).

The unitary patent option may be cheaper, both in terms of the cost of obtaining the unitary patent compared to multiple national validations and in terms of renewal fees, but it is ultimately the least flexible of the options. There is no flexibility in renewal fees, dropping some national patents and continuing with others, and no flexibility in the choice of court system – a unitary patent is always enforceable only before the Unified Patent Court.

The national validation options – opted-out or not – come with the additional flexibility in both renewal fees and court system but are likely to be more expensive than obtaining and maintaining a unitary patent.

Overall, there are many potential and real advantages and disadvantages associated with the unitary patent and Unified Patent Court, some of which we describe here:

### **BENEFITS OF CENTRAL INFRINGEMENT VS RISK OF CENTRAL REVOCATION**

The UPC will be a single forum in which enforcement and revocation actions related to a unitary patent will be handled and ultimately decided with effect across all of the participating countries that the unitary patent covers. The single forum may help to avoid parallel litigation across many of the EU's largest member states, and therefore avoid the multiplication of costs

associated with multiple cases being litigated in parallel. However, given the enhanced scope for both central enforcement and central revocation, the costs associated with a UPC action may well end up being higher than in any individual national court. Furthermore, central revocation of a granted patent is a significant risk for proprietors.

### **AN UNTRIED AND UNTESTED COURT**

At least at the start of the court, the UPC will be untried and untested and so the outcomes of cases may be quite unpredictable. Nevertheless, the UPC will attract many highly qualified technical judges and offer a relatively fast procedure, which in the long run will likely lead to consistency and reduced uncertainty.

### **REMAINING LEGAL ISSUES?**

Finally, there remain outstanding questions about the overall legality of the UP system within the framework of EU and national law of the member states, including issues around the departure of the UK from the UP system when it left the EU. For example, the UPC Agreement specifically refers to ratification of the agreement by the UK as one of the requirements for the start of the UPC. With the UK's departure from the EU and the UP system, some are arguing that the system cannot legally start unless the UPC Agreement is amended. Nevertheless, it seems unlikely that any of these issues will fully derail or cause the collapse of the UP system, but if there is even a small possibility of such an outcome, the consequences and therefore the risks associated with it are unknown.