



Unitary Patent & Unified Patent Court
AUTM Webinar, December 1, 2022

Berggren

For more than 85 years Berggren has helped businesses achieve success by assisting them with all aspects of their intellectual property rights. At Berggren we provide our clients with professional IP services throughout the entire IP life cycle, from initial creation to protection, enforcement, and monetization.

Founded in 1936 in Helsinki, Finland, the firm now has 8 offices throughout the country and a new office in Alicante, Spain that focuses on designs and trademarks. The Berggren team includes about 170 total employees, making it one of the largest IP firms in all of Europe. The firm has over 70 professionals, including 34 qualified patent attorneys, 20 EU trademark and design attorneys, 20 IP management and commercialization specialists and around 20 attorneys-at-law. Thus, unlike most IP firms in Europe, Berggren includes professionals, paralegals and IP specialists working on all aspects of intellectual property, from filing and prosecution to enforcement and commercialization.

This structure allows for the formation of specialized teams across various disciplines to manage a variety of activities, including, for example, emerging technologies and legal issues such as Data Protection, Artificial Intelligence, Medtech and 3D printing. For this reason, Berggren is uniquely positioned to provide assistance in such areas with a 360-degree view.





Robert Alderson

US Patent Attorney,
European Patent Attorney

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Robert is one of a very small number of intellectual property attorneys working at a European IP firm who has a law degree from the United States and is qualified to practice before both the United States Patent and Trademark Office and the European Patent Office.

His responsibility at Berggren primarily involves international business development activities. In such capacity, Robert often writes and speaks on a variety of intellectual property-related topics, particularly concerning comparative IP law issues. In his professional capacity, Robert has a great deal of experience in patent prosecution, litigation, licensing, opinion letter-writing, and IP due diligence matters.

Prior to moving to Europe over 10 years ago, he worked in New York as an intellectual property attorney for 14 years, including over 10 years in the IP group of an AmLaw 100 law firm.

A new patent & court system for Europe

- Unitary Patent (UP) and its effect on European patent prosecution.
- The Unified Patent Court (UPC) and post-grant proceedings.
- Licensing and contract considerations in view of the new system.





Michael Nielsen

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European Patent Attorney

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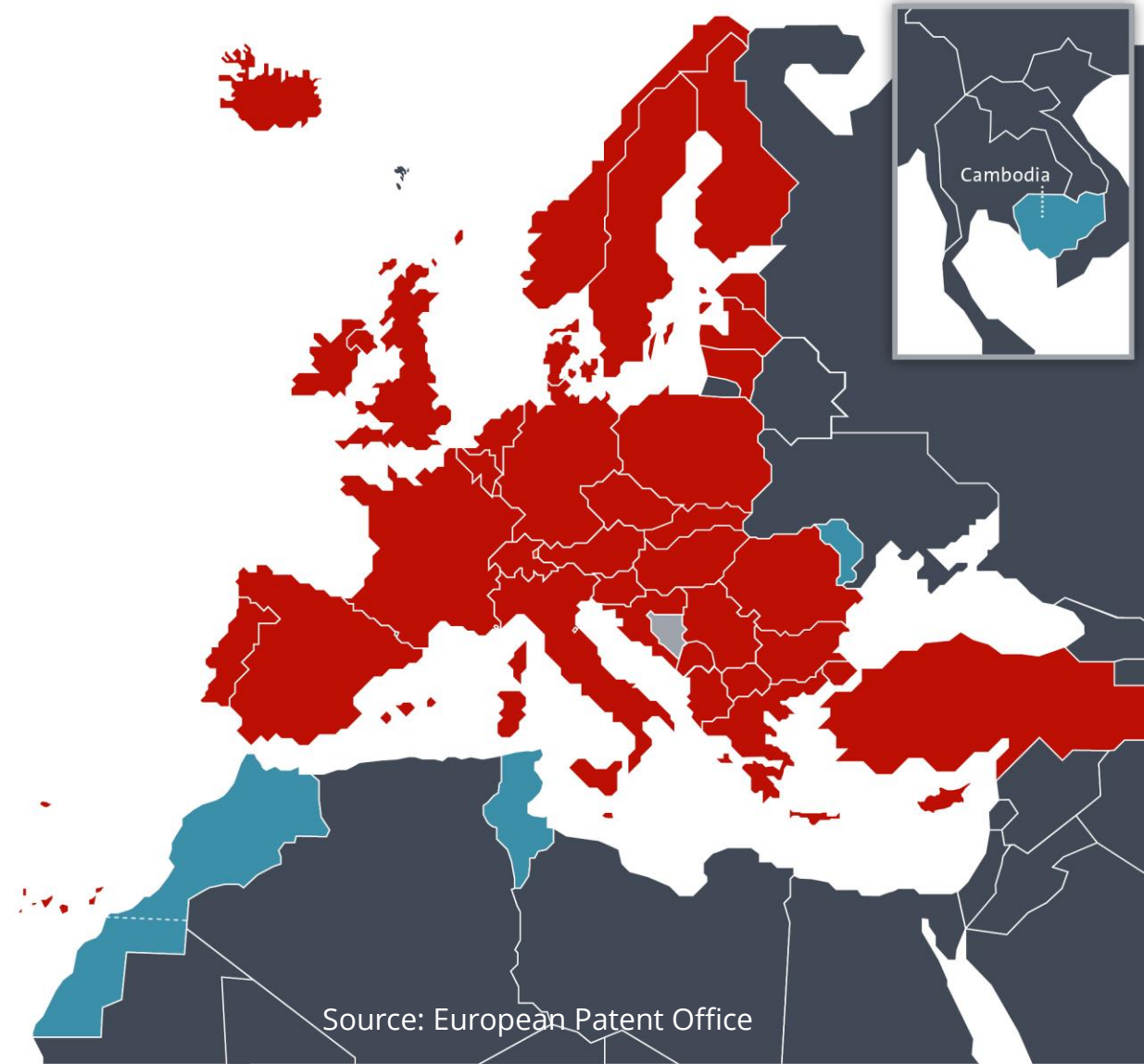
Michael is a European Patent Attorney and a Chartered Patent Attorney (UK). He specializes in European patent prosecution, oppositions and appeals primarily within the physics and medical device fields.

Michael studied theoretical physics at Imperial College London before beginning his career as a patent attorney at one of the top London IP firms. While working in London, he handled hundreds of European patent applications for non-EU clients, including several of the world's most valuable companies. He also gained valuable experience handling European Patent Office oppositions and appeals, infringement and validity opinions, and IP due diligence assignments for domestic and foreign clients.

Now based in Finland, Michael continues to handle EPO oppositions, appeals and patent applications, having particular success handling European patent applications that have been struggling to progress.

The current system

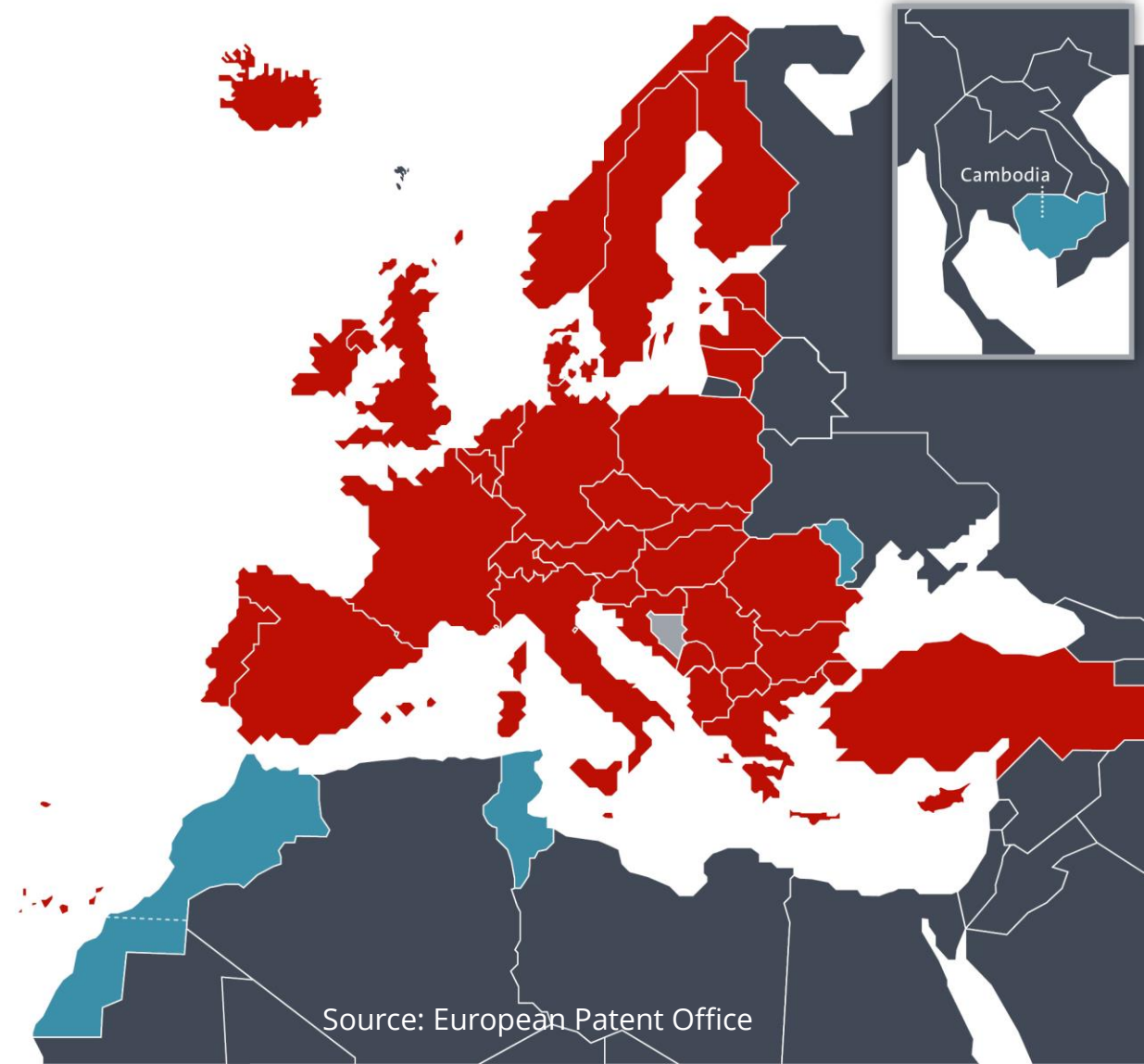
- The European Patent Office (EPO) examines and grants "European patents", which **must be validated in individual countries** in order to have effect.
- A European Patent currently can be validated in 39 contracting states (**red**), 1 extension state (**light grey**) and 4 additional validation states (**light blue**).
- The EPO is separate from the EU – all EU states participate in the current European patent system, but so do many non-EU states (the UK, Norway, Switzerland amongst others).



Source: European Patent Office

The current system

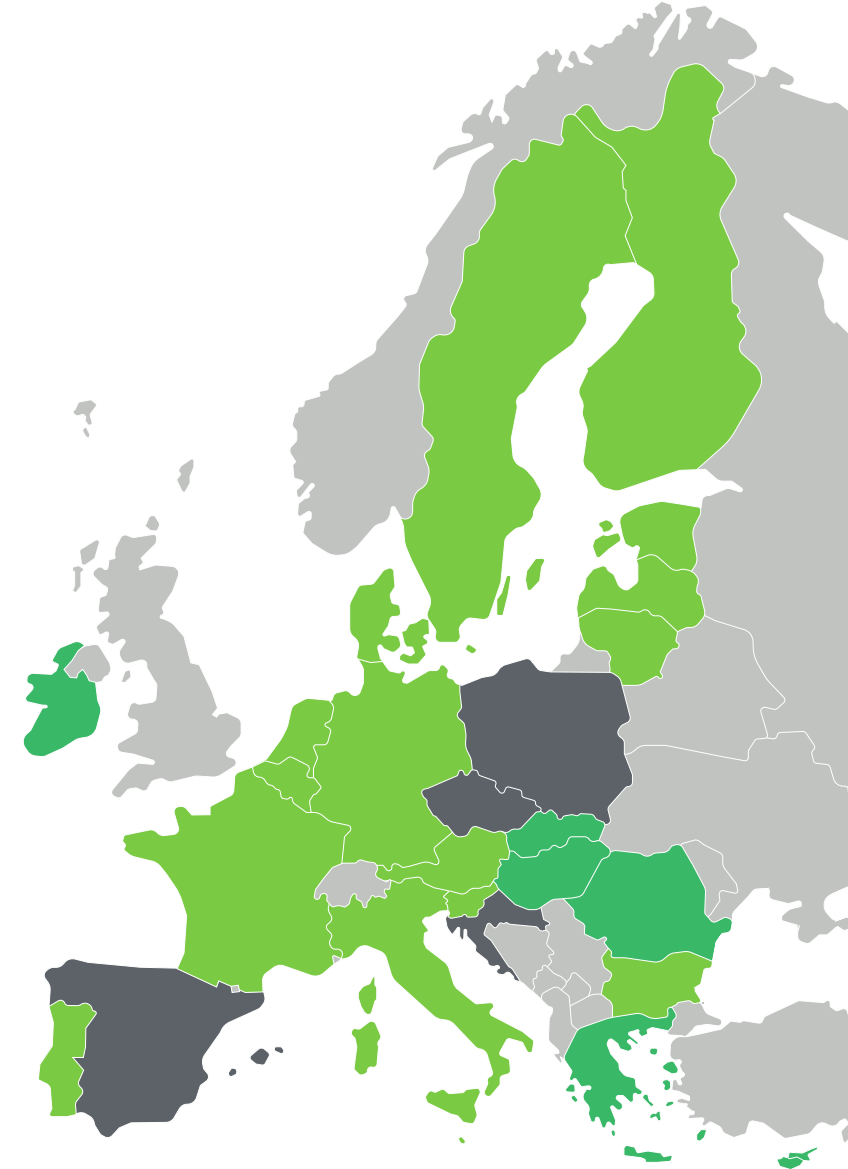
- Creates a "bundle" of national patents in individual countries.
- **No central infringement** proceedings.
- **No central revocation** proceedings after the EPO opposition period.
- Renewal fees payable in every validated state.



The Unitary Patent system

- The Unitary Patent is a single patent with “unitary” effect in multiple **EU** countries.
- The Unified Patent Court has exclusive jurisdiction over Unitary Patents and, by default, also has jurisdiction over **all European Patents** granted by the European Patent Office, **including those that have already been granted.**
- Unified Patent Court enables **centralized infringement and validity proceedings.**
- Single renewal fee payable for all participating countries.

- PARTICIPATING AT LAUNCH
- LIKELY TO JOIN LATER
- UNLIKELY TO JOIN LATER
- NOT ELIGIBLE TO JOIN



Countries participating at launch:

- Austria
- Belgium
- Bulgaria
- Denmark
- Estonia
- Finland
- France
- Germany
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Portugal
- Slovenia
- Sweden

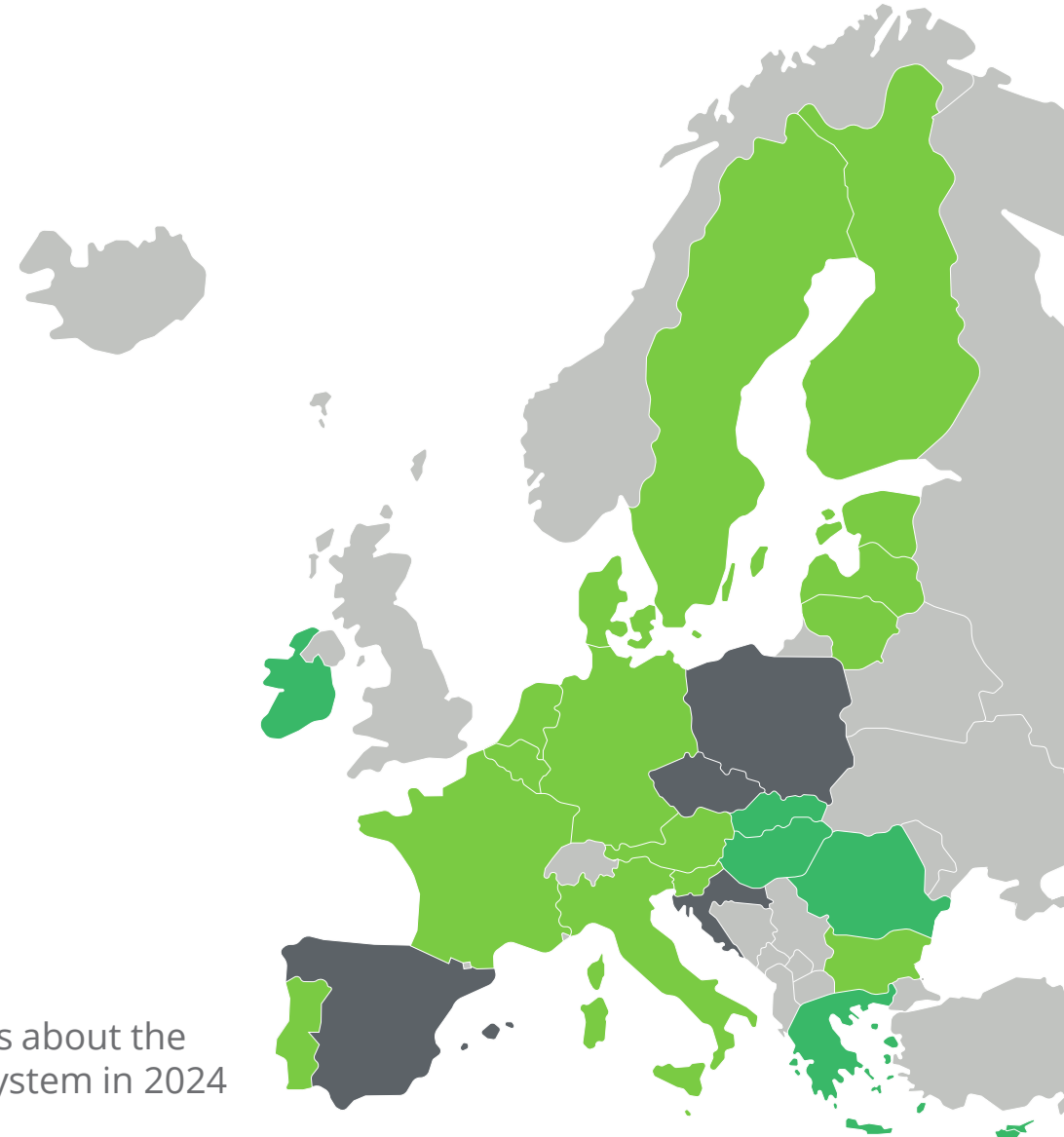
Likely to join later:

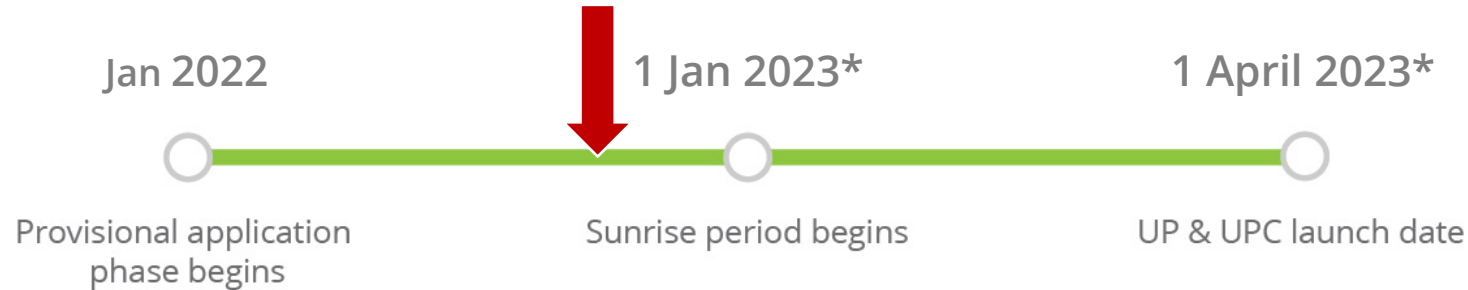
- Cyprus
- Greece
- Hungary
- Ireland
- Romania
- Slovakia

Unlikely to join later:

- Croatia
- Czechia
- Poland
- Spain *

* There have been recent discussions about the possibility of Spain joining the new system in 2024





Current status

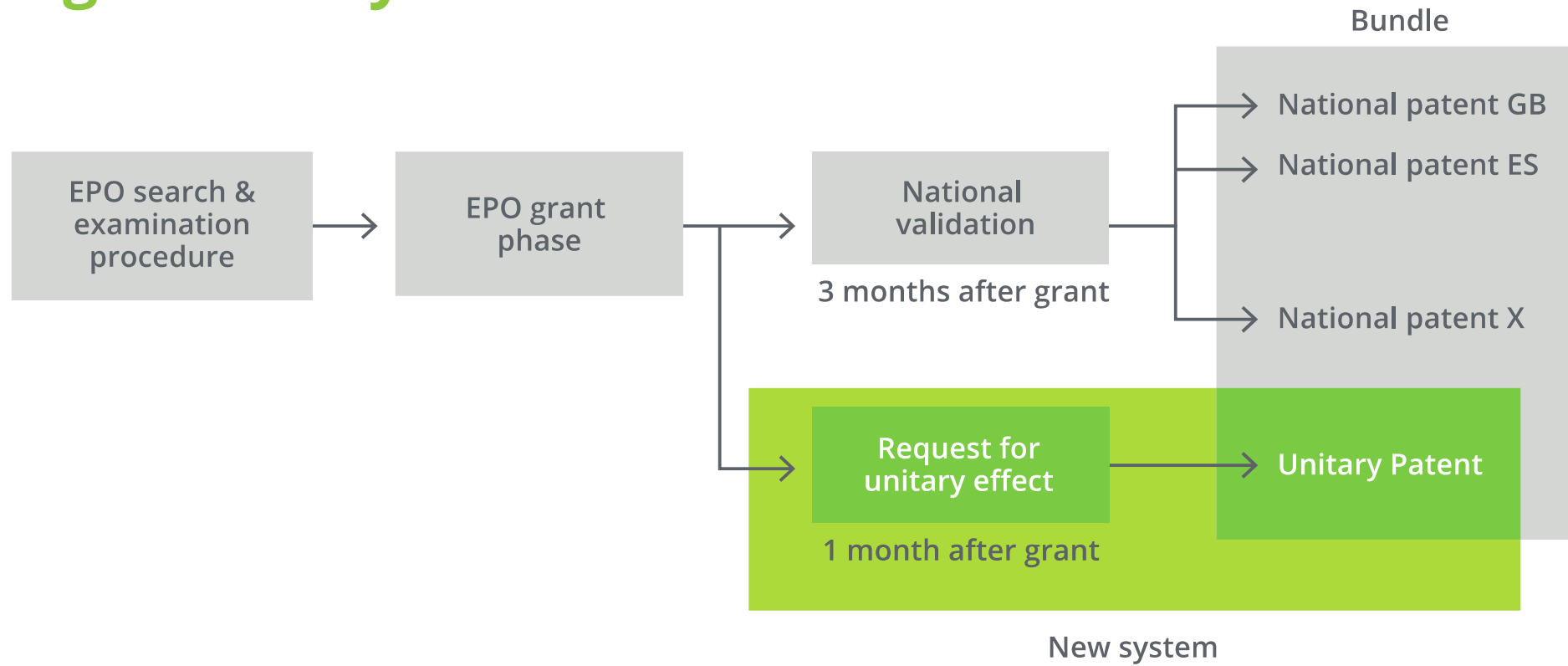
- After years of delays – Brexit, challenges to the system in German courts – the system is finally starting up.
- The so-called “provisional application phase” began in January 2022.
- The system is likely to start operating fully on **1 April 2023***.
- A three-month “sunrise period” will begin once the preparation during the provisional application phase is complete, likely on **1 January 2023***.
- During the sunrise period, many transitional provisions will come into effect, such as **opt-out** and **early requests for unitary effect**.

* These are planned dates according to a UPC roadmap published in October 2022, but may still change.

Obtaining a Unitary Patent

- Unitary Patents will be granted by the European Patent Office, **in the same way as existing European patents.**
- A Unitary Patent can be requested after grant, essentially **as part of the existing national validation procedure.**
- If a Unitary Patent is requested, it replaces the national patents in the participating countries in the bundle.
- National patents in countries not participating exist alongside the Unitary Patent in a new type of bundle.
- If a Unitary Patent is requested, it will not be possible to validate the European patent in the countries covered by the Unitary Patent.
- Double-patenting in some countries (e.g., Germany, Finland) may still be possible by filing a separate national application in parallel.
- If a Unitary Patent is not desired, **all current options remain available for now.**
- **No changes to the EPO opposition process**, still cheaper and more powerful than UP central revocation.

Obtaining a Unitary Patent



Transitional provisions

- During a transitional period of at least six years (possibly 12 years), **a full translation** of the European patent specification must be filed.
- If the application was filed in English, then the translation can be into any other official language of an EU member state.
- After the transitional period, it will no longer be necessary to file any translations in order to obtain a Unitary Patent.
- During the sunrise period (i.e., 3 months before the officially UPC start date), it will be possible to delay grant of a European patent application in order to obtain a Unitary Patent.
- Assuming the system starts in early 2023, it should already be possible to delay grant for long enough to file an early request for unitary effect.

Unitary Patent costs

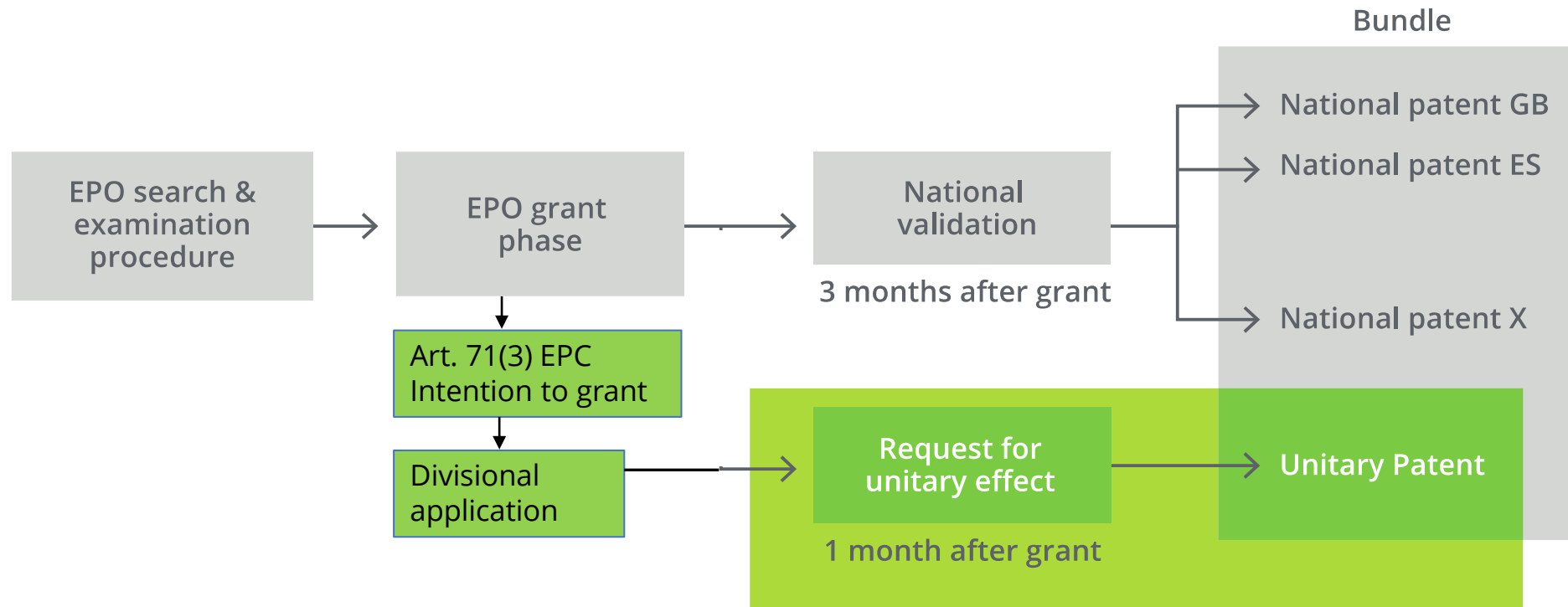
- The biggest cost implication for Unitary Patents is in renewal/maintenance fees.
- The fee level is roughly equal to the combined renewal fees of Germany, France, the Netherlands and Italy – the four most common national validation states.
- It's rare to validate in many countries, so cost saving may not be as spectacular as advertised but can be seen as getting extra countries "for free".
- UP renewal fee is all or nothing – can't drop individual countries to reduce burden.



Unitary Patent summary

- A new type of European patent **covering multiple EU states** allowing **central infringement and revocation** actions.
- The Unitary Patent will be granted by the European Patent Office in the same way as existing European patents – **no changes to existing EPO practice before grant**.
- **No changes to the EPO opposition process** either – still possible for all patents, unitary and national, to be revoked centrally.
- If desired, a Unitary Patent must be requested **within 1 month of grant of the European patent**, alongside the existing national validation process.
- The Unitary Patent system is likely to start in **Q1 2023**.
- It should already be possible to **delay grant** of European patents in the application stage in order to obtain a Unitary Patent.
- **Renewal costs** for Unitary Patents will be lower if the Unitary Patent replaces national patents in 5 or more countries.

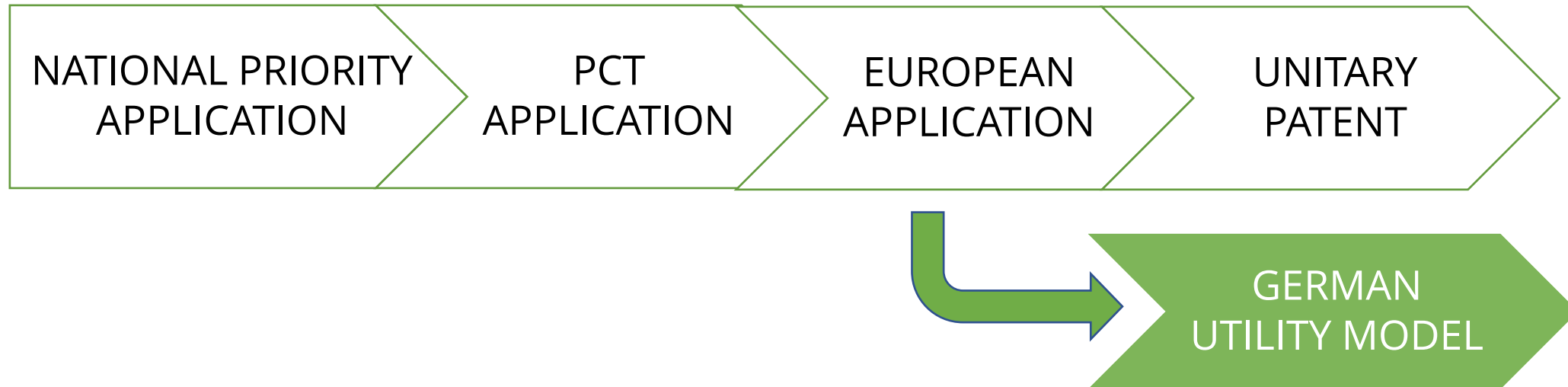
Strategic Option 1: Use Both Systems in Parallel



Strategic Option 2: double patenting



Strategic Option 3: split off a utility model from a European patent application



Unitary Patent & Unified Patent Court

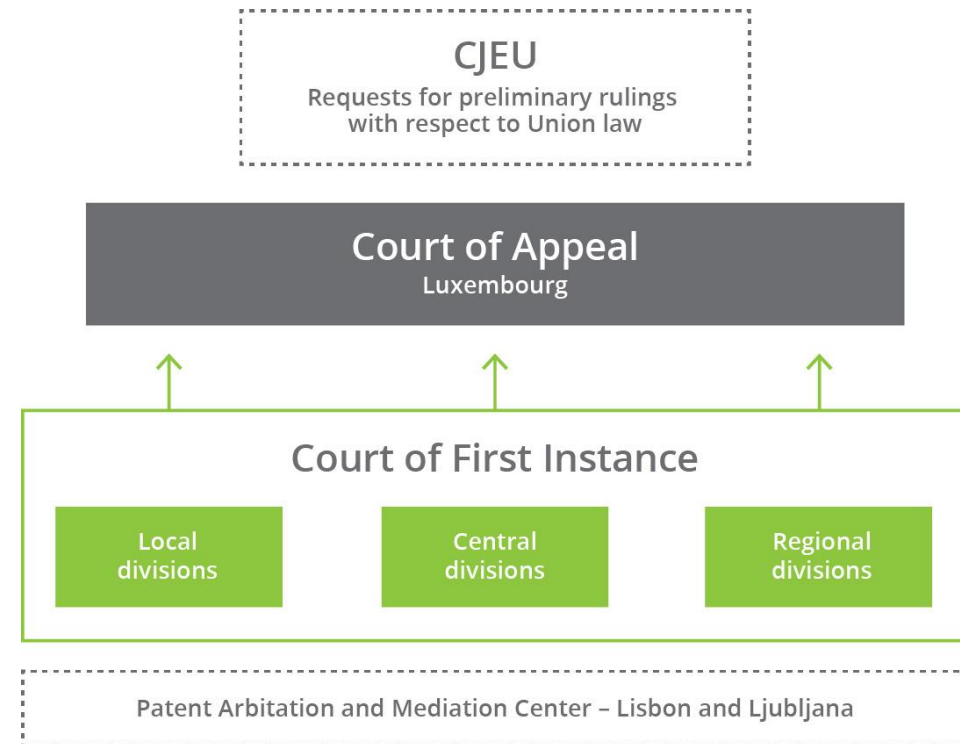
A new patent & court system for Europe

- The Unified Patent Court (UPC)



The Unified Patent Court

- The UPC is made up of a court of first instance and a court of appeal.
- The court of first instance has several divisions located around Europe, including one in Helsinki.
- The court of appeal is based in Luxembourg.
- The Court of Justice of the EU will be a supplementary court for preliminary rulings related to European Union law.
- Arbitration and mediation centers will be located in Portugal and Slovenia.



UPC structure

CENTRAL DIVISION

- Actions for revocation
- Actions for declaration of non-infringement



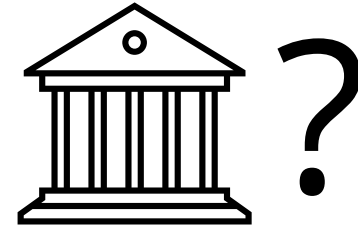
PARIS

- (B) Performing operations, transporting
- (D) Textiles, paper
- (E) Fixed constructions
- (G) Physics
- (H) Electricity



MUNICH

- (F) Mechanical engineering, lighting, heating, weapons, blasting



~~LONDON~~

- (A) Human necessities
- (C) Chemistry, metallurgy

UPC structure

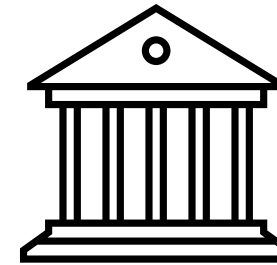
LOCAL OR REGIONAL DIVISIONS

- Infringement actions
- Actions for provisional and protective measures and injunctions
- Actions for damages or compensation derived from provisional protection conferred by a published EP application
- Actions relating to use of the invention prior to the grant of the patent or to rights based on prior use of the invention



LOCAL DIVISIONS (as of November 2022)

- Vienna (Austria)
- Brussels (Belgium)
- Copenhagen (Denmark)
- Helsinki (Finland)
- Munich (Germany)
- Mannheim (Germany)
- Düsseldorf (Germany)
- Hamburg (Germany)
- Milano (Italy)
- Paris (France)
- The Hague (Netherlands)
- Lisbon (Portugal)
- Ljubljana (Slovenia)



REGIONAL DIVISION (as of November 2022)

- Stockholm (Sweden): Nordic / Baltic division (Estonia, Latvia, Lithuania, Sweden)

UPC counterclaim of invalidity



LOCAL / REGIONAL DIVISION

If a counterclaim for revocation is brought in an action for infringement, the local or regional division concerned shall, having heard the parties, has the discretion to:



Proceed with both actions



Refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement



With the agreement of the parties, refer the case for decision to the central division

Rule 75 – Revocation action and subsequent infringement action

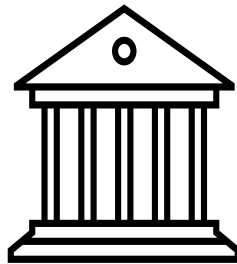
CENTRAL DIVISION

LOCAL / REGIONAL



Revocation Action

FOLLOWED
BY



Action for infringement



Counterclaim for revocation



Proceed with both infringement and counterclaim for revocation



Refer the counterclaim for revocation for decision to the central division and suspend or proceed with the action for infringement

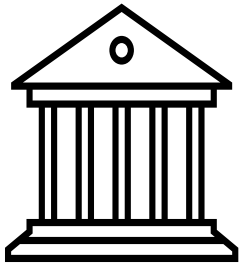


With the agreement of the parties, refer the case for decision to the central division

Rule 76 – Actions for declaration of non-infringement and subsequent action for infringement

CENTRAL DIVISION

LOCAL / REGIONAL



FOLLOWED BY

Action for declaration of non-infringement

Action for infringement

Action for infringement

3 MONTHS

Within 3 months, the central division shall stay all further proceedings in the action for a declaration

After 3 months, there shall be no automatic stay, but the presiding judges of the central division and the local or regional division concerned shall consult to agree on the future progress of proceedings including the possibility of a stay of one action

Interim measures

- The UPC will have the power to grant several provisional and protective measures and injunctions:
 - Orders to preserve evidence and the inspection of premises
 - Orders to produce evidence
 - Freezing orders
 - Preliminary injunctions
 - Seizure or delivery up of products and property of the alleged infringer, including bank accounts and other assets
- Before granting an injunction, the court will weigh the interests of the parties and consider factor such as the potential harm for both parties.
- Other factors will include the outcome of any opposition proceedings before the European Patent Office or proceedings before a national court (i.e., on other national patents in the bundle).

Fees & recoverable costs

- The fee for most actions is 11,000 € plus a “value-based fee” set according to the value of proceedings.
- Value of proceedings based on many different factors, such as the summed values of the main remedies claimed.
- Value of proceedings will not normally be the claimant’s loss of profits or the defendant’s profits gained – these are too complex to be determined at the beginning of proceedings.
- The UPC Rules of Procedure, including the fees etc., were adopted on 8 July 2022 and entered into force on 1 September 2022.

Value of proceedings	Value-based fee	Recoverable costs
up to 250 000 €	0 €	up to 38 000 €
up to 500 000 €	0 €	up to 56 000 €
up to 1 000 000 €	2 500 – 4 000 €	up to 112 000 €
up to 2 000 000 €	8 000 – 13 000 €	up to 200 000 €
up to 4 000 000 €	20 000 – 26 000 €	up to 400 000 €
up to 8 000 000 €	32 000 – 52 000 €	up to 600 000 €
up to 16 000 000 €	58 000 – 100 000 €	up to 800 000 €
up to 30 000 000 €	100 000 – 150 000 €	up to 1 200 000 €
up to 50 000 000 €	250 000 €	up to 1 500 000 €
over 50 000 000 €	325 000 €	up to 2 000 000 €

Pros and Cons of the UPC

Pros

As a patentee, the UPC is a single forum in which enforcement actions can be pursued across multiple countries

UPC judges are specialist patent judges and early participation in the system gives you a say in its development

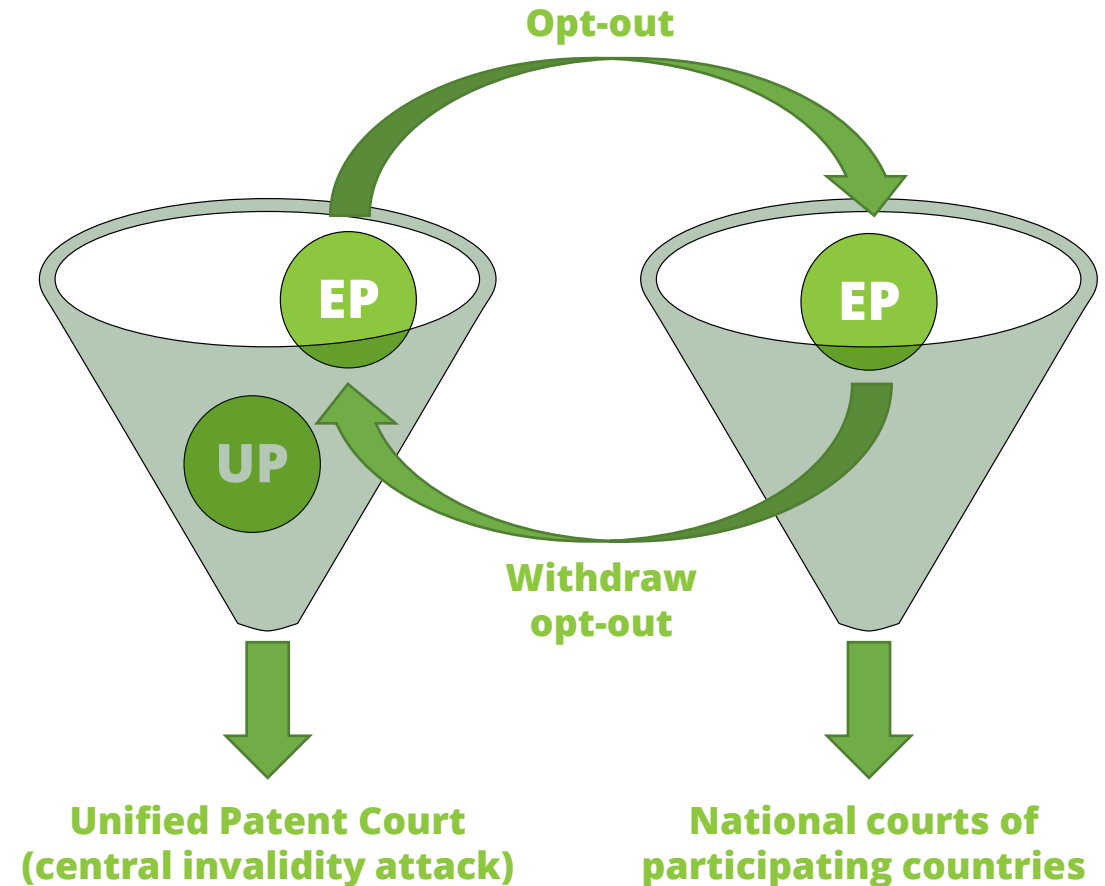
Cons

As a patentee, your patent can be centrally revoked across multiple countries

The UPC is untried and untested, with a legal system that is derived from a mix of civil and common law systems, results difficult to predict

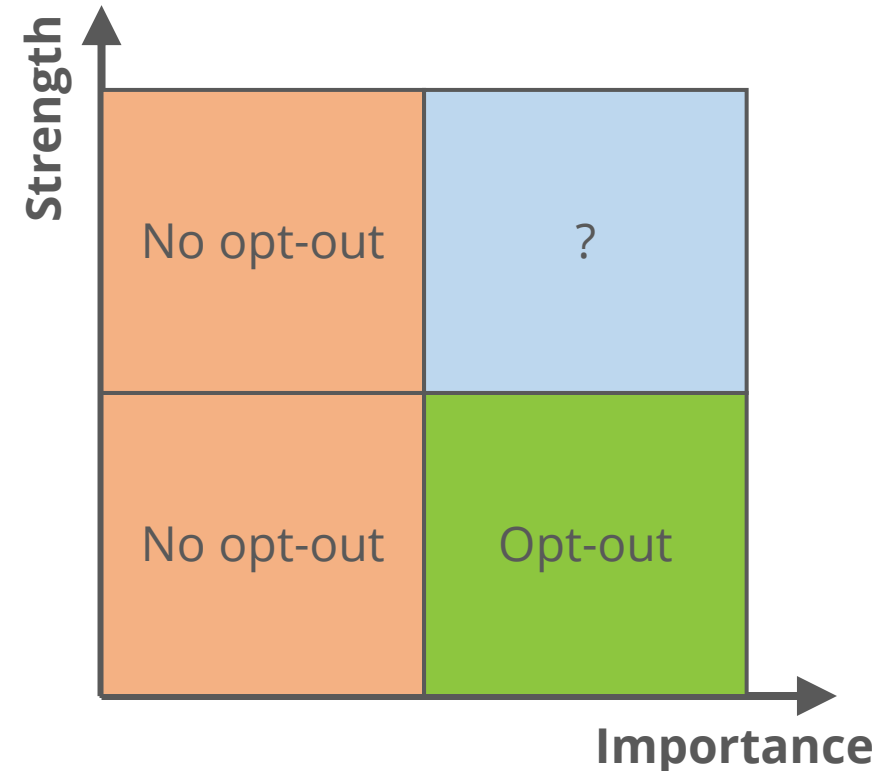
Opt-out

- During a transitional period of at least 7 years (perhaps 14 years), it will be possible to opt classic European patents out of the UPC's jurisdiction.
- Opt-outs are only for classic European patents – Unitary Patents cannot be opted-out.
- If a classic European patent **is not opted-out**, it will be possible for a third party to bring a revocation action at the UPC, which could lead to **central revocation** of all national patents in the countries participating in the UP system.
- A patent only can be opted-out once so if the opt-out is withdrawn, the patent cannot be opted-out again.



Opt-out decision matrix

- No one-size-fits-all approach to opt-outs.
- However, there are some basic rules that could be a rough guide, based on the strength and importance of each patent.
- For low-importance cases, opt-out may not be needed.
- For weak, high-importance cases, opt-out is important to avoid central revocation.
- Strong, high-importance cases should be considered on a case-by-case basis.



Impact on License and Collaborative Agreements

- Opt-Out / Opt-In and licensing
- Standing to Sue
- Impact on Contract Drafting
- Impact on Patent Prosecution Management Clauses
- Impact on Litigation Management Clauses
- Impact on Representations and Warranties
- Territorial Scope
- Applicable Law for a Unitary Patent as an Object of Property
- Statement of License
- Impact on the Value of the License





Mariella Massaro

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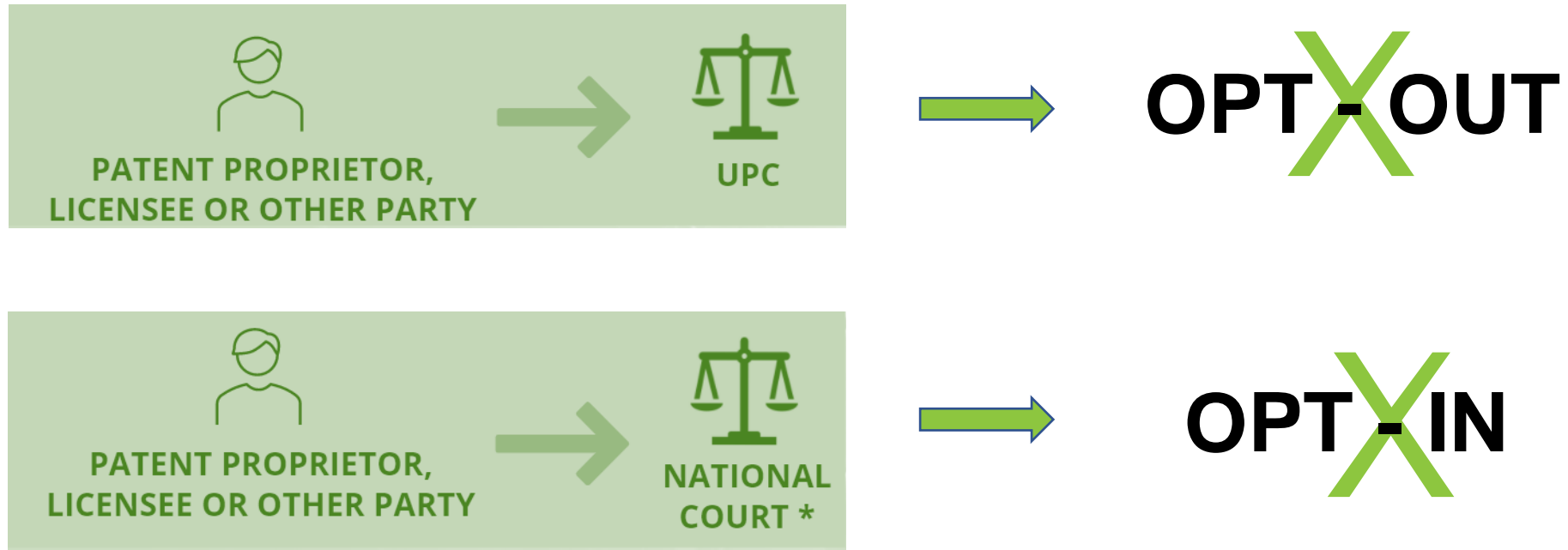
Mariella is a Certified Licensing Professional (CLP) and she works on all aspects of license and collaborative agreements in key global markets.

Mariella practiced for 15 years in Italy as an IP attorney-at-law assisting a variety of clients, including high-tech and software companies, iconic design and fashion houses, research institutions and start-ups.

Mariella is also a member of Berggren's International Client Relations team, ensuring that foreign clients receive excellent legal services, tailored to their needs and expectations.

Opt-Out / Opt-in: Beware the “Pinning Effect”

Once litigation before either the UPC or a national court has started, the forum is locked-in for the rest of the patent’s life.



* IN A MATTER OVER WHICH THE UPC HAS JURISDICTION

Standing to Sue (Art. 47 UPCA)

- **PROPRIETOR**

- (1) The patent proprietor shall be entitled to bring actions before the Court.
- (4) In actions brought by a license holder, the patent proprietor shall be entitled to join the action before the Court.

- **EXCLUSIVE LICENSEE**

- (2) Unless the licensing agreement provides otherwise, the holder of an exclusive license in respect of a patent shall be entitled to bring actions before the Court under the same circumstances as the patent proprietor, provided that the patent proprietor is given prior notice.

- **NON-EXCLUSIVE LICENSEE**

- (3) The holder of a non-exclusive license shall not be entitled to bring actions before the Court, unless the patent proprietor is given prior notice and in so far as expressly permitted by the license agreement.



Impact on Contract Drafting: Introduction

Under the new system, the interests of the patent owner/licensor and the licensee may not be as aligned as in the current system: an exclusive licensee may be more interested in the availability of a central infringement action while the owner may be more concerned about avoiding a central revocation proceeding



As an owner, review your license agreements to implement an appropriate patent prosecution and litigation strategy in coordination with your licensee(s)



Photo by Christina@wocintechchat.com on Unsplash

Impact on Patent Prosecution Management Clauses

Co-ownership agreements:

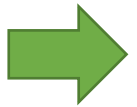
- **check existing co-ownership agreements relating to European patents / applications / SPCs and negotiate:**
 - opt-out strategies for granted patents / SPCs (all co-owners of a patent must opt-out, so the consent of ALL co-owners is needed)
 - post-grant strategies for pending patent applications or future applications based on existing agreements: unitary patent vs. classic European patent
- **carefully draft future joint ownership agreements (e.g., joint R&D) to ensure that appropriate processes are in place for managing opt-out / opt-in and unitary effect decisions:**
 - which party (or parties) decides the type of the future patent(s) (classic European patents or Unitary patents)?
 - which party (or parties) decides on opting-out / opting-in classic European patents?
 - which party (or parties) is responsible for implementing these decisions and/or bear the associated costs?



Impact on Patent Prosecution Management Clauses

License agreements:

Even if only the patent owner is entitled, under the new system, to validly opt-out / opt-in and to decide what type of patent would be requested after grant, it's also advisable to clarify these points in license agreements, especially when a licensee has an active role in the prosecution of the European patent application.



Avoid ambiguity!



Photo by Frederick Medina on Unsplash

Impact on Litigation Management Clauses

License agreements:

Under art. 47 UPCA, an exclusive licensee has the right to bring an action before the UPC without obtaining the prior consent of the licensor, thus the patent owner needs to expressly include such requirement in the license agreement in order to retain control over any potential litigation.

In addition, such control over litigation is necessary for the patent owner to secure its right to opt-out / opt-in without interference from a licensee (which can happen if the licensee brings an action before the UPC or a national court).



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Impact on Representation and Warranty Clauses

License agreements:

To ensure that the opt-out or unitary effect procedure is carried out properly, a licensee may request additional representations and warranties about the licensor's status as a sole owner and/or the ability of the licensor to obtain the necessary consent from other co-owners.



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Territorial Coverage of the Unitary Patent

WHEREAS 7 AND ARTICLE 3 REG. (EU) No 1257/2012 :

The main feature of a European patent with unitary effect should be its unitary character, i.e., providing uniform protection and having equal effect in all participating Member States.

Consequently, a European patent with unitary effect should only be limited, transferred, or revoked, or lapse, in respect of all participating Member States.

It should be possible for a European patent with unitary effect to be licensed in respect of the whole or part of the territories of the participating Member States.

Territorial Coverage of the Unitary Patent

Impact on contract drafting:

- Because of its unitary effect, a Unitary Patent cannot be assigned to less than all participating member states (e.g., only for Germany).
- In contrast, it is possible to have multiple licensees for different participating member states, but consider difficulties in:
 - coordinating strategy for opting out/in
 - managing the risk of a central revocation attack



Photo by Frederick Medina on Unsplash

Applicable Law

The Unitary Patent

According to Art. 24 of the UPC Agreement, the Unitary Patent will be subject to the following laws (in order): EU Law (incl. EU Reg. 1257/2012 and 1260/2012), the UPC Agreement, EPC and other international agreements regarding patents and national law

The Unitary Patent as an Object of Property

Example of issues related to a patent as an object of property: validity of the license, right to grant licenses, rights of the joint applicant (e.g., the right to bring an action or assign its share of the patent), use of the patent as collateral, etc.

According to article 7 Regulation (EU) No 1257/2012, a Unitary Patent as an object of property will be treated as a national patent of the participating member state in which:

- 1) the applicant has its residence or principal place of business or, if not, where the applicant has a place of business OR
- 2) the joint applicant indicated first in the European Patent Register has its residence or principal place of business (if none, then the joint applicant indicated first has “a place of business”) OR
- 3) the EPO has its headquarters (→ German law), if none of the applicants has its residence or principal place of business or a place of business in a participating member state

The Unitary Patent as an Object of Property

ART. 7 REGULATION (EU) No 1257/2012

EXAMPLES OF APPLICABLE LAW TO THE UNITARY PATENT AS AN OBJECT OF PROPERTY IN THE EVENT OF JOINT APPLICANTS:

- 1) Joint applicants from USA and France (residence or principal place of business or a place of business) → French law
- 2) Joint applicants from USA, Finland (residence or principal place of business) and France (residence or principal place of business) → Finnish law
- 3) Joint applicants from USA, Finland (a place of business) and France (residence or principal place of business) → French law

Impact on the Value of the License

Factors to consider in assessing the value of a Unitary Patent:

- 1 - the maintenance of the Unitary Patent is less expensive (less than 5.000 euro in renewal fees for the first 10 years) and translation costs are also reduced
- 2 - the Unitary Patent covers a large territory
- 3 - the Unitary Patent allows for injunctions and other provisional and/or permanent measures along with appropriate damages with respect to all territories where the patent has effect

On the other hand, these factors, which enhance the value of the Unitary Patent, come with the risk of a central revocation attack. If a licensee is interested in enforcing the patent quite aggressively, this increases the risk for the owner and any other licensee of losing such patent in just one proceeding.

In light of the above, the licensor should consider how to retain more control over the prosecution and litigation of Classic European/Unitary Patents in order to create customized strategies for maximizing the value and minimizing the risks with respect to key inventions.

Additional information & resources

- [Berggren UP/UPC website](#)
- [UPC timeline & checklist](#)
- [European Patent Office unitary patent page](#)
- [UPC Frequently Asked Questions](#)





autm

Transforming Ideas into Opportunities