

The Unitary Patent and Unified Patent Court system

Summary

A new Unitary Patent (UP) system, which has been many years in the making, is scheduled to come into force on 1 June 2023 which will affect users of the European patent system. The new system will affect businesses with existing patents in the relevant countries and with pending European patent applications. The main changes will be to the grant process and to post-grant litigation.

This is a brief note to introduce a significant and complex change to the European patent landscape. Each business' circumstances will be different, and this note should not be relied upon as complete advice for their situation. Please contact us to discuss your portfolio in detail.

Background

For many years the EU has been attempting to introduce a single (i.e. unitary) patent system, to supplement and/or eventually replace the classic bundle of national rights which arise from the current system.

Currently, when the European Patent Office (EPO) grants a European patent application, the option to validate the granted patent in national territories of interest is available after grant. The European Patent Convention (and thus the EPO and granted patents) covers approximately 40 countries, including EU and non-EU countries. The UK, Switzerland, Norway, Turkey and others are non-EU members of the EPO system. European patents validated in non-EU countries are not directly affected by the upcoming changes.

Enforcement and challenge of rights

Significant changes will be brought in by the new system for the litigation of a patent – in terms of enforcing granted patents and challenging them. Existing national patents within the relevant countries (see below) will fall under the jurisdiction of the new Unified Patent Court as soon as the system commences, even if they were granted under the classic bundle system – unless the owner(s) of those national patents opt out of the system. An existing bundle patent which is not opted out could potentially be enforced or challenged via the relevant national court or the new Unified Patent Court.

Existing patents in a relevant country will automatically be opted in to the new system as soon as it commences. The owner(s) of a patent in a relevant member country can choose to opt a patent out of the Unified Patent Court system at any time during an initial seven-year transition period. If a patent is opted out, it can later be opted in – but importantly it cannot be opted out for a second time. Once the transition period ends, all patents will be opted in.

Each patent **family** can be opted in or out individually so a strategy will need to be developed on a family or portfolio basis.

Grant stage

Currently, following grant of a European patent, the proprietor chooses the individual states where the granted patent is to be validated to enter into force. Once the new system is in place, for newly-granted European patents, the applicant(s) will have a choice of validating the patents nationally as a classic bundle or via a new single Unitary Patent to cover all of the countries which are members of the unitary system at that stage. The grant formalities will be different for classic bundle rights and the new Unitary Patent and deadlines are short. Care will need to be taken to make decisions quickly when a European patent application reaches the allowance stage.

It will not be possible to have a Unitary Patent and also a national patent in a country covered by that Unitary Patent.

The new system will have potential cost benefits at the time of grant and also subsequently for annual maintenance payments (see below). Please get in touch with us to discuss these in more detail.

Member countries – not all EU member states will take part

The Unitary Patent system will initially cover the following EU countries: Austria, Belgium, Bulgaria, Germany, Denmark, Estonia, Finland, France, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovenia and Sweden.

The following EU countries may also join at the outset: Czech Republic, Greece, Hungary, Ireland, Romania, Slovakia but have not yet ratified the relevant agreements.

Notably, Spain, Poland and Croatia are not currently intending to join the system. European patent protection will remain available in those countries via the classic bundle system.

Importantly, EU countries can join the Unitary Patent system subsequently but a Unitary Patent granted before a new country joins will not extend its territorial extent to include the new member country.

Commencement date

Currently, the new system is due to commence on 1 June 2023, with a "sunrise" period starting on 1 March 2023. It will be important for businesses to have considered their view of the new system ahead of its implementation.

Potential benefits

- the European validation process should be streamlined for those UP countries;
- if a patent is to be validated in wide range of countries there could be significant cost savings under the UP compared with the current bundle system;
- post-grant renewal fees could be less expensive for a unitary patent validation than for a number of national validations;
- it will be possible to enforce patent rights under the UP system in a single court with the decision being effective in all UP member countries;

- there will be UP-wide validity/revocation litigation – third party opted in rights could be knocked out across the whole territory in a single procedure.

Potential drawbacks

- there will be UP-wide validity/revocation litigation – your opted in rights could be knocked out by a third party across the whole territory in a single procedure;
- if a unitary patent is chosen on grant, it is not possible to reduce the post-grant renewal fees by dropping individual countries.

Practical steps

Given that existing patents in the member countries will automatically be opted in to the new system, patentees will need to consider carefully whether they wish to opt their existing granted patent families.

We recommend that serious consideration is given to the opportunity to opt all existing relevant patent families out of the system at the outset.

Businesses with pending European patent applications will need to consider whether to try to obtain grant of their applications before the new system comes into effect or to delay grant until after the new system comes into effect. There could be important consequences of that decision given the life of a patent is up to twenty year. One factor in the decision making process is the number of countries in which a patent is normally validated under the current bundle system, as well associated costs for translation requirements, if any.

Please contact us for further information.

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