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European update: Unitary Patents – The Essential Facts

The European Patent Convention (EPC), which established the European Patent Office (EPO), and came into force in 1978, always envisaged that one day there would be a single or “unitary” patent in Europe:

“Any group of Contracting States, which has provided by a special agreement that a European patent granted for those States has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.” (Art. 142(1) EPC)

Nearly 40 years later, it is expected that a special agreement (EU Regulations 1257/2012 and 1260/2012, or UPC Agreement (UPCA)) will soon come into force **despite the UK Brexit Referendum vote outcome**. On January 16th 2017, the Preparatory Committee of the Unified Patent Court (UPC) signalled that the UPC could become operational as of 1st December this year, if both the UK and Germany ratify the UPCA before 1st August 2017.

European Patent with Unitary Effect

However, the special agreement does **not** provide for a single patent covering all of the 38 Contracting States of the EPC as first envisaged, **nor** will it be a single patent covering all of the 28 Member States of the European Union.

Instead it will be a “European Patent with Unitary Effect” (EPUE), only covering those EU countries which have ratified the UPC agreement. As the agreement has been brokered by the EU, the new Unitary Patent will only cover participating EU Member States within the EPC system, i.e. non-EU countries within the EPC (Switzerland, Liechtenstein, Norway, Turkey, Monaco, Iceland, Macedonia, San Marino, Albania and Serbia) will always be outside the jurisdiction of the UPC and European Patents with Unitary Effect.

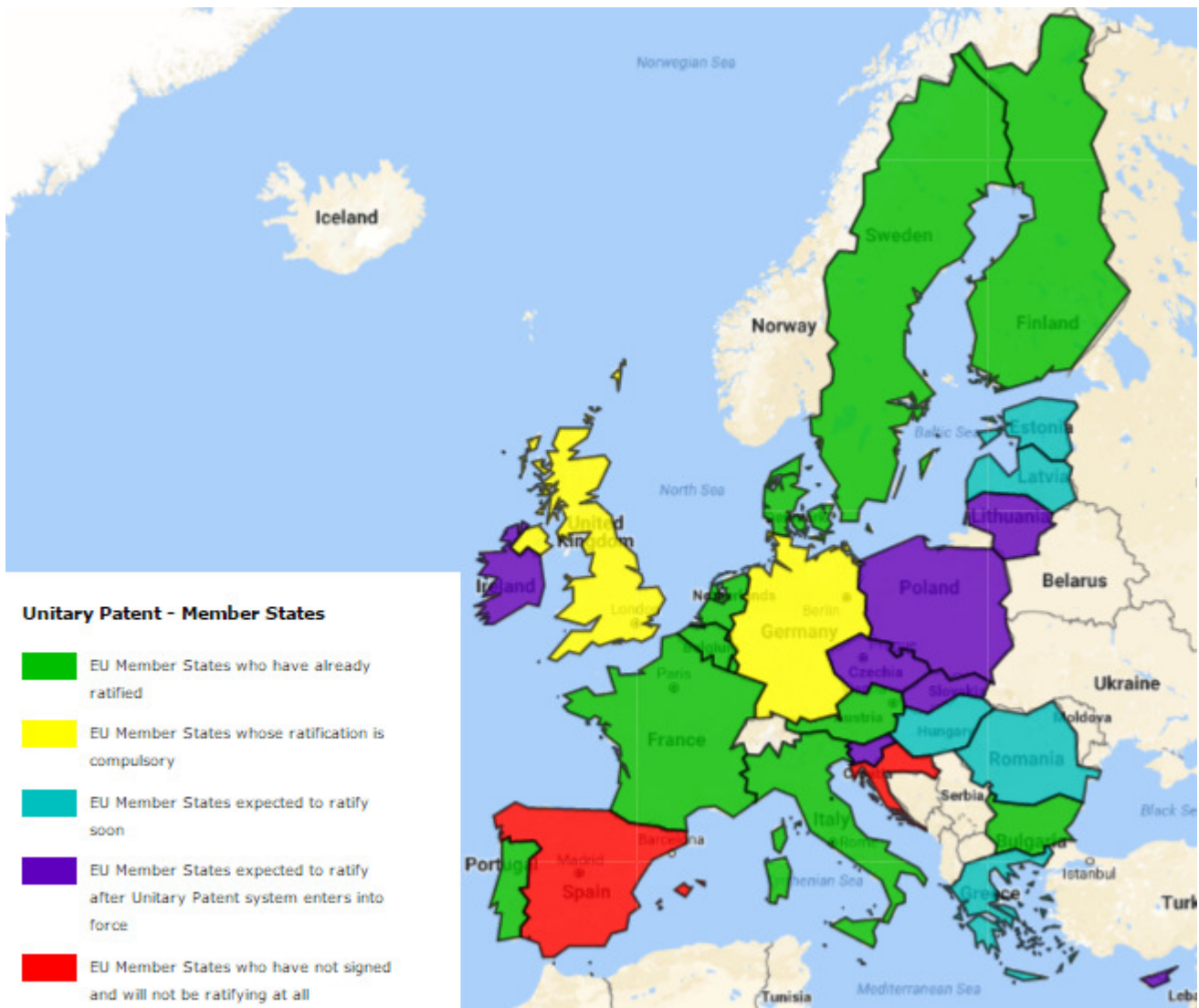
In order for the agreement to come into force, a minimum of 13 countries must have ratified the agreement, including UK, France and Germany. The agreement will come into force four months after the date on which the later of France and Germany ratifies the UPC Agreement. The Netherlands and Italy are the most recent countries to ratify, bringing to 12 the total number of countries that have ratified to date, namely, the following:

AT Austria	DK Denmark	IT Italy	NL The Netherlands
BE Belgium	FR France	LU Luxembourg	PT Portugal
BG Bulgaria	FI Finland	MT Malta	SE Sweden

So, to begin with, the new Unitary Patent will cover the above listed countries that have already ratified, as well as the countries that are expected to ratify during the coming months, namely, the United Kingdom, Germany and Hungary.

Further countries likely to ratify soon after the UPC comes into force include Lithuania, Estonia and Romania. Latvia, Cyprus, Czech Republic, Slovakia, Greece, and Ireland, which must hold a referendum, are likely to take longer.

Spain, Croatia and Poland have not signed the agreement. However, as of March 7th 2017, Spain is now re-considering its position and will debate whether to participate in the system after all. So, potentially, the Unitary Patent will cover up to 25 out of the present 28 Member States of the European Union with a single patent, but unfortunately we will **not** be able to call it an EU Patent. This is in contrast to trademarks and designs, for which single EU protection right now does exist.



Unitary Patents and the new Unified Patent Court

All Unitary Patents will fall under the **exclusive jurisdiction** of the new Unified Patent Court. This is the single most important consideration for anyone considering patent protection in Europe via the option of a Unitary Patent. The special agreement (EU Regulations 1257/2012 and 1260/2012, or Unified Patent Court Agreement) establishes a whole new transnational patents court regime for Europe which is explained further in our separate Briefing Note on the Unified Patent Court.

The most important question

The single most important question to be considered is “Do I want my granted patents in Europe to fall under the jurisdiction of the new Unified Patent Court?” If not, the only way to avoid this during the first 7 years of operation of the UPC, is (1) **not** to request a Unitary Patent, **and** (2) register an “opt-out” at the UPC Registry, while validating in EU countries via the classical European Patent Bundle.

After the agreement comes into force, **all patents** granted by the EPO which cover EU Member States participating in the Unitary Patent system will be subject to the exclusive jurisdiction of the Unified Patent Court, **unless** the applicant registers an “opt-out” at the UPC Registry. For more information, see our separate Briefing Note on the Unified Patent Court.

Sunrise period for Opt outs

A “Provisional Application Phase” will begin three months before the UPCA comes into effect after 13 countries have completed the ratification process. This includes a “sunrise period” for accepting opt outs for existing European patents and applications. This sunrise period may start about September 2017, when it will be possible to file opt outs prior to the system going live at the UPC Registry, using a simple on-line system.

Unitary Patents will be granted by the EPO

A Unitary Patent will still be a European patent granted by the EPO, under the present system, with **no change** in the present process of search, examination and grant. The applicant must however request that a granted European patent be given unitary effect for the territory of all EU Member States participating in the Unitary Patent system **at the time of grant of a European patent**. It therefore should be viewed simply as a new option for applicants at the grant and validation stage of European patent applications.

All Unitary Patents will fall under the automatic jurisdiction of the new Unified Patent Court.

The time for making a decision on Unitary Patent Vs. traditional European “Bundle” Patents” will be short

A request for a Unitary Patent must be made to the EPO **within one month** of the decision to grant a European patent. This is **a very short** time window, which cannot be extended. “Further processing” will not apply. There is no official fee.

At the same time, for a transitional period of 12 years, if the European patent application is granted in English, a complete translation into another EU language must be filed at the EPO. If the European patent application is granted in German or French, then the complete translation must be into English. This virtually precludes last minute requests for Unitary Patents, so a decision should be made around the time of allowance of the application.

There will be no way to convert European patents that have been granted as a “Bundle” of separate national patents into a Unitary Patent at a later stage after this one month period has expired.

European “Bundle” Patents and Unitary Patents

It will still be possible for EPO applicants to validate their granted European patents separately in any EPC country of their choice as a “Bundle” of national patents; at present the majority of European patents are validated in no more than 6 countries. This option of the “classical” European Patent Bundle will remain.

EPO applicants will be able to choose to validate European patents in various combinations of classical European patents and a Unitary patent, for example:

- A Unitary Patent for **all** of the EU Member States that participate in the Unitary Patent system at the time of European patent grant;
- Validation as a classical European patent “Bundle” in any combination of EU Member States that are **not** participating in the Unitary Patent (e.g. Croatia, Poland and possibly Spain) at that time;
- Validation as a classical European patent “Bundle” covering non-EU EPC Contracting States, which **cannot** participate in the Unitary Patent (e.g. Switzerland, Liechtenstein, Norway, Turkey, Monaco, Iceland, Macedonia, San Marino, Albania and Serbia).

Classical European patents in EU countries that have ratified the agreement and a Unitary Patent covering the participating EU Member States cannot co-exist. It is all or nothing; **all** of the countries participating in the Unitary Patent must be selected for grant **either** as a Unitary Patent, **or** via traditional validations as a Bundle. All traditional European “Bundle” Patents will fall under the automatic jurisdiction of the new Unified patent Court, **unless** the patentee registers an “opt out” at the UPC Registry.

Translation Cost Advantages

The huge cost of obtaining patents in Europe via the classical European “Bundle” Patents is the cost of multiple translations at the validation stage. Eventually, when 25 countries will be covered by a Unitary Patent, only one translation will be required versus the present 12 full translations and 7 additional claims translations. After the 12 year transitional period, no translations will be required, except in the case of litigation.

No retroactive effect

Initially, Unitary Patents will only cover the 14 EU Member States, being the first to ratify the agreement. Countries that have yet to ratify can only be covered by a classical European patent as part of a Bundle. As more countries complete their ratification of the agreement, more countries will then be covered by a Unitary Patent, up to the stage when the final 25th country has ratified. However, the ratification process will stretch over several years to complete, great care will have to be taken to check in individual cases, in the register to be kept by the EPO, in what countries the first Unitary Patents are actually effective.

The EPO will administer Unitary Patents

Up to grant of a European patent, the EPO will have the same role it has now. When the new Unitary Patent becomes available, if an applicant elects validation as a Unitary Patent, the EPO will have additional tasks that would be performed by national patent offices in connection with classical European patents and national patents. The following tasks will be administered by the EPO;

- Receiving and examining requests for unitary effect;
- Registering unitary effect;
- Publishing any required translations during the transitional period;
- Setting up and maintaining a new “Register for Unitary Patent protection,” containing entries on assignment, transfer, lapse, licensing, limitation or revocation of Unitary Patents;
- Collecting annual maintenance fees for Unitary Patents;
- Distributing part of the annual fees to the participating Member States; and
- Administering a compensation scheme for reimbursement of translation costs (up to a ceiling) for certain applicants filing applications in an official language of the European Union other than the official EPO languages (English, French and German).

Maintenance Cost Advantages

Once the Unitary Patent covers 25 participating Member States of the EU, there will be very significant cost advantages as compared to the classical European patent Bundle. For a start, **one renewal fee** to maintain a Unitary Patent in force, which will cost roughly the same as the present cost of renewal of European Bundle patents in UK, France Germany and Netherlands combined. Further significant cost advantages arise, as assignments post grant **can be recorded centrally** in the register of Unitary Patents administered by the EPO, rather than separately in each national register as at present.

Pending European Patent Applications

A Unitary Patent will only be available in respect of European patent applications filed after 1st March 2007 that are pending and go to grant when the agreement has come into force. The agreement will come into force four months after the later of the respective ratification dates of the UK and Germany. We advise that clients consider adopting a strategy of delaying any imminent grant of a European patent so that a Unitary Patent becomes an additional option.

Pros and Cons of the Unitary Patent in the beginning

While there are obvious cost advantages in terms of reduced numbers of translations and the cost of maintenance post grant, as the London Agreement already provides elimination or reduced translation costs for all but 4 of the first group of 14 countries that will be covered by a Unitary Patent, the big savings in translation costs will only come when all 25 signatories of the agreement have ratified.

“Brexit”

There is some lack of clarity as to what will happen when the UK eventually leaves the EU.

One possibility is that the UK would intend to try and remain in the Unitary Patent system. According to Counsel’s Opinion obtained by the UK Chartered Institute of Patent Attorneys (CIPA), this prospect is, in principle, legally possible but would require the UK to safeguard the supremacy and uniformity of EU law. However, this may be politically unpalatable, given the Brexit referendum vote outcome. So, it is possible that the UK intends only to stay in the system long enough to get it up and running but would then leave the system after the UK exits from the EU. Our view is that the UK will try to remain as part of the system but this depends on political factors, of course.

Further Advice

Hanna Moore + Curley is a leading European IP firm with offices in Ireland, the United Kingdom and China. For more information about our firm please visit our website www.hmc-ip.com

If you have specific queries require professional advice on about any of the topics discussed or please contact the author, Marie Walsh, or your usual Hanna Moore + Curley attorney.



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