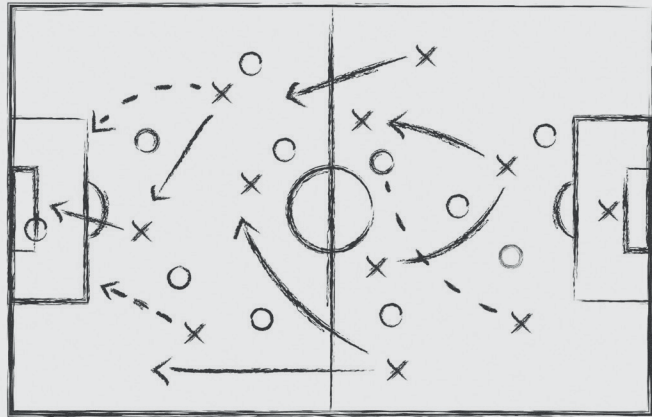


The new unitary
patent system.



Strategies for an effective patent protection of your ideas.

Information on the European patent with unitary effect and the Unified Patent Court.





1.

The new unitary patent system

The future of European patent law will be dominated by the [unitary patent system](#), which is very likely to come into force on June 1, 2023.

1.1 OVERVIEW

We would thus like to provide you with an overview of the future [landscape of patents](#) in Europe after the Agreement on a Unified Patent Court (UPCA) has entered into force. The unitary patent system will create a new property right, namely the **European patent with unitary effect** ([unitary patent](#)). In addition, the [Unified Patent Court](#) will commence its operations and further promote the harmonisation of law in terms of the validity and infringement of patents in Europe.

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1.2 THE EUROPEAN PATENT WITH UNITARY EFFECT ('UNITARY PATENT')

The unitary patent is an additional option existing alongside the 'classic' European patent, which is otherwise known as a bundle patent. A unitary patent is a property right whose unitary effect applies to the entire territory of the [UPCA participating member states](#) in which the European Patent Convention (EPC) has been ratified. A unitary patent can be obtained by filing a European patent application as usual. The European Patent Office then reviews this application based on the EPC. A request for unitary effect may be [filed](#) with the European Patent Office within one month after the publication of the mention of the grant in the European Patent Bulletin. If a request is not filed, the previous practice remains effective, with the European patent to be individually validated in each member state where patent protection is wanted in order to transpose it into the national parts of the European patent ('bundle patent').

The unitary patent can be uniformly enforced in all UPCA participating member states. So far, separate infringement proceedings had to be carried out in each country, based on the respective national parts of the 'classic' European patent.

Unitary effect, however, also means that [one 'central' attack can be made to challenge the legal validity](#) of the unitary patent. In the worst-case scenario, this means that the patent can be restricted or invalidated in all participating member states with a single invalidity action. When assessing risk, it should be remembered, however, that 'classic' European patents can also be subject to central legal validity proceedings, i.e. the opposition procedure before the European Patent Office which will continue to be possible.

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1.3 THE UNIFIED PATENT COURT

The Unified Patent Court will also be implemented as an independent European court system.

The Unified Patent Court will have exclusive jurisdiction over legal disputes concerning unitary patents, unless the holder of a patent has excluded this through an 'opt-out'. It will also have exclusive jurisdiction over existing or future 'classic' European patents validated in EPC member states which are also UPCA participating member states.

In accordance with the UPCA, the jurisdiction of the European patent court (subject to an 'opt-out') will therefore also extend to existing European patents that have been validated nationally when the new unitary patent system comes into force. However, the jurisdiction of the UPCA will not extend to **national patents** formerly granted or to be granted by national patent offices.

1.4 'OPT-OUT'

The transitional provisions for implementing the new unitary patent system include a three-month phase before the UPCA enters into force ('sunrise period') and a seven-year transitional phase after the UPCA enters into force which can be prolonged by a further seven years.

The transitional provisions stipulate that patent holders may **file a request** ('opt-out') to be excluded from the European Patent Court's jurisdiction in the case of existing 'classic' European patents or those granted during the transitional period. The 'opt-out' request must be filed with the Registry of the Unified Patent Court.

If so desired, the request to 'opt-out' of jurisdiction in accordance with the UPCA should be filed before the UPCA enters into force, if possible during the three-month 'sunrise period'.

In this way, it is ensured that the status quo is maintained and the national courts (as previously) have jurisdiction over legal disputes concerning the respective national parts of the existing 'classic' European patent. If no 'opt-out' is filed, a competitor can already launch an invalidity action with the UPC central division on the day the UPCA enters into force, thus rendering an 'opt-out' impossible for you. In the worst case, a single invalidity action could result in an existing 'classic' European patent being restricted or even invalidated for all EPC member states which are also participating member states of the UPCA and in which the 'classic' European patent was validated.

On the other hand, a unitary patent makes it possible to take efficient action against competitors, since only one central infringement procedure needs to be brought before the UPC. The UPCA's procedural regulations provide for a comparatively tight schedule in order to expedite the decision-making process in comparison to national disputes.

1.5 PRELIMINARY CONCLUSION

There is no single answer to the question whether a 'classic' European patent or a unitary patent is more beneficial or whether the possibility of requesting an 'opt-out' should be on a case-by-case basis.

Since that the new unitary patent system will apply to existing 'classic' European patents after the UPCA comes into force, there is already a need to take action now.

Further information on the unitary patent and the European Patent Court is provided in the following.



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2. The unitary patent

A unitary patent is a European patent granted by the European Patent Office (EPO) in accordance with the provisions of the European Patent Convention (EPC) which, after being granted and at the request of the patent holder, is given unitary effect throughout the territory of the UPCA participating member states.

2.1 SCOPE OF UNITARY EFFECT

A unitary patent is a European patent granted by the European Patent Office (EPO) in accordance with the provisions of the European Patent Convention (EPC) which, after being granted and at the request of the patent holder, is given unitary effect throughout the territory of the UPCA participating member states.

The request must be filed within one month after the publication of the mention of the grant in the European Patent Bulletin. Just as for 'classic' European patent, the European Patent Office reviews the request and grants unitary patents based on the European Patent Convention (EPC).

Unitary effect requires the underlying European patent to have been granted with the **same claims** in all UPCA participating member states at the time the grant is issued. For this reason, no designation of participating UPCA member states may be withdrawn during the grant procedure.

In comparison to a 'classic' European patent, the unitary patent no longer has to be individually validated in the participating member states and kept in force by paying renewal fees to each relevant national patent office separately. The previous requirements for individual Validation for each participating member state and the associated costs are thus eliminated. In addition, only one common renewal fee has to be paid to the European Patent Office (EPO) for the participating UPCA member states, thereby substantially reducing the unitary patent's administrative expenses compared to the 'classic' European patent.

The European patent's unitary effect in the participating member states not only includes protection but also extends to the possibility of restriction, transfer, invalidation and expiration. The European Patent with unitary effect may, for example, be declared invalid for all participating member states, even if the invalidation is only based on a previous national patent application which conflicts with the patent in only one participating member state.

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2.2 PARTICIPATING MEMBER STATES

There are currently 25 European Union member states participating in the unitary patent system. Unitary patents, however, will not take effect in all 25 participating member states when the UPCA enters into force because not all member states have yet ratified it.

As of April 2022, 17 of the member states participating in the UPCA have ratified the Agreement, including: AT (Austria), BE (Belgium), BG (Bulgaria), DE (Germany), DK (Denmark), EE (Estonia), FI (Finland), FR (France), IT (Italy), LT (Lithuania), LU (Luxembourg), LV (Latvia), MT (Malta), NL (Netherlands), PT (Portugal), SE (Sweden) and SI (Slovenia).

Important markets such as the non-EU countries United Kingdom, Switzerland and Norway, but also Poland and Spain will not participate in the unitary patent system. To ensure protection in these countries, it will still be necessary to validate the granted European patent on a national level so that, in addition to the unitary patent in the participating countries, conventional national parts of the European patent exist at the same time in non-participating countries (e.g. United Kingdom, Switzerland, Norway, Spain or Poland).

EXAMPLE: If patent protection is desired for the territory of the UPCA participating member states and for the territory of the United Kingdom, the granted European patent must, as in the past, be validated in the United Kingdom, and in addition unitary effect must be requested within one month after the publication of the mention of the European patent's grant.

2.3 GENERATIONS OF UNITARY PATENTS

Several generations of unitary patents with different territorial scope will exist due to the fact that not all 25 participating member states have yet ratified the UPCA.

The unitary patent's territorial scope remains unchanged over its entire term, even if further states ratify the UPCA after unitary effect has been registered. The territorial scope of a specific unitary patent therefore does not extend to other member states that ratify the UPCA at a later point in time.

2.4 HOW DO YOU OBTAIN A UNITARY PATENT?

After the European Patent has been granted, a separate post-grant procedure can be initiated in order to obtain a unitary patent: At the request of the patent holder, a European patent that has been granted is given unitary effect throughout the territories of the participating member states. The request must be filed with the European Patent Office in the language of the proceedings within one month after the publication of the mention of the grant of the European patent in the European Patent Bulletin. If we are representing your application for a European patent, we will remind you of this deadline in good time.

The request for unitary effect may be made starting on the day the UPCA enters into force. No official fee for the request for unitary effect is planned at present.

When it comes to the requirements regarding the translation of unitary patents, the decision was made to adopt the language requirements of the European Patent Office which has three official languages: German, English and French. If the proceedings before the European Patent Office are held in the German or French language, a translation of the entire patent specification into English must be filed; if proceedings are held in the English language, a translation into any other official EU member state language (i.e. not necessarily German or French) is required.



3. The Unified Patent Court

In addition to the unitary patent system, an independent European court system will be implemented. It will not only have exclusive jurisdiction over legal disputes concerning unitary patents, but also over 'classic' European patents that already exist or will be granted in the future with effect for those states in which the UPCA has entered into force. The Unified Patent Court will also have jurisdiction over legal disputes concerning European patent applications and supplementary protection certificates which are based on a European patent.

For new unitary patents, Unified Patent Court decisions take legal effect in the territory of all member states participating in the UPCA. When it comes to 'classic' European patents, however, the decision only takes effect for the territory of those EPC member states that are also participating UPCA member states and in which the 'classic' European patent has been validated.

3.1 STRUCTURE AND RESPONSIBILITIES OF THE UNIFIED PATENT COURT

The Court of First Instance will comprise a central division, which will be based in Paris and will have sections in Munich, as well as local divisions. In Germany, local divisions are planned for Munich, Mannheim, Düsseldorf and Hamburg. Regional divisions will also exist as judicial panels for two or more participating member states. The Court of Appeal will have its seat in Luxembourg. All judicial panels will have a multinational composition and will be composed of legally trained judges as well as, in certain cases, technical judges.

The local and regional divisions are competent to decide on infringement actions, including provisional (protective) measures/preliminary injunctions, provided that territorial jurisdiction exists at the place of the infringement or where the defendant has its registered office. The central division may also have jurisdiction if the defendant's registered office is not in a UPCA member state.

Invalidation counterclaims may be brought before the division where an infringement action is pending. The local and regional divisions will also have jurisdiction over actions for damages and actions in connection with the use of an invention prior to the grant of a patent or with a right of prior use.

The central division is also competent to deal with separate invalidity actions and actions for a declaration of non-infringement; these should not be brought before the local and regional divisions.

In contrast to the current situation in Germany, no separation of infringement and legal validity proceedings before the Unified Patent Court is envisaged. However, a local or regional division may transfer the invalidity action to the central division with or without halting the infringement proceedings, thereby bringing about the separation of invalidity and infringement proceedings (bifurcation). Furthermore, if an isolated invalidity action is pending before the central division it is possible to file an infringement action concerning the same patent not only at the central division but also at any other competent local or regional division, in which case separation of infringement and validity proceedings may also occur.

The transfer of an EU patent, its compulsory licencing and its handling during enforcement or insolvency proceedings have not been harmonised. National courts still have jurisdiction over this.

The new unitary patent system provides opportunities to amicably resolve disputes and has put mediation and arbitration centres in place in Ljubljana and Lisbon for this purpose. The Registry will be established as another institution of the Unified Patent Court and oversees all administrative issues, in particular any matters pertaining to 'opt-out' requests and the Register in which the 'opt-out' requests will be published.

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4. Transitional provisions

The [new unitary patent system](#) is currently expected to take effect on June 1, 2023.

The [‘sunrise period’](#) will start three months before the UPCA enters into force.

4.1 ‘SUNRISE PERIOD’

The ‘sunrise period’ is the three-month window before the UPCA enters into force and in which some preparatory measures regarding the unitary patent system may be effectively carried out. The ‘sunrise period’ has recently been postponed for two months in order to provide future users with sufficient time to familiarize themselves with the new case management and filing software. Currently, the ‘sunrise period’ is assumed to start on March 1, 2023.

During the ‘sunrise period’, an [‘opt-out’](#) request can already be filed for pending European patent applications and existing ‘classic’ European patents.

Moreover, two transitional provisions during this period make it possible for applicants to quickly use the unitary patent system:

A) REQUEST FOR DELAYING THE ISSUANCE OF THE DECISION TO GRANT A EUROPEAN PATENT: A request for unitary effect can be made within one month after the publication of the mention of the patent grant. An extension of this period is not envisioned. In order to make it possible for applicants, whose patents are close to being granted, to request unitary effect, it is possible to request the delay of the issuance of a patent to a point in time after the UPCA has come into force. In this way, a request for unitary effect can be filed without delay after receiving the communication under Rule 71(3) EPC (‘notice of allowance’).

B) EARLY REQUEST FOR UNITARY EFFECT: Furthermore, an early request for unitary effect may be filed. This will allow the EPO to register unitary effect immediately at the start of the system, provided all corresponding requirements are met. Early requests for unitary effect may only be filed for European patent applications for which a communication under Rule 71(3) EPC has been despatched.

We will remind you of these options upon notifying you of the communication under Rule 71(3) EPC.

4.2 TRANSITIONAL PERIOD AFTER THE UPCA COMES INTO FORCE

During the transitional period of **at least seven years** after the UPCA has come into force, jurisdiction under the UPCA and national jurisdiction for the national parts of ‘classic’ European patents will exist in parallel. The defendant will therefore be able to decide in which court they would like to file an action. If a legal dispute is already pending before a national court, however, the option of opting for the **Unified Patent Court** will not exist and vice versa. Third parties are thus given the opportunity to bring proceedings before the Unified Patent Court by filing a invalidity or declaration of non-infringement action. Disputes regarding a European patent with unitary effect may only be brought before the Unified Patent Court. The Administrative Committee may extend the seven-year transitional period once for another seven years.

The patent holder or applicant may file an [‘opt-out’ request](#) to be excluded from the jurisdiction of the Unified Patent Court in the case of ‘classic’ European patents. No ‘opt-out’ request may be filed for unitary patents.

The transitional provisions outlined in Art. 83 UPCA apply to European patents which are filed or which have been granted before the transitional period ends.

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4.3 THE 'OPT-OUT'

During the transitional period, the patent holder or applicant may file a request with the Registry of the European Patent Court to 'opt-out' of the jurisdiction of the European Patent Court for the entire lifetime of existing 'classic' European patents or patents granted during the transitional period. No 'opt-out' request may be filed for unitary patents.

The 'opt-out' request applies to all EPC members participating in the UPCA and in which the European patent has been validated. It is therefore not possible to exclude only individual national parts from the jurisdiction of the Unified Patent Court.

An 'opt-out' request is only possible if there is no legal dispute pending before the Unified Patent Court with respect to the patent for which the 'opt-out' request is to be filed. No official fee must be paid for the 'opt-out' request.

If an 'opt-out' is requested for a European patent application, then the 'opt-out' shall also apply to the European patent granted based on the application.

The 'opt-out' request is effective for the entire lifetime of the European patent, unless of course the 'opt-out' is withdrawn ('opt-in') in accordance with Art 83.4 UPCA.

A valid 'opt-out' request may only be made by the 'true' patent proprietor or applicant or applicant. **In the case of several patent proprietor and/or applicants, the 'opt-out' must be jointly filed by all patent proprietor and/or applicants.** This applies not only to classic joint proprietorship but also to cases in which there are different proprietors for the different national patents in the European bundle patent. **The ownership of the national property rights in your patent portfolio for which you intend to request an 'opt-out' must therefore be carefully checked.** The state of the records is the most crucial component for the register and the entry of the 'opt-out'. This is why it is advisable to keep the proprietorship of patents and patent applications in the registers up to date. Should, however, the actual proprietorship differ from what is entered in

the register, a declaration may be made that the applicant is entitled to be entered in the patent register of any contracting member state of the EPO.

It is important to note that licence holders are in general not able to file a valid 'opt-out' request. It is advisable in the case of an exclusive licence to coordinate a potential 'opt-out' request with the exclusive licence holder in order to prevent any possible violations of contractual obligations by the patent holder.

Supplementary protection certificates which are based on a 'classic' European patent and for which an 'opt-out' has been effectively requested are also excluded from the Unified Patent Court's jurisdiction. An 'opt-out' request may also be filed for a supplementary protection certificate which is still in force but whose underlying patent has already expired.

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4.4 THE 'OPT-IN'

An 'opt-in' is the possibility to withdraw an registered 'opt-out' depending it can be declared at any time, including after the end of the transitional period. There are, however, different consequences associated with an 'opt-out' withdrawal on the time when it is carried out:

A) 'OPT-IN' DURING THE TRANSITIONAL PERIOD If the 'opt-out' is withdrawn during the transitional period, jurisdiction shall be restored to national courts as well as to the Unified Patent Court. Property right holders can then choose between the jurisdiction of national courts and the Unified Patent Court.

B) 'OPT-IN' AFTER THE TRANSITIONAL PERIOD If the 'opt-out' is withdrawn ('opt-in') after the transitional period, exclusive jurisdiction of the Unified Patent Court is restored. The option of choosing between the jurisdiction of national courts or the Unified Patent Court will then no longer be available.

No new request to 'opt-out' may be filed after the 'opt-out' has been effectively withdrawn.

It is not possible to effectively withdraw the 'opt-out' if a legal dispute is already pending before a national court. As a result, access to the unitary patent system may be blocked for the patent's entire lifetime.

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5. Costs of a unitary patent

No general answer can be provided to the question of whether unitary patents are less or more expensive than 'classic' European patents. This question has to be considered on a case-by-case basis. In terms of trends, however, As a trend, however, it can be stated that a unitary patent is worthwhile at least if patent protection is to be obtained in a large number of member states of the EPC/UPCA.

5.1 COSTS OF THE GRANT PROCEDURE

The European Patent Office grants both unitary patents and 'classic' European patents based on the EPC. In terms of the procedure, everything remains the same up until the point of the grant, meaning that no extra costs are incurred through the unitary patent. No official fee for the request for unitary effect is envisaged.

5.2 COSTS FOR VALIDATION

The unitary patent does not need to be validated in member states as is the case with a 'classic' European patent. In comparison to a classic bundle patent, considerable costs, which are payable for the validation of a 'classic' European patent and for fulfilling any related translation requirements, are thus avoided.

At the moment, however, costs for the mandatory translation of the unitary patent have to be paid for a transitional period that is likely to last for 12 years. Only one translation, however, needs to be produced in this case.

5.3 COSTS FOR KEEPING A PATENT IN FORCE

In addition, only one annual fee must be paid to the European Patent Office for the unitary patent. It is no longer necessary to pay separate fees to the patent offices of the validating states, as was the case with the bundle patent. This significantly reduces the administrative expenses for patent holders.

There are several factors (e.g. the countries in which patent protection is sought, the terms of the patents, etc.) that determine whether the annual fees for a unitary patent are cheaper on the whole compared to paying multiple annual fees for the classic bundled patent.

The amount of the annual fee for the unitary patent is based on the fees that would be payable for the four countries in which the most European patents were validated in 2015 (Germany, France, the Netherlands and the United Kingdom). According to projections by the European Patent Office, as based on an average term of ten years for a European patent, the official fees for keeping a unitary patent in force amount to less than EUR 5,000.

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The United Kingdom, however, is no longer a part of the unitary patent system post-Brexit, meaning that additional validation and maintenance costs occur for patent protection in the United Kingdom.

Around half of the European patents granted are generally validated in only three countries: Germany, France, and the United Kingdom. Under the London Agreement, no translations are required for validation in these three countries. The unitary patent by contrast, however, would require a translation during the transitional period. If patent protection is only sought in Germany, France and the United Kingdom, protection by a unitary patent and a national patent in the United Kingdom is probably more expensive, meaning that the ‘classic’ European bundle patent could be the cheaper alternative in this case.

If European patents are to be validated in more than three countries, cost-related considerations based on the specific validation and maintenance costs expected in the desired countries must be given when weighing whether a unitary patent is worthwhile compared to a bundle patent. As a general rule, the greater the number of UPCA member states in which protection is sought, the more cost-effective the unitary patent will be in comparison to the classic bundle patent.

When considering financial aspects, it should be noted that a unitary patent cannot be gradually abandoned in different member states. It’s either ‘all or nothing’. The unitary patent must always be kept in force or abandoned for the entire territory of the participating member states. This makes it impossible to reduce the amount of annual fees due by abandoning patents in countries which are no longer relevant.

5.4 COSTS OF PROCEEDINGS BEFORE THE UNIFIED PATENT COURT

5.4.1 BASIC PRINCIPLES The unitary patent system makes a unified system for enforcing a patent across all participating member states possible. It applies equally to unitary patents and ‘classic’ European patents. Like unitary patents, ‘classic’ European patents can be enforced in all 17 currently participating member states – provided no ‘opt-out’ has been declared – by bringing a single action before the Unified Patent Court.

The unsuccessful party must reimburse reasonable and appropriate costs to the successful party, unless reasons of fairness prevents this. The court shall decide on the costs at the request of the successful party.

Court fees are due for proceedings brought before the Unified Patent Court and comprise a fixed fee and a fee based on the value of the dispute. Depending on the type of proceedings and the request/administrative process, the fixed fees range from EUR 100 to EUR 20,000. Fees based on the value of the dispute are due for actions exceeding EUR 500,000. They can range up to EUR 325,000 for actions of a value of more than EUR 50 million. If there are multiple parties and/or if the action applies to several patents (concerns the same matter in dispute), only one fixed court fee and, if applicable, only one fee based on the value of the dispute will be due. A ceiling is also envisaged for the recoverable costs to be paid to the opposing, successful party. This cost ceiling may be reduced or increased in accordance with the schedule of fees and at the court’s discretion. The cost ceiling of recoverable costs applies to all opposing, successful parties combined. There is also a provision to reduce costs for small enterprises and micro-enterprises by 40%.

5.4.2 EXAMPLES Cost-related considerations are illustrated in the following two examples by comparing court fees and recoverable fees for an infringement action which includes an invalidity action/counterclaim before the Unified Patent Court or German courts. The examples expressly exclude fees and charges for personal legal advice and representation. As a result, the examples do not reflect the entire cost risk consisting of all legal and consulting costs incurred for disputes consisting of an infringement action and an invalidity action/counterclaim. They do, however, show the cost risk for court fees and recoverable costs which would have to be paid in the case of defeat.

The first example is based on a maximum value in dispute of EUR 50 million. The value-based fee is capped at EUR 50 million in accordance with the Agreement on a Unified Patent Court's fee schedule and at EUR 30 million in accordance with the German Court Fees Act (GKG). The maximum total costs (excluding personal lawyer's fees) which would have to be reimbursed to the successful party in patent infringement proceedings brought before the EPC including invalidity counterclaims are between EUR 2,356,000.00 and EUR 5,356,000.00, assuming the cost ceiling for recoverable costs is exploited to the full extent and depending on the adjustment by the court.

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TABLE 1: Max. cost risk for infringement proceedings incl. invalidity action/counterclaim in first-instance proceedings with one claimant/defendant each (excl. costs and fees for legal advice and representation).

	UPC / EUR	DE / EUR
TOTAL (Court fees + recoverable costs)	Min. 394,356 to max. 5,356 million	1,506 million
Court fees	356,000	905,408
Infringement action	11,000 (fixed court fees) + 325,000 (value-based fees) = 336,000	362,163
Invalidity action/ counterclaim	20.000	543,245
Recoverable costs	Max. 2 to 5 million	600,338 (300,169 for each proceeding and party)
Value-based ceiling	Min. 38,000 to max. 2 million	
Max. increase at more > 50 million by	Max. 3 million	
Max. ceiling	5 million	

TABLE 2: Cost risk for infringement proceedings incl. invalidity action/couterclaim in first-instance proceedings with a value in dispute of EUR 2 million and one claimant/defendant each (excl. costs and fees for legal advice and representation).

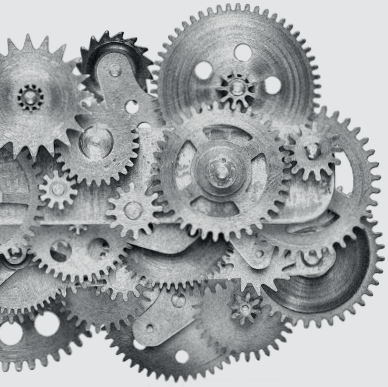
	UPC / EUR	DE / EUR
TOTAL (Court fees + recoverable costs)	Min. 62,000 to max. 274,000	124,366
Court fees	44,000	73,808
Infringement action	11,000 (fixed court fees) + 13,000 (value-based fees) = 24,000	29,523
Invalidity action/ counterclaim	20,000	44,285
Recoverable costs	Max. 250,000	50,558 (25,279 for each proceeding and party)
Value-based ceiling	Min. 38,000 to max. 200,000	
Max. increase of 25%	Max. 50,000	
Max. ceiling	250,000	

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The first thing that can be seen in both examples is that the **court fees** for infringement and invalidity counterclaims brought before the Unified Patent Court are relatively cheap compared to infringement and invalidity actions before German courts. This applies in particular to the ability to contest the patent's legal status in an invalidity counterclaim or an invalidity action brought before the Unified Patent Court.

In comparison to German cost law, it is difficult at first to estimate a cost regime for proceedings before the Unified Patent Court due to variable recoverable costs. It is important to note, however, that in Germany the recoverable costs are incurred for each opposing party and not for all opposing parties together. Actions carried out in accordance with German law may therefore result in higher costs if there are several opposing parties compared to proceedings before the Unified Patent Court. If there is one opposing party, first-instance proceedings before German courts could potentially be cheaper.

In general, proceedings before the Unified Patent Court are more likely to be worthwhile if claims for infringement and invalidity actions/counterclaims are made in multiple UPCA member states and there are likely to be several opposing parties. The examples, however, also demonstrate that it is always necessary to take things into consideration on a case-by-case basis.



6. Strategic considerations

Considering the fact that the [new unitary patent system](#) will apply to pending European patent applications and to existing 'classic' European bundle patents after the UPCA has taken effect, there is already an urgent need to take action now.

6.1 SHORT-TERM STRATEGIC CONSIDERATIONS

Do you want to take part in the new unitary patent system right from the very beginning with your existing patent applications or 'classic' European patents?

The [transitional provisions](#) stipulate that patent holders may apply for exclusion ('[opt-out](#)') from the European Patent Court's jurisdiction in the case of existing 'classic' European patents or those granted during the transitional period. If you do not file an opt-out request, a competitor may go before the Unified Patent Court and file a central [invalidity action](#) or a actions for declaration of non-infringement on the day the UPCA enters into force and thus block the 'opt-out' impossible for you.

On the other hand, it may also be an option for you to take advantage of the unitary patent system as soon as possible. In the case of pending European patent applications about to be granted, the grant of a European patent can be deferred to a date after the UPCA takes effect at your request and after the communication under Rule 71(3) EPC ('notice of allowance') has been received. This delay would then allow an application for unitary effect to be filed right after a patent has been granted. Another way of speeding up the process is to file an early request for unitary effect so that it can be registered immediately after the UPCA comes into effect, provided that all other requirements are met.

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6.2 LONG-TERM STRATEGIC CONSIDERATIONS

There is no general answer as to whether it makes sense to [request unitary effect](#) for a granted European patent or whether it is preferable to '[opt-out](#)'. A general 'flight' into the 'opt-out' is just as inadvisable as the ill-considered use of the unitary patent system without due consideration. You must always factor in the specific features of the market conditions and competitive landscape, the nature of the patent-protected products, and of course, your budget.

As usual, you have to consider the facts on a case by case basis. We would be happy to advise you and help you develop the right strategy for you and your patent portfolio.

6.3 ADVANTAGES AND DISADVANTAGES OF A UNITARY PATENT

Applicants should ask themselves the following questions when it comes to their validation strategy: In which countries is patent protection required when you take the specific market and competitive situation into consideration? How long does this take on average? How do [validation and maintenance costs](#) correspond with each other? What jurisdiction do you want to have for court proceedings? Is it necessary to protect property rights internationally?

The [unitary patent](#) eliminates the high costs and administrative effort that were previously associated with the validation and maintenance of classic bundle patents.

One of the unitary patent's disadvantages compared to the 'classic' European patent is that the fees incurred for payment of the annual fees cannot be reduced by abandoning the patent in some countries during its lifetime. If patent protection is only required in a few [member states](#), it may be more cost effective to [validate](#) a 'classic' European patent than a unitary patent. Depending on the specific countries and the specific terms, the threshold is between four and six countries. A unitary patent, for

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instance, is only cheaper than a ‘classic’ European patent if it is validated in Germany, France, Italy and the Netherlands. There is, however, a general rule: The greater the number of countries in which patent protection is required, the more cost-effective the unitary patent will be in comparison to the classic bundle patent.

In addition, the flexibility to choose between enforcing the property rights before the Unified Patent Court and national courts does not exist with the unitary patent during the transitional period.

A unitary patent is generally more likely to pay off if patent protection is pursued in a great number of member states participating in the UPCA. Instead of pursuing several disputes before different national courts at the same time, a centralised procedure not only ensures greater legal certainty by preventing conflicting decisions, but it is also potentially associated with a more efficient time and cost regime. However, for disputes carried out before the Unified Patent Court, it should be remembered that there are significant cost risks for small and medium-sized companies despite the envisioned cost ceiling and fee reduction. It should also be noted that the cost regime, for instance, before German courts, can be better estimated, at least in the initial phase of the unitary patent system.

Finally, consideration should be given to the fact that a unitary patent makes uniform and efficient enforcement in multiple member states possible. This also applies to countries and smaller markets which were previously not included in the patent portfolio due to cost-associated reasons. The unitary patent could make it possible for patent protection to also be obtained and enforced in these instances for comparatively little or no additional cost. Important markets such as the United Kingdom, Switzerland, Poland, Spain and Croatia, however, are missing from the unitary patent system. For non-participating UPCA countries, protection must be obtained through classic bundle patents or national patents, as has been done up until now.

6.4 POSSIBILITY OF DOUBLE PATENT PROTECTION

The patent landscape will be more diverse once the Agreement on a Unified Patent Court (UPCA) enters into force. It is not only possible for you to protect your patentable inventions using ‘classic’ European patents or unitary patents as described above, but you can also do so through national patents, which are once again becoming more important. National patents will as usual be granted by national patent offices, such as the German Patent and Trademark Office in Germany, but they can now exist alongside a European patent, either a ‘classic’ European patent or a unitary patent, as long as no ‘opt-out’ request has been filed. In the new patent landscape, it will indeed be possible to protect an invention twice in some UPCA member states through a unitary patent or a ‘classic’ European patent for which no ‘opt-out’ has been declared, and through a supporting, identical national patent. Double patent protection offers a patent holder the advantage of selecting between enforcing their property right before a national court or the unitary patent court, even once the transitional period is over. The option of double patent protection will be available in Germany or France, for example, but not in all participating UPCA member states.

6.5 ADVANTAGES AND DISADVANTAGES OF OPTING OUT

An ‘opt-out’ allows strategies regarding patent disputes to be made based on past experiences. The benefit of opting out is that national court proceedings and their law is familiar and risks and chances of success can be more accurately gauged.

In addition, an ‘opt-out’ will allow you to protect your patent against a central invalidity attack. The risk of a central invalidity attack, however, can be contextualised, as even the granting of classic bundle patents can be ‘centrally’ contested in opposition proceedings within the nine-month opposition period before the European Patent Office.

The disadvantage of opting out is that you abstain from having your property right efficiently enforced in only one procedure with unitary effect for the 17 member states which are part of the UPCA. It is, however, possible to first declare an 'opt-out' and then later declare an 'opt-in' in order to prepare for a central infringement action, as long as there is no action pending against the patent.

Another disadvantage of opting out might be that a competitor brings a legal dispute before a national court, thereby rendering it impossible for you to return to the unitary patent system. You might then have to conduct several national legal disputes, which can be very costly under certain circumstances.

Another point which should be factored in when deciding whether or not to 'opt-out' is your patent portfolio's structure: Do you expect there to be international property disputes when it comes to your specific competitive situation? If you answer 'yes' to this question, then a unified patent enforcement with bundle patents might be wise since it can prevent parallel and potentially expensive legal disputes with conflicting decisions in several countries.

The strengths and the importance of property rights should also be taken into consideration. It might be wiser in the case of existing and rather weak property rights to 'opt-out' to prevent the property right from a potentially successful central invalidity action. For strong property rights, however, it might be possible to win in centralised validity proceedings with unitary effect.

In addition, the following factors need to be considered when weighing things up:

- Is it a **very important** invention which is likely to result in a dispute and which has rather low cost risks in view of its commercial success, then an 'opt-out' is worth considering.
- In the case of **important** inventions which are likely to result in contentious proceedings but which have relevant cost risks, the strength of the property rights is decisive: for rather weak property rights, a classic bundled patent with an 'opt-out' is wiser. For strong property rights, on the other hand, unitary enforcement offers opportunities, either as a 'classic' European patent with no opt-out requested or as a unitary patent.
- In the case of **normal** inventions which are unlikely to result in contentious proceedings and for which cost risks are relevant, a comparative look should be taken at the required territorial protective scope and any associated costs for validation and maintenance, and the advantages of uniform court judgements should also be considered.
- At the moment, there are still legal uncertainties regarding supplementary protection certificates and whether they can be provided in a legally compliant manner with a unitary patent as the basic patent. The 'opt-out' is the safest option in this case so that a supplementary protection certificate based on a classic bundle patent can be obtained.

The option of opting out should definitely be explored for each currently existing patent or patent to be granted in the future. We will gladly help you analyse your patent portfolio and provide you with advice.

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6.6 HOW DO YOU KEEP AS MANY OPTIONS AS POSSIBLE OPEN?

Given the fact that double patent protection is possible in some UPCA member states through new unitary patents and national patents, double patent protection might offer property right holders with corresponding budgets an interesting alternative for keeping as many options as possible open.

As an alternative or additional option, the patent portfolio can be diversified in such a manner that pending or new Patent Cooperation Treaty (PCT) applications are filed in both the European and various national phases in UPCA member states.

Moreover, divisional patent applications could be filed for pending European patent applications, which contain almost the same or at least overlapping subject matter, but which pursue different validation strategies within and outside the unitary patent system for parent and divisional patent application(s).

For national German patent applications, there is also the possibility of filing the request for examination only seven years after the filing date. In addition to European patent applications, German patent applications could therefore be 'deferred' during the unitary patent system's initial period, in order to uphold the option of a national property right that does not fall under the jurisdiction of the Unified Patent Court.

As a final option, consideration could be given to splitting-off a utility model in Germany so that an additional, comparatively inexpensive property right outside the jurisdiction of the Unified Patent Court can be obtained.

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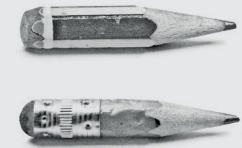
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Feel free to get in touch with us, should you need advice or have further questions concerning the patent landscape in the future. We are pleased to consult and work together with you to develop a strategy that is suitable for you to navigate the new world of patents.

We are your partner when it comes to applying for, maintaining and defending your intellectual property rights. We will represent you before the relevant authorities and courts in Germany, Europe and around the world. We offer a comprehensive, well-proven network of foreign associate attorneys which makes it possible for us to protect your interests both at home and abroad.

Our law firm was founded in 1958 by Jürgen-Detlev Freiherr von Uexküll, with Ulrich Graf zu Stolberg-Wernigerode joining as a partner later on. Since then the firm has continued to grow and patent attorneys with experience in the areas of chemistry, physics, mechanical engineering, electrical engineering and biotechnology joined the firm. Thanks to their expertise, we are able to provide extensive consulting services in all technical fields.

Attorneys of the firm have earned a high reputation in representing clients before the European Patent Office and the German Courts. Advising clients in contentious proceedings, often with international involvement, is a core activity of our firm.



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