



# **New scenarios for patent protection and enforcement in Europe**

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# **Biggest change to patent law in Europe for 40 years**

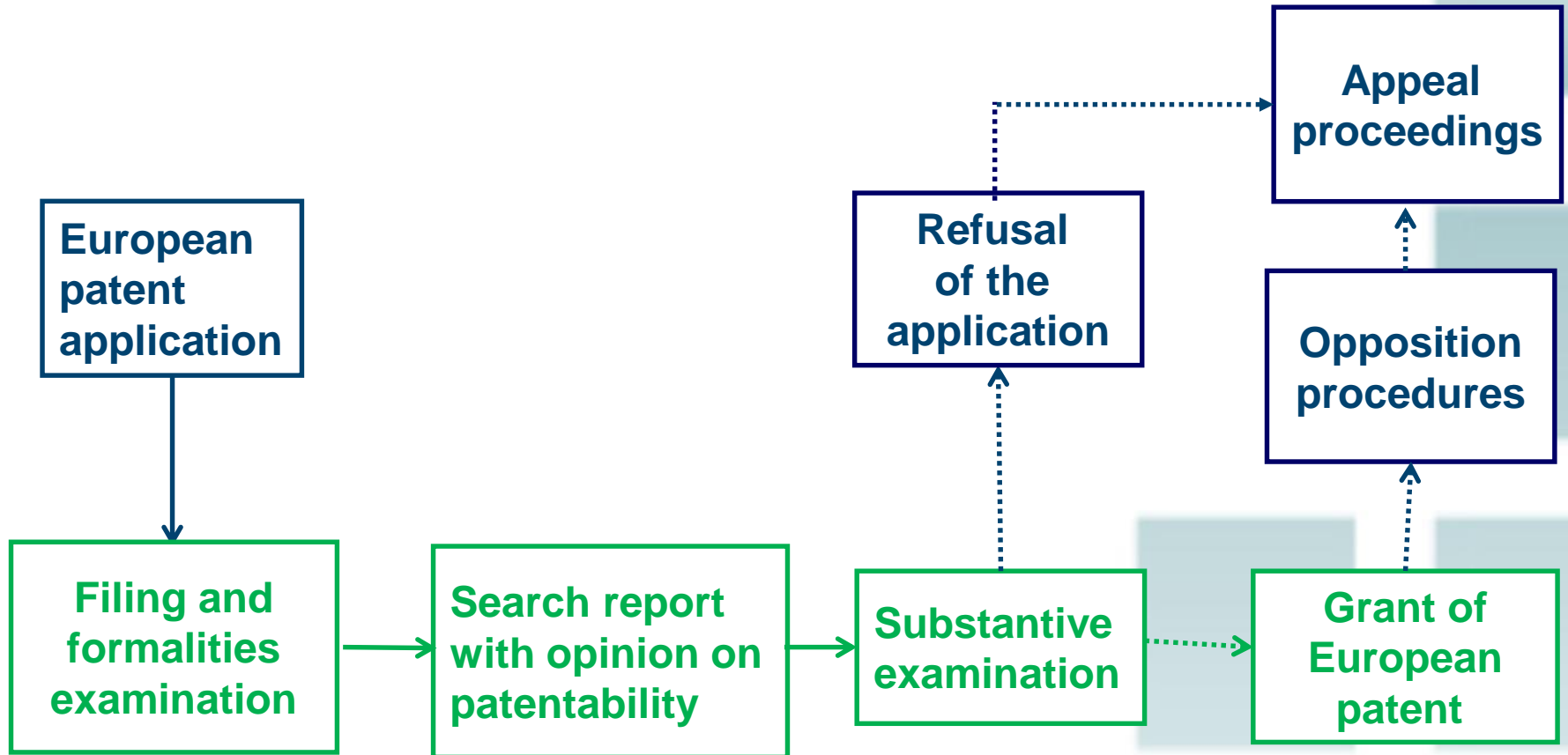
- ✓ A single patent will cover 25 European Union Member States (excluding Spain, Croatia and Poland), named **European Patent with Unitary effect or Unitary Patent**
- ✓ A single patent for a market of about **400 million people**
- ✓ The single patent will **cost** approximately the same as it currently costs to obtain and maintain protection in 4 European countries using the "classical" European Patent tool with post-grant validations

- ✓ A single **patent court** for 25 European Union Member States (excluding Spain, Croatia and Poland), named **Unified Patent Court (UPC)**
- ✓ A single judgment for patent infringement and/or nullity will cover all 25 Member States
- ✓ Proceedings on the merits will be concluded in around 1 year
- ✓ Preliminary injunctions will be available

# **What changes and what does not change: patent system**

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## What does not change: the centralised patent procedure up to grant and some post-grant procedures



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## What changes: request for unitary effect after grant

**Grant of  
European  
patent**

**Request for  
Unitary Effect**

**Within 1 month  
from publication  
of the mention of grant**

**No fee for  
requesting  
unitary protection**

**European Patent  
with Unitary Effect**

- ✓ one title for all 25 member states
- ✓ No post-grant validations (no bundles of national patents)
- ✓ One single renewal fee paid to the EPO
- ✓ can be enforced for all 25 member states with one single action at the UPC
- ✓ Can be revoked for all 25 member states with one single action at the UPC

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## Different patents available under the new system

- ✓ **Traditional European Patent:** bundle of national parts obtained through post-grant validation in the patentee's countries of choice
- ✓ **European Patent with Unitary Effect:** one title for 25 member states (option: the countries outside the new system – i.e. Spain, Switzerland etc. – can be protected with traditional validations)
- ✓ **National Patent:** filing national applications before each national patent office

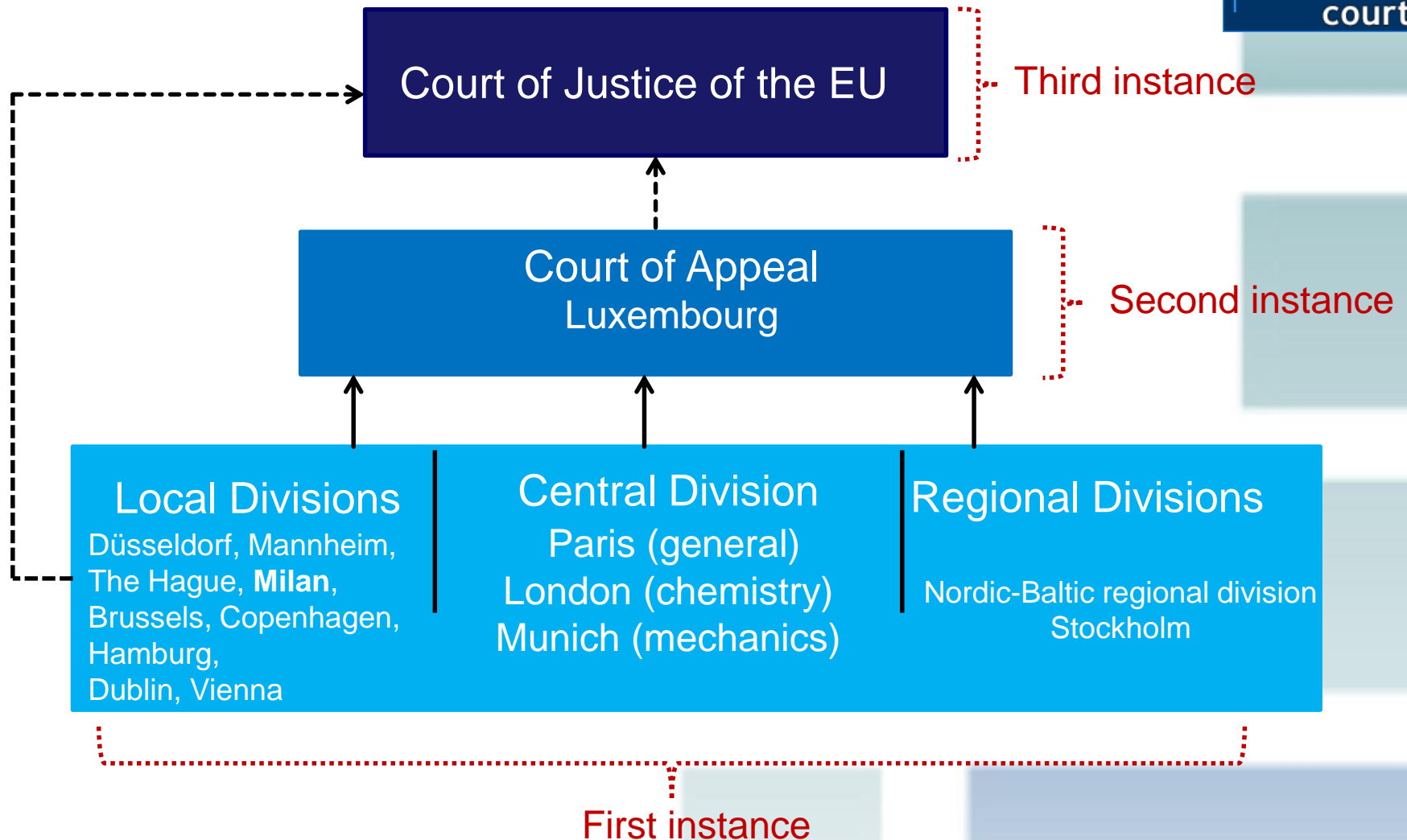


# **What changes and what does not change: litigation system**

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## What changes: the Unified Patent Court (UPC)

- ✓ **Supranational court** that will cover all 25 participating member states in one action
- ✓ Has **exclusive competence** for both European patents and Unitary patents for:
  - Infringement actions,
  - Actions for declaration of non-infringement,
  - Provisional measures (preliminary injunctions),
  - Orders for obtaining and preserving evidence,
  - Permanent injunctions and determination of damages,
  - Revocation actions,
  - Counterclaims for revocation.
- ✓ **Patent specialized judges only** (panel of judges)
- ✓ Applies **its own** autonomous substantive and procedural law
- ✓ **One judgment** for patent infringement or validity will be valid for all 25 member states



## ✓ Central divisions:

- revocation actions
- declarations of non-infringement
- (special circumstances: infringement actions)

## ✓ Local divisions/Regional divisions:

- infringement actions
- counterclaims for revocation

## Forum shopping:

- Infringement proceedings may be brought before a local or regional division located in a Member State in whose territory an act of infringement was committed (jurisdiction based on the **place of infringement**).
- The infringement action can also be brought before a local or regional division located in a Member State in whose territory one of the defendants is domiciled (jurisdiction based on the **place of domicile of the defendant**)
- Infringement proceedings can also be brought before the central division if one of **the defendant is domiciled outside the territory of the Contracting Member States**

## Procedure before the UPC (first instance and appeal)

### First phase - written procedure –

the parties exchange arguments, facts and evidence to sustain their requests. Each party has the opportunity to file only three written submissions (a first submission, a response and a rejoinder), the defendant having the last word. The deadlines imposed by the court are very short (1-3 months) and not easily extendable

### Second phase - interim procedure –

judge rapporteur may convene the parties to at least one conference to determine the main issues under debate, to clarify the position of the parties, to order relevant, technical experiments or the production of new evidence, to hold preparatory discussions with potential witnesses or experts and, in general, to prepare the oral hearing.

### Third phase - oral hearing –

oral hearing will last a maximum of one day, except in exceptional cases. Experts committed by the parties or by the court as well as witnesses, may possibly be heard during the hearing but only if their written statement or report need to be explained.

a) Fixed fee + value-based fee (for actions exceeding a value of Euro 500.000):

- ✓ Infringement action €11,000 (+value-based fee)
- ✓ Counterclaim for infringement €11,000 (+value-based fee)
- ✓ Action for declaration of non-infringement €11,000 (+value-based fee)

b) Fixed fee

- ✓ Revocation action €20,000
- ✓ Counterclaim for revocation: up to €20,000
- ✓ Application for provisional measures €11,000

**Reduction of 40%** for micro and small size companies

**Partial reimbursement** in case of the withdrawal of an action:

- 60 % if the action is withdrawn before the conclusion of the written procedure
- 40 % if the action is withdrawn before the conclusion of the interim procedure
- 20 % if the action is withdrawn before the conclusion of the oral procedure

**Recoverable legal costs:** a range of from €30,000 to €2,000,000 depending on the value of proceedings



- ✓ An injunction granted by a single court (i.e. the UPC) will stop infringements in all participating member states, granting protection over a consumer base of approximately 400 million people
- ✓ A unitary patent will remain vulnerable throughout its life to being revoked in an action before a single court
- ✓ With the current system, infringements can only be pursued with multiple national litigations and invalidity can be pursued in a centralized manner only if an opposition is filed within 9 months from the grant of the patent. After the 9 month period only national invalidity actions are available
- ✓ UK may or may not be able to stay in the system after exiting the European Union; this possibility will depend on the negotiations for leaving the European Union. If the UK will not be part of the system after leaving the European Union, then the UK will have to be covered using the classical European Patent with post-grant validation in the UK (or by filing a national application).

**BE READY TO USE OR AVOID THE NEW SYSTEM!**



## BE READY TO USE OR AVOID THE NEW SYSTEM!

- ✓ The new patent system is due to enter into force in **December 2017!!**
- ✓ **Transitional period** of 7 years for classical European Patents to opt-out from the competence of the Unified Patent Court



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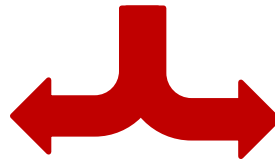
- ✓ Any company **operating (or wishing to operate) in Europe** for whom the protection and exploitation of intellectual property is important should take time to learn about the new system and develop a tailored patent strategy for Europe
- ✓ Any company **wishing to sell products in Europe** for whom infringement of patents could be an issue should learn and consider the new litigation strategies offered by the new system



The new patent system was due to start early 2017

....but.....

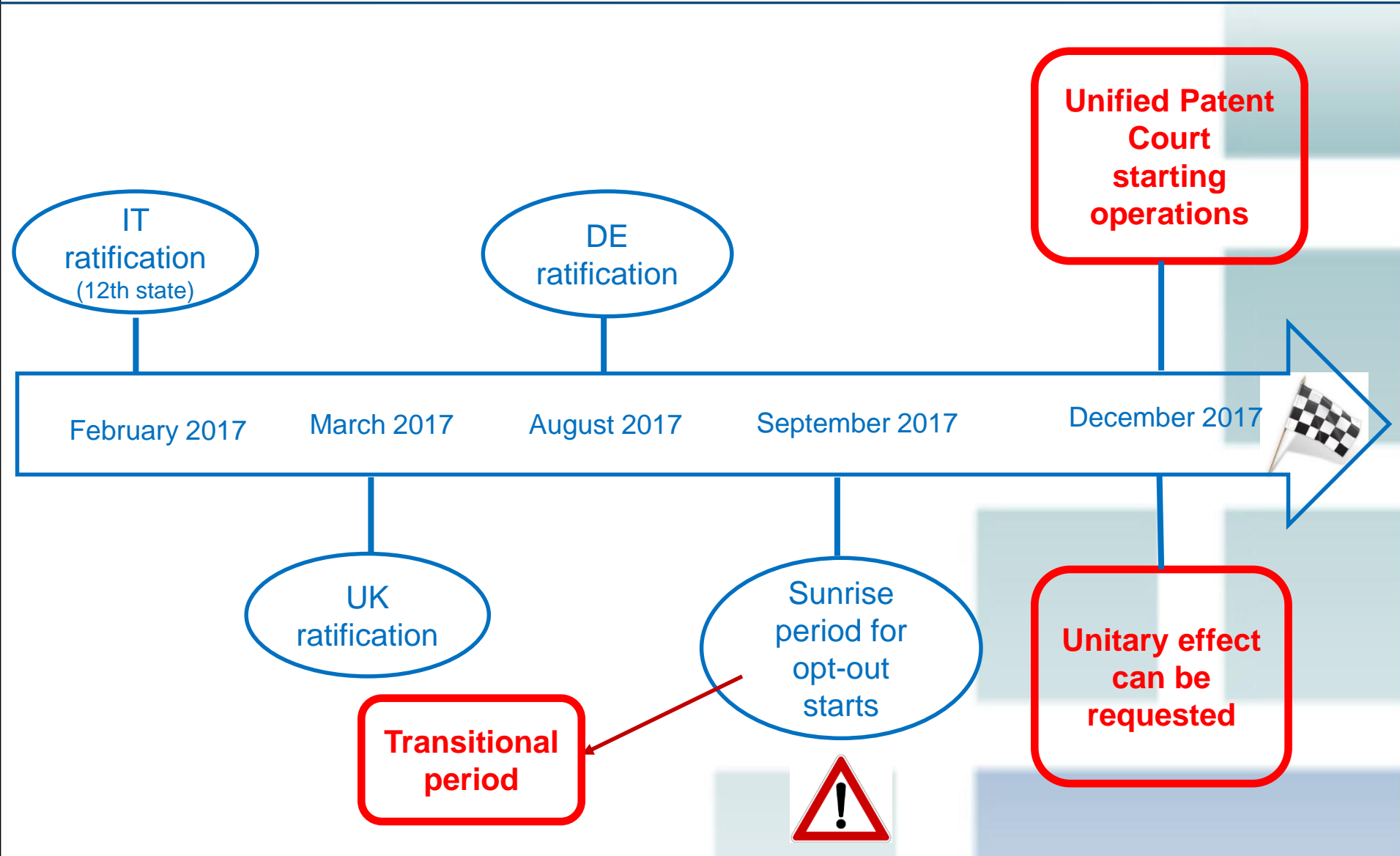
June 23, 2016  
UK referendum  
on EU exit



*Leave* vote  
won the  
referendum

.....however.....

- **November 2016:** the UK announced ratification of the UPC agreement despite the Brexit
- The new patent system is back on track!



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## Unified Patent Court (UPC): transitional provisions

- ✓ **transitional period (7 years):** “classical” European patents **only** can be opted-out from jurisdiction of UPC and litigated before national courts
- ✓ Unless an action has already been brought before the Court, a proprietor of or an applicant for a European Patent granted or applied for prior to the end of the transitional period **can opt-out** from the exclusive competence of the Court
- ✓ Patentees who wish to **withdrawn their opt-out** (i.e. opting back-in) may do so at any time, provided no national proceedings have previously been commenced in relation to the patent

## What to do know? Few helpful tips





- 1) **Review** your existing patent portfolio
- 2) **Be ready to opt-out** (some of) your existing European patents or applications
- 3) **Design a new patent strategy** for Europe now
- 4) **Review license agreements**



# 1) Review your existing patent portfolio



HELPFUL  
TIPS

- ✓ All existing (classical) European patents and applications subjected to the rule of the UPC if not opted-out
- ✓ One single action for nullity and/or infringement valid for all 25 member states
- ✓ Which of your European Patents are strong enough to face the risk of revocation in 25 member states with a single action?
- ✓ Which of your European Patents can be conveniently enforced with one single action covering 25 member states?
- ✓ Consider opt-out option

## B 2) Be ready to opt-out (some of) your existing European patents or applications

- ✓ Only available for classical European Patents for 7 years (transitional period)
- ✓ Prepare to opt-out your existing European Patents when the sunrise period starts (probably from September 2017)

.....why?...

- ✓ Your competitors may otherwise launch a central revocation action as soon as the Court opens its operations (probably 1 December 2017)
- ✓ Not possible to opt-out pending an action before the UPC
- ✓ **Consequence of opting-out:** infringement and revocation actions can be brought only before national courts with judgments that are only valid in the member state where the action has been filed



No central  
revocation or  
enforcement of  
the patent

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## 3) Design a new patent strategy for Europe now



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- ✓ Same “type” of patent for all inventions
- ✓ National patent
- ✓ European patent with unitary effect: (the new system will cover 14 countries at the beginning)
- ✓ Traditional European patent
- ✓ Combination of parent and divisional application in different categories: (consider filing divisional applications for most valuable invention before December 2017)
- ✓ Keep applications pending to be able to apply for unitary effect



## 4) Review license agreements

- ✓ Exclusive licensees may enforce without the patentee's consent unless the license provides otherwise
- ✓ Non-exclusive licenses may not, unless the license provides otherwise
- ✓ For future license agreements relating to unitary patents an applicable law clause is necessary for patentees outside the European Union, otherwise German law will be deemed to apply by default pursuant to Art. 7 of the Unitary Patent Regulation

# **THANK YOU**

## **Questions?**

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**MORE INFO AT [WWW.BUGNION.EU](http://WWW.BUGNION.EU)**

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