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EUROPEAN PARLIAMENT APPROVES EU UNITARY PATENT RULES

reported by Jochen Sties

After struggling for decades to achieve unitary patent protection in Europe, it now looks like agreement on a unitary, EU-wide patent (EU patent) has not only been reached but also that we will see the first EU patents in 2014.

1. What will the EU Patent actually mean?

Probably as of 2014 applicants will be able to request an EU patent to be granted for any application filed with the European Patent Office. This EU patent will be valid in all of the EU's member states except Spain and Italy.

A new Court system will also be established. The new Court will have jurisdiction not only over EU patents but also over any other of the established European patents (EP patents) whether or not they were either granted or their applications were pending prior to 1st January 2014.

2. How do things work at the moment?

At present, the usual way to protect an invention using a patent in Europe is to file an application with the European Patent Office. Then, after their examinations have been successfully concluded, you are granted an EP patent which is made up of a series of national parts, all of which are independent of each other.

At the end of the examination procedure, it is up to you to decide in which countries you want to maintain (“validate”) your EP patent. To this end, you will need to pay renewal fees to the respective patent offices in those countries. To complicate matters further, in countries like Italy and Spain you have to submit a translation of your patent specification into their language for your EP patent to take effect.

It’s also important to remember an EP patent gives you protection in all of the countries signed up to the European Patent Convention which means the protection extends beyond the EU into popular trading destinations like Switzerland or Turkey.

3. How do you apply for an EU Patent?

A decision on whether you should obtain an EU patent or an EP patent does not need to be made when you file your application.

The basis of an EU patent will still be a patent application filed with the European Patent Office and this application isn’t different or separate to the type of application you need to file for an EP patent. It is only once the examination procedure has been concluded that you, as the applicant, will have to decide whether you would prefer an EP patent or an EU patent.

However it is important to bear in mind that if you do choose an EU patent it must be supplemented with an EP patent for the countries which do not belong to the EU (e.g. Switzerland or Turkey) and for Italy and Spain who, for political reasons, will not be party to the EU patent, if you seek protection in these countries as well.

An EU patent could also be granted for any applications you have either filed or plan to file this year as long as the patent is granted after 1st January 2014, the day the regulations governing the EU patent come into force.

4. What will the rules around translation be?

For the first six years after its inception (a period which can also be extended by another six years in some cases) every EU patent will have to be translated after being granted so that it is available in English and one other official language of the EU. For example, if you filed your application in English, you will need to have it translated into German.

The good news is after the initial six year period (or at the latest after twelve years), a machine translation service will be provided so that only the claims have to be translated into the two other EPO languages, similar to EP patents.

5. What does the unitary effect mean for you?

Because the EU patent will take unitary effect throughout the EU states (with the exception of Spain and Italy), you will be able to transfer and/or maintain your patent as a whole. The other side of the coin is that the EU patent can be declared null and void by a single attack, not only in opposition proceedings but also in nullity proceedings after the opposition period is over.

6. How will renewal fees be affected?

After being granted, an EU patent will be administered by the European Patent Office. This means all renewal fees will be paid directly to the European Patent Office.

7. How will oppositions be managed?

Oppositions against a granted EU patent will be adjudged in the same way as oppositions against an EP patent; firstly by an Opposition Division of the European Patent Office and then, in the second instance, by a Board of Appeal.

8. How will the new Unified Patent Court be structured?

Once the regulations governing the EU patent come into force, a new Court system will be created which will have jurisdiction over all litigation relating to EU patents. However the new Court will also have jurisdiction over litigation relating to EP patents, regardless of when those patents were or will be granted.

The Unified Patent Court will offer two stages; a First Instance for initial hearings and an Appeal Instance in the event an appeal is required.

The First Instance will comprise of a central seat in Paris, branches in Munich and London, and a number of national/regions divisions. These divisions will be distributed amongst the EU member states in accordance with the level of patents disputes filed there. At least three national divisions are expected to be created in Germany.

The Appeal Instance will be composed of a single division that will sit in Luxembourg.

9. How will competence be divided?

The Unified Patent Court will predominantly be competent for actions relating to the infringement of an EU or EP patent and for actions seeking an EU and EP patent to be declared null and void (nullity actions).

Should an action seeking nullification of an asserted patent be filed during an infringement procedure pending in a division of the Unified Patent Court, that particular division will in principle be competent for the nullity action.

However, the division could refer the nullity action to the central division if that move is requested by one of the parties involved or at its own discretion.

The central division will also be competent for isolated nullity actions against EU patents and EP patents.

10. What languages can be used?

The Unified Patent Courts will be able to administer proceedings either in the language in which the patent was granted or in English.

11. What will happen in actions against old EP patents?

The Unified Patent Courts will in principle have jurisdiction over EP patents granted prior to 2014. For a transitional period of seven years (which is extendable by another seven years), the competence of the Unified Patent Courts will run parallel to the national Courts.

For any EP patent granted before this transitional period comes to an end, there is the option of notifying the European Patent Office in their role as the administrative authority that the previous (national) competence shall still be valid ("opt-out"). This means nullity actions against an "old" EP patent can then be brought as before – against the individual national parts before their national Courts. For example a

nullity action against a German part would have to be made before the German Federal Patent Court.

The “opt-out” notification may be withdrawn at any time.

WHAT DO PRINZ & PARTNER MAKE OF THE AMENDMENTS?

Renewal Fees

The launch of the EU patent will have a noticeable effect on renewal fees. While the final level of renewal fees has not been fixed yet, previous discussions between the EU Parliament and the EU Commission suggest the fees are likely to be equivalent to those associated with maintaining an EP patent in five to six countries.

If up until now you have had validated your EP patents in a number of countries and also had maintained the various national parts over a long period of time, the EU patent should both reduce the cost of maintaining your patents and eliminate the current validation costs.

However there is a flip-side. If you usually patent in fewer countries, the EU patent could well increase maintenance costs. In addition, under the EU patent you will no longer be able to drop part some of the states after a period of time to reduce the number of states you pay your renewal fees to. Under an EU patent, the total amount must be paid even if you actually only want protection in a single state.

That said, the EU patent should be advantageous for you if you value wider territorial protection as the EU patent will not result in disproportionate validation costs and high annuities. The EU patent should therefore be an alternative if you, up until now, restricted your validations to a few states to limit expenditure but really want or require much wider protection geographically.

If you would like us to evaluate your patent portfolio to work out whether EU, EP or national patents would be the best choice for you in the future, email us at info@prinz.eu

Unified Patent Court

In our opinion, using the planned Unified Patent Court could be a risky strategy for those who wish to enforce their patents against infringers, at least for the first couple of years. We feel there will be a lack of predictability in Court’s decisions which will make providing advice on how best to enforce patents more difficult. There may also be concerns over the quality of the judges from some member states in the early stages.

Decisions on Nullity Actions

So far, it has been foreseeable which Court will examine the validity of your patent if you wished to enforce it against a competitor and the latter defended himself by a nullity action. This predictability is eliminated with the Unified Patent Court. Although a nullity action which is filed as a “response” to an infringement action must at first be filed with the same division of the Unified Patent Court with which you have filed the infringement action, this division may decide at its own discretion and thus against your will to refer the nullity action to the central division, thus to Paris, for example.

The Court will have no past precedents

The Unified Patent Courts will start with its own rules of procedure. We feel there will be a lack of predictability as to how the Unified Patent Court will treat legal issues that have already been clarified in a certain country (for example in Germany by the Federal Court of Justice) in fundamental decisions.

Qualification of the Judges

Politics have dictated the Unified Patent Courts will be filled by judges from every member state. Our view is this will mean even the decisions reached by the German divisions of the Unified Patent Courts will end up involving judges with markedly less experience in patent litigation matters than the judges currently working in the German Patent litigation chambers.

Given there are only six EU countries in which patent infringement actions are regularly adjudged, it seems likely that many EU member states will have to send judges without a great deal of experience of overseeing patent infringement actions. Although the EU will offer intensive training to the new judges, it is impossible to foresee whether this training will be a sufficient substitute for personal experience.

In any case it will be even more important to decide before an action is submitted in which Court action is to be filed.

The decision on whether the opt-out option is to be used for EP patents that have already been granted or for EP patents granted during the initial seven year transitional period is also important.

What happens next?

Would you like some help working out how these changes will affect you?

QUESTIONS?

If you have any questions regarding this topic, please feel free to get in touch with your personal contact or Jochen Sties at j.sties@prinz.eu.

Prinz & Partner
Rundfunkplatz 2
80335 München

Telephone: +49 (0) 89 / 59 98 87-0
Telefax: +49 (0) 89 / 59 98 87-211
Email: j.sties@prinz.eu