

**WEBINAR SERIES**  
**LIFECYCLE OF A SMART IDEA**

# ARE YOU PREPARED FOR THE NEW UNIFIED PATENT COURT SYSTEM IN EUROPE?

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**MARCH 24, 2022**

Gowling WLG's Global IP Group

Prosecution

**EPC 1973:**

Single Application  
creating bundle of EPs



**UPC:**

Creation of single  
Unitary Patent (UP)



Enforcement

**EPC 1973:**

No centralised Court  
system for EPs.

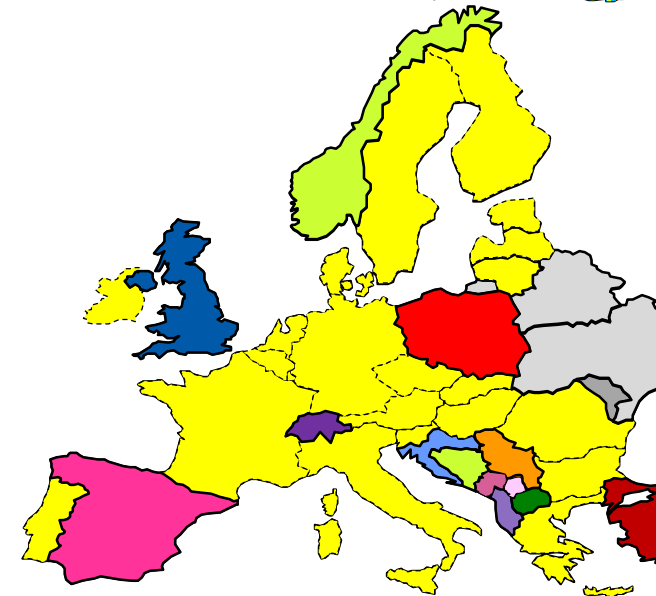
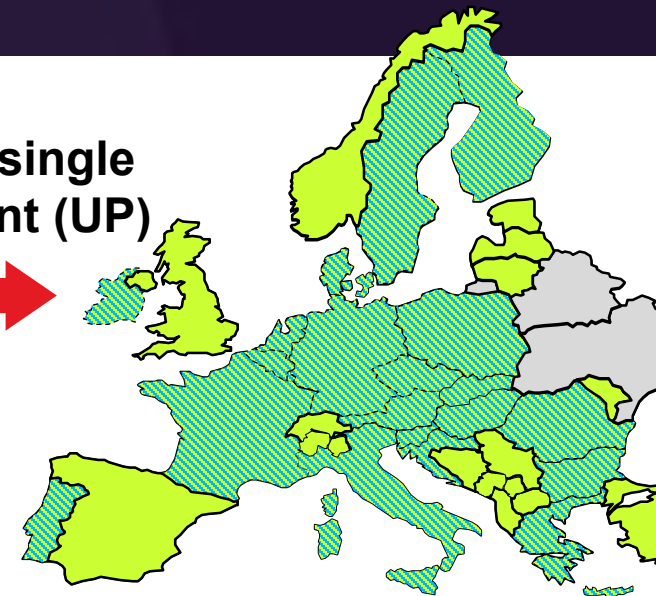
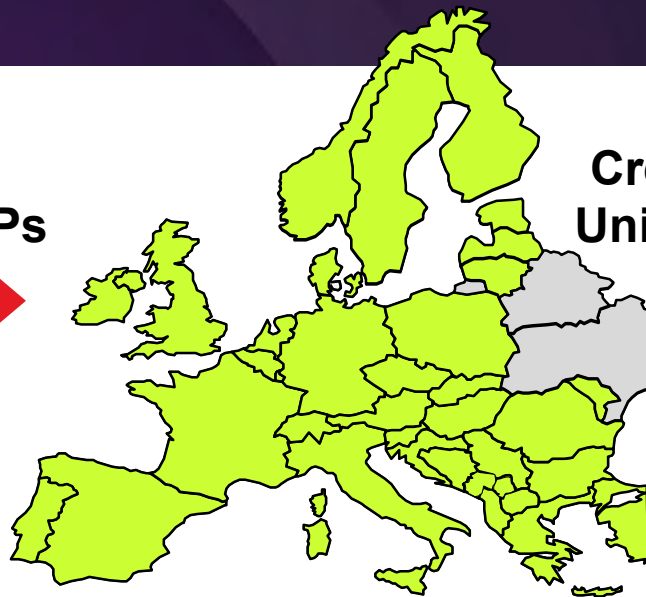


**UPC:**

Creation of new Court  
system for UPs and EPs



**GOWLING WLG**

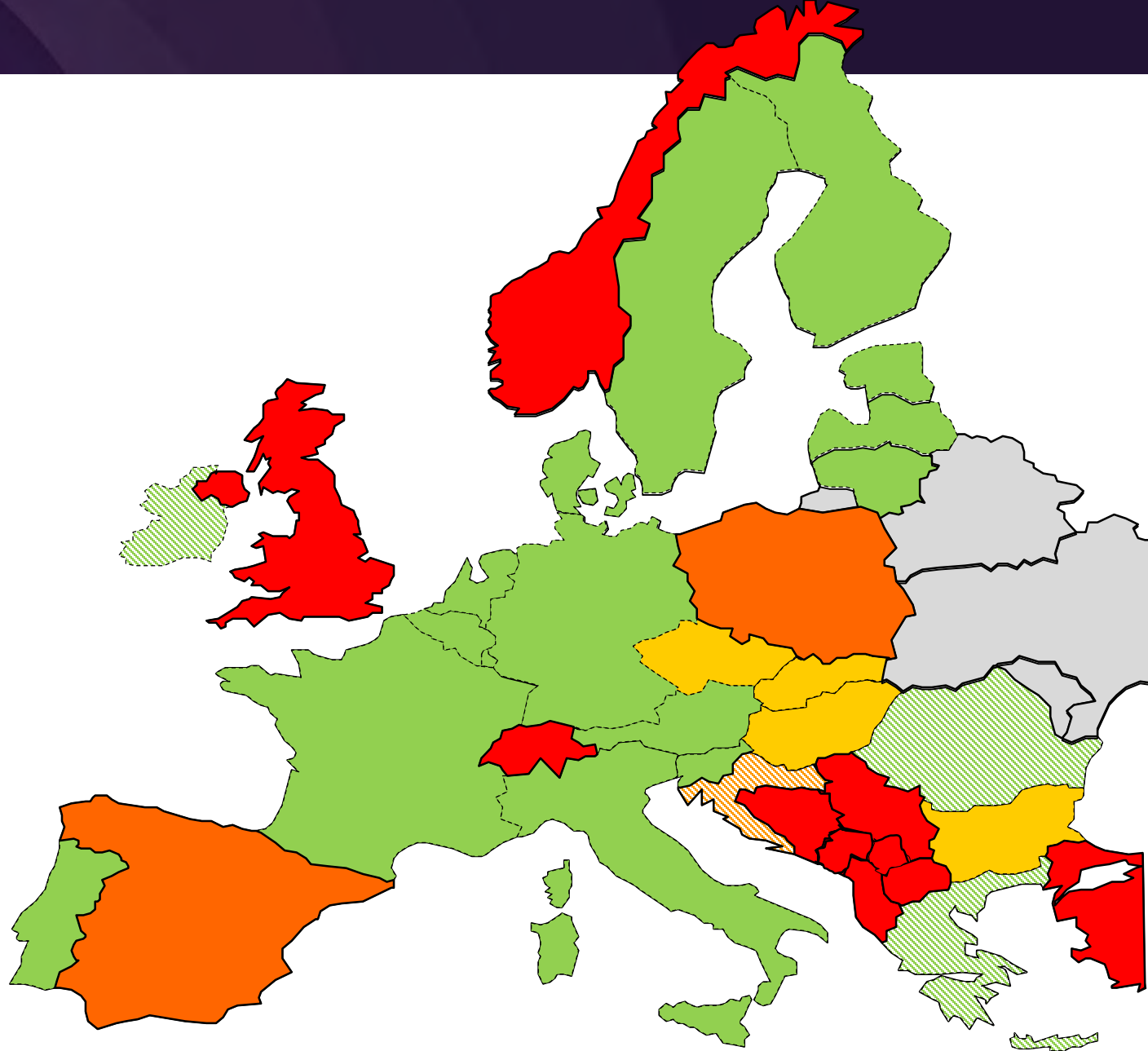


**EPC but not EU Member State  
= Cannot Participate in UPC**

**EU Member State but has not  
signed UPC Agreement**

**Has signed agreement but indicated  
intention to delay ratification**

**Expected UPC Member State  
(Hatching = Ratification pending)**

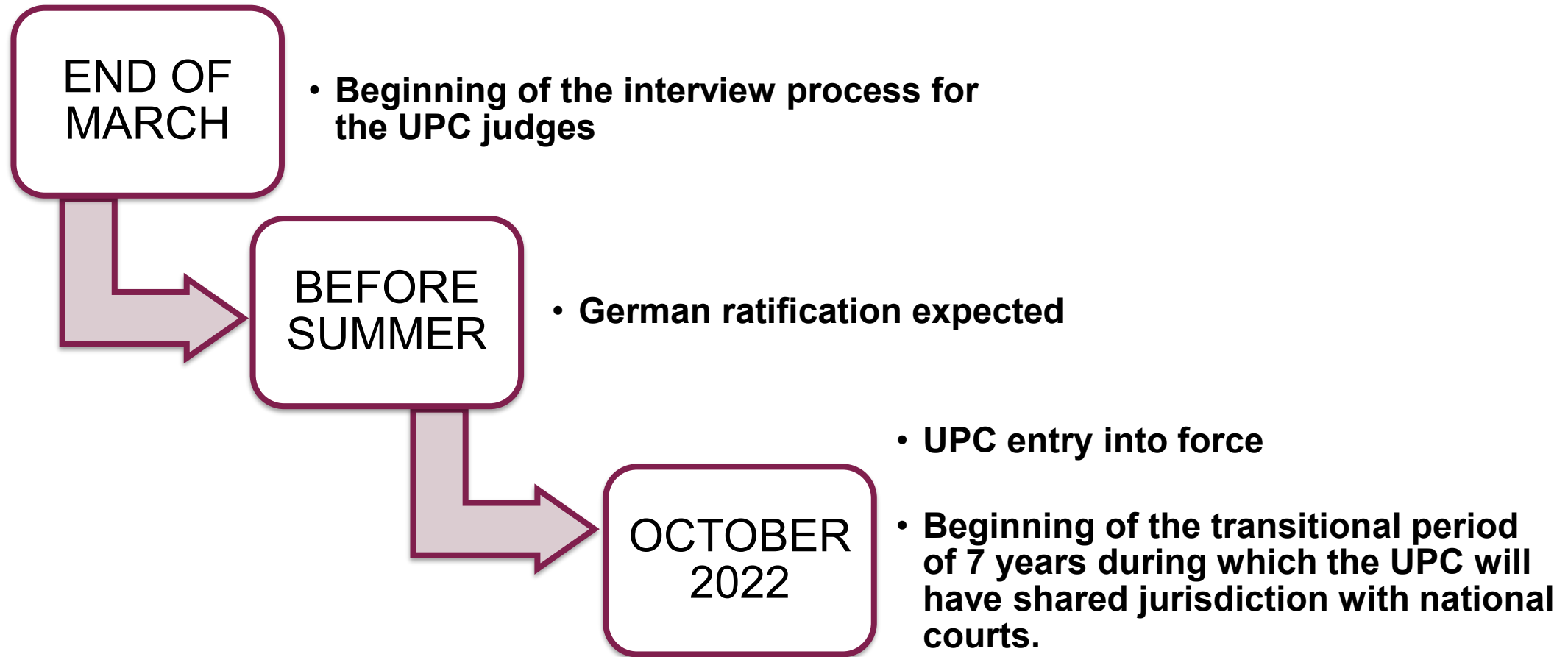


# WHAT IS GOING TO HAPPEN?

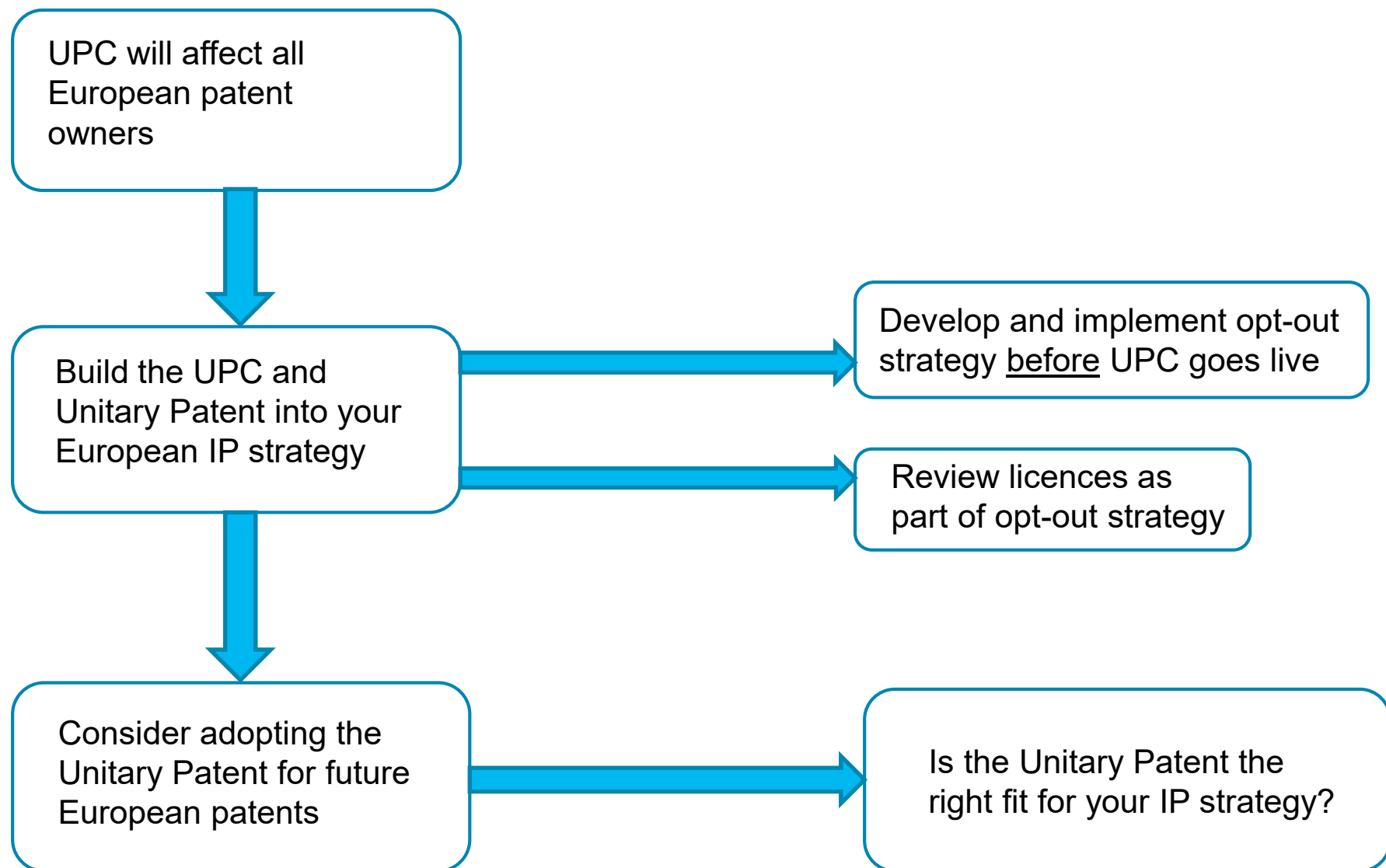
- **January 19, 2022:**
  - Birth of the UPC as an international organisation;
  - Coming into force of the Protocol on Provisional Application of the UPC Agreement;
  - Start of the Provisional Application Period (PAP):
    - *Recruitment of judges*
    - *Testing IP systems*
    - *Registration of opt-out demands*
- During the PAP, the Administrative Committee, Advisory Committee and Budget Committee are the **UPC governing bodies whose role is to ensure the effective implementation and operation of the Agreement.**



# PROVISIONAL TIMETABLE



# FACTOR THE UPC AND UNITARY PATENT INTO YOUR IP STRATEGY





# SHOULD YOUR FUTURE EUROPEAN PATENTS INCLUDE THE UNITARY PATENT?

## GEOGRAPHIC COVERAGE

Wide geographic coverage at a more attractive price point



Some key countries are not covered, including the UK, Switzerland, Spain, and Norway



## PATENTED TECHNOLOGY

✓ Consider how the technology covered in the patent will influence your decision

- Opt-out high-value patents?
- Opt-in broad, lower-value patents?

## LITIGATION

Potential for pan-European injunctions



Vulnerable to central revocation



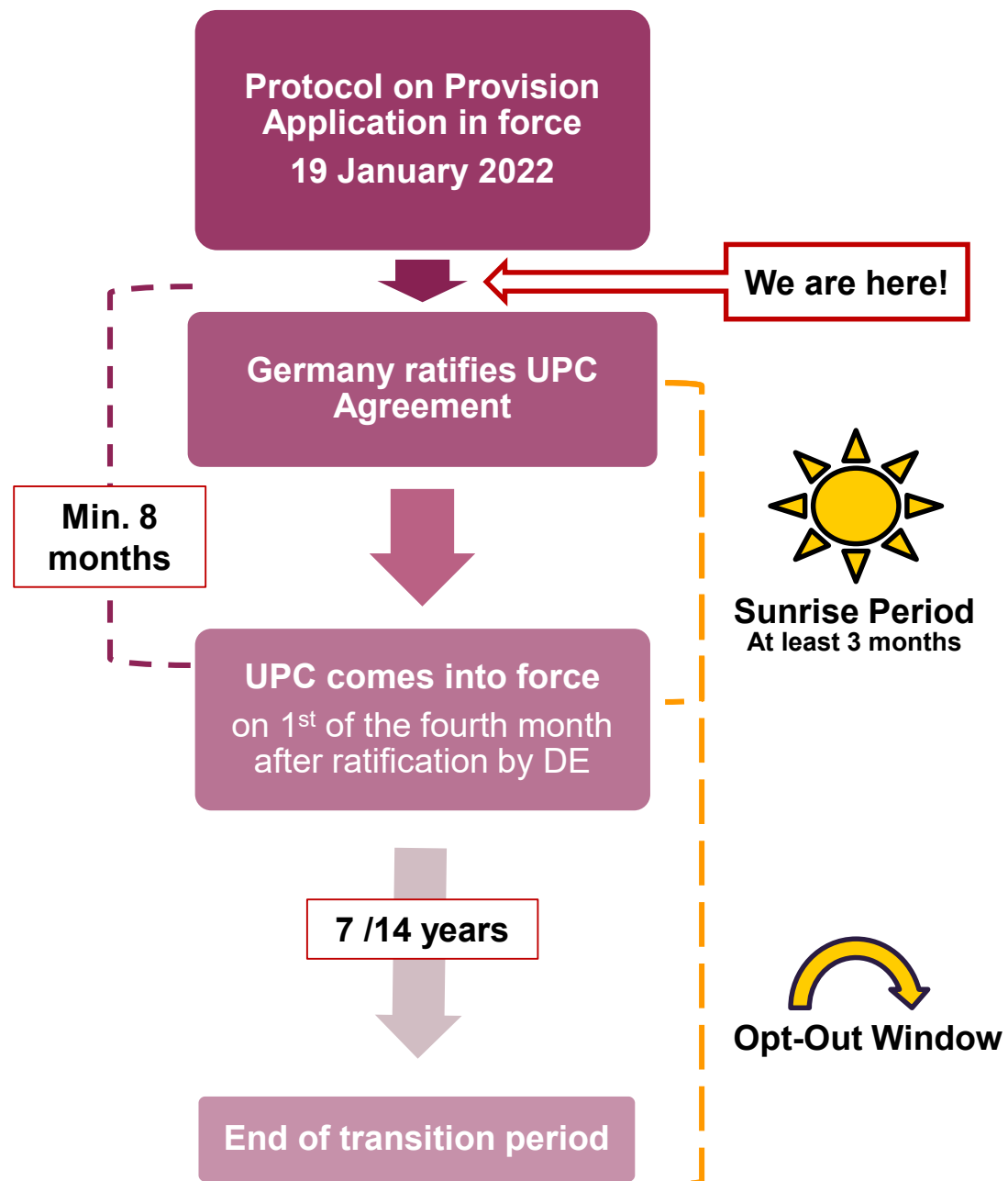
Exposed to a completely untested court system



# IT IS GENERALLY ADVANTAGEOUS TO OPT OUT – HERE'S WHY

- Do nothing [Not Opting Out] → Opting into the UPC by Default
  - Patent holder can start an action in the UPC & Nationally
  - Third party can start an action in the UPC & Nationally
- Opt Out
  - Patent holder can start an action in the UPC & Nationally **unless** a Third party has already started an action Nationally
  - Third party can **only** start an action Nationally





### OPTING OUT

- EPs are 'opted in' by default.
- Only EP patents & applications can be opted out – not UPs.
- Opt-out must be made by owner(s).
- Joint owners must all agree.
- Cannot opt-out if revocation proceedings commenced in UPC.

### OPTING IN

- EPs may be opted back in provided national proceedings have not been commenced.
- EPs that are opted back in cannot then be opted-out again.

# Audit Checklist

## IDENTIFY

- ✓ Identify all European pending applications and granted patents
- ✓ Identify the legal owner of each and every designation or validation state
- ✓ Identify any licensees in each designation or validation state

## DISCUSS

- ✓ The commercial value of each patent and risk tolerance
- ✓ Any actual or potential infringement in UPC member states?

## AGREE

- ✓ Decide whether to opt out each pending applications and granted patents
- ✓ Obtain agreement from joint owners (and licensees)

## REVISE

- ✓ Review and revise licence agreements to include terms relating to the UPC and opt out



PUBLISHED ON OCTOBER 21, 2021 BY GORDON HARRIS AND MICHAEL CARTER

## Who controls your opt-out?



### The impact of the UPC on existing and future commercial arrangements

As the commencement of the Unified Patents Court looms larger, we are turning our thoughts to some of the really practical issues which need to be addressed with a degree of urgency now. We will be looking at the question of "opting out" of the UPC jurisdiction in a sequence of blog posts to follow, but we thought we would start by looking at some of the non-contentious issues which can arise as a result of the coming of the UPC and the Unitary Patent.

More than six years ago this firm published an article in *Managing Intellectual Property* entitled "[The Unitary Patent for non-litigators](#)". One of the points we made then was the need for companies who enter into commercial arrangements relating to patents (licences, security etc.) to carefully consider the impact of the UPC opt-out on their existing arrangements. In particular, we noted that:

<https://loupedin.blog/2021/10/who-controls-your-opt-out/>

Search this website

#### RECENT POSTS

Equality, diversity and inclusion in sport

Inaugural meeting of the UPC's Administrative Committee marks an important step towards commencement of the UPC

Singapore: Examination of Companion Trademark Applications

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## The Unitary Patent for non-litigators

Michael Carter, Nick Smee, Luke Kempton and Nick Cunningham analyse the implications of the Unitary Patent proposals for non-contentious matters, and recommend steps that patent owners and licensees should take now



By Managing IP  
Correspondent

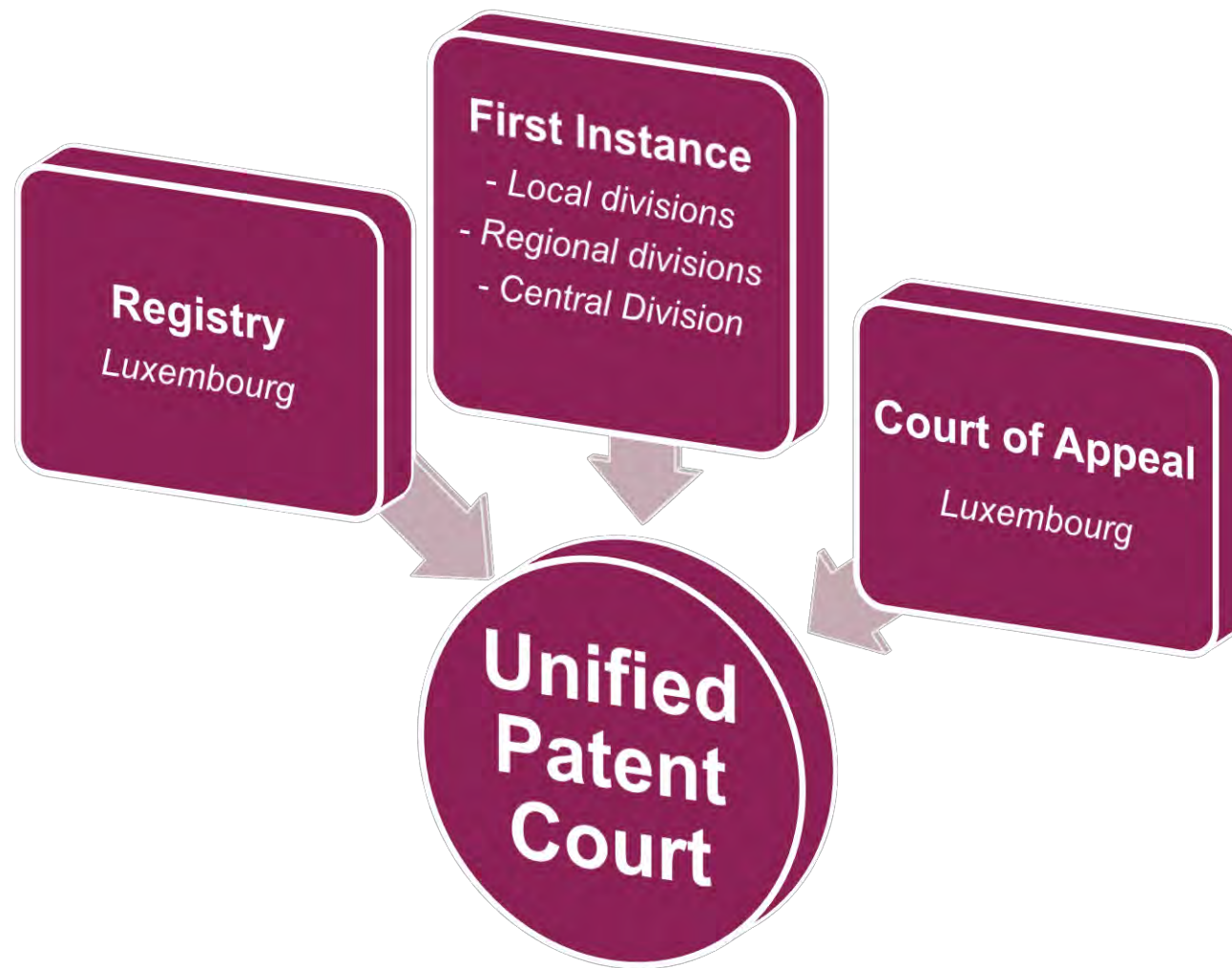
January 26 2015

#### A minute read

Only a small fraction of patents granted in Europe are likely to be litigated in the Unified Patent Court. But that does not mean the UPC scheme will not affect the day-to-day business of patent owners and their licensees. On the contrary, companies should act now to ensure they are prepared for the changes coming. This includes considering filing strategy; the terms and conditions in licensing agreements; licences of right; commitments to standards bodies; portfolio management; joint ownership of patents; and security interests. For many patent owners, the UPC will have a greater impact on their commercial activities than on general litigation strategy. While some strategic decisions will have to await further announcements about fees, there are several steps that can usefully be taken now.



# STRUCTURE OF THE UPC



**Training Facility  
for Judges**

*Budapest*

**Patent Mediation  
and Arbitration  
Centre**

*Ljubljana & Lisbon*



# COMPOSITION OF THE FIRST INSTANCE COURT

## Local divisions

*Austria*  
*Belgium*  
*Finland*  
*Germany (4)*  
*Italy*  
*Netherland*  
*Portugal*  
*Slovenia*

## Regional Division

*Nordic-Baltic regional division (with  
Sweden, Estonia, Latvia and  
Lithuania) which seats in Sweden*

## Central division

*Paris*  
*with a seat in Munich*

# CENTRAL AND LOCAL DIVISIONS

## REGIONAL DIVISION

Based in **Paris** with a section in **Munich**;

Cases will be distributed according to their subject matter following the WIPO International Patent Classification.

## LOCAL DIVISION

Each Member State may set up one local division;

Additional local division can be set up in a Member State based on the number of patent cases.



## PARIS

- Performing operations
- Transporting
- Textiles
- Paper
- Fixed constructions
- Physics
- Electricity



## MUNICH

- Mechanical engineering
- Lighting
- Heating
- Weapons
- Blasting

*Pictures of the front of the seat Central divisions found on the UPC's website*



# COURT MAP

## **Blue** : Central divisions

- *Paris*
- *Munich*

## **Red** : Local division

- *Vienna*
- *Brussels*
- *Copenhagen*
- *Helsinki*
- *Munich*
- *Mannheim*
- *Dusseldorf*
- *Hamburg*
- *Milano*
- *Lisbon*
- *Ljubljana*

## **Green** : Seat of the Nordic Baltic regional division

- *Stockholm*

## **Pink** : Court of Appeal & Registry

- *Luxembourg*

## **Black** : Arbitration and Mediation Center

- *Lisbon*
- *Ljubljana*

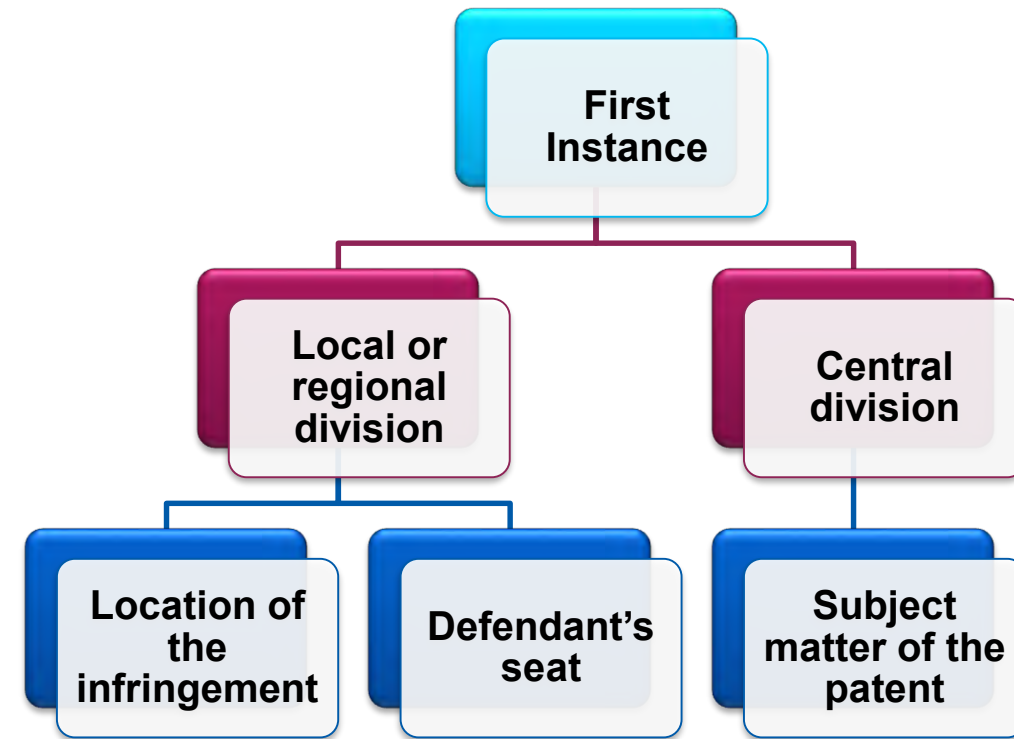
## **Purple** : Training center

- *Budapest*



# HOW WILL IT WORK? – FIRST INSTANCE

- Individual cases will be distributed among the local and regional divisions according to the infringement's location or the defendant's seat;
- The procedure will consists of a written, interim and oral procedure;
- Final oral hearing will take place after 1 year.



# HOW WILL IT WORK – COURT OF APPEAL

- The Court of Appeal comprises 2 international panels of 5 judges (2 with a technical back-ground and 3 with a legal back-ground);
- The appellant has 2 months to lodge an appeal against a first instance decision;
- The Court of Appeal will not decide on new evidence;
- Appeals will not have suspensive effect unless the Court makes such an order.



*Picture of the Court of Appeal from the UPC's website*

# PROCEEDINGS

## LOCAL AND REGIONAL DIVISIONS

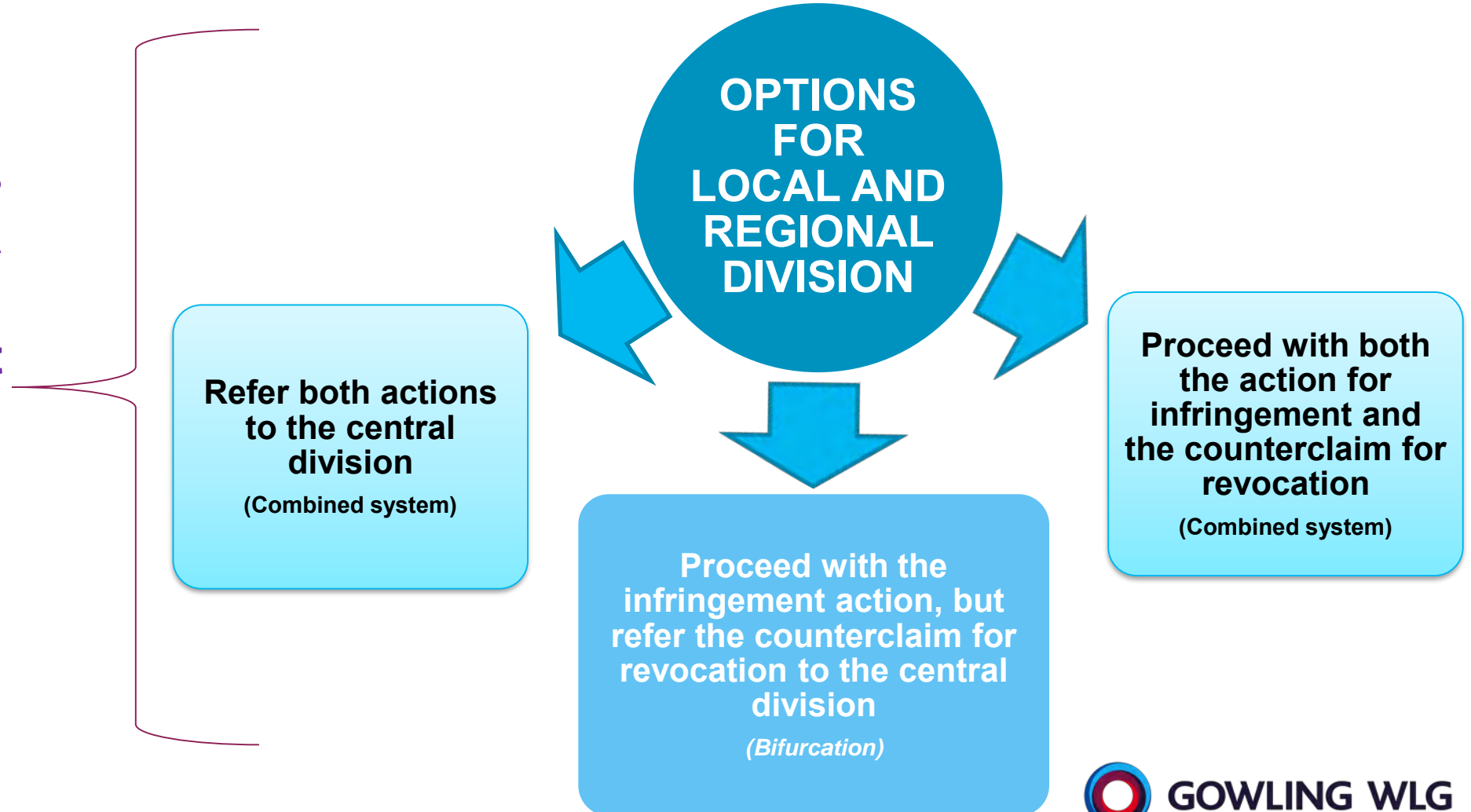
- Infringement
- Provisional & protective measures
- Invalidity as a counterclaim to a pending infringement action

## CENTRAL DIVISION

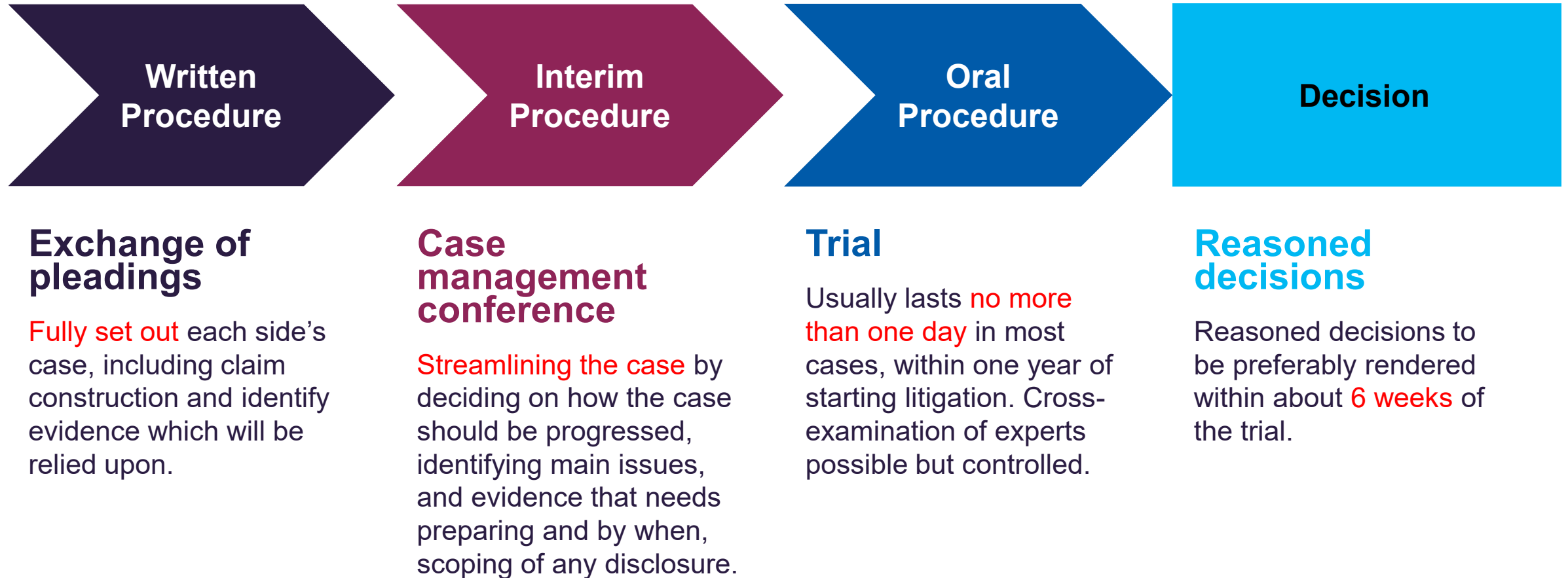
- Revocation
- Declaration for non-infringement

# PROCEEDINGS: INFRINGEMENT & REVOCATION

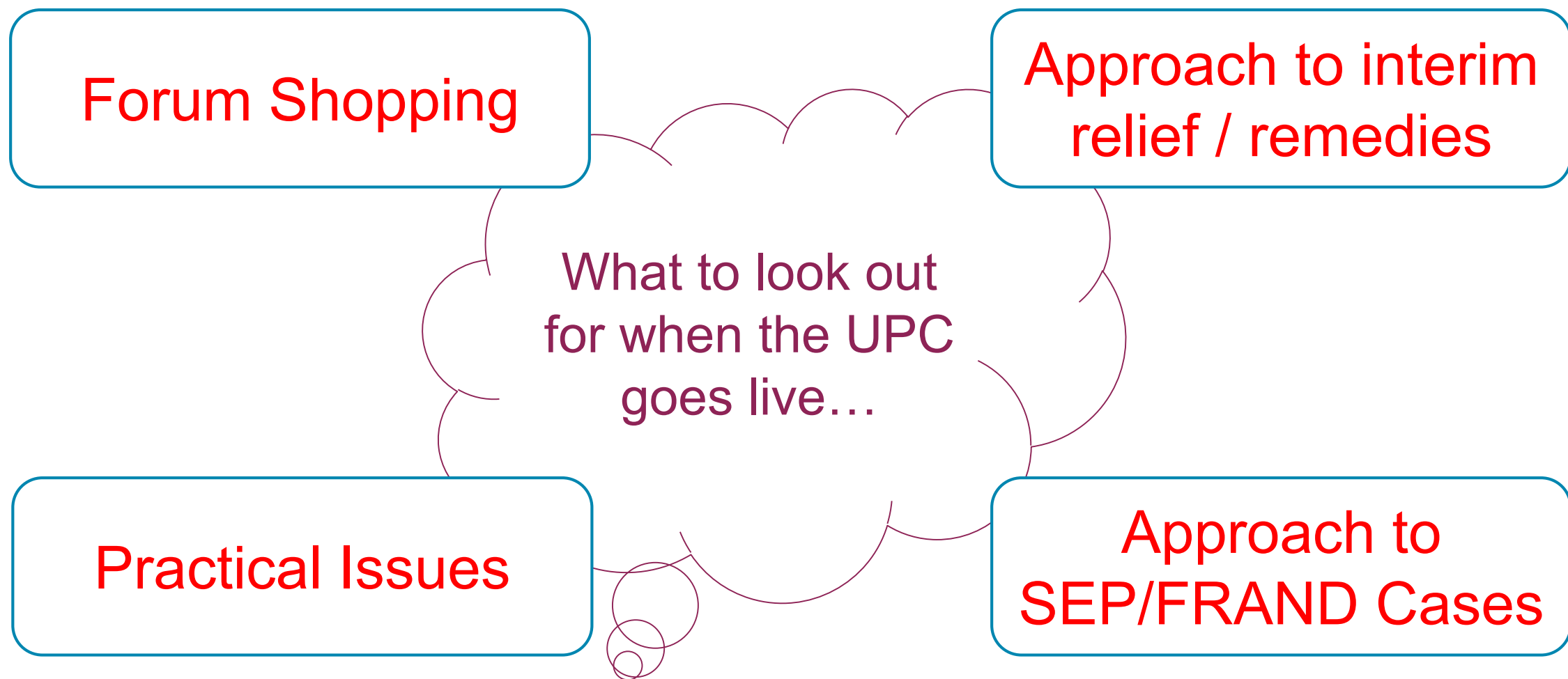
If revocation is raised as a counterclaim in an infringement action, the local or regional division will have 3 options:



# UPC LITIGATION PROCEDURE - OVERVIEW







	UNITARY PATENT		NATIONAL VALIDATIONS	
	Pros	Cons	Pros	Cons
Renewal Fees	Equivalent to 5-6 national validations			Scales with the number of national validations
		Substantial increase after year 10	More gradual increase throughout patent term	
		Fixed renewal fee schedule since the Unitary Patent is a single patent right	Renewal fees can be controlled by selectively abandoning patents	
Translations		Potentially expensive if only interested in a few countries		Scales with the number of national validations
	Substantial cost savings if interested in a large number of countries		Relatively inexpensive if only interested in the UK, FR, and DE	
Litigation	More streamlined	(Potentially) more expensive	Cheaper if litigation initiated in a small number of jurisdictions	Total costs will scale with the number of jurisdictions in which litigation is initiated


	UNITARY PATENT		NATIONAL VALIDATIONS	
	Pros	Cons	Pros	Cons
<b>Renewal Fees</b>	Only one fee to pay, one instruction to send			Separate fees to pay in each validation state, usually required to be paid by a local attorney
<b>Translations</b>	Only have to translate into one other UPC language			Each validation state has different translation requirements (some require full translation of the specification)
<b>Litigation</b>	More streamlined e.g. central infringement proceedings	Unpredictable results in the early years, untested case law	Can use different national legal systems to your advantage	Infringement proceedings in multiple parallel national courts
		Central revocation		
<b>Transactions</b>	Only need to record a transfer document once	Not possible to split up ownership geographically	Can transfer ownership country by country	Transfers have to be registered at each national patent office
	Large geographical coverage with one single asset			

# THANK YOU FOR ATTENDING

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