

Kluwer Patent Blog

The to do list for the Unitary Patent Package

Kluwer Patent blogger · Tuesday, February 21st, 2017

How to prepare for the upcoming Unitary Patent and the Unified Patent Court, which are expected to start functioning on 1 December of this year? In a guest post, Wouter Pors, partner of Bird & Bird in The Hague, discusses licensing, co-ownership, opting-out and other important features of the new system and explains that patent proprietors and their opponents need to take action now in order to be ready for the new European patent system.

By Wouter Pors

The Unified Patent Court will open for business this year

Following the Brexit referendum on Thursday 23 June 2016 the future of the Unitary Patent and the Unified Patent Court became quite uncertain for a while, until the UK government announced in the EU Competitiveness Council on 28 November 2016 that it was proceeding with preparations to ratify the UPC Agreement. Jo Johnson, the UK Minister for IP, added in a hearing of the House of Commons Science and Technology Select Committee on 11 January 2017 that 'we want to be there at its creation'. Expectations now are that the UK ratification may happen as soon as March. Germany is expected to complete its parliamentary process towards ratification this spring. The deposition of its instrument of ratification determines when the UPC actually starts, in accordance with article 89 UPCA. The start date is now planned for 1 December 2017, so the German ratification needs to be deposited by the end of August, but also no sooner than August.



The sunrise period for opting out traditional European patents is planned to start on 1 September 2017. Since such opt-outs will now be done electronically through the UPC case management system, it will take less than a minute to opt out a patent and the opt-out will be on the register immediately. Thus there is no risk of any accumulating backlogs anymore. The registrar however will not check whether an opt-out meets all the requirements to be valid, this will be the sole responsibility of the patent proprietors.

The EPO is currently working on a possible sunrise period for applications for unitary effect, which would also start on 1 September 2017. The Unitary Patent Regulation provides in article 9(1)(g) that an application needs to be submitted by the proprietor no later than one month after the mention of the grant of the European patent is published in the European Patent Bulletin. Unitary effect can only apply to granted European patents. However, the Regulation doesn't specifically state that an application can only be filed once the patent is granted. It seems it could be filed and

processed at an earlier stage, although the formal decision can only be issued once the mention of the grant of the patent is published. The decision to grant a patent is taken around four weeks before publication and contains the date of publication, which means that the EPO can also prepare the decision to grant unitary effect in time before the publication of the patent. It seems the EPO will therefore allow the filing of applications for unitary effect in relation to patent applications. The Regulation itself enters into force on the day that the UPC Agreement enters into force. The sunrise period would allow patent applicants to file applications for unitary effect in time for them to be processed by the time the patent is granted. In addition, it seems the EPO will allow to delay the grant of patents to ensure that the mention of the grant is not published before 1 December 2016, if an applicant indicates that he would like to be able to obtain unitary effect.

With two sunrise periods starting on the 1st of September, Unitary Patents becoming available as of the 1st of December and the Unified Patent Court opening for business on the 1st of December, there's a lot of work to be done for patent proprietors at short notice and also for their adversaries. There is certainly no time anymore for a wait-and-see approach.

Evaluate your patent portfolio now!

For pending patent applications that are close to grant, the applicants need to decide whether they want to apply for unitary effect and take the necessary preparations, including a request to the EPO not to publish the mention of the grant of the patent prior to 1 December 2017 and filing a request for unitary effect with the EPO during the sunrise period.

It is also important to monitor which countries are covered by the unitary effect. At the start at least 14 countries will have ratified the UPC Agreement and those will then be covered by the Unitary Patent. It may even be up to 21 countries out of the 25 that are envisaged. For the scope of the Unitary Patent the date of registration of the unitary effect is decisive, so ratifications should be closely monitored, in order to decide whether additional national validations are needed in countries that have not yet ratified. If countries ratify later on, the scope of a pre-existing unitary effect will not be extended to those countries.

Patent proprietors may want to diversify their options at least for the most important patent applications by filing divisional applications. Although the claims of course cannot be identical, they can be very similar under the current EPO case law. This will allow for both a traditional European patent (maybe even opted out of the UPC jurisdiction) and a Unitary Patent for closely related inventions.



Wouter Pors

Some countries, like Germany, Denmark, Sweden, Finland and Hungary may even allow national rights (patents and utility models) next to European rights. Such an application may be filed up to 30 months from the priority date, based on a PCT-application.

For existing and future traditional European patents, a decision needs to be taken whether or not to file for an opt-out. Once an action has been started at the UPC – for instance a validity attack by a

third party, the patent cannot be opted out anymore. For all practical purposes this means that if a proprietor wants to exclude the UPC's jurisdiction for an existing European patent, the opt-out needs to be registered before 1 December 2017.

Opting out requires preparation

Opt-out requests are filed through the UPC case management system. First of all this requires getting acquainted with that system and preparing to register as a user. Currently a test version of the case management system is available. It is worthwhile to open a test user account to get to know the options of the system. When the sunrise period starts on the 1st of September, a true user account will be needed. This will require identity authentication, performed by national authorities in the participating member states on the basis of photo identification, such as a passport, ID card or driver's licence. Details of the requirements will soon become available.

An opt-out is only valid when it is performed by all proprietors of the patent and all holders of existing SPC's; not the proprietors according to a patent register, but the actual proprietors (the persons entitled to be recorded as proprietors in each country covered by the UPC where the patent is validated). The first step therefore is to identify who these are or will be at the moment of filing the application. Holders of SPC's can be licensees or even third parties. They all need to cooperate in filing the opt-out application. A mistake in doing this properly will not be signalled by the UPC Registrar; it will only surface if for instance a third party launches a central validity attack at the UPC and the UPC then refuses to deny jurisdiction because there was an error in the opt-out. At that stage, such error cannot be repaired anymore. There may be an exception for very minor mistakes, such as a small error in the company name or address, but this should not be relied upon. A faulty opt-out can be corrected and will have effect as soon as the correction is registered.



If a patent proprietor wants to keep the option to withdraw the opt-out later on, he also needs to check whether any national litigation on the patent is pending or has ever been pending, as that would block withdrawal.

The opt-out can only be filed by an official representative of the company. Who would qualify as such a representative is determined by the laws of incorporation of the patent proprietor. Every other person will need a specific mandate. This all needs to be prepared preferably before September 1st.

If you want to clear the path by filing a central attack on a patent which you think is invalid, it is important to start monitoring the opt-out register as of the 1st of September.

Licences and co-ownership agreements

The UPC Agreement authorises exclusive licensees to enforce the patent without consent from the proprietor, unless agreed otherwise. A subsequent counterclaim for revocation of the patent (with effect for the whole UPC territory) is served on the proprietor by the UPC registry, dragging the

proprietor into a validity action. It is therefore crucial to check and where needed review such licence agreements prior to 1 December 2017, as the new rules apply to existing licences with immediate effect. On the other hand, non-exclusive licensees may want to obtain the right to enforce the patent in the UPC, which requires a provision to that effect in the licence agreement.

If companies co-own a Unitary Patent, their relationship will be determined by the law identified by article 7 of the Unitary Patent Regulation, unless they provide otherwise in the co-ownership agreement. The relationship between two US-based Unitary Patent owners without an establishment in Europe would for instance be governed by German law, unless they take care of this in an agreement. Although the Rome I Regulation doesn't require a written agreement, the issue obviously only comes up in case of a conflict between the co-owners, so a clear agreement in writing is preferable. The situation in case of a transfer of a Unitary Patent is slightly different. The agreement to transfer such a patent can be subject to a choice of law, but this may not be the case for the formalities of the actual transfer; those remain subject to the law indicated by article 7 of the Unitary Patent Regulation.

Are you ready for the first actions?

If the UPC indeed opens on 1 December 2017, you may want to file an action already on that date. For infringement actions this first of all means that you need to decide in which division the action should be filed. This will inter alia depend on the available languages, although almost all divisions will allow litigation in English. It also depends on the expectations with regard to the subtle differences in the way the various divisions will apply the Rules of Procedure, the so-called 'couleur locale'. Especially at the start of the UPC these differences seem to be inevitable, so it is important to consider this carefully.

UPC proceedings are front loaded. The Statement of Claim needs to contain all relevant data identifying the parties, the nature of the claim (for instance an injunction against infringement, or a claim to invalidate a patent), the orders and remedies sought (both those sought during the interim procedure and in the final judgment), an 'indication' of the facts relied on (but what is meant is rather a full description of those facts), the evidence on which you want to rely (and an indication of further evidence, if any), a complete reasoning why the orders and remedies should be awarded, an indication of the value of the action and a list of documents referred to, where necessary accompanied by a request that the exhibits need not be translated into the language of the litigation and a request to treat them as confidential. All documents referred to in the Statement of Claim should be submitted with the Statement of Claim. The claimant will in principle only get one opportunity to add additional arguments to support his claim during the written procedure, in the Statement of Reply to the Statement of Defence. However, as the name already indicates, that statement is intended as a reply to the defence, it is not an opportunity to present additional facts that could have been presented in the Statement of Claim. Thus the Statement of Claim will normally be a rather lengthy document, supplemented with many attachments. All of this needs to be filed online through the case management system. Therefore, if you want file an action on the 1st of December, it is important to take the time to prepare all of these electronic documents in the months before that.

It is equally important to note that the Statement of Defence has the same requirements and needs to be submitted within three months of service of the Statement of Claim. This deadline will in principle not be extended if a preliminary objection is filed. Therefore, if you expect that a UPC action may be filed against you, it is wise to start collecting evidence and prepare the defence well

in time.

If you have reason to fear for an ex parte injunction, which will probably be a rare phenomenon, you may want to file a protective letter. At the moment it is still uncertain whether protective letters will also be available against pre-trial seizures of evidence, the so-called *saisie*, but likely that will be the case in the next edition of the Rules of Procedure. Therefore, protective letters may also need to be ready to be filed by the 1st of December.

It is clear that both patent proprietors and their opponents need to take action now, in order to be ready for the new Unitary Patent Package by the 1st of September for the start of the sunrise period and by the 1st of December for obtaining unitary effect and for actions at the UPC.

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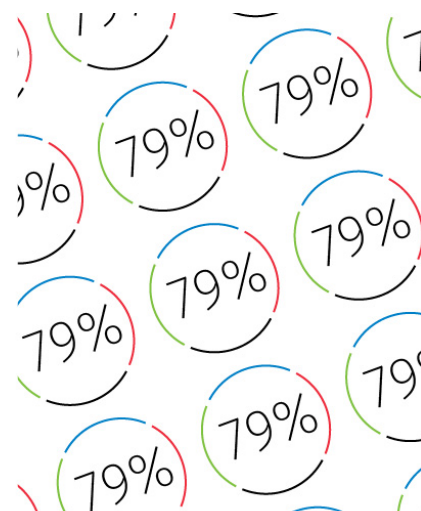
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This entry was posted on Tuesday, February 21st, 2017 at 10:41 am and is filed under [European Union](#), [Unitary Patent](#), [UPC](#)

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