
Kluwer Patent Blog

US and Unitary Patent: ‘Low barrier to pan-Europe rights is simply too sensible to pass up’

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The start of the Unitary Patent system ‘is a big event with big economic consequence. Europe could reconstitute their economic relevance’ around it, says [John White](#), Special Counsel of law firm [Harness IP](#) in the US. In an interview he told Kluwer IP Law not everybody seems aware yet about the upcoming game changer, but his view is clear: ‘Everyone who files a US application should now also file an EPO application.’

Generally speaking, what do bigger businesses in the US know about the Unitary Patent system?
‘Bigger businesses in the US who already file regularly in the EPO have been informed about the existence of UP and the UPC to some degree. In instances where their business in Europe is particularly patent leveraged or dependent, i.e., pharma and biotech and chemical, they doubtless have been thinking about both UP and UPC since it became certain that the each would occur. We have, after-all, been awaiting the actual “event” for some time.....To determine who likely has this knowledge just see which companies are among the top 50 US filers at the EPO. This list will have some sophistication and knowledge, those not listed will not.

For small and medium sized businesses in the US that are infrequent or irregular EPO filers, they will learn about the UP and UPC with their next “grant decision” reporting letter! Surprise! A boiler plate paragraph or two describing both will be sent and a rapid “decision” will be required. I expect many telephones calls will be generated about the implications of this development! US centric companies rarely have a solid grasp of IP events beyond our borders. (Not even in Canada or Mexico.....).’



In a recent article, you wrote that once the Unitary Patent system has been introduced, ‘not filing in Europe amounts to patent malpractice’. Can you explain?

‘A considerable impediment to expansive patent coverage across Europe has always been expense. The initial costs for some countries are and were simply too much for the likely economic or business leverage that would be had, and then the annuities and attorney fees for such added up far too quickly. As a result, most patent coverage, even if obtained, was not renewed except in a few major countries. But, more likely, owing to steep initial expense, broad registration/validation was not even seriously considered. This is especially the case for early-stage companies. Money is tight, and even if strategically it made sense to obtain/maintain coverage, owing to future prospects, it was lost owing to other priorities. For existing companies, familiar with Europe, they just obtained coverage in a few key countries and hoped that was enough for their purse

and purpose.

But now, especially in the early years, i.e., up to 7 years from grant, a UP is only about 1/3 of the cost of a single US patent to renew. It is also a tiny fraction of what it would have cost previously to have obtained and maintained patent coverage in all these UP countries. Plus, it will only have one reminder, and one annuity payment! Hence, for small and medium and new EPO filers, if you have success at the EPO through grant it makes absolutely no sense not to proceed to a UP. It is cheap, coverage is expansive, and it will only get better as more countries join.’

Patenting is about “possibilities” being maintained for future use, i.e., a “hedge” against future events and outcomes. If there is no “right” there is no “hedge”. The UP simply makes keeping that possibility of “rights” across Europe far more obtainable than in the past. In addition given the economic activity covered by the UP and the low cost, it makes as much or even more sense to obtain this patent when compared to a US patent. That is, if a decision maker can justify and budget for a US patent, it makes even more sense to also obtain a UP. It is that simple.’

If Europe is to become more popular for filing patents, will this be to the detriment of other international markets, in your expectation?

‘No. Here’s why. From a US perspective, post-WW II, worldwide economic activity has slowly but surely ramped up. As a result, the proportion of US economic activity vis-à-vis the world has slowly shrunk. At some point in time, different for each company, their business interests outside the US began to equal and sometimes outweigh their interests inside the US. While the US grew, business prospects outside the US grew even faster and in more places. Hence, cross border collaborations underpinned by IP rights proliferated. The business world steadily “globalized”. So, it has never been a question of reducing filings in one place in favour of filings elsewhere. Rather it has been a question of added filings to cover new collaborations and ventures. In the modern moment, supply chains have more day-to-day influence on where to increase or decrease filings. On the consumer side, as a world-wide middle class expands and becomes more affluent, more filings in more countries is the only strategy.

Europe has always been difficult for business with different currencies and languages and laws and

cultures and borders. In recent decades, these barriers have been steadily reduced. The advent of the UP and UPC is, for us, another barrier to pan-Europe business being reduced or eliminated. UP filings should be “full speed” ahead!’

Applying for unitary effect for patents means these will be exposed to the jurisdiction of the brand new and untested Unified Patent Court. Isn't that an important disadvantage of the system, at least in the upcoming years?

‘No. At least not for newcomers or infrequent filers. For those with a well-established strategy for filing in Europe: they are likely committed to the status-quo. They have organized aspects of their business and collaborations around their existing filing and enforcement strategy. For them it is probably best to use a “wait-and-see” strategy. Perhaps put a few properties into the UPC system and see what can happen, but otherwise maintain the status quo for the rest.

As for newcomers and infrequent filers: the system as it existed before is irrelevant. It was a part of the problem. Too expensive, too piece meal, too many different laws and standards and courts, and too slow. The UPC should address all these deficiencies!’

The UK is no longer part of the UP system. Is this a big difference for US companies?

‘Let’s face it: the UK is “special”. It has its own everything; and, Brexit was just the icing on the cake. If you had or expected significant business interests touching the UK, it always required a unique solution undertaken with UK counsel. Always. So, for us in the US nothing has changed. The UK is and remains a “special” case and requires very expensive lawyers to provide advice. If the UK makes a difference to what it is you are pursuing, nothing has changed.’

Earlier this month, the European Patent Office published its Patent Index 2022, showing that patent applications grew 2,5% compared to 2021. Do you expect this growth to increase due to the introduction of the Unitary Patent system as, among others, US companies will start to massively file patent applications in Europe now?

‘Once I get the message out there, yes! (Kidding). Surely, once this blog post is read, the die will be cast and waves of filings will follow! As for the US particularly: As Churchill said “you can always count on Americans to do the right thing – after they have tried everything else.” In my view, everyone who files a US application should now also file an EPO application, either directly or through PCT. There should be a massive increase in EP filings from everyone, and the US. The low barrier to entry to pan-Europe rights is simply too sensible to pass up. It preserves vast economic “possibilities” in ways that were simply not possible before. It is a “game changer”.’

The Czech Republic and Poland decided to stay out of the Unitary Patent system, among others out of concern their country would otherwise be flooded by patents from businesses outside Europe. Is their concern justified?

‘In my opinion, no. Where there are rights, there is economic activity, there is something to fight over. Good. The quickest way to economic prosperity is to create rights that can be defended and enforced. I’d much rather have economic activity to dispute and spar over than nothing and no one providing the service or product. Interest and investment is what you want. Not stagnation. Companies are naturally reluctant to commit resources to markets that they cannot defend. Bad and risky investment. The money and energy will instead flow to where protection and rights and predictability exist. Thus, I would expect their decision to be short lived. The UK, as well, will likely realize their folly and jump aboard the UP/UPC train.’

The start of the UP system has been delayed for many years, due to the Brexit and constitutional

complaints in Germany, among others. Currently the lawfulness of the planned relocation of the London seat of the UPC central division to Milan is questioned – especially the fact that some competencies of the London seat will now go to Munich and Paris. Have the delays and legal debates changed your opinion about the system?

‘Do birth pangs change the opinion of the mother as to the worth or desirability of the child? No. They are forgotten, and we get used to whatever is the new system. Politicians like to agonize for years over issues to collect influence and favour. The delays have little to do with merit, but rather are anchored in issues related to preserving the status quo. In this situation, for the UP/UPC, in the short term anyway, the status quo is unchanged, i.e., you can still proceed as you did before and, in the longer term, a new product and set of benefits is offered. In the end, all patents derived from EPO grants will eventually find their way to the UPC. So, we’ll get to the same end one way or another.’

Is there anything else you’d like to mention?

‘The EPO should promote the foregoing message around the globe. This is a big event with big economic consequence. Europe could reconstitute their economic relevance around this event! It is that big!’

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