KILPATRICK TOWNSEND

5 KEY TAKEAWAYS

European Unified Patent Court and Unitary Patent

Kilpatrick Townsend counsel David Hsu recently presented **"European Unified Patent Court and Unitary Patent"** at the firm's annual three-day "Ski-LE" in Colorado.

Five key takeaways on the "European Unified Patent Court and Unitary Patent" include:

1

Overview: Europe is scheduled to implement its Unified Patent Court (UPC) and Unitary Patent (UP) on June 1, 2023. The Unified Patent Court is a new, multinational court system that will have sole jurisdiction over patent infringement and enforceability of Unitary Patents and may have jurisdiction over existing European patents that have been validated in participating countries. The countries participating in the UPC are limited to European Union members and include France, Germany, the Netherlands, and 14 other countries. The United Kingdom and Spain are not participating in the UPC.

2

Unitary Patent (UP): A Unitary Patent is a single patent that covers all countries participating in the Unified Patent Court. Currently, 17 countries are covered. Within one month after grant, patent owners can choose the UP. The translation and recordation requirements, and the validation and renewal fees are centralized. For example, only a single translation is required for all 17 countries. Validation and renewal fees may be more cost-effective than the "classic" European (EP) patent when validating in five or more UPC countries. However, renewal fees may be higher later because renewal of the UP must cover all or none of the 17 countries. The Unitary Patent also subjects the patent to jurisdiction of the Unified Patent Court.

3

Unified Patent Court (UPC): The UPC will have sole jurisdiction over UPs and for all "classic" EP patents in the participating countries unless the patent owner opts out of the UPC's jurisdiction. An effect of the UPC is that a single court decision could revoke all EP patents (not opted out of the UPC) in the 17 participating countries. For example, if a classic EP patent is validated in five validation countries in the UPC jurisdiction, then a single decision at the UPC can revoke the patent in all five countries. Additionally, a patent holder can sue a party for infringement in all 17 participating countries in a single action. Because the UPC is a brand new court, the UPC has new judges and no precedential case law. Consequently, predicting case outcomes will be difficult to impossible in the near term.

Opting out of the UPC: Opting European patent applications and patents out of the UPC can be performed during the sunrise period of March 1, 2023 to May 31, 2023. EP patents can also be opted out on and after June 1, 2023, unless an action is brought up at the UPC. A patent that has been opted out of the UPC may be opted into the UPC later, unless there is a court action initiated in a national court. The opt-in can be performed only once.

A patent owner may wish to opt out of the UPC if there is a large risk of central revocation or case law in national courts is currently favorable to the client. A patent owner may wish to have a patent under the UPC if a multi-jurisdictional infringement action is likely or would like to shape court law. However, the patent owner may opt in to the UPC before initiating a court action. Initially opting out of the UPC system provides the most flexibility to patent owners.

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Unitary Patent decisions: An applicant may delay grant of a patent until June 1, 2023 to obtain a UP. After June 1, 2023, an applicant will have to decide whether to obtain a UP as an alternative to "classic" EP patents. Whether to obtain a Unitary Patent depends on several factors, including costs for validating in individual countries, renewal fees in individual countries, and risks/benefits of being under the jurisdiction of the UPC. The decision, therefore, depends on the individual patent owner and the individual patent. Patent owners should engage patent counsel regarding the risks and benefits of a UP.

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