

Creative filing strategies for the Unitary Patent

As part of our series of articles on the Unitary Patent and UPC, **Adrian Tombling** and **Andrea Fleuchaus** weigh up the factors to be considered when filing applications under the new system and look at some hypothetical case studies

Europe has been working towards a single patent right for approximately 40 years. Ever since the signing of the European Patent Convention in the 1970s, it has been a stated aim of the European Union to establish a single patent right covering much of Europe. We are almost there. The relevant legislation is to be ratified by 13 member states, which must include the UK, France and Germany. It is expected that this will happen in 2016.

The aim of the system is for the Unitary Patent and Unified Patent Court (UPC) to cover all member states of the European Union. Initially at least, it will only cover countries actively participating. Nevertheless, for the first time applicants will be able to obtain broad geographical patent coverage for a lower cost compared to the regular European patent system. Furthermore, the UPC will provide a one-stop shop for infringement and revocation proceedings. The stated aim of the UPC is to provide cheaper and more efficient pan-European patent litigation, which may be very appealing; however, will the new system appeal to all?

What are the main concerns?

Unitary Patents will be obtained using the existing European patent application procedure. In fact, European patent applications will be used to obtain either traditional European patents or Unitary Patents. The choice about which route to take will not have to be made until the European patent is granted. As such, the new legislation will extend to European patent applications pending at the time the regulations come into force.

Those applicants wishing to obtain protection in a small number of countries may find the new system more expensive than existing options. Moreover, some patent owners will be nervous about the risk of central revocation of key patents, and may also wish to avoid the new court until it has been tested. In particular, it will be possible to revoke a Unitary Patent in a single action before the UPC, making Unitary Patents potentially more vulnerable than traditional European patents and national patents, which must be attacked on a national level.

From both a UK and German industry perspective, there are a few key concerns with respect to the Unitary Patent and UPC, including: the cost of obtaining and maintaining the Unitary Patent; the costs before the UPC; the quality of the decisions by the UPC; and the risk of central revocation before the UPC.

It is disappointing that at this stage no details of the actual costs associated with the Unitary Patent or the UPC have been provided. It is therefore impossible for a potential user of the system to make an informed decision concerning their future patent strategy in Europe. Despite the lack of information concerning the costs of using the Unitary Patent system, some of the important issues to be considered by a company when deciding whether to use the Unitary Patent system are discussed below based on a couple of hypothetical companies.

Case study 1: life science company with a valuable patent

A life sciences company has a very valuable European patent application covering their key product; however, it is likely to be 10 years until the product makes it to the market.

In the life sciences area, often there are a small number of key patents covering very valuable products, so each patent is potentially very valuable. In such a case, the key question to be considered, with respect to the Unitary Patent system, is whether the European patent application is to be granted as a Unitary Patent or as a regular European patent with the need to be validated in individual European countries to form a bundle of national patents?

One-minute read



After 40 years of negotiations, a European Unitary Patent system is expected to come into effect within the next two years. It is designed to provide cheaper and more effective patent protection and enforcement, though its advantages may be more suited to some applicants than others. While Unitary Patents offer several advantages, for applicants who only want protection in a few countries they may be more expensive than European or national patents. In addition, there is the risk of central revocation. Looking at two case studies - a life sciences company with a single valuable patent, and a high-tech company with a large portfolio - illustrates some of the factors that will need to be considered when choosing between Unitary, European and national patents and utility models (where available). In some cases, a combination of routes may be most appropriate and applicants may find their strategies develop over time as they gain experience of the new system.

If the patent is granted as a Unitary Patent there are two main advantages. First, the cost of obtaining patent protection in a large number of European countries will undoubtedly be cheaper than validating a regular European patent in each of the European countries. Second, the Unitary patent can be litigated before the UPC enabling the patent owner to bring a single litigation action covering all countries that are members of the Unitary Patent system, with the potential to obtain a pan-European injunction.

The two main disadvantages of obtaining a unitary patent are that the patent can be centrally revoked before the UPC, and the UPC is as yet an untried court.

In the case of such a company with a small number of key patents, it is highly likely that the potential risk of their patent being revoked centrally by a newly established court is too high. Accordingly, companies with a small number of high value patents are likely to avoid the Unitary Patent and the UPC. For such companies a safer, more defensive strategy is to allow the patent to grant as a regular European patent, to validate the patent in the individual European countries and to opt out of the UPC (see box). Such a strategy spreads the risk by requiring a third party to bring revocation actions against the patent before the national courts in each country where the patent has been validated.

Furthermore, and in particular from a UK perspective, there are concerns that the UPC will not analyse an infringement and/or revocation action in the same depth as the UK courts. In an effort to reduce the cost of litigation before the UPC, the procedures are more streamlined than the proceedings before the UK courts. In particular, before the UPC there will be substantially less discovery and cross-examination than before the UK High Court. For an important case, the patent owner may be concerned that before the UPC not all aspects of the case will be considered in sufficient depth for a reasoned decision to be made.

From a German perspective, and as the procedures before the UPC are broadly similar to those before the German courts, there is less concern regarding the new proceedings. However, the German patent courts are widely known to have highly qualified technical judges, who understand the technical complexities of high-tech inventions. It is therefore a concern that the technical skills of the UPC judges may not be sufficient to enable them to fully understand complex inventions and to arrive at high quality decisions.

From both the German and UK perspective, there is also concern that the court fees before the UPC may be substantial. Before the UK courts the court fees are set at a low level. Before the German courts the court fees depend on the call of the patentee and the value of the proceedings. Before the UPC the court fees will also be based on the value of the European infringement. Accordingly, to bring an action before the UPC the initial outlay in cost is likely to be substantially higher than before the UK or German courts. It is noted that if the cost of bringing an action before the UPC is going to be higher than bringing the action before both the UK and German courts, it's likely that patentees are going to use the UK and German courts. The general view is if you control the market in the UK and Germany then it is very difficult for competitors to compete elsewhere in Europe.

The opt out

The opt out is important as all regular granted European patents and any future European patents, despite not being Unitary Patents, can be litigated before the UPC unless the patent owner indicates that they want to opt out of the UPC for the life of the patent. The opt-out provision lasts at least seven years from the Unitary Patent system coming into force. Importantly, it is possible to opt back into the UPC provided an action has not started before the national courts. Accordingly, if the UPC shows itself to be successful and pro-patentee then companies may start to opt back into the UPC.

Case study 2: high-tech company with a large portfolio

A high-tech company has a portfolio of European patent applications that cover various aspects of their product. Their product will be launched in the next year.

In the high-tech area it is more likely that a company will have a number of patents covering each of their products. Accordingly, such a company has more flexibility with respect to its litigation strategy as it can bring an action under a number of different patents. The key question for such a company, with respect to the Unitary Patent system is whether their European patent applications are to be granted as Unitary

Patents, regular European patents, or potentially as a mixture of regular European patents and Unitary Patents.

Only Unitary Patents

The company could take the view that the Unitary Patent is the way to proceed on all their cases as it should provide greater geographical coverage at a lower price and it is possible to enforce the patent centrally via the UPC. As indicated above, the risk is that such patents can be revoked centrally by an untried court. However, as the company will have a number of patents covering its products it may be more comfortable with taking such a risk.

Mixture of Unitary Patents and regular European patents

An alternative strategy is to obtain some regular European patents and opt them out of the UPC, and to obtain some Unitary Patents. Such a strategy enables them to obtain broad geographical coverage for some of their patents for a relatively low cost by using the Unitary Patent, and to avoid the risk of central revocation of some of their patents by an untried court, namely by obtaining regular European patents and opting out of the UPC.

Only regular European patents

A further option is to obtain only regular European patents and to opt them out of the UPC. Such a strategy has the disadvantage of not being able to obtain broad geographical coverage at a relatively low cost but does avoid the risk of central revocation of patents before the UPC. Furthermore, and as discussed above, the opt out does provide the option of opting back into the UPC if the company decides that the UPC is a good forum for conducting litigation.

Increase options by doubling up

A number of companies have considered, in respect of their most important cases, the options for doubling up their protection so that they have the opportunity to litigate a case before the UPC and the national courts. There are three main ways being considered by companies to achieve this goal.

File a European patent application and corresponding national patent applications (for example, in Germany and the UK)

The European patent application can be used to obtain a Unitary Patent and can then be litigated before the UPC. The national patent applications can be used to obtain national patents that have to be litigated before the national courts. The downside to such a strategy is that there is legislation in place

Managing IP's Unitary Patent and UPC round up

Test the UPC case management system

A prototype website for the Unified Patent Court e-filing and case management system is available for testing. The website is based on an off-the-shelf product and at this stage allows testers to file an infringement claim. Users can provide feedback using the BugHerd feedback application using the button at the bottom right of the screen. Under the procurement process, a notice will be published in November, with the contract being awarded in summer next year.

The case management (docketing) system will enable IP practitioners throughout Europe to file and monitor documents and track hearings in real time.

Speaking at the Westminster legal Forum on the future of patent law last month, Neil Feinson, director of international policy at the UK IPO and the UK representative on the Preparatory Committee, said the system would

provide "as high a level of IT security as you can get and still plug into a computer".

He added that the system had to accommodate security, language and finance considerations and address questions such as: where will data be hosted? "We feared language could be a driver of complexity and cost," said Feinson, but he added: "In the prototype, the language issue is less difficult than we thought, so we may be able to accommodate more languages."

While the UK is working on the IT infrastructure, France is coordinating the financial aspects of the Court and Germany is in charge of the legal framework.

AG Opinion on Spanish challenge expected

The publication of the CJEU Advocate General's opinion has been re-scheduled for November 18. It was previously expected last month.

Spain did not take part in the enhanced cooperation procedure that set up the Unitary

Patent, and has asked the CJEU to annul the two EU Regulations setting up the system. It has made seven arguments, including regarding the legal basis of the Regulations and the authority of the EPO.

The case was heard earlier this year. A decision from the Court is now expected early next year.

Poland opts out

The Polish government has published a report by Deloitte, which found that implementing the UPC would cost the country's economy z52.3 billion (€12.4 billion, \$15.7 billion) over 20 years.

It is now unlikely to be part of the system. Poland participated in the enhanced cooperation leading to the Unitary Patent Regulations, but has not signed the Agreement on the UPC.

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in most European countries, including the UK and Germany, preventing companies from double patenting the same invention; however, it does appear that some potential overlap in scope between the European patent and the national patents is allowable in some countries.

File a European patent application and subsequently file a divisional European patent application

The parent European patent application can be used to obtain a Unitary Patent and can be litigated before the UPC. The divisional European patent application can be used to obtain a regular European patent, which is opted out of the UPC and will need to be litigated before the national courts. Although the EPO will raise an objection if the divisional application is directed to the same invention as that defined in the parent application, a substantial amount of overlap is allowable at present.

File a European patent application and one or more utility models

Utility models are ideal for doubling up and are available in some European countries, most notably Germany. In Germany the utility model lasts 10 years from the filing date, is granted without substantive examination within about two months after filing and leads to an enforceable IP right. Additionally, in Germany it is also possible to divide off a utility model from a pending or even recently withdrawn European patent application. Furthermore, there is no legislation preventing the German utility model and the European patent from having identical scope. Accordingly, it is possible to use the utility model to ensure that litigation occurs before the German courts, whereas the European patent application can be used to obtain a Unitary Patent that can be litigated before the UPC. For important cases the option of doubling up protection using the utility model should always be considered.

Traditional approach - trust what you know

The general feeling across all industries is that most companies will, at least initially, test the Unitary Patent or UPC for a few cases only. Accordingly, it appears that companies will stick mainly with regular European patents and opt them out of the

UPC to avoid the risk of central revocation. If the UPC proves itself to be a pro-patentee court then companies have the option of withdrawing their opt out so that they can then still use the UPC.

A move away from the EPO?

Already we are seeing some companies moving away from filing all their patents before the European Patent Office and instead filing national patents in their key European countries. There appear to be two main reasons driving this change, namely frustration with the delays and stance taken by the EPO and a desire to avoid the Unitary Patent system. The imminent arrival of the Unitary Patent system has encouraged firms to consider their European filing strategies. In particular, some companies have calculated the cost for national prosecution proceedings and enforcement in, for example, the UK and Germany and come to the strategic view that filing selected national patents is a worthwhile option in comparison to the cost of filing a European patent application, with or without Unitary Patent and UPC.

Quality of judges and decisions

How companies decide their filing strategies in view of the upcoming Unitary Patent system will depend on how they plan to subsequently litigate their cases and, at least in the beginning, on whether they are prepared to take a risk with an unknown court. Ultimately the new system will be judged by the quality of its judges and their decisions, its efficiency and the cost to applicants. Much of this will not be known until the system is up and running for at least a few years.



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© Adrian Tombling and Andrea Fleuchaus 2014. The former is a partner of Withers & Rogers in the UK and the latter is a partner with Fleuchaus & Gallo in Germany. In August 2014 Withers & Rogers opened a Munich office as part of a collaborative agreement between the two firms