

## After 30 years: Finally true unitary European patent

*Dr. Ulrich Blumenröder, LL.M.*

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## After 30 years: Finally true unitary European patent

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On June 29, 2012, it was “decided” by EU-Council (rather Merkel, Hollande and Cameron), even though not resolved, that the long discussed Community-/EU-/Unitary-patent will come into force in the guise of a traditional European patent as of January 1, 2014. Only 5 days later, it appeared that we were back to square one. The EU-Council had agreed on the seat of the new Unified Patent Court but also on one seemingly minor issue, namely the inclusion (or rather the removal) of Art. 6-8 of/from the relevant EU-Regulation. The relevance of these articles is seen in that their existence is considered to result in a necessary participation of the European Court of Justice, their absence in an avoidance of the European Court of Justice. The EU-Parliament had considered the existence of Art. 6-8 as mandatory and had agreed with the EU-Council to have the Art. 6-8 in the Regulation.

When the EU-Council altered its opinion on June 29, 2012, the EU-Parliament was fuming and postponed its vote on a part of the laws only five days later. Now the Legal Affairs Committee of the EU-Parliament seems to have come up with a compromise. It is now that EU-Parliament and EU-Council have both finally voted on the necessary issues allowing implementation of the new system either by 2014 or (more likely) by 2015. Even the suits filed by Italy and Spain are expected to be dismissed.

The following is the essence of the latest developments:

### 1. Prosecution – Hardly any Changes

- EP applications designating all countries of the EU still pending on the Effective Date (2014 or 2015) can enjoy unitary protection in all of countries of the EU (except for Italy and Spain) upon a respective motion.

- Up to such motion nothing will be changed. Applicants file with the EPO and under the same language regime as up to now.
- Examination will be done by the examiners of the European Patent Office as before.
- Upon grant, applicants can elect to not file for unitary protection. In this case, nothing will be changed in the future procedure.
- If upon grant of a European patent a motion for unitary protection is filed, a translation must be provided. As a result there have to be French, English and German claims and a specification in English and another European language.
- The EPO will adapt its internal structure to accommodate the new regime. While the additional work might be significant for the EPO, applicants will notice little of it.
- Nothing will be changed regarding opposition. The EPO in Munich and The Hague stays in charge. But: Third parties are free to file nullity suit in lieu of or parallel to oppositions.
- The annuities for such unitary patent are expected to be about 5 times the average national annuity. A lapse country-by-country will not occur for a patent with unitary effect. Hence, the old system in which individual states may be designated and later dropped might prove to be more interesting for applicants other than pharmaceutical companies, which normally obtain pan-European protection.

### Decisions to be made:

- **Now:** Knowing that the Effective Date is sometime 2014 or 2015, start “fine-tuning” the day of grant of pending EP-applications for which unitary protection might be interesting. A later grant can

be advantageous since it allows application for unitary protection.

- **In 2013/2014:** Consider not filing opposition but wait for 2014 to file nullity action. However, opposition will most often be advisable, since it is to be expected that the costs of opposition proceedings before the EPO will be significantly lower than the costs for nullity proceedings before the court.

## 2. New Court System – Everything new

- A **new court system** will be set up and available as of 2014 or 2015. It will be in charge of infringement and nullity actions for **all European patents whether old or new, traditional or unitary**.
- A multi-national agreement will govern implementation. It will thus be important to ensure ratification by national parliaments of 13 countries (including UK, FR and DE). This multi-national agreement comprises provisions on patent infringement, allowed actions, etc.. In principle the court needs to start from scratch regarding interpretation of the provisions. However, the court is expected to defer to the vast body of case law of the participating countries and the EPO.
- The court system will have a

First instance split into

**local divisions** in the member states (i.e. 4 divisions in Germany in Düsseldorf, Mannheim, Hamburg and Munich, 1 in Paris, 1 in The Netherlands, 1 in London and perhaps 1 in Vienna),

**regional divisions** which can be established by countries having only few infringement cases each year (by way of example: the Baltic states set up one division in charge of patent infringement matters in all three Baltic states) and

a **central division** (located in Paris with large branches in Munich (for mechanical engineering) and London (for chemistry)).

Second instance, i.e.

the **Court of Appeals** set up in Luxembourg responsible for appeals from all the divisions of the first instance (and having nothing to do with General Court and the ECJ in Luxembourg)

**No third instance,**

pursuant to the “decision” of Merkel, Hollande and Cameron to take out Art. 6 *et seq.* of the draft for the regulation on the unitary patent. The ECJ will not even render preliminary rulings under Art. 267 TFEU (although some see the compromise to ensure the involvement of the ECJ).

**Principle:**

The **local divisions will be in charge of infringement suits**. A suit is possible in every local or regional division where the allegedly infringing variant is sold or is about to be sold. In addition the local divisions will hear licensing matters and also requests for preliminary injunctions.

The **central division(s) will be competent for isolated nullity actions**. Given the definition of the cases going to London, Paris and Munich, there will be about 60 % of the cases in Paris, 30 % in London and 10 % in Munich (that is if the number of patents in the respective field reflects the number of nullity actions filed).

**Exception:**

Countersuits for nullity filed as response to an infringement suit will be handled by local divisions.

Local divisions can decide to assign the countersuit for nullity to the central

division and stay or continue with the infringement suit. This possibility for **bifurcation** was fought against by the UK and is expected by many (while not the undersigned) to take place, if at all, in Germany.

If the patent owner wishes, infringement suits against non-European defendants can also be filed with the central division.

Further exceptions may apply.

- The court will of course have a **president, residing in Paris**, various committees deciding on a Code of Civil Procedure, qualifications needed by attorneys, recommending and assigning judges and so forth.
- A draft of a **Code of Civil Procedure** is available. While the multi national agreement gives all the national scholars and practitioners the impression that it merely condenses their respective national procedural rules, the new Code of Civil Procedure needs to be more precise. It gives more deference to a continental (German and French) approach, especially as to the duration of hearings (preferably one day instead of two weeks).
- The **language of the proceedings** will be either the language of the patent or the language of the court. German courts already now start offering proceedings in English. Some of the German local divisions will be willing to accept English on a standard basis. In any event, translation facilities will be available.
- The divisions will sit with at least three judges, in most cases with an additional technical judge (compulsory at the central division). The Court of Appeals will hear cases with three legally trained judges and two technical judges experienced in the respective field.
- A decision by the new Unified Patent Court will have effect for all countries having

ratified the agreement on the new court system.

An infringement decision will have unitary effect for all these countries (irrespective of whether or not based on a patent with unitary effect).

Likewise, a nullity suit before the Unified Patent Court can result in invalidation in the entire European Union (irrespective of whether or not a patent with unitary effect is subject to the nullity action), a suit before a national court only in the respective country.

- During a transitional period (probably 7 years), parties can decide whether to use the new Unified Patent Court or the national court systems (the result of the latter having no unitary effect).
- Patent owners wanting to avoid being confronted with nullity actions before the Unified Patent Court can file “opt-out” motions with the EPO resulting in that validity suits and infringement suits can only be filed before national courts for the life of the respective patent. It is unclear as of when “opt-out-motions” will be accepted (probably not before 2014). A withdrawal of the “opt-out” (in other words an “opt-in”) is possible as long there is no national proceeding.

#### Decisions to be made:

**In 2013:** Patent owners should decide whether to opt out for some or all of their existing patents no later than by the end of 2013.

**In 2013:** Consider which disputes are about to arise. Patent owners as well as possible defendants should make up their minds where they want to have the respective disputes pending and try to ensure it.

Litigators start to look forward to plead in all local divisions and the central division in Munich, Paris and London.

It looks as if we only have to survive the suits pending with the ECJ filed by Spain and Italy, seeking to stop the entire implementation proceedings for violating European law. The process having come so far, this should be a small hurdle in the end.

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