

Preparing for the UPC

Europe's new unitary patent and Unified Patent Court (UPC) system may come into operation during 2020. Its potential impact has been widely discussed, but how will it affect your business? What practical steps should you have taken to adapt your patenting and litigation strategies to be ready to make the most of the new system?

Here are a few tips to help you in your planning:

#1 – Review your current European patent validation strategy

Most pending European patent applications which come to grant after the system comes into force will be able to benefit from unitary protection. This must be claimed within a month of grant. Will you want this unitary protection? Budgetary issues will likely be the most compelling, but there are other factors to consider too. Here are some of the points worth taking into account:

- **Validation fees** – there will be no fee payable to validate an EP as a unitary patent;
- **Translation fees** – there will be a need for just one translation. If the language of your application is English, this can be a translation into any other EU language, including Spanish even though Spain is not a part of the system;
- **Geographic coverage** – the coverage will extend to Germany, France, UK and at least 14 other countries. How does this coverage compare with your usual validation practice?
- **Renewal fees** – these will be the equivalent of the fees for Germany, France, UK and the Netherlands. Is that good value for money compared with your usual costs? But remember that you cannot reduce these costs later in the life of the patent by pruning coverage; and there is uncertainty at present about whether the UK will continue in the unitary system post-Brexit, which may mean additional renewal fees for the UK as the unitary coverage is converted, for the UK, into a 'classical' EP(UK);
- **Availability of other EPs** – it will not be possible to have both (for example) an EP(DE) and a unitary patent, but it will still be possible to validate as normal for other states outside the system, such as Spain and Switzerland, and this coverage can be pruned in the usual way if desired;
- **Enforcement** – use of the UPC is mandatory for unitary patents. This has plus and minus points. On the plus side, enforcement in multiple countries will be simpler and probably cheaper. Also, there is no complication of the dual UPC/national jurisdiction in the first seven years which applies to non-opted out 'classical' EPs. On the minus side, there might be teething problems in the UPC, and with central enforcement comes the risk of central revocation (in addition to the risk of EPO oppositions);
- **SPCs** – for those in sectors where Supplementary Protection Certificates are important, there is some uncertainty about how the SPC system for unitary patents will work long term, that is whether there will be a unitary SPC or the current purely national system will continue to apply (but with enforcement in the UPC).

#2 – Review your current commercial arrangements

The UPC and unitary patent system will have substantial implications for European patent applicants, owners, co-owners, and their licensees. It is therefore advisable to review your existing collaboration, joint venture, in-licence, out-licence and other agreements, and if necessary consult with other parties to agree amendments to clarify issues raised by the new system. For future agreements, consider new standard clauses providing for decisions on seeking unitary protection and opting out existing and future 'classical' European patents (not forgetting the issue of withdrawing the opt-out).

#3 – Plan your strategy for existing European patents (to opt out or not to opt out)

Once the UPC comes into effect, all existing European patents, unless positively opted out, will become subject to its jurisdiction. If you do nothing, your patents will be in the UPC from the start, but with the possibility still, of national litigation in the first seven years, meaning that the litigation options for you and your competitors will be more complex than at present. Is that option best for your business? If it is strategically advantageous for your patents not to be under the UPC's jurisdiction at all, you can opt them out and will probably wish to take advantage of the 'sunrise period' (which will start about 3 months before the Court opens) for accepting opt-outs prior to the Court opening. No fee will be payable, and the process will involve completing a simple form on-line via the UPC Registry. However, it will be important to name the correct proprietor or proprietors. These are not necessarily those on the European or national registers, but the 'real' proprietors. It will not be necessary to update registers, but it will be necessary to check who should be named on the form so as to ensure the opt-out is effective. Since the opt-out affects all national validations for countries within the system, the proprietors named should include all those for validations still in force in all countries which have signed the UPC Agreement. This could be a time-consuming due diligence exercise. If SPCs have been granted, the holders will need to be named too.

Check list for developing your UPC opt-out strategy

- **Educate** colleagues about the UPC system
- **Take into account** that if a patent is not opted out, national litigation is still possible in the first seven years of the UPC because the system is not a simple in/out system
- **Develop a basic strategy**
 - all in
 - all out
 - a selective approach
- **Decide** (if taking a selective approach) which patents to opt out and which to keep in the system. For example consider the following points:
 - If patents will never be enforced, why take the trouble to opt them out?
 - Keep patents in the system if they protect a product which will never be cost-effective to enforce on a purely national basis
 - Opponents of patents under EPO opposition may also launch UPC revocation actions. Hence, you might decide at least those patents should be opted out in the sunrise period;
 - Opt out at least one patent protecting an important product for potential enforcement on a purely national basis in case the UPC is less effective than expected
- **Identify** the 'real' patent proprietors to ensure effective opting out
- **Approach** your licensors about opt-out issues if you want a say in the opt-out decision – even exclusive licensees have no right to file the opt-out
- **Allow time** to consult with your licensees about opting out especially if the licence grants right to conduct litigation

#4 – Call on UPC experts for assistance

The Bristows team has been closely involved in UPC developments since the project's inception. Our specialists are at hand to discuss options and help you devise your strategy. The team can assist in your UPC preparations so as to be ready for the new system, including advising on litigation and opt-out strategies, reviewing existing licence and collaboration agreements and drafting new standard clauses.

For assistance with your UPC planning and strategy, contact our UPC experts at upc@bristows.com.

For the latest news and commentary on the UPC, visit bristowsupc.com.