The Unitary Patent and the role of EPO

Anne-Sophie de Brancion
Brussels Bureau, European Patent Office

20 October 2016, Brussels
Table of content

• Introduction to the EPO
• Why a reform of the patent system in Europe?
• What is the Unitary Patent?
• How to obtain it?
• What will it cost?
• What is the territorial scope?
• What tasks for the EPO?
• When will it be available?
• Conclusion
Key facts: the EPO at a glance

- Second largest intergovernmental institution in Europe
- Global player and voice of Europe in patents
- 7000 employees, of which around 4300 highly qualified examiners
- Self-financing: budget of EUR 2.1bn without any public funding
- Will be in charge of granting and administering the unitary patent
- High-quality European patents (ISO 9001 certification) are drivers of innovation and secure the competitiveness of the European economy
Patent protection in up to 42 countries

European Patent Organisation
Founded in 1973
Some 650 million inhabitants

European member states (38)

European extension states
Bosnia and Herzegovina
Montenegro

Validation states
Morocco 2015
Moldova 2015
Tunisia – 2016 (TBC)
Why a reform of the patent system in Europe?

- The entry into force of the EPC in October 1977 provided Europe with a very successful centralised patent granting procedure.

Centralised granting procedure for European patents

- European patent application
- Filing and formalities examination
- Search report with preliminary opinion on patentability
- Substantive examination
- Refusal or withdrawal of application
- Limitation Revocation Opposition proceedings
- Grant of European patent
- Appeal proceedings

Protection in up to 42 states

- Granted European patent is a “bundle” of individual national rights.
- Granted EP requires validation in each of the designated states to retain its protective effect and be enforceable against infringers.
Why a reform of the patent system in Europe? (cont’d)

- Potential shortcomings of the current system in the post-grant phase, *e.g.*:
  
  - the European patent, as a bundle of patents “with national effect”, is subject to national legal regimes (unless otherwise provided in the EPC, see Art. 69 and Protocol, Art. 138 EPC) as regards:
    - translation requirements and national renewal fees;
    - infringement, rights conferred by the patent and limitations;
    - licensing, transfers, registers, levy of execution, pledges etc.

  - Potentially results in:
    - High costs and complexity for users;
    - Parallel litigation with risk of diverging national decisions.

- Aim of the reform:
  - Is to offer business an alternative by simplifying the existing system and support a cost effective route to uniform patent protection and dispute settlement throughout Europe.
What is the Unitary Patent?

- The Unitary Patent is based on a European patent granted by the EPO under the EPC's rules and procedures,
- to which, upon request of the patentee, unitary effect is given for the territory of 26 Member States participating in the Unitary Patent scheme,
- i.e. no need for national validations.
What is the Unitary Patent? (cont’d)

- The Unitary Patent will co-exist with national patents and with classical European patents.

- Patent owners will be able to choose between various combinations of a Unitary Patent, classical European patents, and national patents.

- But: No double protection by a Unitary Patent and a classical European patent on the territory of the 26 participating states. But double protection by UP and national patent is possible in some countries.
What is the Unitary Patent? (cont’d)

- Legal basis:
  - Unitary Patent Regulations:
    o EU Regulation No. 1257/2012 of 17 Dec 2012 introducing the European Patent with unitary effect
    o EU Regulation No. 1260/2012 of 17 Dec 2012 relating to the translation arrangements for European Patents with unitary effect
  - Secondary legal framework (completed by the EPO’s Administrative Council’s Select Committee on 15 Dec 2015):
    o Rules relating to Fees
    o Budgetary and Financial Rules
    o Rules relating to Unitary Patent Protection
    o Rules relating to the Distribution of Fees among the participating Member States
  - Agreement on the Unified Patent Court (OJ EPO 5/2013)
    o Single court system with jurisdiction for classical European patents and Unitary Patents.
How to obtain it?

Filing  Search  Examination  Grant  Opposition  Appeal

Same grant procedure as for a classical European Patent

Request by the patent proprietor

European Patent with Unitary Effect in the territories of

The European Patent is deemed not to have taken effect as a national patent in the 26 Member States
How to obtain it? (cont’d)

- Requirements for the registration are rather simple and straightforward:
  - Substantive requirements:
    - Unitary effect can only be requested for European patents that were granted
      - in respect of all 26 participating states
      - with the same set of claims for all of them.
  - Procedural requirements:
    - Filing of the request: in writing, in the language of the proceedings, within 1 month following the publication of the mentioning of the grant.
    - Request must contain: the number of the European patent concerned, the particulars of the proprietor(s), and if a representative has been appointed also the particulars of the latter.
    - In case of multiple proprietors request must be filed by common representative.
    - During a **transitional period**, a translation of the European Patent has to be submitted with the request (full EN translation if the patent is granted in FR or DE. Or full translation into any language of the EU if the patent is granted in EN).
What will it cost?

• No fees at all charged by the EPO for the purpose of obtaining a Unitary Patent, i.e.:
  – No filing fee, examination or registration fee for the request for unitary effect.
  – However: Fee for re-establishment of rights in case of a request for unitary effect filed belatedly (R. 22(2) UPR and Art. 2(2) RFEesUPP).
What will it cost? (cont’d)

• Possible compensation of a lump sum of € 500,- for translation costs (Art. 4 RFEesUPP):
  – Requirements:
    o Patent application must be filed in an official EU language other than English, French or German;
    o Patent applicant and patent owner must be a natural persons or an SME (as defined in EC Recommendation 2003/361/EC), a non-profit organisation (as defined in Article 2, para.1(14) Reg. No 1290/2013), an university or a public research organisation;
    o Residence or principal place of business must be in the EU
    o Request must be filed together with request for unitary effect
  – This lump sum complements the existing reduction of the application and examination fee before the EPO if a patent application or an examination request is filed in a language other than English, French or German.
What will it cost? (cont’d)

• Level of renewal fees based on so-called True TOP 4:
  – The level of renewal fees has been fixed at the equivalent of the combined renewal fees for the top four countries out of the 26 participating Member States in which European patents were most often validated at the time the TOP 4 approach was approved (DE, FR, UK and NL).
  – Fees will be less than € 5,000 in the first 10 years, which is the average lifetime of a European patent.
  – It’s only afterwards that the fees increase somewhat more substantially, so that the total fees for maintaining the patent over the 20-year term amounts to approx. € 35,000.
  – Additional fee for belated payment of a renewal fee: 50% of the belated renewal fee (Art. 2(1) item 2 RFeesUPP)).
  – Fee reduction fixed at 15 % for patent holders having filed a statement for a license of right (Art. 8 Reg. 1257/12).
What will it cost? (cont’d)

- “Top 4” approach for the renewal fees:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd year</td>
<td>EUR 35</td>
</tr>
<tr>
<td>3rd year</td>
<td>EUR 105</td>
</tr>
<tr>
<td>4th year</td>
<td>EUR 145</td>
</tr>
<tr>
<td>5th year</td>
<td>EUR 315</td>
</tr>
<tr>
<td>6th year</td>
<td>EUR 475</td>
</tr>
<tr>
<td>7th year</td>
<td>EUR 630</td>
</tr>
<tr>
<td>8th year</td>
<td>EUR 815</td>
</tr>
<tr>
<td>9th year</td>
<td>EUR 990</td>
</tr>
<tr>
<td>10th year</td>
<td>EUR 1,175</td>
</tr>
<tr>
<td>11th year</td>
<td>EUR 1,460</td>
</tr>
<tr>
<td>12th year</td>
<td>EUR 1,775</td>
</tr>
<tr>
<td>13th year</td>
<td>EUR 2,105</td>
</tr>
<tr>
<td>14th year</td>
<td>EUR 2,455</td>
</tr>
<tr>
<td>15th year</td>
<td>EUR 2,830</td>
</tr>
<tr>
<td>16th year</td>
<td>EUR 3,240</td>
</tr>
<tr>
<td>17th year</td>
<td>EUR 3,640</td>
</tr>
<tr>
<td>18th year</td>
<td>EUR 4,055</td>
</tr>
<tr>
<td>19th year</td>
<td>EUR 4,455</td>
</tr>
<tr>
<td>20th year</td>
<td>EUR 4,855</td>
</tr>
</tbody>
</table>
What will it cost? (cont’d)

- Review clause (Art. 7 RFEesUPP):
  - No later than 5 years from the date of application of Reg. 1257/2012, end every 5 years thereafter:
    - EPO will submit a report to Select Committee of the Administrative Council of the EPO on the financial impact of the Unitary Patent on the EPO’s budget and renewal fee income of the participating Member States, and where necessary make appropriate proposals for adjusting fee level;
    - EPO, after consultation of EU Commission, will submit a report to the Select Committee of the Administrative Council of the EPO on the use of the Unitary Patent by specific entities such as SMEs, and where necessary, make proposals with a view to improving their access to the Unitary Patent.
What is the territorial scope?

- Unitary effect only in those participating Member States for which the UPC Agreement has entered into force "at the date of registration of unitary effect" (Art. 18(2) Reg. 1257/2012), i.e.:
  - In the first years there will be different generations of Unitary Patents with a different territorial coverage;
  - There is no automatic extension of the territorial coverage of a given Unitary Patent to other participating Member States which ratify the UPC Agreement after the registration of unitary effect by EPO.
What will be the role of the EPO?

The following tasks will be given to the EPO:

1. Receive and examine requests for unitary effect
2. Register unitary effect in a new "Register for unitary patent protection"
3. Publish translations during the transitional period
4. Collect and administer renewal fees for Unitary patents
5. Administering a compensation scheme regarding translation costs
When will it be available?

- The Unitary Patent Regulations are now in force for 26 EU Member States.
  - Italy joined the enhanced cooperation in Sept 2015.
  - Not participating: Spain and Croatia.

- The Unitary Patent Regulations apply from the date of the entry into force of the Agreement on a Unified Patent Court (UPCA):
  - UPCA enters into force 4 months after the deposit of the 13th instrument of ratification, incl. the 3 most patent intensive Member States (FR, DE, UK).
  - So far, eleven Member States have deposited their instruments of ratification incl. FR, with several others having indicated their intention to ratify by the end of the year.
**Impact of the Brexit-vote?**

- As long as the UK is a EU Member State, the UK’s ratification of the UPCA is required for the system to start.
- Still too early to determine the exact ramifications. But whatever the impact may be, adequate answers will be developed.
  - President of the EPO: “there are a variety of good reasons for the UK to ratify the UPCA, which is an international agreement. I am convinced that with the support of the user community the right solutions can and will be found.”
- The work dedicated to the technical implementation continues to progress as envisaged and will be finalized within the initial timeframe. The work of both the Select Committee of the Administrative Council of the EPO and the UPC Preparatory Committee is far advanced and expected to be completed in the fall.
  - Joint statement by the Chairmen of the Select Committee and the UPC Preparatory Committee: “[…] the work dedicated to the technical implementation should continue to progress as envisaged, in accordance with the mandate of both Committees and in line with the clear wish of the user community to bring the Unified Patent Court and the Unitary Patent into operation as soon as possible.”
Conclusion: Main features of the Unitary Patent

- **Quality:** A European patent, granted by the EPO under the EPC
- **Cost-effective:** Attractive and business-friendly renewal fee pattern ensuring that the Unitary Patent provides good value for money
- **Broad territorial protection:** Uniform protection in up to 26 EU Member States instead of protection in a few Member States only
- **Reduction of red tape:** One-stop shop at the EPO instead of national validation and translation requirements and fee payments with several national patent offices. Reduction of complexity and associated costs.
- **Flexibility:** An additional option for patent owners, alongside the existing European and national patent systems
- **Legal certainty:** Uniform litigation system through the Unified Patent Court
Thank you for your attention!

Feel free to contact me on adebrancion@epo.org

More information about the Unitary Patent can be found on the EPO’s website at: