



Procopio Perspectives Podcast

What You Need to Know About the Unified Patent Court and Unitary Patent

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EPISODE SUMMARY:

A significant development in the patent world will take place on June 1, 2023, when European Union members will begin participating in a Unified Patent Court, or UPC. Originally agreed upon by most EU member states in January 2022, this new approach to handling infringement cases and revocation proceedings of European patents will now go into effect following ratification by Germany. The Unitary Patent will also be available from June 1, 2023.

What does this historic development mean for patent holders in Europe and around the world? Procopio Partner Miku Mehta mediates a discussion on all things UPC with Peter Rigling of Rigling IP in Rapperswil-Jona, Switzerland, and Andreas Vogel of Bals & Vogel in Munich, Germany.

SPEAKERS:

- Miku Mehta, Procopio IP Partner, Palo Alto, California
- Peter Rigling, Rigling IP, Rapperswil-Jona, Switzerland
- Andreas Vogel, Bals & Vogel, Munich, Germany

Announcer (00:07):

Welcome to Procopio Perspectives, a podcast featuring award-winning corporate and litigation attorneys providing useful legal insights on the latest issues of the day. Now, here's your host.

Miku Mehta (00:19):

Good day everybody. My name is Miku Mehta and I'm a Partner in Procopio Law Firm in Silicon Valley. And for today's Procopio podcast series, we have Peter Rigling of Rigling IP and Andreas Vogel of Bals & Vogel firm. And we are going to be talking about UP and UPC. But first Peter and Andreas, why don't you just say a couple of words about your practice and where you're located exactly.

Peter Rigling (00:49):

Thank you very much, Miku. I'm a European Patent Attorney as well as a Swiss Patent and Trademark Attorney. I'm located in the greater Zurich area of Switzerland, and I'm also part-time Judge at the Swiss Federal Patent Court specialized in electronics, telecommunications, software-implemented inventions as well as medical devices. Thank you for having me here.

Miku Mehta (01:12):

Great. Andreas?

Andreas Vogel (01:13):

Yeah. Hi Peter. Hi, Miku. Thanks for this possibility to be part of the podcast. I'm a European Patent Attorney, like Peter based in Germany. So I'm a National German Patent Attorney as well based in the

near area of Düsseldorf and Bochum, and technical office we have in Munich and we are doing a lot of prosecution work before the EPO, the European Patent Office and the German Patent Office and do also litigation work. And yeah, right now we are doing a lot of work for our clients for the UPC. Everything is coming closer and closer and we are trying to explain the complexity of this new law which will be starting 1st of June.

Miku Mehta (01:55):

Great. Well you're just the practitioners that I want to talk with then, and ask a few questions too, about what is going on? So why don't we dive right in. First I wanted to ask, Peter, if you can maybe give an overview of what is going on? What is the UP and UPC and how did this all come about? Maybe give a little bit of context and a little bit of explanation for applicants and practitioners who are maybe not as familiar with these ideas.

Peter Rigling (02:23):

Okay, Miku, I'll try that. It has been a goal for many European countries to have a common patent system. Already back in 1947, just after the second World War, it has been agreed upon to implement the European Patent System. Since then, many, many attempts have been made. One was successful. As we all know, the EPC, or European Patent Convention as it is called, has been implemented in the 1970s and it has been quite successful, even though it only is a central patent granting system. So after grant of the European patent, the national courts are the competent courts for these European patents as well as for the national patents granted by national patent offices.

(03:09): As we know, a granted European patent must be validated in those countries in which protection is sought. So at the moment there are 40 countries, including many non-European Union members, as for example, the UK, Turkey, Norway, Switzerland. What is new with the new system coming on is the possibility to obtain a so-called Unitary Patent based on the European patent granted by the EPO and a Unitary Patent can only have effect in member countries of the European Union.

(03:40): At the same time, a new court will be operational as of June 1 of this year. So the so-called Unified Patent Court, or UPC. The aim of the UPC is to provide a central court for all Unitary Patents as well as for some of the European patents. We'll get to those shortly. So in fact, the UPC will take infringements as well as invalidated cases involving Unitary Patents as well as certain European patents validated in European Union member countries.

(04:13): The UPC will not take any case involving national patents or European patents of non-European Union member countries. So in summary, the UPCA, I mean, the agreement around UPC is an additional option to protect an invention for EU member countries. It is a centralized system after grant of the European patent with a transitional phase during which opt-out system is implemented. We'll get to this later on. I'm sure you want to add something, Andreas.

Andreas Vogel (04:48):

Yeah. It sounds, even as an expert, complicated, but maybe I can jump into to your fantastic wordings. So first of all, the EU Unitary Patent when we talk about the costs, yeah, will simplify the filing and validation of the European patent throughout the EU. So ultimately the costs of the Unitary Patent also expected to be lower than under the current system. So Miku, when you validate one US patent from US original [inaudible 00:05:20] in Europe, after you get the notice of allowance, you have to ask your clients in the US, okay, now it has to be validated, and some I think do not understand it really exactly.

They think maybe it's for Europe, right? But no, it's only up to the notice of allowance. And then the third step in the European system starts, you have to select one of these 40 countries. And I think you have to explain Miku this as well. For some of the US clients it's not so easy.

Miku Mehta (05:50):

It's true, it's true. Once you have a European patent, the validation phase is something that we always have to explain. We have to make decisions based on business or legal requirements. So it's true, it's true. We do have to do that.

Andreas Vogel (06:05):

So normally there's the statistics or depending on the technologies of course, but the average is the applicants for the European patent office, they validate four or five countries. The pharmacy, of course pharmaceutical industries more than 10, 15. So it depends of course. But for each country in this actual system, you have to pay for each country annuity fees. You have to translate in the validation process, the specification of course, depending in which countries you want to validate. For example, Spain, Italy, when you go there for validation, you have to translate the whole specification. And this is the advantage of the UPC right now. If you want to validate a Unitary patent for unity, then you only have to make one cross. You get 17 countries and you need to translate the specification in one additional EU country language. So that's it. And then you pay only one fee for this unitary effect. When you calculate, I think Peter, it's four annuity fees, what we have actually, right? So it's of course...

Peter Rigling (07:19):

That's correct.

Andreas Vogel (07:20):

Yep.

Peter Rigling (07:20):

Actually those countries are taken that have the most applications. That's Germany, that's France, that's the Netherlands and Italy. So they take the annuity fees of those four countries and that's the one you have to pay for the annuity for the Unitary patent.

Miku Mehta (07:38):

Right. So I guess this leads into the next couple of questions, which is what is different about what we do about pending non-granted applications that are in the pending phase at the EPO versus applications that have been granted at the EPO? Are there different decisions that need to be made in each circumstance?

Andreas Vogel (07:58):

There's a difference of course. When we talk right now about pending application before the EPO, so there is no hurry. We don't have to make decisions right now for opt-outing these kind of European patent applications. So only if this patent application gets the notice of allowance in future, I want to say in June or next year, then you have to think about in the first step for the validation. So should I validate as a bundle patent like old school in the actual system? Or do I want to validate these patent application as a unitary patents? So then you have to look on the portfolio which countries of the UPC are covered? So maybe Peter, I think Switzerland's not included because it's not an EU country, but what are your clients doing? Do they look for the country portfolio very carefully?

Peter Rigling (08:55):

Of course, it's always very important to decide which country to validate, and this will be the same thing after the UPC is going into force. So if you stick to European Union, of course there's going to be a big option, a good option to choose the UPC. But if you have other countries, which is very important for a lot of my clients as the UK as they are not part of the European Union anymore. So you only can get it by the national validation in the UK, the same applies in Switzerland. And the same applies in Norway. Norway's also quite important, especially in the oil chemistry section. And there are some other countries they have to be selected in the old-fashioned, as you said before, Andreas, already up to grant.

(09:46): There is nothing to observe in particular just business as usual as it is a centralized granting system, just have to grant to make the decision. And you may save money if you want. Of course if you go the bundle patent, the old-fashioned option, there is still the London agreement on translations, which actually eases the cost also for the bundle patent. So it ends up in a calculation at the end or there are some other points to be observed which we may probably talk about later on. But at the time a European patent is granted, it's very difficult and very important to get overview and to talk to the client what is his aim in the European market?

Miku Mehta (10:30):

Yeah. That's important.

Andreas Vogel (10:32):

I could add something because of course we talked right now about validation. So I think this will be 80%, 90% of all clients worldwide. I think the main focus they will calculate and say, "Okay, does it make sense to go for unitary patent? I can get 17 countries, but are these countries important for me?" Or like UK, Spain, Poland, they are not in the UPC system right now. So it's a calculation for each case. But on the other hand we didn't talk about the jurisdiction. So if you decide for a unitary effect, then the only exclusive jurisdiction will be the Unitary patent court. So this we should have in mind, and this court didn't start, we don't know the legislation, so it'll be new.

Miku Mehta (11:23):

So this uncertainty could be a risk there. What are some other risks of not using the traditional bundle system, of using the new system as we're discussing, what kind of criteria should applicants be considering as pros we know pros and are there some cons to consider as well?

Andreas Vogel (11:40):

Maybe I could start with the question Peter, what will happen with granted European patents, what we have to look for? So the complicate thing, I can introduce it a little bit right now. So the clients they have of course granted the European patent, these will be influenced by the new UPC system. So we'll have an impact on these patents. So what does this mean? In future, the patent holders of already existing bundle patents will have the choice for litigation purpose using national courts, so what is possible in our old system and the UPC courts. So this is an advantage. If you are a patent holder and you want to litigate against the infringer, you can use national courts or UPC. So perfect, but the same advantage the competitors will have as well. So they could file a revocation action against your EP patent through the UPC court as well.

(12:45): So we talk here about the central attack. I think you explained it Miku I think to your clients as well. Yeah. So if the competitor is successful with this central attack, you can destroy the EP patent in all validated countries, and now we come to the opt-out option. So if you want to save to protect your already granted patents against such central attacks, you can file from the beginning of 1st of March this year in opt-out declaration. These are the risks. If you are not doing this kind of opt-out declaration, then there could be a risk of a central attack beginning of June 23.

Miku Mehta (13:29):

This is important and this is a criteria that each applicant and their worldwide council have to think about. Another question, and we've talked a little bit about the EU and non-EU jurisdiction scenarios I believe, I don't know if either of you have anything to add on that.

Peter Rigling (13:45):

Maybe I can say something to this topic. We have actually four points for this question about these different scenarios. We actually mentioned it in some way already, but let me make a short summary on this. The first point I would like to make is if unitary effect applies, then UPC will be the competent court for non-EU jurisdictions, it will be the corresponding national court. So in this connection I'd like to point out that an opt-out request cannot be filed for a Unitary patent. So it's only possible for the bundle patent. Once you've selected the Unitary patent, you stick to the UPC. That's the point.

Miku Mehta (14:25):

Andreas, does that make sense to you as well or you have additional comments?

Andreas Vogel (14:29):

Yeah. You're right. So there are so many options of course. So when we talk about opt-outed bundle patents, so there is also an option the UPC provides in the articles and regulations that you can file again and opt-in as well. So if you are interested in getting back in the new system and using your bundled patents, which before was opt-outed to use it before the UPC court, then you find opt-in and can enforce or first file a litigation against your competitors. So this is also possible, right?

Peter Rigling (15:04):

That's correct, Andreas. Maybe we should add that this is only possible if no legal action is pending before the UPC. If there is one pending, then the opt-in is not possible or the opt-out's not possible. So the other way around also is legal cases pending before a national court you cannot opt-in so you stick to the national courts.

Miku Mehta (15:27):

That would make sense. So those are obviously things that need to be considered. And is that just for the individual patent or for the whole family?

Peter Rigling (15:35):

For the Unitary patents for all member states of the European Union. So you're not able to split it apart in any way.

Miku Mehta (15:44):

I guess what I meant is if you have a patent that's a divisional, if you have a related family members of the same patent, if you make a decision for one of those family members for that patent, does the decision have to be the same for the other family members or is it just a patent by patent basis?

Peter Rigling (16:01):

It's a patent by patent basis.

Miku Mehta (16:03):

Okay. That's important to know.

Peter Rigling (16:04):

So even for your divisional, you can stick to whatever.

Miku Mehta (16:07):

And it's theoretically possible that applicant or a patent owner may decide that they want to do some as opt-in and some as opt-out based on various internal business criteria.

Peter Rigling (16:20):

Yeah. Another point I would like to add is we are talking about this opt-in opt-out system. This is only a transitional phase. We have to keep that in mind. It's for seven years and can be extended for another seven years after that. So it can be until 2037. That's the longest possibility having the opt-in opt-out possibility. After that there is no possibility to opt-in, opt-out. That's actually not possible anymore.

Andreas Vogel (16:51):

And it's very interesting how long the double system will exist Peter. Right? So we will live very long time with the jurisdiction with the bundle patents, UPC jurisdiction or national court. So if you imagine we have a patent application which is granted in 37, you mentioned it, 37. And let's say this patent is maybe five years old and you file an opt-out for this patent. So plus 15 years then we are 2052 if I calculated well. So my son is 90 years old. And if he wants to become a patent attorney, he will be more or less grandfather in this age. Now it's a long way to this, right, in the double system. So no fear, it's very slow situation till the change will be 100% on the UPC system.

Miku Mehta (17:50):

Wow. That's good to know. So looking at it the other way, what are the things that we need to do urgently? It sounds like there are some things that can wait and some things that we should be doing on a more expedited basis. So Andreas, I'm wondering if you can just list off any things that applicants and council need to be thinking about in terms of preparing and making decisions now and what can be deferred?

Andreas Vogel (18:17):

Yeah, so what is very urgent is the point of opt-out. Yeah. So if the patent owners want to save their already existing bundle patents against central attacks, then they should use this opt-out option. So the point is how they select it or why should they opt-out some patents. So we are talking about here important patents, but what means important patents for each client? So I want to say if you have maybe weak patents you should protect them or there are some blockbuster patents, you get higher royalties, incomes. So these could be valuable patents and you should opt-out them, or you are right now in ongoing opposition proceedings or infringement proceedings, then you should opt-out them as

well, depending how weak and how strong these patterns are of course. So you should do it before the really starting point of the first June 2023. This is necessary. And of course for the new patent application, who will in future be granted, you should know how to calculate for the validation. Yeah, the 17 countries are they important or not? So I think these are the two main points for our clients to consider.

Miku Mehta (19:40):

Terrific, terrific. Peter, you have thoughts to add or you're also concurring on those?

Peter Rigling (19:46):

No, it's very good what you said, Andreas. One has to ask whether a patent is prepared as crown jewel. If that's the case, would you really not risk to completely losing the patent because you forgot to file a opt-out request because then you have the chance to fight in every European state as long as you have validated these patents. And as you know from old cases referring to the [inaudible 00:20:11] case, I'm sure you know this case, Andreas.

Andreas Vogel (20:13):

Yes.

Peter Rigling (20:14):

So we had a litigation in about six or seven European states and you could throw a coin to find out in which country it was a success for the proprietor or for the infringer. So definitely opt-out if you have a very important patent. Then there are other points to have to observe the cost you mentioned already, but there is for example another point if you have different proprietors for the same patent and are they agreeing on the scope of the claims or are they not agreeing? So probably better to have a bundled pattern if they're not agreeing. And if you have different law cases or litigation cases, so you can actually make a territorial split and you have different claim sets in different countries. That's another big issue to file the opt-out request.

Andreas Vogel (21:10):

One thing to add, one point is if your clients, they want to go in the litigation process and they want to have a quick process, quick results, quick judgment. So the UPC is talking about one year from the starting point of the litigation protest till the oral proceeding of the first instance. So I think they will match it. So if your clients have the wish for quick results, quick judgements, I think this could be a very fruitful way.

(21:40): The same is if you get the other possibility what the UPC is offering is you have the timeline of fighting an opposition proceeding, opposition against a European patent, you can file additionally, I don't want to say but parallel or only in validity process through the UPC, how the situation right now in PO is normally to the first instance it takes a long time depending on the UPC class of course and second instance as well. So sometimes it takes five, six years and if you do this in validity case to the UPC courts, I think you will be very quick in the results. So it could be an advantage as well if you are looking for quick results, of course.

Peter Rigling (22:24):

Absolutely.

Miku Mehta (22:25):

Great. Great. These are all great thoughts on what we need to be doing now and later. So this has been really helpful. Let's conclude. Maybe just give a couple of quick takeaways and then we'll wrap up here. Peter, do you want to go first with some final thoughts?

(22:40): It's a historical moment. So we have a new enforcement tool now coming up in June of this year, and I think we should be grateful having this, although not all European countries are included in this new system. I have to mention that again, it's kind of pity, but I don't know whether it is going to be developed further and additional countries are joining the system. I'd like to stress also, not all European Union countries are member of this new UPC. There are only about 16 of the 27. So there is still room for development in this case, but I'm looking forward to it.

Miku Mehta (23:17):

Great, great. And Andreas, any parting thoughts at the end here?

Andreas Vogel (23:21):

Yeah. So we will start with the 17 EU member states, and I think if this system becomes successful, we have further seven member states who did not complete the UPCA. So like Slovakia, Cyprus, Greece, I think in three, four years we will have 24, maybe Spain. I heard about it last December from some IP experts that they want to join as well. But it will take of course time to go through the Spanish Parliament, and I think if these countries will join as well and we will have maybe in future an exit off the Brexit, I think then everything will be perfect. So 2030 then everybody is happy.

Miku Mehta (24:11):

Terrific, terrific. I want to thank both of you for giving me your time. It's actually happy hour for both of you, probably five or six o'clock on Friday here. And I want to thank the listeners for joining us today as well, and wish you all a great day and wish Peter and Andres a great weekend. And please contact us if you have any questions. Thank you very much.

Andreas Vogel (24:37):

Thank you very much, Miku, Peter.

Miku Mehta (24:37):

Thank you.

Announcer (24:39):

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