

A unitary new European patent system

- An extensive legislative package enters into force on 1 April 2023
- European patent applications will be examined by the EPO in the future
- A new type of European patent: Unitary Patent (UP)
- UP offers cost-efficient protection in all but a few EU countries
- UP is a powerful tool to stop infringement
- A new court with international competence: UPC
- Existing European patents run a risk of invalidation through "central attack" unless the proprietor requests opt-out
- Opt-out can be requested starting from 1 January 2023

Introduction

Ever since the 1970s, the European patent system has been harmonized as regards the examination of patent application and the granting of patents. The harmonized system has performed well, and there has been a steady migration of filings from the national patent offices to the European Patent Office (EPO), which offers highly specialized examiners and good predictability.

European patent cooperation will make a big leap forward on 1 April 2023, which is when new EU legislation and an intergovernmental agreement enter into force. This will accomplish a vision of uniformity also post grant.

The impending changes will concern not only **future European patent** but also the millions of **patents already granted** by the EPO. Kransell & Wennborg has compiled this information sheet to introduce our clients to the new opportunities. Further, we want to notify our clients that some aspects of the existing patents will metamorphose too: they become a more powerful tool against patent infringement but will also be exposed to so-called **central attacks** unless the proprietor makes an active choice (opt-out).

Unitary Patent (UP)

A **classical European patent** is valid in the countries where it has been validated, provided renewal fees are paid every year. To stop an infringement the proprietor must sue in national courts, in all countries affected by the infringement. The question of invalidity too is entrusted to the national courts: a classical European is not completely gone until all its national parts have been invalidated.

In the new system, an EPO application can mature into a classical European patent or a Unitary Patent (UP). The new patent type is officially called European Patent with Unitary Effect (EP-UE). Further, the applicant may choose to combine a UP with classical validation in states that do not participate in the cooperation, such as Spain, Switzerland or the United Kingdom.



An applicant who chooses UP gets patent protection in all participating member states without having to validate nationally.

Initially, AT, BE, BG, DE, DK, EE, FI, FR, IT, LT, LV, LU, MT, NL, PT, SE, SI participate, and later CY, CZ, GR, HU, IE, RO, SK may join.

The yearly **patent renewal** – a single fee payment – will be equivalent to the cost of four countries in today’s system.

The proprietor of a UP will be able to act against infringement without geographic limitations in the **Unified Patent Court (UPC)** that opens concurrently. Cross-border patent infringement has been one of the weaknesses of the present system: cloud services running on foreign servers, OEM cooperations, complex international supply chains and many similar arrangements have proved to be difficult to go after legally. UPC will simplify and make it cheaper for innovators to assert their patents.

On the other hand, it will be relatively easy to **invalidate** a UP. For instance, if a party proves that the invention was not novel, the UPC can invalidate the patent by a single decision. This is described as a “central attack” on the patent.

Classical European patents in the UPC, with and without Opt-out

The countries participating in the unitary patent cooperation have authorized the UPC to decide infringement and invalidity lawsuits, including suits that involve classical European patents. Indeed, the proprietor of a classical European patent has liberty to file their infringement or invalidity lawsuit in a national court or in the UPC. The availability of the UPC avenue will make **existing European patents more powerful** (against infringers) and **more vulnerable** (to invalidation). In the longer term, the UPC will be the only patent court.

A proprietor who does not wish to be part of this change can request an **opt-out** for one or more of their classical European patents. Opting out means that only national courts will be competent, and no central attack will be possible. The opt-out can be requested any time up to 1 March 2030 and remains effective for the remainder of the patent's lifetime. The proprietor is entitled to return to the UPC's jurisdiction (opt-in request), though only once.

If a patent is already the subject of a lawsuit in the UPC (or if it has been), it is **too late** to request an opt-out. To help proprietors protect themselves against surprise attacks, therefore, a Sunrise Period running from 1 January to 1 April 2023 is provided. In the Sunrise period, the proprietor can opt out from the UPC before the UPC opens.

First strategic consideration: UP or classical European patent?

From 1 April 2023 onwards, a successful European application can lead to:

	Patent office	Court	Renewal fee
Classical EP with Opt-out	EPO	National	Variable, per country
Classical EP	EPO	National and UPC	Variable, per country
EP-UE	EPO	UPC	Flat (\approx 4 countries)

The UP has a cost advantage already from four validation countries. Actors who usually validate in four or more countries have to consider whether being under the UPC's jurisdiction is positive, acceptable or negative to them. This consideration depends on similar factors as the choice between Opt-out or not, and will be discussed in the next section. Independent of the above, it will remain possible to protection inventions by national patents:

	Patent office	Court	Renewal fee
National patents	National	National	Variable, per country

KRANSELL O WENNBORG will offer all the above options and will provide advice and cost estimates when it is time for our clients to make their choice. Additionally, from the fall of 2022 onwards we will be pleased to assist clients interested in a UP by delaying the grant of their patent applications until after the entry into force on 1 April 2023.

Second strategic consideration: Opt-out?


Requesting an opt-out will preserve the original character of a European patent – the one the proprietor originally applied for – but also misses the advantages of the UPC. The choices and strategies around opting-out will be interesting to follow over time, in different industries. Already at this point, the following guidelines can be formulated:

In support of Opt-out	Against Opt-out
The patent is a ‘crown jewel’ in the portfolio	The portfolio contains several comparable rights
The patent generates competitive advantage on its own	The patent belongs to a group of patents that generates competitive advantage
All infringing acts in one country	Cross-border infringement
High probability of a central attack	Central attack is unlikely
Having to act against infringement is unlikely	High probability of having to act against infringement
No official fee charged for Opt-out	The opted-out status of a patent is visible in public registers, which suggests the patent is vital and could attract e.g. oppositions

KRANSELL  WENNBORG can request opt-out for the patents of your choice.

Third strategic consideration: Action against competitors?

Innovating companies with a market exposure typically monitor their competitors’ portfolios and make efforts to limit or invalidate disturbing patents. The start of the UPC’s operations may be a beneficial one-off opportunity for attacking your competitors’ key patents centrally. The party suing for invalidation will have ample time to prepare its attack – considerably longer than the reply terms of the proprietor – and the uncertainties around the UPC’s future jurisprudence will primarily be to the proprietor’s detriment.

KRANSELL  WENNBORG will be your partner in exploring this opportunity.

Further information

We thank you for taking time to read this material. While there is a significant quantity of information to absorb about the new unitary patent system, it has a strikingly simpler and clearer structure and could perform more efficiently than the present, fifty years old system. After all, the present system, where a patent turns into a national matter as soon as the EPO grants it, can be likened to a rather farfetched hybrid solution. Looking ahead, the unitary patent system – thanks to its transparency and simplicity – may well have outstripped the old one.

To be sure, the unitary system will offer a patent proprietor significantly more strategic and tactical opportunity than the present one. Could this be a good occasion to review and revise your company's written or unwritten patent strategy? Does the strategy address your own patents as well as those of the competition? Kransell & Wennborg are grateful for all questions and thoughts about the unitary patent system that our clients might want to share with us, and we will do our utmost to reply to them.

We recommend the following sources of further information:

- [the EPO's Unitary Patent Guide](#)
- [the EPO's information package about the UPC](#)
- [the UPC's own information material](#)