

LEGAL ALERT

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THE EUROPEAN PATENT SYSTEM IS CHANGING

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AN INTRODUCTION TO THE NEW EUROPEAN UNIFIED PATENT COURT

In spite of years of debate and negotiations (and complicating events like COVID and Brexit), the final stage for a new option for patent enforcement (or attack on patent validity) in Europe has just begun. With Germany's ratification of the European Agreement on a Unified Patent Court on February 17, 2023, a hard schedule is now established to bring the Unified Patent Court (UPC) and accompanying Unitary Patent into effect. These changes will potentially affect owners of issued European patents and current patent applicants. The jurisdiction of the new UPC over previously issued European patents and pending applications may not have been considered by owners of existing European patents. As discussed below, there are a number of issues to consider over the next several months, before the UPC Agreement comes into force.

Because the U.S. is a signatory to international treaties concerning patent and other intellectual property rights, U.S. inventors have the benefit of being treated no differently from a European citizen in obtaining patents in Europe. Many inventors and corporations currently take advantage of this and seek patent protection in both the U.S. and in Europe (and/or other jurisdictions).

Most European countries have their own patent systems and patent offices, but also have the option of submitting applications through a central patent office for examination of patent applications – the European Patent Office (EPO). Currently, when the EPO finds a patent application to be allowable, the applicant must then indicate which countries in which patent coverage is desired. This is referred to as validation. Some applicants may choose to validate in only a few countries, such as France, Germany and the United Kingdom for example. Other applicants may desire protection in many countries. Because validation is governed by each individual country at issue, validation costs will vary. Enforcement of validated European patents also depends on national law and is conducted in each nation's courts with respect to that individual country only. For example, patent rights in France are litigated in French courts and have no direct effect on patent rights in Spain, and vice versa.

With Germany's ratification of the UPC Agreement, patent applicants proceeding through the EPO will have the option to obtain a Unitary Patent in ratifying countries starting June 1, 2023. The Unitary Patents will be valid in the 17 member countries that have ratified the UPC Agreement so far, with more countries expected

to ratify the agreement over time. Current patent applicants will still have the option to validate in individual countries, so the Unitary Patent will not replace national validations. Instead, it will provide an alternative to national validations for patent protection in Europe. However, not all European countries that are members of the EPO have ratified the UPC Agreement. For those EPO countries that are outside of the UPC, such as the UK, Switzerland and Spain, national validation and court jurisdiction will remain the only option.

Unitary Patents will be enforced (or challenged) through a new Unified Patent Court (UPC) system starting on June 1, 2023. The UPC will have exclusive jurisdiction for disputes regarding Unitary Patents, and non-exclusive jurisdiction over existing European patents validated in individual member countries. National courts will also retain jurisdiction over individually validated European patents as well as patents that issue directly from the patent offices of individual European countries. Notably, the UPC makes it possible to enforce a European patent across multiple countries with a single action against an infringer operating in those countries. The UPC may also provide greater harmonization of case law governing patents, which in turn may provide greater predictability. However, the UPC also will allow revocation of a patent throughout the life of the patent, in contrast to the current nine-month period for opposition before the European Patent Office. A European patent found to be invalid at the UPC will be invalid across all the UPC countries with a single challenge.

Patent owners may opt-out of UPC jurisdiction, but they must do so before proceedings are initiated. A sunrise period, running from March 1, 2023 to May 30, 2023, will allow patent owners to opt-out of UPC jurisdiction prior to the initiation of the UPC. This could be particularly useful for patent owners who want to avoid the possibility of being ambushed with an invalidation proceeding being filed against their patent(s) on or shortly after June 1. If opt-out is desired however, various requirements will need to be met. For example, for jointly owned patents, all co-owners must consent to the opt-out. While patent owners can also opt-out on June 1 or after, they run the risk of an invalidity challenge being filed in the UPC first, which would lock the patent into UPC jurisdiction. To be assured of national court jurisdiction only, an opt-out from the UPC would need to be filed during the sunrise period.

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