



Changing the game

Preparing for the Unitary Patent and Unified Patent Court

The upcoming reforms to the European patent system are the most radical changes to the patent landscape in Europe in a generation. They usher in the prospect from 2018 of a single unitary patent and single unified patent court covering a market with a GDP of €11.3 trillion (\$15 trillion) and a population of 400 million – larger than the United States of America.

The new rules are complex. Please see our publications, *The new European patent system: An overview of the Unitary Patent* and *The new European patent system: An overview of the Unified Patent Court* (both available at <http://www.eversheds-sutherland.com/unified-patent-court>) for more information. Areas of uncertainty remain and, in some cases, the full implications of the new rules will only become clear once the Unified Patent Court (“UPC”) and unitary patent are up and running.

However, there are some simple steps that businesses operating in patent-rich sectors can take to put them in the best position to deal with the challenges of the new system, seizing opportunities and avoiding pitfalls.

When to prepare?

Many organizations are already well-advanced with their preparations. Others, frustrated by the repeated postponements of the ‘go-live’ date, are asking “How late can we leave this, in case it never happens?” There will be two ‘early-warning’ milestones of the go-live date:

- the start of the Provisional Application Phase (approx. 6 months before the go-live date); and
- the start of the sun-rise period (approx. 4 months before the go-live date).

Consider using these as a trigger to start, or at least intensify, your internal preparations.

1 Carry out a review of your European patent (EP) portfolio

- Establish opt-out criteria which are appropriate for your business and sector, and review each EP in your portfolio against those criteria.
- Check that recordal of the registered proprietor is updated in the EPO Register and in each national patent register, as appropriate, in respect of each EP.
- Identify any EPs which are co-owned, or where national designations are owned by different entities, or where any supplementary protection certificates (“SPCs”) relating to that EP are co-owned or owned by different entities in different UPC states. Obtain agreement from co-owners and owners of other national designations/SPCs to opt-out.
- Set up profile on Court’s online Case Management System, obtain secure authentication ID, make arrangements to opt-outs online well within the sunrise period.

2 Identify third party EPs which your business wants to revoke

- This is particularly important where the EPO opposition period has passed, or where speedy revocation is desired.
- Prepare to race to UPC, before the third party proprietor files an opt-out.

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Review your key existing licence agreements and R&D collaboration agreements

- ✓ Under the rules, an opt-out can only be filed by the patent proprietor. A licensee (in particular an exclusive licensee) which wishes to have control over the opt-out decision will need to get the agreement of the patentee on a case-by-case basis, and may also require a contractual right to direct the licensor to opt-out.
- ✓ An exclusive licensee has right to bring EP infringement proceedings before the UPC, unless expressly excluded. A licensor who was happy to allow a licensee to enforce in a national court in the licence territory but wishes to control any UPC enforcement proceedings may need to approach the licensee to amend the licence agreement on this issue, and to develop a negotiating strategy to achieve this. Consider also whether the enforcement clause should be amended to deal with control of other litigation strategy issues such as: choice of UPC division; choice of language of proceedings; co-ordination with other enforcement proceedings in relation to infringement in other licence territories within the UPC; and within the transitional period, whether to bring a claim in the national courts or in the UPC.
- ✓ Who controls prosecution and renewal of the licensed patents/applications and any patent applications relating to Improvements or Foreground IPR? Do these clauses need to be amended to cover necessary decisions such as: whether to apply for unitary effect; whether to allow a unitary patent to lapse; whether to file for national patents rather than EPs for some inventions; whether to file for divisionals (see below); and whether to delay prosecution of pending EP applications (see below).
- ✓ Where co-ownership of Improvements or Foreground IPR is specified, it may be necessary to agree which entity will be the first-named applicant for any unitary patent (as this will govern which default national provisions will apply to the patent as an item of property, including). A comprehensive co-ownership clause is recommended, dealing with all the issues above plus: can each co-owner exploit, license, assign or grant security over its interest without the consent of its co-owner? Without accounting for/ sharing the resulting benefit? Without offering a right of first refusal to its co-owner? How are decisions on License of Right status to be taken?

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Review your internal template technology licence agreements, R&D collaboration agreements and asset sale agreements

- ✓ The issues above are just as relevant for future agreements as for your existing contracts, so review and update your precedents and templates to reflect your business's preferred position.

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Consider filing protective letters with UPC Registry

- ✓ Is there a serious risk that a third party could seek to obtain preliminary relief against your business in a local/ regional division of the UPC without giving notice to your business? For example, has this been threatened in pre-action correspondence, or has the third party taken similar action in the past, or against other defendants? If so, consider filing a protective letter at the UPC Registry so that the views of your business are before the UPC at the critical moment.

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Consider changes to patent filing strategy

- ✓ Request unitary effect for some/all of your EP applications?
- ✓ Delay grant of pending EP applications so that unitary effect can be requested?
- ✓ File divisional applications to obtain both EP and unitary effect for important inventions?
- ✓ Revert to filing national patent applications for certain inventions, in place of or in addition to, EP applications.
- ✓ Consider budget implications.

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Update portfolio management software

- ✓ Check with your software vendor whether an update/new release will be made available timely to enable you to track EPs for which unitary effect has been requested etc.

Eversheds Sutherland's dedicated UPC/unitary patent team can help you through these preparatory steps. Our UPC Portfolio Health Check service is competitively priced and can help you ensure that your portfolio is UPC-ready. Our UPC Opt-Out service is also available to implement your opt-out decisions.

For further information, please get in touch with your usual Eversheds contact or one of the key contacts shown below.



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