

Is the unitary patent cost-effective?

At the beginning of June 2023, a new patent protection system will launch in the European Union. Persons filing applications with the European Patent Office (EPO) will be able to apply for patents with unitary effect — i.e., providing uniform protection and having the same effect in all participating Member States (there are 17 of them as of this moment).

We have already written quite a lot about institutional and procedural arrangements in the new system (see, e.g., [here](#) and [here](#)). This time we would like to share with you some reflections on a topic that seems crucial from the point of view of every individual who plans to submit to the EPO an application regarding their invention: **which validation path to choose? What can be gained from a unitary patent? Is it economically viable?**

In this text, we examine the procedure for obtaining a unitary patent and present a comparison of costs between a unitary patent and a traditional European Patent, both costs of obtaining them and of their maintenance. It should be emphasized that an unambiguous indication of a more financially advantageous solution among those two cannot be formulated *in abstracto*: the analysis

should be made each time in the light of the individual circumstances of a given applicant. Therefore, we limit ourselves to pointing out the factors that should be taken into account when choosing between traditional validation and unitary validation.

The key argument we want to make is as follows: **the higher the number of states in which we want to use patent protection, the greater are the benefits of a unitary patent. However, it should be remembered that the potential savings are accompanied by the risk of exposing the patent to a central attack before the Unified Patent Court (UPC), which may lead to its invalidation in all jurisdictions covered by the system.**

Procedure for the registration of a unitary patent

Obtaining a unitary patent is dependent on **the submission of an appropriate application within one month of granting a European patent by the EPO**. When it comes to the procedure for granting European patents by the EPO, nothing changes, we are rather dealing with the introduction of an additional stage to it.

Importantly, a European patent must be granted with the same set of claims in the 25 Member States participating in the system of unitary protection, as follows from Art. 3 of [Regulation \(EU\) No. 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection](#). At the same time, it does not matter whether the unitary patent will be valid in all these countries (by the way, after Brexit we have 24 Member States participating in the system, of which 17 have so far ratified the [Unified Patent Court Agreement](#)).

The application for registration of a unitary effect is submitted in writing using Form 7000. The EPO website indicates that electronic means are preferred in this regard. The application should include a translation of the European patent.

The unitary effect – only for “new” patents

Let us recall that the unitary effect applies only to new patents that were not granted before the implementation of the system of unitary patent protection. We have already written on our blog about the possibility of *opt-out* provided for in the transitional provisions (see [Unified Patent Court: opt-out](#)). The holder of a European patent (also the applicant who filed an application before the end of the transition period or the holder of an SPC issued for a product protected by the European patent) may exclude their patent (the application or the SPC) from the scope of the UPC

jurisdiction before the end of the transition period. It should be emphasized that **a failure to opt-out does not affect the nature of the patent, and therefore a European patent previously granted does not become a unitary patent**. No conversion path is foreseen.

Important dates for requests for the registration of the unitary effect

It is therefore clear that **only patents granted after June 1 can benefit from the unitary effect**. However, it is worth mentioning that the EPO offers some special arrangements available to people who have previously filed applications.

From January 1, 2023, it is allowed to submit earlier applications for a unitary patent. A requirement that has to be fulfilled in that regard is that patent grant proceedings have reached a sufficiently advanced stage, namely the Examining Division must have issued a communication referred to in Rule 71(3) of [the EPC Implementing Regulations](#). Pursuant to the above-mentioned procedural provision, before making a decision grant the European patent, the Examining Division shall inform the applicant of the text in which it intends to grant it and of the related bibliographic data. If such an application is made and other requirements are met, the EPO will register the unitary patent as soon as the system launches - i.e., on June 1, 2023. If any deficiencies are identified, the applicant will be requested to correct them if possible, or the application will be rejected.

It is worth mentioning that another special measure is available during the transitional period — a request to delay the decision on the grant of a European patent. Similarly, it becomes available only after the Examining Division informs the applicant about the planned text in which the patent is to be granted, and before the applicant approves it. As a result of the request, the EPO will delay the issuance of the decision on the grant of the European patent, so that the mention of the grant will appear in the European Patent Bulletin on or immediately after the launch of the system of unitary protection.

The costs of obtaining a patent

It must be underscored that **the request to register the unitary patent is completely free of charge**.

Of course, the situation is different in the case of traditional European patents — with respect to selected European countries where we want to use patent protection, we have to bear the costs of validation. In this regard, **the more countries the European patent holder wishes to validate their patent in, the more economically viable the unitary patent becomes**.

Translation costs are also worth considering. The application for registration of a single effect should be accompanied by:

- a) where the language of the proceedings is French or German, a full translation of the specification of the European patent into English; or
- b) where the language of the proceedings is English, a full translation of the specification of the European patent into any other official language of the Union (Art. 6(1) of [Council Regulation \(EU\) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements](#)).

It is worth mentioning that small and medium-sized enterprises are entitled to compensation for the costs incurred in translating the original patent application into one of the three official languages of the EPO in the amount of EUR 500.

Meanwhile, in the case of traditional European patents, we need to make sure whether the countries in which we would like to validate are parties to [the London Agreement on the application of Art. 65 FTE](#). This agreement relaxes the requirement to provide translations in participating countries: in countries where English, German or French is an official language, the submission of a translation is not mandatory; while in the others, a translation of the patent specification into one of these three languages is sufficient; those states may, however, request a translation of the patent claims into their official languages. The London Agreement thus allows for significant cost reductions. In this case, providing the full translation required for unitary effect registration will be more costly. Determining which is more favorable requires, therefore, once again a careful consideration in how many and in which countries we would like to benefit from patent protection.

The costs of patent maintenance

Currently, the holder of a European patent has to pay annual fees in each of the countries where he enjoys patent protection. In the case of a unitary patent, **it will be sufficient to pay a single fee to the EPO.**

The annual fee has been set at a level that has been characterized as business-friendly — namely, it is meant to correspond to the sum of fees in the four states-parties to the UPC Agreement, where the most validations were made in 2015 (the so-called Top Four proposal put forward by the President of the EPO). Previously, these 4 countries included the UK, Germany, France and the Netherlands. The ultimate replacement of the UK by Italy did not affect the amount of fees.

The official website of the EPO contains an estimated fee calculation according to data as of January 1, 2020, i.e. including the UK, which shows that such a level of fees is particularly attractive in the first years of the patent's validity, and the cost of maintaining a unitary patent for 10 years (the average term of patent protection) should not exceed EUR 5,000.

Again, the economic viability of a unitary patent will depend on the number of countries in which we would like to enjoy patent protection. The more such countries there are, the more likely it is that the unitary patent will be beneficial for us. If, on the other hand, we are interested in validation in, for instance, 2 or 3 Member States, it may turn out that the unitary patent is a more costly solution.

Moreover, if we allow for a possibility that our economic priorities may change over time and we may want to modify the territorial scope of our patent protection at some point, the unitary patent deprives us of this possibility. In the case of a traditional European patent, we can stop paying patent maintenance fees in a state that has lost its importance from the point of view of our protection strategy. The unitary patent is not that flexible - we have to choose: either all or nothing.

On the other hand, there is no doubt that the unitary patent will bring significant administrative facilitation: patent holders will be able to make one payment, in one currency and within one fixed deadline, instead of having to monitor deadlines and relevant regulations separately in each national legal system. What is more, the fee can be paid by anyone — there is no need to use the services of a professional representative.

The costs of infringement proceedings

In addition, it is worth noting the differences in the costs of enforcing patent rights. The current fee rates before the UPC can be found at [this link](#). As we read in the explanation published on the [UPC website](#), the amount of fees has been set in such a way as to guarantee the UPC's self-sufficiency, and at the same time ensure that parties have fair access to justice. Therefore, a framework has been set up that includes fixed fees as well as value-based fees, the latter being charged if the value of a case is above the ceiling of EUR 500,000. For example, we will pay EUR 11,000 for an infringement action, and from EUR 2,500 to even EUR 325,000 if the value of the claim exceeds the threshold mentioned above.

It can be expected that **in most cases, central infringement proceedings before the UPC may turn out to be a more cost-effective solution than bringing separate actions in all countries where the traditional European patent was validated. However, if the infringements occur in a single jurisdiction/several jurisdictions, it is possible that instituting proceedings before a national court/courts will be cheaper than bringing a claim to UPC.** Of course, such central proceedings can be seen as a kind of double-edged sword: on the one hand,

they allow the holder of the unitary patent to combat infringements simultaneously in all jurisdictions covered by the system, but on the other hand, if the patent is successfully challenged before the UPC, it exposes there to a scenario in which the patent becomes invalidated in the territory of all participating Member States.

The territorial scope of the unitary patent

As was indicated in the introduction, the assessment of the benefits of a unitary patent should always be carried out on the case-by-case basis. Determining whether it is more profitable to apply for registration of a single effect or to validate a patent in selected European countries requires us to reflect on where we do actually want to use patent protection. **What is needed is an in-depth analysis on what territories markets competitors – the potential patent infringers – operate in and how likely are the infringements to occur.** The next step will be to compare the findings made in this way with the status of individual EU Member States as parties (or not) to the UPC Agreement.

It should be remembered that, **at the moment, the territorial scope of the unitary patent remains relatively limited.** Not only will it not be possible to benefit from the unitary effect in countries that do not participate in enhanced cooperation in the field of the unitary patent, i.e. in Poland, Spain and Croatia. As mentioned, the UPC Agreement has so far been ratified by 17 EU Member States. For example: none of the countries of the Visegrad Group has ratified it so far – so at the moment European patents will not be able to benefit from the unitary effect in the Czech Republic, as well as in Slovakia and Hungary.