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## **REGULATION 1257/2012 IMPLEMENTING ENHANCED COOPERATION IN THE AREA OF THE CREATION OF UNITARY PATENT PROTECTION**

On December 31, 2012, Regulation (EU) 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection was published in the Official Journal of the European Union.

It must first be clarified that the current European Patent system, governed by the 1973 Munich Convention, does not actually confer a single patent right that is valid and enforceable across the entire European Union. Instead, what we have is a centralized procedure conducted by the European Patent Office for the application for and grant of patents. However, once a patent has been granted, it must be validated in the different Member States in which the patent proprietor wishes to obtain protection. The result is that what we refer to as the “European Patent” turns into a collection of national patents that must be maintained and enforced in each country.

In contrast to the above, a “*European patent with unitary effect*” seeks to provide uniform protection in the 25 Member States that have signed up to this system of enhanced cooperation.

The European Patent Office will be responsible for processing applications and granting this new unitary patent. To that end, it will first be necessary to apply for and obtain a European Patent to then, not later than one month after the mention of the grant is published in the European Patent Bulletin, apply for unitary protection. Nonetheless, unitary effect means that only European patents that have been granted for all the participating Member States with the same set of claims may benefit from this system.

The unitary character of this patent means, *inter alia*, that the patent will enjoy uniform protection and have equal effect in all the participating Member States.

In this connection, however, it must be underlined that even though the initial proposal made certain provisions about the *ius prohibendi* of the proprietor of the patent and its restrictions, the wording that was ultimately approved simply states that the proprietor may prevent any third party from committing acts against which that patent provides protection throughout the territories where it has unitary effect. Furthermore, the scope of that right and its limitations must be uniform in all Member States in which the patent has unitary effect.

The acts against which the patent offers protection and the limitations on the right will be those defined by the national law that will apply to the patent as an object of property, which will be the law of the participating Member State where the applicant has its residence or principal

place of business or, failing which, where the applicant has a place of business on the filing date of the application for the European patent. Otherwise, it will be regarded as a national patent of the Member State where the European Patent Office has its headquarters (Germany).

This clearly introduces an element of fragmentation and even insecurity since different national rules will apply to the patents. In this regard, we must not overlook the fact that, for example, the exceptions to and limitations on patent rights are not uniform across the different countries that have agreed to the enhanced cooperation system.

A European patent with unitary effect may only be limited, transferred or revoked, or lapse, in respect of all the participating Member States, although it may be licensed in respect of some or all of them.

The Regulation makes provision for the exhaustion of patent rights and the application, where appropriate, of competition law and the law relating to unfair competition.

It is envisaged that the annual renewal fees should be progressive and that their level will be set taking into account the situation of small and medium-sized enterprises.

The Regulation will apply from January 1, 2014 or the date of entry into force of the Agreement on a Unified Patent Court, whichever is the later, with the result that an application for unitary protection may be filed for any European patent granted after that date. However, a patent will have unitary effect only in those participating Member States in which the Unified Patent Court has exclusive jurisdiction with regard to patents of this type at the date of their registration.

Another regulation, Regulation 1260/2012, also dated December 17, 2012, contains the provisions on the linguistic regime applicable to these patents, stating that applications may be filed in English, French or German. Where the specification of a European patent with unitary effect has been published, no further translations are required.

In the event of a dispute relating to an alleged infringement, the patent proprietor will need to provide, at the request and the choice of an alleged infringer, a full translation of the patent into an official language of either the participating Member State in which the alleged infringement took place or the Member State in which the alleged infringer is domiciled. Furthermore, upon a court request, the patent proprietor must provide a full translation of the patent into the language used in the proceedings of the competent court.

In the event of a claim for damages, the court will assess and take into consideration, in particular where the alleged infringer is a SME, an individual or a non-profit organization, a university or a public research organization, whether the alleged infringer acted without knowing, or without reasonable grounds for knowing, that he was infringing the patent before having been provided with the translation.

Patent applications may be filed in any language and the participating Member States must administer a compensation scheme for the reimbursement of translation costs incurred by applicants filing patent applications in one of the official languages of the EU that is not one of the three abovementioned official languages of the European Patent Office. This compensation scheme will be available only for SMEs, individuals, non-profit organizations, universities and public research organizations having their residence or principal place of business within an EU Member State.

On account of the fact that the linguistic regime did not take account of Spanish or Italian, Spain and Italy decided not to sign the agreement and lodged the appropriate appeal against it on the ground that it was discriminatory. However, the advocate general of the Court of Justice of the European Union has applied for the dismissal of the appeal.

The third pillar on which the unitary patent system rests will be a unified dispute resolution system, entailing the creation of a unified court structure with exclusive competence in matters relating to unitary patents. This structure will comprise a first instance made up of local and regional divisions and one central division as well as an appeal level. The court will be based in Paris and will also have specialist chambers in London and Munich. It will be staffed by legally and by technically qualified judges.

When the unitary patent system comes into force, applicants may choose between a national patent, a European patent with unitary effect, a European patent with effect in one or more Munich Convention signatories, or a European patent with unitary effect that is also valid in one or more Munich Convention signatories that are not participants in the unitary patent system.

In light of the above, when the Regulation comes into force it will be especially important to assess carefully whether to opt for this system of protection, in view of its advantages and drawbacks and the needs and business of the company.

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