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## 1. INTRODUCTION

### 1.1 Who is APTMA?

APTMA is the professional body representing Patent and Trade Mark Attorneys in Ireland. Patent Attorneys are professionals with technical (STEM qualifications) and legal qualifications in Intellectual Property (IP).

Members of APTMA specialise in obtaining IP rights for our clients as well as providing our clients with infringement and other IP advice.

Our clients come from all types of industry, from private industry to third level institutions; in all sizes, from individual innovators and SMEs to multinational corporations; and across all technology sectors.

The majority of the Patent Attorneys that we represent practice before the Intellectual Property Office of Ireland (IPOI) and the European Patent Office (EPO). A number of our members will also be entitled to act before the UPC once Ireland ratifies the UPC Agreement.

APTMA has a specific UP/UPC committee dedicated to all matters related to the UP and the UPC and acts as a point of contact for other UP/UPC stakeholders.

## 2. SUMMARY

What is the Unitary Patent (UP) and the Unified Patent Court (UPC)?

2.1 The Unitary Patent (UP) and the Unified Patent Court (UPC) are significant developments in the European business landscape. The UP and UPC system is expected to start on June 1 2023.

The Unitary Patent (UP) is a new single European patent right with unitary legal effect that will enable inventors and applicants to obtain uniform patent protection for their inventions across European member countries that are participating in the Unitary Patent system.

The Irish Government has committed to hold the referendum that is necessary for Ireland to join in the UP and UPC system, before May 2024. For the reasons that we explain below, APTMA recommends that the referendum would be held as soon as practically possible and in early 2023, as the longer that Ireland is outside the system, the more likely that Irish innovators and innovative businesses will be impacted by lack of access to the opportunities that the UP and UPC system present.

What are the benefits of the new system for patent owners?

2.2 The UP provides the opportunity for significant cost savings for patent owners. In particular, there are opportunities for cost savings under the new UP and UPC system in achieving patent protection via the UP in the UPC member countries as compared with the costs of obtaining the same geographic coverage of patent protection under the current system.

What advantages are available for end users and for Ireland?

2.3 The UPC also presents the opportunity to provide further substantive benefits for end users and for Ireland. The UPC presents the opportunity for Ireland to establish itself as a global innovation hub and for Ireland to reap the benefits that will flow from allowing innovators to enforce their rights on “home ground” in an Irish Court, against copycat competitors who are based in locations throughout Europe.

2.4 Ibec and APTMA conducted a joint survey amongst Irish stakeholders in September 2022. Full analysis of the joint survey is available from Ibec in a separate report. The data was gathered from a variety of stakeholders including SME’s, Higher Education Institutes via their respective Technology Transfer Offices and also from larger Multinational Enterprises (MNE’s) based in Ireland.

2.5 APTMA acknowledges and appreciates Government’s reaffirmation of its commitment to i) participate in the UP and the UPC; and to hold the necessary referendum by May 2024 at the latest; and ii) host a local division of the UPC. Approximately 70% of respondents to the joint Ibec and APTMA survey indicated that Ireland should hold the referendum on Ireland’s participation in the UP/UPC in either Q1 or Q2 2023. Accordingly, we urge Government to hold the necessary referendum at an early date in 2023 so that Irish innovators can have the same opportunities for strategic competitive advantage relative to businesses in other European countries including benefitting from the cost savings available under the new system.

2.6 European patents are granted centrally by the European Patent Office (EPO). The EPO will also be the organisation that will grant Unitary Patents to those countries who have ratified the UPC Agreement.

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However, until such time as Ireland is part of the new system, Irish innovators that own granted European Patents or pending (i.e. not yet granted) European Patent Applications are disadvantaged relative to their counterpart European patent owners in the participating UPC member countries that have ratified the UPC Agreement. This is because Irish innovators and Irish innovators will not be able to access all the benefits of the Unitary Patent System until such a time as Ireland ratifies the UPC Agreement should they wish to do so.

2.7 In particular, Irish innovators that are European patent owners will NOT be able to:

- Obtain patent protection for their innovation, in their home country, Ireland, via a Unitary Patent. This means that Irish innovators will have to follow the traditional and separate national route for a European Patent to be brought into force in Ireland, thereby resulting in additional cost being incurred by the Irish innovator/Irish business to obtain patent protection in Ireland in addition to obtaining patent protection in other European countries via a Unitary Patent.
- Enforce their Irish Patent (derived from their European patent) against imitators in Ireland via the Unified Patent Court. This means that an Irish business would find themselves having to bring a case against an infringing company/ imitator at the Irish Court in respect of their Irish Patent derived from their European patent as well as legal actions in one or more other European Courts including possibly the Unified Patent Court for any other patents derived from the same patent granted by the European patent office (EPO).
- Enforce transactions on Unitary Patents where Irish property law is the governing law. Instead, an Irish businesses will have to defend Transfers and Licences on their Unitary Patent where German property law will be the governing law. This represents enormous expense and commercial risks for Irish innovators including travel to German Courts to enforce their rights as well as taking legal action under the German Courts which differ significantly in the foundation of their law from the Common law system on which the Courts of Ireland are based.

### **3. What is the Unitary Patent (UP) and the Unified Patent Court (UPC)?**

3.1 The Unitary Patent is a new single European patent right with unitary legal effect that will enable inventors and applicants to obtain uniform patent protection for their inventions across European member countries that are participating in the Unitary Patent system.

3.2 Ireland signed an Agreement on a Unified Patent Court (UPC Agreement) in February 2013 along with 24 other EU Member countries during the Irish presidency of the EU. Whilst the Irish Government approved Ireland's participation in the Unitary Patent (UP) and the Unified Patent Court (UPC) in 2014, it was deemed necessary to hold a constitutional referendum to ratify the UPC Agreement thereby allowing Ireland to participate in the UPC. Ireland also committed to establishing a local division of the Unified Patent Court when Ireland ratified the UPC Agreement.

3.3 At present, 16 of the 24 EU Member countries<sup>1</sup> have ratified the UPC Agreement. The UPC Agreement will come into effect when Germany deposits its instrument of ratification of the UPC Agreement. It is expected that this will happen during February 2023. The UPC Agreement, will enter into force on the first day of the

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<sup>1</sup> UK are no longer participating in the UPC Agreement due to the UK's withdrawal of ratification of the UPC Agreement with effect from 20<sup>th</sup> July 2020. <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001>

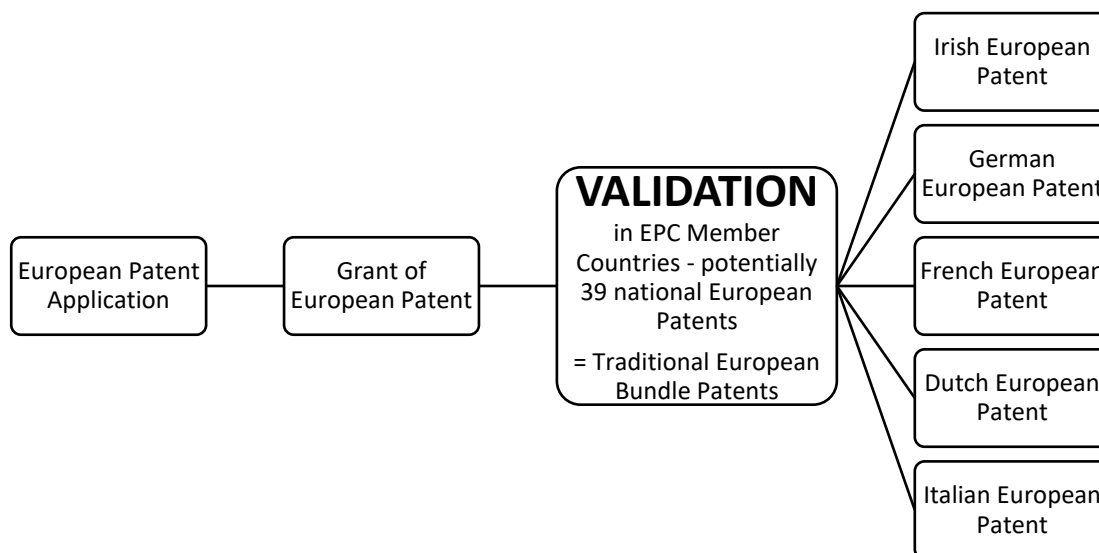
fourth month after Germany has deposited its instrument of ratification. Based on this timeline of the expected ratification by Germany, the Unitary Patent System, comprising the Unitary Patent and the Unified Patent Court, is expected to start on June 12023..

## 4. The Unitary Patent and Ireland

What does the Unitary Patent System mean for Irish innovators?

### Current system:

4.1 Let’s consider firstly, the current patent system available in Europe. Under the current European patent system, European patents are granted centrally by the European Patent Office (EPO). Once a European Patent is granted, in order for the patent owner to retain patent protection in European Patent Convention (EPC) member countries, the granted European Patent must be validated in those EPC member countries where the patent owner wishes to have patent protection. In other words,, a granted European patent is brought into force as “a bundle” of individual, separate national patents. A diagram showing this process step is shown in **Figure 1** below in which a granted European patent is validated in this example, for instance, 5 EPC member countries.



**Figure 1 – Example flow chart under current European System where the granted European Patent has been validated in 5 EPC Member countries**

4.2 In contrast, under the new UP/UPC system, a patent owner can simply file a single request for their granted European Patent to have unitary effect to obtain a Unitary Patent that is effective in all the member countries who have ratified the UPC Agreement. Whether it be a traditional European patent or a Unitary Patent that is applied for, the process steps involved from filing a European patent application to obtaining a granted European patent will not change. Figure 2 below highlights the process for Irish innovators wishing to obtain protection in the same member countries as shown above in Figure 1 when UP/UPC system begins, on June 1 2023 without Ireland having ratified the UPC Agreement.

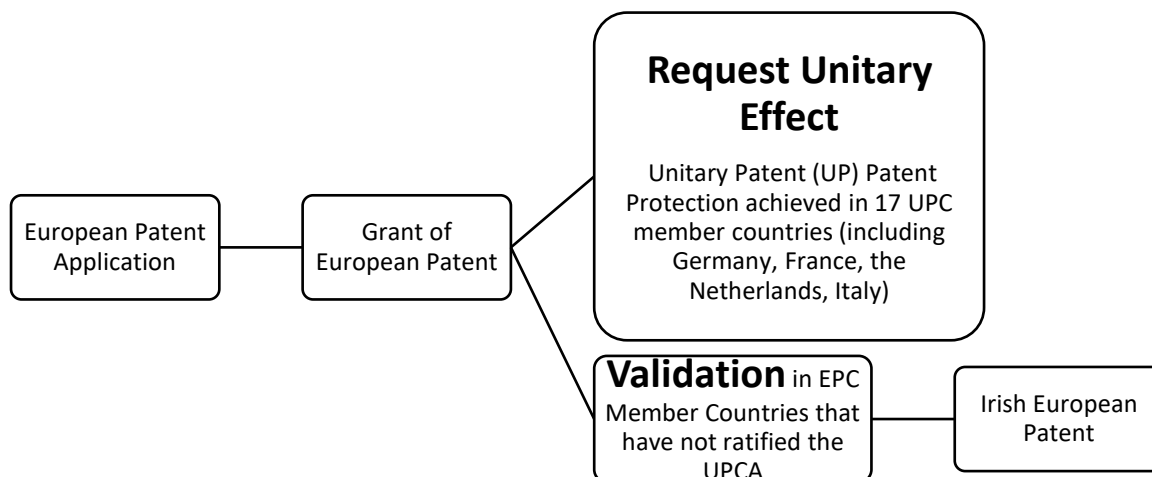


Figure 2 – Process required by Irish innovators wishing to obtain patent protection in the same member countries as in Figure 1 after the UP/UPC system begins on June 1 2023 without Ireland having ratified the UPC Agreement.

#### Opportunities for cost savings under the UP – National Validation Costs

4.3 The owner of a conventional European Patent can choose as many European Patent Convention as they wish to validate in. In reality, there is a significant cost associated with each country in which a patent owner validates a patent. The cost of obtaining and maintaining a conventional European Patent can rise rapidly depending on the number of states it is validated in. In view of such cost constraints, patent owners must necessarily avoid a strategy of obtaining patent protection in every country in Europe and must focus their attention to prioritizing certain countries based on their companies’ commercial requirements. A typical approach is for owners of EP Patents to undertake national validation only in the countries with the largest commercial markets.

4.4 For each country in which a patent owner wishes to validate their granted European patent, there are associated translation requirements and attorney fees. Some countries require a full translation of the specification in their local language. Other countries only require the claims of the patent to be translated, provided the remainder of the specification is in English. Translation costs will depend on the length of the translation. Local Patent Attorneys in each selected country are generally required and their charges vary. As mentioned above, budgetary constraints force patent owners, such as for example, Irish SME’s and Irish Higher Education Institutions, to be very strategic about the countries chosen at national validation. This often results in a restriction to countries that are likely to provide the most lucrative markets for the invention that is the subject of the patent. Decisions on where to validate a European patent can often be taken well before there is clarity or certainty on where potential business opportunities are likely to arise.

#### Opportunities for cost savings under the UP – Annual Renewal Fee Costs

4.5 Under the current system, once a patent owner has obtained their granted patent and brought it into force in various countries, annual maintenance fees (so-called “renewal fees”) are payable in each country on an

annual basis to maintain the patents in force in each of those countries. These renewal fees involve significant annual costs to maintain patents across multiple countries.

- 4.6 For patent proprietors who avail of the UP system, a single renewal fees is payable in one currency, under one legal regime. This greatly simplifies matters for patent proprietors. **APPENDIX I provides an overview of the Unitary Patent Official Fees.** The fee level for a Unitary patent renewal fee corresponds to the combined renewal fee in the top 4 countries where European Patents were most frequently validated in 2015. Opportunities for cost savings are significant for a patent owner wishing to have protection in 4 or more UPC Countries.
- 4.7 In summary, the changes in the process steps begin **after** a European patent has been granted, by allowing a patent owner to follow a traditional nationalisation route (so-called “national validation” process) to obtain national patents and/or to obtain a Unitary Patent (UP). As outlined above, if the traditional route is followed, a granted European patent is brought into force as “a bundle” of individual, separate national patents. On the other hand, with the new UP system, the patent owner can request unitary effect for their granted European patent which will provide their unitary patent protection **in all UPC member countries;** and this Unitary Patent is obtained by this one simple procedural step after grant. The benefit of the Unitary patent is that rather than having to pay multiple separate “national validation” fees payable to the multiple national patent offices as well as pay for and manage the administratively complex process of multiple different translations requirements, a patent owner will be able to pay one single fee and obtain their Unitary Patent and deal with one single translation requirement. This reduces both cost and administration compared to the current system.
- 4.8 Irish innovators and Irish innovative businesses will not be able to obtain patent protection for their granted European patent in Ireland via the Unitary Patent until such a time as Ireland ratifies the UPC Agreement. Instead, they will have to use the traditional route of undertaking a national validation of their European Patent in Ireland to obtain patent protection here.
- 4.9 If Ireland is in the UP and UPC system, there is a further opportunity for Ireland to benefit from companies being able to orientate future business decisions and activities in the countries, including Ireland, where they have certainty of being able to rely on patent protection as a tool for maintaining competitiveness. As we mentioned above, a typical approach is for owners of EP Patents to undertake national validation only in the countries with the largest commercial markets. Given its small relative market size, many businesses based outside of Ireland may choose not to validate their EP patents in Ireland due to budgets and commercial reasons. However, Ireland’s participation in the UPC system would make it easier for international companies to obtain patent protection for their inventions in Ireland, thereby reinforcing Ireland’s position as an innovative, knowledge-based economy. Conversely, however, any delay in ratifying the UPC would disadvantage Ireland relative to countries who are participating given that there is a greater incentive for innovators to centre their commercial activities based on cost efficient patent coverage.

#### [Licences and Transfers](#)

- 4.10 Finally, each Unitary Patent is an object of property. Transfers and licenses of that object of property can be centrally managed as opposed to currently on a country-by-country basis, thereby reducing the complexity

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and cost associated with dealing with these types of transactions for each traditional European national patent under the current system.

- 4.11 However, the laws that govern each UP as an object of property will not be uniform. For the purposes of matters such as assignment, licencing and securitisation, all UPs will be subject to the national property laws of a single participating UPC member country. Pursuant to Article 7 of the Unitary Patent Regulation, each UP will be treated as if it were a national patent of the participating member country (a country that has both signed and ratified the UPC Agreement) in which the applicant resides in the case of a natural person, or in the case of a corporate entity any place of business it may have. Ireland currently falls outside this definition.
- 4.12 The default position, for persons or entities that do not reside or have a place of business in a participating UPC member country, the UP will be treated as if it were a national patent under German law.
- 4.13 For Irish innovators and businesses, this means that while Ireland is not a participating member country of the UP/UPC system, if the Irish innovator or Irish business does not reside or have a place of business in a participating UPC member country, any UP's granted to them will fall under German law.
- 4.14 Irish owners of UPs granted before Ireland is a participating member country of the new system will therefore face the disadvantage of having to take into consideration the legal practice of other jurisdictions insofar as these property issues are concerned which will potentially add expense and complexity to managing their portfolio of UPs.

## 5. The Unified Patent Court and Ireland

- 5.1 The proposed Unified Patent Court is a new court that is being established under an International Treaty. The new court will provide a uniform specialised forum for reaching decisions on patent litigation for businesses in those member countries that are participating in the Unitary Patent System. This court will be centralised, and therefore will remove the need to conduct parallel litigation for the same patent in different countries. The objective is that this court will reduce cost and enhance legal certainty by removing the risk of having varied and conflicting decisions being issued from a number of national courts in respect of the same patent.
- 5.2 Under the existing EPC system, each national patent in a granted European patent bundle must be litigated separately in each country the granted European patent is validated in. Each of these validated national European patents are often referred to as equivalents. This means for example, that if a competitor wishes to revoke a German validated European patent, then they must apply to the German court. If the German court decides the German validated European patent should be revoked (i.e. the patent found to be invalid) then this has no impact on the corresponding European patent that was validated in France, in other words, the French patent would still remain in force. In order for a competitor to revoke the French validated European patent, the competitor would need to initiate a legal action in the French court. Even then, the decision of the French court could be different from the German court and the French validated European patent could be upheld whilst the German validated European patent has been revoked.

5.3 **Under the new UPC system, a patent may be litigated centrally**, and the outcome of the decision will apply to all member countries of the UPC Agreement. This means for example, that if a unitary patent is revoked at the UPC then the revocation will apply to all countries participating in the UPC Agreement. Thus, enhancing legal certainty for all parties by removing the risk of having varied and conflicting decisions from a number of national courts.

5.4 The UPC will decide matters related to:

- Infringement & related defences and licences
- Declarations of non-infringement
- Protective Measures / Injunctions
- Damages
- Revocation and counterclaims for revocation
- Compensation for licence of right

5.5 All existing granted European patents will automatically fall under the jurisdiction of the UPC from an agreed start date unless they are specifically opted out. All European patents granted after the start will also fall automatically into the jurisdiction of the UPC, unless the applicant specifically opts these out. The option to opt out will be available for 7 years initially after which all European patents will be governed by the UPC. All granted unitary patents will fall under the jurisdiction of the UPC and cannot be opted out.

5.6 Court fees at the UPC have been established on the principle of fair access to justice. The court fees are made up of a fixed fee, together with a value-based fee when the value of the case is above the set ceiling of €500,000. The value-based fees increase in accordance with the value of the case. Micro Entities and SME's receive a reduction of 40% in court fees. There are additional measures in place to assist with further reductions in fees including legal aid for natural persons most in need. **Appendix II** provides a brief overview of the Court fees at the UPC for an infringement action. In addition, Appendix II also provides a comparison of UPC Court fees for Infringement and Revocation actions relative to German Court Fees (bearing in mind that under the current system, an Irish business may want to defend or enforce their patent rights in more than one European Member country).

5.7 Ireland has committed to establishing a local division of the UPC at such a time as Ireland is in a position to ratify the UPC Agreement. This would be welcomed by Irish innovators and Irish innovative businesses as it will provide an opportunity for Irish innovators and Irish innovators to enforce and/or defend their rights locally. In the absence of a local division, Irish innovators and businesses will have to leave Ireland to enforce or defend their rights before the Unified Patent Court.

## 6. RECOMMENDATIONS:

APTMA is urging the Government to:

- Hold the referendum at an early date in 2023 so that Irish innovators can have the same opportunities for strategic competitive advantage relative to businesses in other European countries including benefitting from the cost savings available under the new system.

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- Prepare the necessary legislation needed in advance of a referendum to facilitate ratification of the UPC Agreement as quickly as possible in the event of a positive referendum result.
- Undertake the necessary preparatory work in advance of a referendum relation to the establishment of a Local Division of the UPC, e.g. establish a physical location, preparation of the physical infrastructure required to establish a Local Division, training and so forth, in advance of a referendum to facilitate ratification of the UPC Agreement as quickly as possible in the event of a positive referendum result.
- Establish an external stakeholder engagement mechanism to allow for an exchange of information on specific IP issues relating to the UP and the UPC as they arise particularly in relation to technical matters and how that may impact Irish innovators and Irish innovative businesses going forward.

## APPENDIX I: Unitary Patent Official Fees

The following relates to the Official Fees associated with requesting unitary effect at the European Patent Office (EPO) to obtain a Unitary Patent (UP) and payment of renewal fees to maintain the UP.

### i. Unitary Effect

There is no Official Fee payable to the EPO to request unitary effect.

### ii. Renewal Fees

A single yearly renewal or maintenance fee will be payable to the EPO to keep the UP in force for up to 20 years. This is payable in EUROS to the EPO. 50% of these fees will be retained by the EPO, while the other 50% will be distributed among the member countries participating in the UPC Agreement.

In the current system, once granted, a European Patent must be validated in each contracting state of interest to provide national patent protection in that contracting state. To keep the validated national Patent in force, a renewal fee must be paid in each contracting state in which the Patent was validated. The validation process can be time consuming and has considerable costs associated with it.

The UP system avoids this procedure and the considerable costs associated with it, by providing a simplified single step to obtaining a Patent that confers uniform protection in all (ratified) Member countries and which is maintained with a single yearly renewal fee. There will be no fee for validating a UP.

The following table provides a comparison between the costs of maintaining a Unitary Patent (UP) and those of a European Patent under the current system in the four states where European Patents are most validated and the 25 EU Member countries in which the UP will be possible over the 20-year life of a patent<sup>2</sup>.

#### Official Renewal Fee Comparison

Year	Unitary Patent	Classic European patent (EP) validated and maintained in 4 countries where European Patents were most validated (2015)	Classic European patent (EP) validated and maintained in 25* countries where UP is possible

<sup>2</sup> <https://www.epo.org/applying/european/unitary/unitary-patent/cost.html>

5	315	316	2506
6	475	486	3250
7	630	649	3861
8	815	841	4615
9	990	1037	5554
10	1175	1240	6463
11	1460	1512	7526
12	1775	1826	8655
13	2105	2170	9854
14	2455	2515	11028
15	2830	2892	12189
16	3240	3299	13569
17	3640	3695	14912
18	4055	4101	16166
19	4455	4506	17729
20	4855	4911	19227
Total	35270	35996	157104

*\*Note – This number appears to have not been amended to reduce the number of countries to 24 after the UK's withdrawal from the agreement.*

The table assumes that the patent is granted during the 4th year after filing of the application, which is a typical scenario, and thus renewal payments for the granted patent start in year 5.

The EPO has emphasised that the renewal fee for a Unitary Patent **is set at a competitive level**. As can be seen from the table above, the renewal fee level for a Unitary Patent (Column 2) has been set at an amount corresponding to the combined renewal fee due in the four states where European Patents were most validated (2015) (Column 3) which is cost effective when compared to the cost of renewing a patent in each of the participating UPC member countries (i.e. Column 4).

While the above table shows official fees only, requesting and maintaining a UP will be **less expensive** than a European Patent validated and maintained in 4 of the current 25 EU Member countries.

(see <https://www.epo.org/applying/european/unitary/unitary-patent/cost.html>)

This is because there are costs associated with the validation and maintenance of a classic European patent, including translation costs incurred for validations as well as the fees charged by attorneys or other service providers for validation and the payment of national renewal fees.

As can be seen from the table above, the renewal fees for maintaining a UP for 10 years, which is the current average lifetime of a European Patent, are less than €5000.

The more contracting states in which a Patent would have been validated in the current system, the greater the cost saving, as shown in the table above. For example, if the patent was validated under the current system in the 25 countries in which the UP is possible, the cost is considerably greater than that under the UP system. Therefore, a UP will be particularly attractive for Patent Owners who would have otherwise looked for widespread protection in several contracting states using the current system.

## APPENDIX II: Unitary Patent Court Official Fees

### i. Court Costs

The Unitary Patent Court (UPC) is a single court in which patent matters, such as revocation and infringement, will be heard for all participating Member countries. The UPC will have exclusive jurisdiction for UPs.

Matters before the UPC will incur Court Fees and Representation Fees, i.e., solicitor/attorney fees.

There is no official fee currently for “opting-out” of the UPC in respect to classical European Patents.

Court fees at the UPC will be a fixed fee and include an additional value-based fee when the value of a case is above the set threshold of €500,000. There will also be costs payable for representation.

For instance, Court fees at the UPC for infringement will be a fixed fee €11,000 and an additional value-based fee (depending on the perceived value of the case).

Court fees for revocation action will be a fixed fee of €20,000.

At the UPC, there are some provisions for a discount of up to 40% on Court Fees for certain parties such as small and micro-entities. In addition, certain circumstances may allow reimbursement of Court Fees, for example court fees can be partially reimbursed if a case is heard by a single judge and if a case is settled or withdrawn. Legal aid will also be available.

In the UPC, there is a cap on recoverable costs for the successful party. The cap will range from €38,000 to €2,000,000 depending on the value of the proceeding. For example, there is a cap of €38,000 when the value of proceedings is up to and including €250,000.

### ii. Comparing the cost of the UPC to existing court systems

The following is a comparison of UPC Court Fees with German Court Fees for Infringement and for Revocation.

Value of Action	UPC Court Fees	Germany Court Fees
1,000,000	€15,000 (€11,000 fixed fee, plus €4,000 value-based fee)	~€18,000
5,000,000	€43,000 (€11,000 fixed fee, plus €32,000 value-based fee)	~€66,000.

**Table 1: Infringement**

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Value of Action	UPC Court Fees	Germany Court Fees
1,000,000	€20,000 fixed fee	~€27,000
5,000,000	€20,000 fixed fee	~€98,000

**Table 2: Revocation**

It is expected that representation costs will more than likely be higher for actions before the UPC than before a single national court. However, for a case involving multiple jurisdictions, the representation costs incurred would be greater than an action before UPC as it involves multiple national court proceedings.

It is estimated that an action before the UPC could cost from €100K to €500K in total.

Therefore, it is likely that the new UPC court system will offer cheaper European litigation than the current system in place.