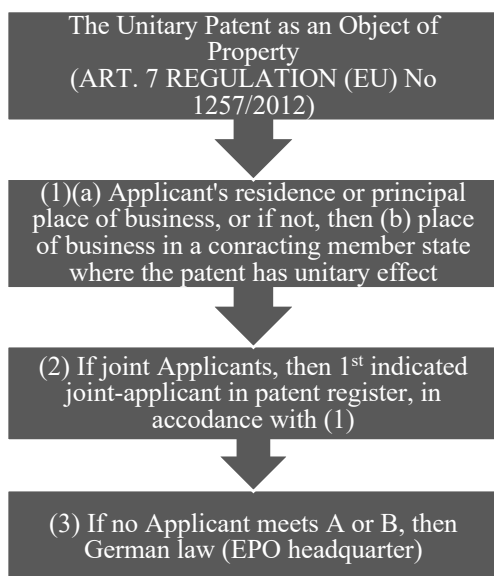


NATIONAL LAWS AFFECTING A UNITARY PATENT



The UPCA explicitly references national legislation (e.g., the national law of a contracting member state where the patent has a unitary effect). National law may sometimes trump the EPC and other national treaties. For example, national law can affect a UP regarding entitlement, employee innovation disputes, mortgages, assignments, licensing, and co-owner rights. It is important to note that national laws vary greatly on these topics.

A European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating member states as a national patent of the participating member state in which that patent has unitary effect, and where, according to the European Patent Register on the date of filing of the application for the European patent: (1)(a) The applicant had its residence or principal place of business; or (b) If (a) does not apply, the applicant had a place of business. (2) Where two or more applicants have been entered in the European Patent Register as joint applicants, the criteria (1) (a) and (b) are applied, as relevant, to the joint applicant indicated first. (3)

Where no applicant had its residence, principal place of business, or place of business in a participating member state in which that patent has unitary effect per criteria 1 or 2 above, the European patent with unitary effect as an object of property shall be treated in its entirety and in all the participating member states as a German national patent (where the EPO is headquartered).⁴

JOINT/CO-OWNERSHIP

UPC issues arise in co-owned patents when separate owners own distinct validations. Effective opt-out in these situations is a priority. Joint or co-ownership of an EP can only be excluded from UPC jurisdiction if all owners agree unless there is a formal agreement. Without such an agreement, the opt-out cannot be completed.

💡 Agreements between co-owners should be carefully reviewed to uncover any terms that may clarify obligations. If no such provisions are identified, it is prudent for the parties to discuss and reach an agreement.

💡 In general, try to avoid joint ownership of patents and use other creative means to separate the interests of the parties.

PRIORITY/OWNERSHIP/ASSIGNMENT

A discrepancy in ownership between the primary United States (US) patent application and a subsequent patent application asserting priority from the primary application can pose challenges in Europe. This difference is important because the priority claim of the subsequent patent application can be questioned in opposition proceedings, nullifying it if the ownership of the right of priority cannot be demonstrated.⁵ The absence of a priority claim increases the risk of patent revocation owing to prior art disclosure (e.g., an inventor article) occurring at a time between the initial US patent application and the second application.

The starting point in the US is that the inventor/s owns a US patent application unless contractually agreed to otherwise by the inventor/s. Unlike other countries, US employers do not automatically own the inventions of salaried employees.⁶

The primary US patent application from which priority is claimed focuses on transferring the inventors' rights to the invention; hence, the assignment paperwork must reflect this. Transferring the priority right, distinct from the invention, to their employer or institution, is sometimes not addressed.

Europe, on the other hand, has different laws.⁷ In the US, for example, an assignment document only needs to be signed by the assignor. In most of Europe, on the other hand, an assignment of a patent application must be in writing and signed by both the assignor and the assignee. Within Europe, the national laws vary as well. In Germany, the assignment is not required to be recorded in the German patent register to become effective. However, the assignee receives the patent applicant's or owner's legal status only upon completion of the transfer in the patent register.⁸ Further, a transfer of rights or the grant of a license does not affect licenses previously granted to third parties.⁹ In contrast, to be legally binding against third parties in France, the recordation of the assignment or the license is required.¹⁰

A UP can be enforced, assigned, revoked, limited, and can lapse in all participating member states. However, as European patent eligibility and ownership differences occur within European national laws, a UP cannot be assigned to less than all participating member states. In contrast, while having multiple licensees for

different participating member states is possible, the licensor should consider difficulties in coordinating strategy for opting out/in and managing the risk of a central revocation attack.¹¹

💡 When filing a provisional or non-provisional US patent application, it is highly recommended to have the inventor/s sign an assignment shortly after the filing and before submitting a subsequent patent application (such as PCT or EP) that claims priority from the US patent application. It is useful to be mindful of the requirements in Europe when drafting invention assignment agreements.¹²

💡 Another recommendation is to expressly include, in the US assignment document, both the transfer of ownership right to the invention and the priority right since the latter is distinct from the former.

FIRST NATIONAL RIGHTS

The influence of prior national regulations may vary within the Unified Patent Court (UPC) context. During the examination process, the EPO disregards any prior national rights (i.e., a national patent or application in a contracting European Patent Convention (EPC) state filed before and published on or after the filing date of a European patent application) granted by a national patent office of an EPO member state, such as the Estonian Patent Office, because they are not part of the state of the art due to their publication being after the priority date of the European patent in question.^{13 14} However, if the applicant is aware of such national prior rights, the applicant may consider filing separate sets of claims in different contracting states. It's worth noting that if the applicant files separate sets of claims, it will run the risk of not being able to request unitary effect for that European patent because to be eligible for registration as a UP, a European patent must have been granted with the same set of claims in respect of all the participating member states.¹⁵

On the other hand, in contrast to the EPO, the UPC has the authority to consider previous national rights (such as a German patent application) while determining the validity of a claim of a UP. Hence, if a European patent having a unitary effect undergoes validity proceedings at the UPC, grounded on prior national rights, the UP may be completely invalidated or restricted for all EU nations involved.¹⁶

INFRINGEMENT

Because the UPC is a "patent court," it focuses on patent invalidity and infringement. Patent claims have traditionally been interpreted technically, literally, or under the doctrine of equivalency, which allows for a more expansive interpretation. National courts have developed different claim interpretation methods. The European Patent Convention (EPC) states that national law handles any EP violation. The Unified Patent Court Agreement plays a role and handles the EP infringement per the procedures outlined in the UPCA and Rules in Proceedings (RoP), referencing Articles 20 and 24 of the UPCA.¹⁷

Further, what constitutes infringement may differ from country to country. For instance, in Germany, selling a product exclusively for sale outside of Germany may be considered an "offering" according to German legislation, whereas making an offer to export outside of the UK (not a contracting member state to the UPC) is unlikely to be deemed an "offering" under UK law.¹⁸ Or, for example, take an exception to infringement under French law, which states, "There is no infringement of a foreign satellite launched from France that contains components likely to infringe a patent having effect in France."¹⁹

CONTRACTUAL CONSIDERATIONS

Collaboration, co-ownership, patent licensing, material transfer, research and contract services, manufacturing, and development and commercialization agreements may be affected by national laws, which could affect outcomes at the UPC.

While the interests of the licensee and patent owner are normally aligned, a divergence of opinion could arise between the patentee and licensee or even among various licensees. This disagreement could be significant because under the UPCA, licensees, including exclusive licensees, do not possess inherent authority to determine whether the patent rights should be opted out. Without any mutually agreed-upon arrangement, patent owners retain the discretion to decide whether or not to opt out.

💡 It is advisable for the parties to a license to carefully examine the license terms, consider the UPC's influence on all agreements concerning patents, and incorporate thorough evaluation of intellectual property assets being considered for in-licensing or acquisition.

💡 If licenses have been granted, opt-out may be preferred if a royalty must be paid while at least one licensed patent is in force. Avoiding central revocation may be more valuable than the ability to enforce it centrally. Once litigation before either the UPC or a national court has started, the forum is locked in for the rest of the patent's life.

💡 Further, it is important to remember differing national laws regarding the consequences of terminating a principal license as it relates to the sub-licenses. In Germany, for example, the termination of a

principal license does not automatically result in the termination of any licenses granted by the principal licensor unless otherwise agreed upon by the parties involved. Conversely, in France, the termination of a principal license also leads to the termination of any sub-licenses granted by the principal licensor.

💡 As a matter of initial drafting, try to avoid joint ownership. If there are agreements with multiple owners, check existing co-ownership agreements for European patents/applications/supplementary protection certificates ("SPCs") and negotiate opt-out strategies for granted patents/SPCs (all co-owners must opt out, so their consent is needed) and post-grant strategies for pending or future patent applications, or those already in existence that may need to be amended.

💡 Carefully draft future joint ownership agreements (e.g., joint R&D) to ensure that appropriate processes are in place for managing opt-out/opt-in and unitary effect decisions: which party (or parties) decides the type of the future patent(s) (classic European patents or unitary patents); which party (or parties) decides on opting out/opting in classic European patents; and which party (or parties) is responsible for implementing these decisions and/or bear the associated costs.

💡 Regarding license agreements, even if only the patent owner is entitled to opt out, under the new system, to validly opt out/opt in and to decide what type of patent would be requested after the grant, it is also advisable to clarify these points in the license agreements, especially when a licensee has an active role in the prosecution of the European patent application.

STANDING TO SUE

The patent proprietor is entitled to bring actions before the Court. Unless the licensing agreement provides otherwise, the holder of an exclusive license in respect of a patent shall be entitled to bring actions before the Court under the same circumstances as the patent proprietor, provided that the patent proprietor is given prior notice. A non-exclusive licensee shall not be entitled to bring actions before the Court unless the patent proprietor is given prior notice and in so far as expressly permitted by the license agreement. In actions brought by a license holder, the patent proprietor shall be entitled to join the action before the Court.²⁰

Standing To Sue (Art. 47 UPCA)		
Patent Proprietor shall be entitled to bring actions before the UPC; shall be entitled to join the action brought by a licensee	Exclusive Licensee shall be entitled to bring actions before the UPC under the same circumstances as the patent proprietor, provided that the patent proprietor is given prior notice	Non-exclusive Licensee shall not be entitled to bring actions before the court, unless expressly permitted by the license agreement and the patent proprietor is given prior notice

💡 Even though only the patent owner can validly opt out/opt in and decide what type of patent will be requested after the grant under the new system, license agreements should clarify these points, especially when a licensee actively prosecutes the European patent application. Similarly, a licensee may request additional representations and warranties about the licensor's status as a sole owner and/or the ability of the licensor to obtain the necessary consent from other co-owners to ensure that the opt-out or unitary effect procedure is carried out properly.

The Unitary Patent and Court System is Complex and Complicated. Tread Carefully.

¹ European Patent Office, available at: <https://www.epo.org/en/applying/european/unitary/unitary-patent>

² European Patent Office. Applying for a Unitary Patent. Available at: <https://www.epo.org/en/applying/european/unitary/unitary-patent/applying>

³ The Unified Patent Court, available at: <https://www.unified-patent-court.org/en/faq/opt-out>

⁴ European Patent Office, Available at: https://www.epo.org/en/legal/up-upc/2022/eu20121257_7.html

⁵ Alexander Harguth & Konstantin Schallmoser & Steven C. Carlson. Patent Litigation Through the Unified Patent Court and German Courts: An International Handbook. Kluwer Law International (2023-05-3)

⁶ American Bar Association. Employee Inventors and Patent Ownership: Whose Rights Are They Anyway? *Landslide*, Vol. 13, No. 4, March/April 2021.

⁷ Your Europe: European Union. Before negotiating a licensing or an assignment agreement. Available at https://europa.eu/youreurope/business/running-business/intellectual-property/licensing-selling/index_en.htm

⁸ CMS. Germany. Available at <https://cms.law/en/int/expert-guides/cms-expert-guide-to-transferring-ip-rights/germany>

⁹ The German Patent Act. Section 15(3). Available at https://www.gesetze-im-internet.de/englisch_patg/englisch_patg.html

¹⁰ The Legal 500 Series. Assignment. Available at <https://www.legal500.com/guides/chapter/france-intellectual-property/>

¹¹ WIPO Magazine. Making sense of Europe's Unitary Patent. Available at https://www.wipo.int/wipo_magazine/en/2014/03/article_0003.html

¹² Your Europe: European Union. What should an IP assignment agreement include? Available at https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk/europe-frequently-asked-questions_en#IP_Assignment

¹³ European Patent Office. Article 139(2) EPC: Prior rights and rights arising on the same date. Available at <https://www.epo.org/en/legal/epc/2020/a139.html>

¹⁴ European Patent Office. Article 54(2) EPC: State of the art. Available at https://www.epo.org/en/legal/guidelines-epc/2023/g_vi_1.html

¹⁵ European Patent Office. Article 3(1) Regulation (EU) No 1257/2012. Available at https://www.epo.org/en/legal/guide-up/2022/uppg_b_i.html

¹⁶ European Patent Office. Article 65 of UPCA: Decision on the validity of a patent Available at https://www.epo.org/en/legal/up-upc/2022/upca_65.html

¹⁷ European Patent Office. Article 24 of UPCA: Sources of law Available at https://www.epo.org/en/legal/up-upc/2022/upca_24.html

¹⁸ EPO e-learning centre. Fundamentals of infringement. Available at https://e-courses.epo.org/wbts_int/litigation/FundamentalsOfInfringement.pdf

¹⁹ Kluwer Patent Blog. Conflicts between UPCA and national laws: a dangerous riddle? Available at <https://patentblog.kluweriplaw.com/2023/07/12/conflicts-between-upca-and-national-laws-a-dangerous-riddle/>

²⁰ European Patent Office. Article 24 of UPCA: Parties. Available at https://www.epo.org/en/legal/up-upc/2022/upca_47.html