



Co-Ownership of Patents and the UPC

Young EPLAW Congress
27 April 2015, Brussels

Johanna Flythström
Roschier, Attorneys Ltd.

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Agenda

- Co-Ownership of Unitary Patents: Applicable Law
- Implications of Applicable Law for Co-Owners
- Co-Owner's Right to Bring Action
- Co-Ownership of Existing European Patents
- Key Issues for Co-Owners in Preparation for the UPC

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Co-Ownership of Unitary Patents: Applicable Law

- Unitary Patent as an object of property is governed by Chapter III of the 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 (“Unitary Patent Regulation“, “UPR“)
- Under Article 7 of the UPR, Unitary Patent as an object of property is treated as a national patent:

“Article 7: Treating a European patent with unitary effect as a national patent

1. 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 in which, according to the European Patent Register:
 - (a) the applicant had his **residence or principal place of business** on the date of filing of the application for the European patent; or
 - (b) where point (a) does not apply, the applicant had **a place of business** on the date of filing of the application for the European patent.
2. Where two or more persons are entered in the European Patent Register as joint applicants, point (a) of paragraph 1 shall apply to **the joint applicant indicated first**. Where this is not possible, point (a) of paragraph 1 shall apply to the **next joint applicant** indicated in the order of entry. Where point (a) of paragraph 1 does not apply to any of the joint applicants, point (b) of paragraph 1 shall apply accordingly.
3. Where no applicant had his **residence, principal place of business or place of business in a participating Member State** in which that patent has unitary effect for the purposes of paragraphs 1 or 2, 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 national patent of the State where the European Patent Organisation has its headquarters** in accordance with Article 6(1) of the EPC.
4. The acquisition of a right may not be dependent on any entry in a national patent register.”

→ **Co-ownership is governed by national law.**



Which National Law Applies to a Co-Owned Unitary Patent?

- For a co-owned Unitary Patent, the law governing the co-owned patent as an object of property is determined as:
 - a) The law of the participating Member State in which the **first listed joint applicant** had its residence or principal place of business on the date of filing of the application; or
 - b) If a) does not apply, the law of the participating Member State in which the **next listed joint applicant** had its residence or principal place of business on the date of filing of the application; or
 - c) If none of the joint applicants had its residence or principal place of business in a participating Member State on the date of filing of the application, the law of the participating Member State in which the **first joint applicant** had its place of business on the date of filing of the application; or
 - d) If a), b), or c) does not apply, the law of the participating Member State in which the **next listed joint applicant** had its place of business on the date of filing of the application; or
 - e) If none of the joint applicants had its residence, principal place of business, or place of business in a participating Member State on the date of filing of the application, the law of the state in which EPO has its headquarters.



Implications of Applicable Law for Co-Owners

- National laws on co-ownership are not harmonized in Europe
- **Differences** in co-owners' rights and obligations across Europe relating, *i.a.*, to:
 - Assignment of rights
 - Grant of licenses
 - Right to initiate infringement proceedings
- The decision on **which applicant to list first** (and the order of entry of the joint applicants) may be decisive in determining the rights of the co-owners.
- However, in national laws provisions governing co-ownership are to a great extent non-mandatory and co-owners are largely free to make their own **contractual arrangements**.

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Co-Owner's Right to Bring an Action Before the UPC

- Under Article 47 of the Agreement on a Unified Patent Court ("UPCA") the patent proprietor has the right to bring action before the UPC:
 - "Article 47: Parties*
 - 1. *The **patent proprietor** shall be entitled to bring actions before the Court*
 - 2. *Unless the licensing agreement provides otherwise, **the holder of an exclusive licence** 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.*
 - 3. *The holder of a **non-exclusive licence** 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 licence agreement.*
 - 4. *In actions brought by a licence holder, the patent proprietor shall be entitled to join the action before the Court.*
 - [...]"*
- There is still some uncertainty but under Rule 13(f) of the 17th draft of the Rules of Procedure of the Unified Patent Court ("RoP") the co-owner claimant needs to provide evidence of the right to bring action:

"where the claimant is not the proprietor of the patent (or patents) concerned, or not the only proprietor, evidence to show the claimant is entitled to commence proceedings [Article 47(2) and (3) of the Agreement]"

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Co-Ownership of Existing European Patents: Opt-Out

- During the transitional period, proprietors of existing “classical” European patents or patent applications have the **option to opt-out** from the exclusive competence of the UPC. This applies also to co-owned classical European patents.
- The main issue to be considered by co-owners of existing European patents is whether to **opt-out or not?**
- There is still some uncertainty as to the opt-out system but under Rule 5 of the 17th draft of the RoP **co-owners must all act in common** to exercise the opt-out:

“Rule 5 – Lodging an Application to opt out and withdrawal of opt out

1. [...]

(b) Where the patent or application is owned by two or more proprietors or applicants, all proprietors or applicants shall lodge the Application.

[...]”

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Key Issues for Co-Owners in Preparation for the UPC

- Existing classical European patents and co-ownership, license, and collaboration agreements:
 - To be **reviewed** before the Unitary Patent system enters into force
 - Do the co-owners want to **opt-out?**
- New inventions:
 - Decision on whom to **list first** (and the order of entry) in the joint application
 - > Applicable law depends on the order of entry
 - > Order of entry may be decisive in determining the rights and obligations of the co-owners
 - Heightened importance of co-ownership agreements on the prosecution, licensing, and enforcement of the co-owned patent

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Thank You!

Johanna Flythström
Roschier, Attorneys Ltd.



Contact

+358 20 506 6629

+358 29 506 6100

johanna.flythstrom@roschier.com

Keskuskatu 7A
00100 Helsinki
Finland
www.roschier.com

ROSCHIER