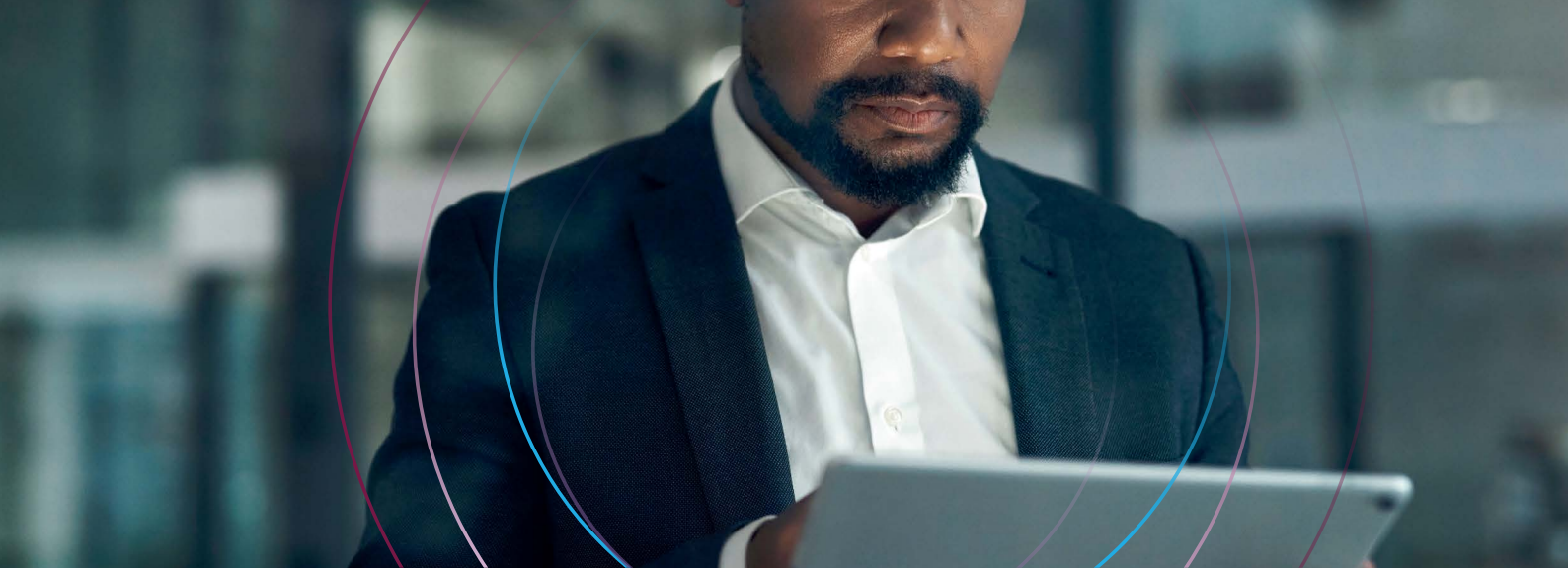


The UPCalculator - a user guide

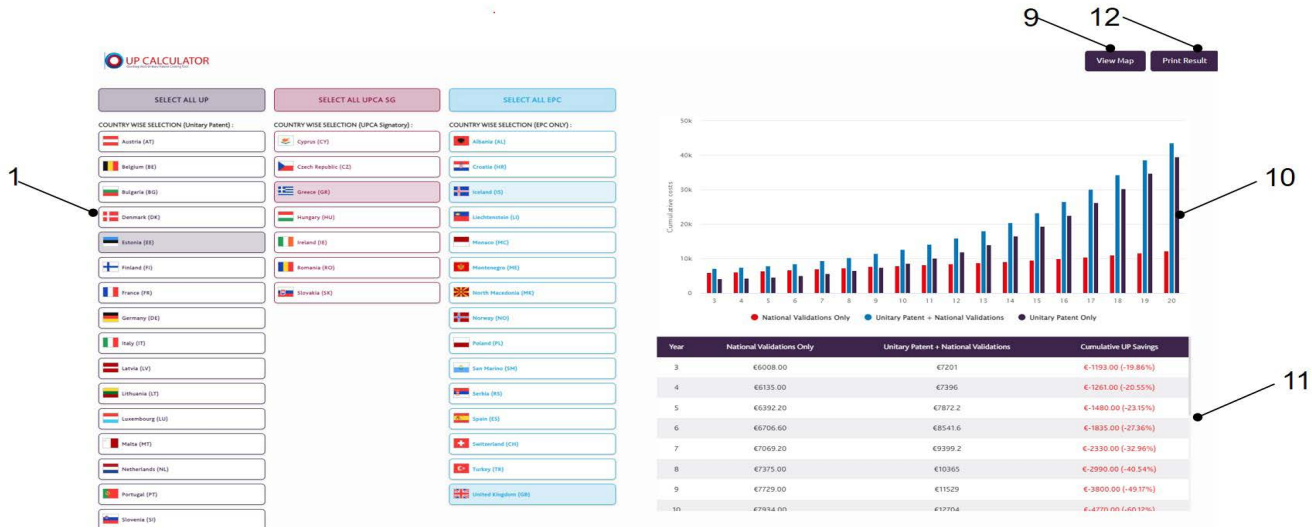
Introduction

The Unified Patent Court (UPC) came into force in June 2023. Users in receipt of a granted European patent now have the option of requesting unitary effect in addition to the existing scheme of performing national validations. The Unitary Patent ("UP") is a single patent right conferring protection in all European Patent Convention ("EPC") states that have signed and ratified the Unified Patent Court Agreement ("UPCA"). Users will therefore be presented with the flexibility to obtain patent protection in their jurisdictions of choice through national validations, the UP or a combination of the two.

The user interface

The UPCalculator is a tool developed internally by Gowling WLG to assist users in estimating the cost comparisons of these various scenarios over the lifetime of the patent(s). Users can readily determine whether it would be cost effective or not to use the UP to obtain protection in their jurisdictions of choice, taking into account various factors such as the specification length (which impacts translations fees) and the year of lapse for each of the selected countries.

We've provided below an explanation of the various features of the tool's user interface.



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1 – Country Selection. Here, the user can select their jurisdictions of interest. The countries are grouped into three columns: 1) The left-hand column lists all countries that are currently covered by the UP (i.e. all those countries that have both signed and ratified the UPCA); 2) The middle column lists those countries that have signed but not yet ratified the UPCA. These countries are not yet covered by the UP but are expected to be in the future once they ratify the UPCA; 3) The right-hand column lists those countries that are member states of the EPC but have neither ratified nor signed the UPCA.

2 – Common Lapse Year Selection. The user has the option of selecting a common lapse year for the selected countries or individual lapse years for each selected country. If the user selects 'Yes', a single lapse year field appears allowing the user to enter the common lapse year. If the user selects 'No' the individual lapse year fields for each selected country appear (see 3 below). The lapse year is the completed number of years before the patent lapses. E.g. if the lapse year is set to '8', the patent will lapse after 8 years.

3 – Individual Lapse Year Selection. These fields appear if the user indicates they wish to enter a lapse year for each country separately. To assist the user in locating the fields for their selected countries, the fields are arranged in the same columns as for the country selection. That is, the lapse year field for countries selected from the left-hand column will appear on the left; the lapse year field for countries selected from the middle column will appear in the middle and the lapse year field for countries selected from the right-hand column will appear on the right.

4 – Grant Year. Here, the user enters the year of grant as counted from the year of filing (i.e. a value from 1 to 20). National and UP renewal fees vary by year from filing and only begin to accrue once the European patent has granted.

5 – Claims Pages. The user can enter the number of pages for the claims in the patent specification. This information is taken into account for the translation costs and official validation fees for each selected country as appropriate. The field is set to a default value of '5'.

6 – Description Pages. The user can enter the number of pages for the description of the patent specification. This information is taken into account for the translation costs and official validation fees for each selected country as appropriate. The field is set to a default value of '25'.

7 – Number of claims. The user can enter the number of claims in the patent specification. This information is taken into account for the official validation fees for each selected country as appropriate. The field is set to a default value of '20'.

8 – Currency selector. The user can select whether the costs are calculated in Euro (€), USD ($) or GBP (£). The output results will be updated in real time if the currency is changed.

9 – Map Viewer. Selecting this button brings up a colour-coded map showing those countries that are EPC states only, those that are EPC states and have signed (but not ratified) the UPCA and those that are EPC states and have signed and ratified the UPCA (i.e. those covered by the UP).

10 – Output Graph. The output graph is displayed and updates in real time as the user changes the input parameters. The graph shows the cumulative costs incurred over the specified year range. The years span from the year of grant to the highest lapse year of the selected countries. Three bars are shown for each year. The first bar shows the cost of choosing national validations only for the selected countries (i.e. the existing system). The second bar shows the cost of obtaining protection in the selected countries using the UP to cover the user's country selections (to the extent this is possible) plus the cost of further national validations if required. This would mean that, where the user selects one or more 'UP countries', these would be covered by the UP. Any countries selected from the middle and/or right-hand columns would be covered by national validations. The third bar shows the cost of the UP alone. The relative value of the three bars will depend on which countries are selected by the user. For example, if only UP countries are selected, the second and third bars will be equal to each other because all the selected countries can be covered by the UP. Conversely, if only countries from the second and third columns are selected, the first and second bars will be equal because there will be no contribution to the second bar from the UP.

11 – Output Table. This table displays, for each year, the cumulative cost of obtaining patent protection using only national validations versus using national validations plus the unitary patent where appropriate. In other words, it displays the values of the first and second bars. The approximate cost savings that can be achieved when opting to use the UP to cover the country selections where possible are shown in the right-hand column of the table. Negative values (shown in red) indicate that it is more expensive to use the UP compared to using national validations alone. Positive values (shown in green) indicate it is cheaper to use the UP compared to national validations alone.

12 – Print Button. Selecting this button allows the user to create and save a PDF that contains the output graph, output table and a summary of the user-selected inputs. The PDF will print in landscape by default and the header and footer can be removed by clicking 'Print Result', 'More settings' and then deselecting 'Headers and footers'.

How does the calculator work?

Based on the user's country selections, the UPCalculator estimates the combined, cumulative cost for each year of obtaining patent protection in those countries using: i) national validations only; and ii) national validations plus the unitary patent to the extent possible.

The costs take into account the estimated translation costs and official fees for each selected country and the UP as appropriate. The translation estimates are calculated using a combination of the translation requirements for each country (i.e. whether the claims, description or both need to be translated); the user-specified length of the claims and/or description and estimates of the translation costs provided to Gowling WLG by third parties. These costs are incurred the year the patent grants.

Renewal fees for a given jurisdiction are calculated only up to the lapse year for that jurisdiction. If a user selects one or more countries from the left-hand column (the 'UP countries'), the lapse year of the resultant UP for the purposes of calculating the second output bar is set to the maximum lapse year of the UP countries. This is because it is not possible to prune countries from the UP – it is a single set of renewal fees covering all countries under its jurisdiction. Therefore, the renewal fees need to be paid so long as the user wishes to maintain patent protection in at least one country. This approach enables the UPCalculator to more accurately reflect the asymmetry in flexibility between the UP and national validations. This is illustrated in the example on the next page.

Example

The user selects the following countries, with the corresponding lapse years in parentheses:

- Germany (10)
- France (15)
- Italy (20)
- Netherlands (17)
- United Kingdom (13)

The 'national validations' renewal fees will be formed of the following components:

- Years 1 to 10: Germany + France + Italy + Netherlands + United Kingdom.
- Years 11 to 13: France + Italy + Netherlands + United Kingdom.
- Years 14 to 15: France + Italy + Netherlands.
- Years 16 to 17: Italy + Netherlands.
- Years 18 to 20: Italy

The 'UP + national validations' renewal fees will be formed of the following components:

- Years 1 to 13: UP + United Kingdom.
- Years 14 to 20: UP.

Inputting these parameters into the calculator shows that for years 1 to 15 the cost of national validations broadly match that of using the UP plus national validation for the UK. However, over years 15 to 20 there is a divergence in costs with the national validation route becoming increasingly cost effective due to pruning combined with the requirement to continue paying the UP renewal fees.

This example serves to illustrate that the most cost-effective approach depends heavily on the user's jurisdictions of choice and the lapse years typically adopted for those jurisdictions. Please experiment and input the parameters that may typically apply to your portfolio into the UPCalculator to determine when (or if) the UP provides a cost advantage.

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