European Patent Organisation: The first concept for assessing the amounts of renewal fees for the unitary patent

Reported by Dr. Rudolf Teschemacher[1]

After entry into force of the Agreement on a Unified Patent Court (UPCA), applicants will have the choice between the unitary patent and the traditional European bundle patent. For a relevant cost-benefit analysis, two main elements are relevant: the possible savings for translations and the level of renewal fees. For the latter, IPKat has published the proposal of the President to the Select Committee of the Administrative Council.

A. The legal criteria for the proposal

In accordance with Article 12 of the Unitary Patent Regulation, the renewal fees have to be *inter alia*:

- progressive throughout the term of the patent;
- sufficient to cover all costs associated with the grant of the European patent and the administration of the unitary patent protection;
- reflecting the size of the market covered by the unitary patent;
- similar to the level of the national renewal fees for an average European patent taking effect in the participating member states.

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B. The structure of the proposal

Taking these requirements into account, the proposal differentiates between three stages for assessing the fees.

The first stage is years 3 to 5, calculated from the filing date. For this stage, the fees for the unitary patent correspond to the renewal fees to be paid for a pending European patent application (internal renewal fees – IRF).

The third stage is from year 10 on, for which the fees for the unitary patent correspond to the total sum of national renewal fees payable in the states in which European are most frequently validated (TOP level).

The second stage is from year 6 to year 9 for which a transitional level applies, a level between the IRF level and the year 10 level.

In addition, renewal fees have to be paid for the second year for which no renewal fee for a pending European patent application has to be paid. Considering the length of examination proceedings, this seems to be a theoretical case.

On this basis, the proposal contains two fee schedules differing from year 10 onwards. The first proposal is based on current renewal fees for four countries (TOP 4 level); the second one is based on current renewal fees for five countries (TOP 5 level). The TOP 5 proposal includes a fee reduction for privileged applicants, in particular SMEs. At present, many applicants validate the patent in three member states. Therefore, the table below compares the two proposals and the total of renewal fees to be paid for granted patents in all 25 participating member states as stated in the document, as well as the total of renewal fees to be paid in France, Germany and the United Kingdom.

C. Comparative schedule of renewal fees

Year	TOP4	TOP5	DE/FR/UK	25 MS[2]
2	350	350	0	0
3	465	465	106	1298
4	580	580	106	1874
5	810	810	226	2545
6	855	880	327	3271
7	900	950	427	3886
8	970	1110	550	4625
9	1020	1260	670	5513
10	1175	1475	800	6416
11	1460	1790	985	7424
12	1775	2140	1120	8473
13	2105	2510	1440	9594
14	2455	2895	1695	10741
15	2830	3300	1980	11917
16	3240	3740	2295	13369
17	3640	4175	2605	14753
18	4055	4630	2925	16065
19	4455	5065	3235	17660
20	4855	5500	3540	19197
Total	37995	43625	25032	158621

[2] The amounts for DE/FR/UK are taken from the EPO brochure "National Law relating to the EPC", GBP calculated at 1,4 Euro and rounded up or down at intervals of 5 EURO. In the UK, no renewal fees have to be paid for the 3rd and 4th year. The amounts in the other columns are taken as reproduced by IPKat from the President's document.

The amounts in the column DE/FR/UK apply in the same way for national patents and the national parts of a European bundle patent. At the application stage, the situation is different: an applicant filing national applications has to pay the national renewal fees in the column DE/FR/UK, whereas the European applicant has to pay the renewal fees for the single European application which are identical to the amounts in columns TOP4 and TOP5 for the years 3 to 5.

Assuming that a European patent is granted at the statistical average in the course of year 4, a typical applicant has to pay renewal fees for the pending European application for years 3 and 4 corresponding to the identical amounts in columns TOP4 and TOP4. After grant, if he requests a unitary patent, the alternatives in columns TOP4 and TOP5 remain applicable. However, if he proceeds with the European bundle patent, he switches for year 5 and the following years to the national renewal fees in column DE/FR/UK. An applicant filing national patents is in column DE/FR/UK from the outset.

For a patent granted in the course of year 4, the renewal fees for the application and the patent sum up over the 20 years' full term of the patent, as follows:

Unitary patent		European bundle patent	National patents
TOP4	TOP5	for DE/FR/UK	in DE/FR/UK
37645	43275	25865	25032

D. Comments

The figures are only preliminary because the formal decision on the amounts has to be taken by the Administrative Council's Select Committee.

For a relevant comparison, it has to be kept in mind that the proposal does not differentiate between different stages of implementation of the unitary patent system. Therefore, the full amount of the renewal fees has to be paid even if the unitary patents registered in the starting period cover for their full term only the 13 participating states necessary for entering into force of the UPCA.

As to the EPO's previous announcement that "the fees will be higher than many would hope but lower than some might fear", at least the first part of the prediction seems to become reality.

As an isolated factor, the envisaged level of the renewal fees will only attract a small minority of users of the European patent system validating at present in a high number of participating member states. In respect of the "average applicants", the decisive question will be to which extent they are prepared to pay some 46% or 67% more, depending on the Selection Committee's decision, for a considerably larger number of states in which they enjoy protection. Compared to national patents, the renewal fees for the unitary patent are 50% or 73% higher, depending on alternative TOP4 or TOP5.

For other factors relevant for the choice between unitary patent and European bundle patent, see Bardehle Pagenberg's brochure "Unitary Patent and Unified Patent Court", sections 5 and 6.