

Are We There Yet? Recent Obstacles On The Rocky Road To The Unitary Patent

By Patricia Cappuyns and Jozefien Vanherpe

Following the Brexit vote on 23 June 2016, chances of the UK ratifying the Agreement on a Unified Patent Court (UPCA) appeared slim. Since such ratification is required for the entry into force of the Unitary Patent system, including the Unified Patent Court (UPC), this meant that the future of the Unitary Patent was hanging in the balance. At the end of November 2016, the UK government relieved anxious proponents of the Unitary Patent system by confirming that it would be proceeding with preparations to ratify the UPCA. In December 2016, Germany followed suit and also resumed its preparations for UPCA ratification. While this seemed to bring us closer to the Unitary Patent, any unbridled optimism was soon thwarted when UK Prime Minister Theresa May announced in January 2017 that her government's Brexit will be a "hard" one, involving a clear departure by the UK from the EU single market as well as the UK's withdrawal from the jurisdiction of the Court of Justice of the European Union (CJEU). This could jeopardise the possibility for the UK to remain part of the Unitary Patent system in a post-Brexit world.

The Unitary Patent—a Brief History

The European Patent Convention, signed in Munich in 1973, set up an autonomous legal system through which innovators may acquire a so-called "European patent." Contrary to what the term suggests, a European patent does not confer a unitary right upon its holder. Instead, the patent owner is granted a bundle of national patents, each subject to applicable national patent law rules and procedures. This leads to a number of issues, such as excessive costs due to unharmonized national validation requirements and renewal fees, as well as a fragmented patent court system leading to significant disparity in the case law. Therefore, attempts were made since the 1970s to overcome the bundle-like nature of a European patent and set up a truly unitary patent system. For a long time, these attempts were unsuccessful.

In December 2010, the Unitary Patent project found its way back into the spotlight, when a group of EU Member States made a request to the European Commission about a possible enhanced cooperation¹ in relation to the envisaged Unitary Patent protection. Two years later, this resulted in two much-anticipated Regulations of

1. For more information regarding the possibility for EU Member States to establish "enhanced cooperation" between them, see <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Axy0015>.

December 2012 (Regulation 1257/2012² and Regulation 1260/2012).³ In February 2013, these Regulations were supplemented by the UPCA,⁴ which committed the 25 participating EU Member States (all except Spain, Poland and Croatia) to establish a court with exclusive jurisdiction for the future Unitary Patents. However, the finish line for the Unitary Patent proved to be further away than initially hoped. Remaining obstacles included the decision on where the UPC would be located,⁵ several legal challenges to the Court of Justice of the European Union (CJEU) filed by Italy (in 2011)⁶ and Spain (together with Italy in 2011 and alone in 2013)⁷ as well as the need for elaborate rules of procedure, requiring a grand total of 18 drafts.⁸ All these obstacles were eventually overcome, and the road to the Unitary Patent appeared wide open. Then the UK voted for Brexit and all bets were off again.

2. 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 (OJ L 361, 31.12.2012, p. 1).

3. Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of the unitary patent protection with regard to the applicable translation arrangements (OJ L 361, 31.12.2012, p. 89).

4. Agreement on a Unified Patent Court of 19 February 2013 (2013/C 175/01), OJ C 175, 20.06.2013, p. 1.

5. See for more information in this regard <https://www.unified-patent-court.org/locations>.

6. The Court of Justice of the European Union rejected this challenge in its Judgment of 16 April 2013, *Kingdom of Spain and Italian Republic v. Council of the European Union*, Joined Cases C-274/11 and C-295/11, EU:C:2013:240.

7. The Court of Justice of the European Union rejected this challenge in its Judgment of 5 May 2015, *Kingdom of Spain v. Council of the European Union*, Case C-147/13, EU:C:2015:299.

8. These Rules of Procedure of the Unified Patent Court are available on <https://www.unified-patent-court.org/sites/default/files/UPC-Rules-of-Procedure.pdf>.

■ Patricia Cappuyns,
Founding Partner,
CAPE IP Law,
Belgium, Brussels
E-mail: patricia.cappuyns@cape-iplaw.com

■ Jozefien Vanherpe,
CAPE IP Law,
Associate,
Belgium, Brussels
E-mail: jozefien.vanherpe@cape-iplaw.com

The Unitary Patent— Consequences for Patentees

Before delving into the impact of the Brexit vote, let's examine what the actual entry into force of the Unitary Patent system would imply for present and prospective patent owners.

First, the application procedure for a Unitary Patent will be the same as for the currently existing European Patent. As is the case for European Patents, a Unitary Patent will be granted by the European Patent Office (EPO), if the conditions of patent validity listed in the European Patent Convention (EPC) are met. The opposition and appeal proceedings at the EPO will also remain unaffected.

In essence, the difference will lie in the granted patent's "unitary character."⁹ Instead of a European Patent that must be validated in each of the individual countries concerned, resulting in a bundle of national patents, the proprietor of a Unitary Patent will obtain a unitary title: a single object of property with a single renewal fee,¹⁰ a single court (the UPC) and uniform protection throughout the participating countries.¹¹ The UPC will decide centrally on revocation and infringement actions, which will do away with the fragmented jurisdiction of national courts in the current European Patent system. It is important to note, however, that a Unitary Patent may not only be licensed in respect of the entire unitary territory, but also in relation to a part thereof.¹²

The Unitary Patent system is optional, it is not mandatory. To obtain a Unitary Patent, the applicant must file a request for unitary effect with the EPO within one month of the date of publication of the grant of the patent in the European Patent Bulletin. It is also possible to request unitary effect for European Patent applications that were filed *before* the entry into force of the Unitary Patent system and granted *after* this entry into force, but only if the European Patent on which it is based was granted with the *same* claims in *all* the participating states. When the unitary effect is awarded, the classical European Patent will retroactively be turned into a Unitary Patent.

It will still be possible to obtain a European Patent without unitary effect, or a national patent. The three types of patents will simply co-exist. Patent proprietors will be able to combine the three options *e.g.* by supplementing a Unitary Patent for the participating countries with a classical European Patent taking effect in one or more EPC Contracting States that are not

9. Article 3, §2, first subsection, Regulation 1257/2012.

10. See Articles 11 and 12 Regulation 1257/2012.

11. See in relation to this 'uniform protection' Article 5 Regulation 1257/2012.

12. Article 3, §2, third subsection, Regulation 1257/2012.

EU Member States and/or which have refrained from participating in the Unitary Patent project.¹³

A final important point for patent owners is the Unitary Patent system's language regime and translation requirements. The language regime has consistently proved to be an obstinate hurdle, playing a key role in Spain and Italy's legal challenges before the CJEU. Traditionally, the official languages of the EPO are English, French and German, a choice made decades ago which has remained unaffected by the negotiations regarding the Unitary Patent project.¹⁴ A European Patent application—with or without the intention of obtaining unitary effect—is to be filed in one of these official languages or, if filed in any other language, translated into one of the official languages in the course of the application proceedings.¹⁵ The official language that is chosen will become the go-to language in all communication before the EPO. As for translation requirements, during a transitional period of up to twelve years following the entry into force of the Unitary Patent system, the patent owner will have to provide a translation of the patent in one additional language.¹⁶ After this transitional period, "*no further translations shall be required*"¹⁷ in order to obtain a valid Unitary Patent.¹⁸ Instead, use will be made of 'Patent translate'—the EPO's machine translation programme which it developed together with Google. As for the language of the UPC, the UPCA provides that the language of proceedings will be the official language of the contracting state hosting the local or regional UPC Division at issue.¹⁹

Brexit Vote

For the two aforementioned Regulations to come into force, the UPCA needs to be ratified by 13 EU Member States, including at least the United Kingdom, France and Germany, since the residents of these three countries own the most European patents.²⁰ Each of these countries therefore has a veto

13. Such as Spain, Switzerland, Turkey, Norway, Iceland, etc. See <https://www.epo.org/law-practice/unitary/faq.html>.

14. Article 14, §1 EPC.

15. Article 14, §2 and 3 EPC.

16. If the patent is granted in German or in French, this translation must be in English, as provided in Article 6, §1 Regulation 1260/2012.

17. Article 3, §1 Regulation 1260/2012.

18. Different rules apply in the event of a dispute. See in more detail Article 4 Regulation 1260/2012.

19. See in more detail Article 49 UCPA.

20. In addition, a number of EU Member States signed a 'provisional protocol' to the UPCA in October 2015, which also needs to be approved by 13 Member States in order to enter into force. So far, 9 Member States, including France, have done this.

right and can effectively block the whole Unitary Patent system.

In February 2017, 12 EU Member States had already ratified the UPCA, including France. Both Germany and the United Kingdom have yet to ratify. It is furthermore reported that Slovenia and Lithuania are on the verge of ratifying.

In the beginning of 2016, it was anticipated that the UPC would be able to open its doors in May 2017. However, chances of that ‘deadline’ being met grew very slim on 23 June 2016, when a majority of the British people voted to leave the European Union.

Following the Brexit vote, legal scholars and practitioners suggested several options to move the Unitary Patent project forward anyway. The question arose whether the Unitary Patent project could in fact be realised without the UK, by amending the UPCA and removing the need for the UK to ratify. Richard GORDON QC and Tom PASCOE of Brick Court Chambers, supported herein by CIPA,²² the IP Federation and the Intellectual Property Lawyers Association, took the alternative position that the impending Brexit actually does not pose any legal obstacles for the UK to participate in the Unitary Patent system.²³ However, not everyone is convinced: recently, one specialist took the view that “(t)he Gordon/Pascoe Opinion (...) seems to be dedicated to justifying desired results instead of providing a legally founded analysis.”²⁴

Green Light from the UK Government and Recent Developments

Since the Brexit vote of June 2016, it appeared highly unlikely from a political perspective that the United Kingdom would ratify the UPCA. However, the UK government surprised friend and foe by announcing on 28 November 2016 that it would proceed with preparations to ratify the UPCA.²⁵ The UK started working

with the UPC Preparatory Committee²⁶ in a bid to get the UPC up and running as soon as possible. The UK Government’s decision was eagerly welcomed by the Preparatory Committee²⁷ as well as CIPA.²⁸

The then UK Minister of State for Intellectual Property, Baroness Neville Rolfe, explained that the UK wishes to continue to play a full and active role in the European Union for as long as it is an EU Member State. Furthermore, Baroness Rolfe expressed the UK government’s wish to provide British companies with the maximum freedom to trade with and operate in the Single Market and, furthermore, let European businesses do the same in the UK. Baroness Rolfe expressly cautioned that the decision to proceed with ratification should not be seen as pre-empting the UK’s objectives or position in the forthcoming negotiations with the EU. Since then, her successor Mr. Jo Johnson MP, who was appointed the new UK Minister for Intellectual Property in January 2017, has reiterated the UK government’s wish to participate in the Unitary Patent system, noting that this is possible because the UPC is not an EU institution and that the ratification of the UPCA does not depend on the UK’s status as an EU Member State.²⁹ The question remains how the UK would then get around the jurisdiction of the CJEU, which is of course an EU institution and sits at the pinnacle of the UPC system.

In the meantime, possibly encouraged by the UK’s announcement, Germany also resumed preparations for the ratification of the UPCA. On 9 December 2016, a draft bill for the implementation of the UPCA was published on the website of the German Ministry for Justice.³⁰ Indeed, it appears that the pessimism and lethargy following the unexpected Brexit vote for a time at least gave way to a cautious optimism.

21. Up-to-date ratification details in relation to the UPCA may be found on <http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2013001>.

22. The Chartered Institute of Patent Attorneys, <http://www.cipa.org.uk/>.

23. Opinion *re* the effect of ‘Brexit’ on the Unitary Patent Regulation and the Unified Patent Court Agreement, 12 September 2016, <http://www.eip.com/assets/downloads/gordon-and-pascoe-advice-upca-34448129-1-.pdf>.

24. Dr. I.B. Stjerna, “‘Unitary Patent’ And Court System—The Gordon/Pascoe Opinion And The Upca’s Incompatibility With Union Law,” 12 January 2017. http://www.stjerna.de/index_htm_files/Unipat_GordonPascoe.pdf.

24. Press release, “UK Signals Green Light To Unified Patent Court Agreement,” 28 November 2016, <https://www.gov.uk/government/news/uk-signals-green-light-to-unified-patent-court-agreement>.

25. See *re* the composition and tasks of this Preparatory Committee <https://www.unified-patent-court.org/>.

26. Press Release, “Update on UPC ratifications—UK signals green light,” 28 November 2016, <https://www.unified-patent-court.org/news/update-upc-ratifications-uk-signals-green-light>. See for CIPA’s updated position the recent “Guide To The Impact Of Brexit On All IP Rights,” dating from 19 December 2016 and available on <http://www.cipa.org.uk/policy-and-news/latest-news/guide-to-the-impact-of-brexit-on-all-ip-rights/>.

27. Press Release, “CIPA Comments Government For Agreeing To Ratify The UPC Agreement,” 29 November 2016, <http://www.cipa.org.uk/policy-and-news/latest-news/cipa-commends-government-for-agreeing-to-ratify-the-upc-agreement/>.

28. It should be noted that this statement is very optimistic indeed and ignores the considerable uncertainty which exists in this respect, see below. See in relation to Mr. Johnson’s appointment in more detail <https://www.twobirds.com/en/news/articles/2017/uk/uk-government-appoints-new-ip-minister#1>.

29. See https://www.bmjv.de/SharedDocs/Gesetzgebungsverfahren/DE/Uebereinkommen_Einheitliches_Patentgericht.html.

30. See full text on https://www.unified-patent-court.org/sites/default/files/ppi_final_ii_en_clean.pdf.

The first clear result of the UK's preparation process became evident on 14 December 2016. On this day, the UK signed the Protocol on Privileges and Immunities of the Unified Patent Court³¹ (PPI), which gives legal personality to the UPC and privileges and immunities to the court and its staff in the UK territory. While the UK still needs to pass national legislation to confirm the signature of the PPI, it is seen as an important step in the UK's ratification process. In a further step, the UK Intellectual Property Office (IPO) established a project team charged with ensuring that "the necessary legislative requirements and logistics are in place for the entry into force of the UPC system."³²

Prospects for the Unitary Patent?

In mid-January 2017, the UPC Preparatory Committee confirmed that it is working under the assumption that the UPCA can enter into force and the UPC will be operational in December 2017.³³ One cannot help but wonder whether this envisaged timeline is realistic. While it is true that the Unitary Patent project recently regained some momentum, a significant number of questions and uncertainties remain, prompting some specialists to question the very desirability of pushing the system to enter into force as it currently stands.³⁴ As Prof. T. JAEGER of the University of Vienna argues: "*Brexit provides the opportunity to step back, reset the table and start afresh.*"³⁵

Moreover, Unitary Patent believers should bear in mind that the ratification of the PPI still needs to pass muster with the UK House of Commons and House of Lords, as well as the Scottish Parliament. While the PPI only constitutes a limited part of the Unitary Patent package that is arguably not the most problematic, one thing is clear: without the agreement of the Parliaments, the UK cannot ratify the UPCA. Given the current stormy state of the UK political climate, further delays are to be expected.

Considerable uncertainty also remains regarding the long-term participation of the UK in the Unitary Patent system. UK Prime Minister Theresa May reinforced these doubts in her speech of 17 January 2017 where

31 E. NODDER, "New UK IPO project team works to bring the UPC into operation as soon as possible," 15 December 2016, <http://www.bristowsupc.com/latest-news/new-uk-ipo-project-team/>.

32. Press Release, "UPC—Provisional Application," 16 January 2017, <https://www.unified-patent-court.org/news/upc-provisional-application>.

33. See for a recent detailed analysis in this regard T. JAEGER, "Reset and Go: The Unitary Patent System Post-Brexit," *SSRN Discussion Paper*, 13 December 2016, p. 28, available at [SSRN: https://ssrn.com/abstract=2884671](https://ssrn.com/abstract=2884671).

34. T. JAEGER, cited above, p. 28.

35. See e.g. <http://www.bbc.com/news/uk-politics-38641208>.

she said the UK would opt for a "hard" (or "clean") Brexit, adding that the UK "cannot possibly" remain within the European single market, as staying in it would mean "*not leaving the EU at all.*"³⁶ Importantly, the PM also added that the UK intended to remove itself from the jurisdiction of the CJEU. This could be a serious setback for the UPC project in view of Opinion 1/09,³⁷ which the CJEU handed down in 2011. In this Opinion, the CJEU stressed that the Unitary Patent system may in no case jeopardise the system of preliminary rulings,³⁸ in which the CJEU provides binding judgments on questions of interpretation. As a result of this Opinion 1/09, the Unitary Patent system is widely thought to require all participants to be (and remain) EU Member States, since only EU Member States resort under the jurisdiction of the CJEU. Prime Minister May's express rejection of the CJEU's jurisdiction in a post-Brexit scenario therefore casts serious doubts on the long-term viability of the UK's participation in the Unitary Patent system and the UPC.

A further complicating factor was added by the UK Supreme Court, who, in a judgment dated 24 January 2017, decided that the UK government may not trigger the UK's withdrawal from the European Union without an act of the UK Parliament.³⁹ As a result, any predictions regarding the nature and the timeline of the impending Brexit appear rather premature.

Conclusion

While the patent community eagerly anticipates a short-term entry into force of the Unitary Patent system, it is unclear whether the UK will be a part of this system in the long run, or indeed at all. The current cliff-hanger is whether the UK will ratify the UPCA before leaving the EU, as was promised in November 2016. If the UK wishes to participate in the Unitary Patent system post-Brexit, this will require a web of complex exit and continuation arrangements. Also, the UK will have to accept the jurisdiction of the CJEU, or the entire Unitary Patent system will have to be renegotiated.

In essence, while the end of the rocky road to the Unitary Patent system might be in sight, there are still a number of roadblocks along the way. We are by no means "there yet." ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=2908335>

36. Opinion 1/09 of the Court of Justice of the European Union (Full Court) of 8 March 2011, EU:C:2011:123.

37. See Article 267 of the Treaty on the Functioning of the European Union, OJ 115, 09.05.2008, p. 164.

38. See full text of the Judgment of 24 January 2017, *R v Secretary of State for Exiting the European Union*, [2017] UKSC 5, on <https://www.supremecourt.uk/cases/docs/uksc-2016-0196-judgment.pdf>.