

Patents & Brexit

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The Current Problems with enforcement of European patents

- European Patent Convention
 - “Bundle Patents” granted by the EPO in Munich
 - Single granting procedure but complex and expensive local validation procedures and national enforcement required
 - No common appeal court to ensure harmonisation
- There are significant variations in litigation procedures
 - Bifurcation in Germany, Austria, Hungary etc.
 - Effect of EPO Oppositions on stays in infringement proceedings:
 - Germany usually will stay main proceedings and dismiss preliminary injunction requests
 - Holland will not grant a stay
 - UK may stay but will depend on the facts
 - Extent of document production (“discovery” or “disclosure”)

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The Current Problems with enforcement of European patents

- “Saisie” in France and Belgium (infringer’s documents only) and inspection/document production in Germany vs “disclosure” in UK (obligation on all parties to disclose relevant documents)
- Use of witnesses and party experts with cross-examination:
 - Always in UK
 - Virtually unknown in Germany, written expertise
- Is attorney-client privilege available before national courts? Some national courts say yes; some no. Most national courts do not extend privilege to in-house lawyers or patent agents (attorneys). This creates problems in other jurisdictions outside Europe, particularly in the US, Canada and Australia.

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The current Problems continued

- Significant variations in the speed of proceedings
- UK and Holland: 6-12 months to decision
- Germany
 - Infringement: 6-12 months to decision in infringement proceedings (main proceedings) plus increasingly preliminary injunctions granted but
 - Validity: 15-36 months in separate bifurcated Federal Patent Court proceedings
- France: 2-3 years to decision
- Italy: 3+ years to decision
- Significant variations in outcome = business uncertainty
- Significant variations in cost and huge costs for if you need to enforce European patents in a number of major jurisdictions.

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The Unified Patent Court

- A Brief History
 - Essentially 40 years of failure
 - Treaty of Lisbon 2000 states a commitment to an EU patent court as essential to the ambition for the EU to become the largest knowledge-based economy
 - 2000-2007 the Commission fights the EPO Member-States – no progress
 - November 2006, Second Venice Resolution of European Patent Judges
 - 2007 – New EU initiative under Dr. M Froelinger of the Commission
 - February 2013 – Unified Patent Court Agreement signed by 25 EU Member States
 - 2016 – UK announces intention to ratify in October 2016
 - 2017 – Likely commencement in December 2017

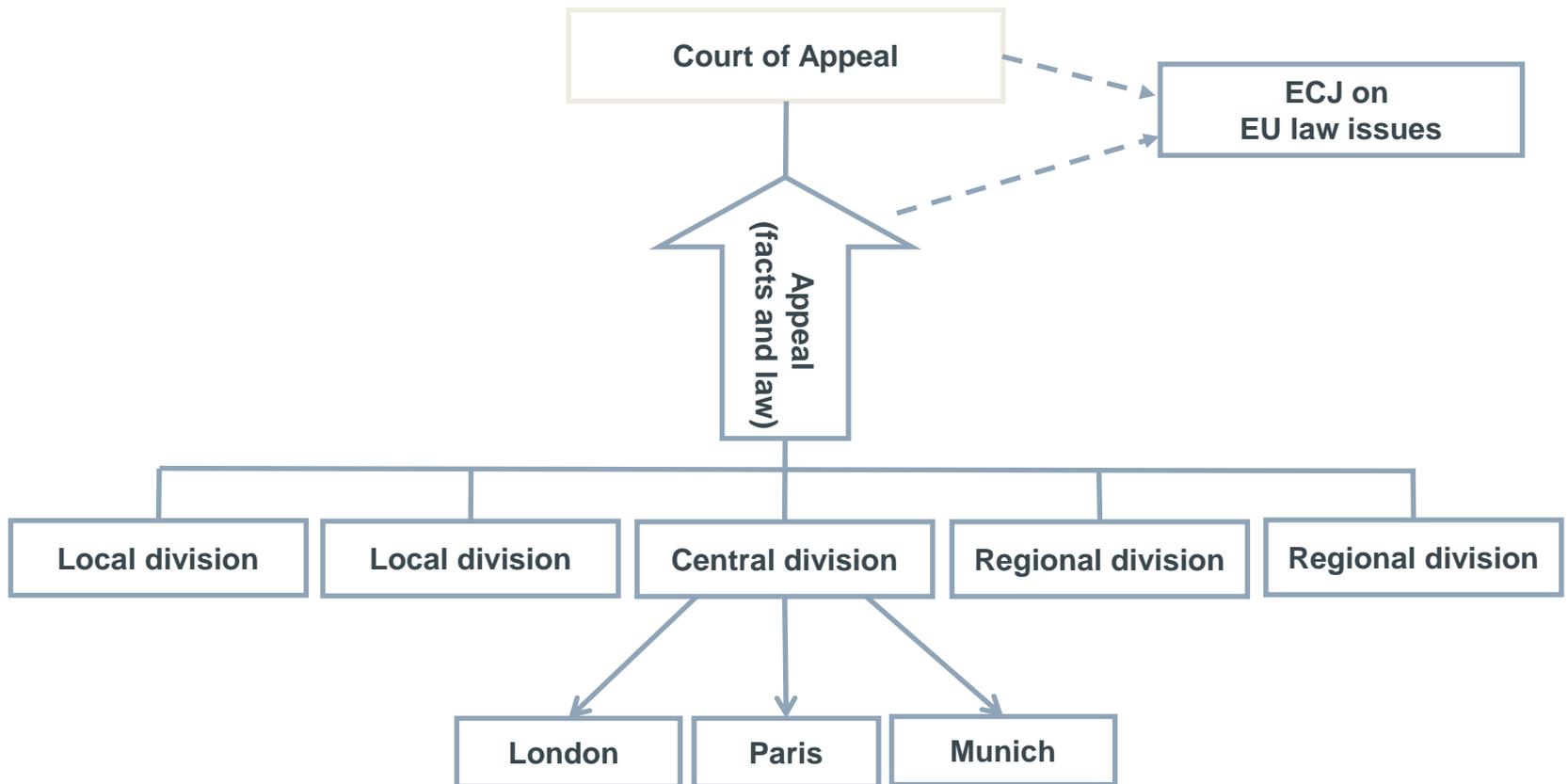
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The alternative offered by the UPC and the Unitary Patent

- Single Unitary Patent effective throughout 26 of the EU Member States
- For **patentees** enforcement of the Unitary Patent or the European bundle through a single court system in most EU countries
 - Same procedure everywhere
 - Experienced judges everywhere and a technical judge in most cases
 - Common appeal court ensures harmonisation
 - One set of proceedings, one set of costs
 - Widest possible privilege for lawyers and patent attorneys
 - Speed – 12 months – to judgement in principle
- For **defendants**, removal of all threats in the EU with one counterclaim (in an infringement action) or a revocation action

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The UPC Structure



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■ Article 89 UPCA

Entry into force

1. This Agreement shall enter into force on 01 January 2014 or on the first day of the fourth month after the deposit of the thirteenth instrument of ratification or accession in accordance with Article 84, including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place or on the first day of the fourth month after the date of entry into force of the amendments to Regulation (EU) No 1215/2012 concerning its relationship with this Agreement, whichever is the latest.

Ratifications to date

Of the 25 EU Member States who signed the Agreement on 19 February 2013 the following 11 have ratified:

Austria	France	Portugal
Belgium	Luxembourg	Sweden
Bulgaria	Malta	Finland
Denmark	Netherlands	

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- Opinion of the CJEU 1/09 dated 08 March 2011 (sought 2009)
 - Prior to the Opinion the draft agreement covered both EU Member States and non-EU Member States of the EPC such as Switzerland and other EFTA states and the EU itself
 - The Opinion was to the effect that the draft Agreement was incompatible with the EU Treaty and the FEU Treaty:
 - In Summary:

“Consequently, the envisaged agreement, by conferring on an international court which is outside the institutional and judicial framework of the European Union an exclusive jurisdiction to hear a significant number of actions brought by individuals in the field of the Community patent and to interpret and apply European Union law in that field, would deprive courts of Member States of their powers in relation to the interpretation and application of European Union law and the Court of its powers to reply, by preliminary ruling, to questions referred by those courts and consequently, would alter the essential character of the powers which the Treaties confer on the institutions of the European Union and on the Member States and which are indispensable to the preservation of the very nature of European Union law.”

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- Several commentators interpreted that conclusion as excluding non-EU Member States. (e.g. “Little Hope for an EU Patent Court after the ECJ Opinion” -Jochen Pagenberg) Also the Legal Services of the Commission expressed this view in a “non-paper”
- Amendments to the draft UPCA post Opinion
 - Non-EU Member States in fact withdrew
 - Article 24 inserted to require UPC to apply Union law
 - Article 21 amended to impose wider obligations to make references to the CJEU in accordance with Article 267 TFEU.
 - Article 20 was added to require the Court to respect the primacy of Union law.
 - Articles 21 and 23 added to make Member States liable for damages for any breach of EU laws by the UPC
- Key questions
 1. The Opinion did not explicitly state that non-EU Member States were excluded. Was that in fact a necessary consequence of the conclusion?
 2. Specifically, if an EU Member State ratifies as the U.K. has now done can it remain a Contracting Member State if it subsequently ceases to be an EU-Member State?
 3. The UPCA does not contain any leaving provisions. How is this overcome if the UK has to leave? (Arts. 54-64 Vienna Convention on the Law of Treaties and specifically Art. 61 and Art. 62)

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- The first two questions were the subject of the Opinion of Richard Gordon QC and Tom Pascoe dated 12 September 2016
 - Commissioned by IPLA, CIPA and IPFed
 - Key conclusion:
 - There is no domestic constitutional reason why the UK could not participate post-Brexit provided that there is put in place an international agreement to safeguard the supremacy and autonomy of EU law. Three key EU constitutional principles identified by the CJEU in its Opinion:
 - a) respect for the supremacy of EU law (present and future);
 - b) preservation of the possibility of damages/infringement proceedings for breach of EU law; and
 - c) preservation of the obligation to make references to the CJEU.

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- The Gordon/Pascoe mechanism for implementing what is necessary;
 1. Ratification
 2. An international agreement between UK and EU covering at least (b) and (c)
 3. Pursuant to Article 87(2) consequential amendments to the Agreement to be made by the Administrative Committee

- Controversially the Opinion later suggests that one option would be for the EU itself to become a party to the UPCA together with the Member States to achieve the above and to enable the UK to continue to participate in the Unitary patent regime.

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- Different views on implementation (Professor Tilmann and Professor Ansgar Ohly – GRVR Int. 2017)
 - The requirements of “supremacy” and “need to preserve infringement proceedings” are already met by Articles 20 and 23 of the UPCA.
 - The local and central divisions of the UK will continue to be bound to make references pursuant to Article 21 after Brexit as divisions of the UPC rather than as UK courts.
 - Therefore no additional international agreement is needed beyond ratification
 - Additional considerations
 - The Brussels Regulation on Jurisdiction (No 1215/2012 as amended) will have to be amended possibly using the so called Danish solution.
 - There will need to be a mechanism to extend unitary effect to the UK by preferably an agreement between the EU and the UK.
 - The definition of “lawyer” in Rule 286 (by reference to Directive 98/5/EC) will need amendment to allow UK barristers and solicitors to represent clients in the UPC.
 - The UPCA will need to be amended in certain instances to refer to “Contracting States” rather than “Contracting Member States”