

The UK Government Confirms its Intention to Ratify the Unified Patent Court Agreement

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Yesterday the UK government announced that it is proceeding with preparations to ratify the Unified Patent Court Agreement. Following the Brexit vote, this piece of news is not only relevant for the patent world, but also for the future Brexit negotiations between the UK and the EU (art. 50 Treaty of the European Union).

Here I will focus on the implications of this decision on the unitary patent system.

A brief explanation of the unitary patent system

The European patent with unitary effect -thus different from the «classic» European patent- was introduced by 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 (hereinafter, Regulation 1257/2012).

According to its art. 2 (c), the European patent with unitary effect is a «[...] *European patent which benefits from unitary effect in the participating **Member States** by virtue of this Regulation*». Furthermore, its arts. 5 (1) and 1 (1) establish that the so-called unitary effect of this kind of patent consists of the protection provided throughout the territories of the **Member States** participating in the enhanced cooperation authorized by Decision 2011/167/EU. The unitary patent protection may be requested for any European patent granted on or after the date of application of Regulation 1257/2012 (art. 18.6), which is linked to the date of entry into force of the Agreement on a Unified Patent Court (hereinafter, UPC Agreement), following its art. 18 (2).

The object of the UPC Agreement is to establish a Unified Patent Court for the settlement of disputes relating to European patents and European patents with unitary effect (art. 1). The Agreement requires for its entry into force the

ratification of at least thirteen Member States, including the three Member States in which the highest number of European patents had effect in 2012 (art. 89 (1)). At the moment, eleven States have ratified the convention, and only one of them is among those three States whose ratification is mandatory, namely France.

Who can sign and ratify the UPC Agreement?

According to art. 84 of the UPC Agreement, it is open for signature by any **Member State**. Regarding ratification, the same requirement applies: *“This Agreement shall be subject to ratification in accordance with the respective constitutional requirements of the Member States. [...]”*.

Thus, while the UPC Agreement is not an EU instrument but a classical international convention, only Member States of the European Union can sign and ratify the UPC Agreement.

Notwithstanding the Brexit vote, the UK remains for the moment a Member State of the European Union; therefore, at this time the requirements established by the UPC Agreement for ratification are met. However, the UK government is determined to proceed to Brexit and to become a non-EU country. Therefore, the ratification could create a measure that is contrary to the European Treaties to which the UK is still bound. According to art. 4.3 of the Treaty on European Union a Member State *“shall facilitate the achievement of the Union’s tasks and refrain from any measure which could jeopardise the attainment of the Union’s objectives”*.

Consequences of the UK’s ratification of the UPC Agreement

Ratification of the UPC Agreement, followed by exit from the EU would create a series of consequences that would have to be dealt with:

1. The unitary patent cannot cover the territory of a third State. According to art. 3 of Regulation 1257/2012, the unitary patent shall have equal effect in all the participating Member States, meaning that States without the status of “Member State” are excluded. In that scenario, the unitary patent would not have effect in the UK, unless the necessary modifications are made in the legal instruments that constitute the so-called “unitary patent package”.
2. Both Regulation 1257/2012 and the UPC Agreement use the terms

“participating Member States” or “Contracting Member States” when referring to the States taking part in the system. This wording is a reaction to the ECJ’s Opinion 1/09, which dealt with the question of the compatibility of the failed agreement creating a Unified Patent Litigation System with EU law (open also to third States). The ECJ opposed the participation of third States in that convention, as the referral of preliminary questions on EU law could not be guaranteed. Moreover, a third State cannot refer preliminary questions on EU law to the ECJ. This means that a non-member State would not be able to comply with Art. 21 of the UPC Agreement, titled “Requests for preliminary rulings”: “[...] *the Court shall cooperate with the Court of Justice of the European Union to ensure the correct application and uniform interpretation of Union law [...]*”.

3. A seat of the central division cannot be located in a third State. Art. 7.2 of the UPC Agreement establishes that the central division shall have its seat in Paris, with sections in London and Munich. Although the UPC Agreement does not require that the sections of the central division must be located in a Contracting Member State (paradoxically, this requisite does exist for the local and regional divisions, so that it could also be argued that it applies to the central division, *mutatis mutandis*), the question is not clear cut in light of the EU’s constitutional framework, which includes the Treaty on European Union and the Treaty on the Functioning of the European Union.

Two options for the unitary patent system after the Brexit vote

Taking into consideration that the UK will have the status of a non-EU country (third State), two options remain open to proceed with the establishment of the system following the Brexit vote:

First option) Maintaining the *status quo*. As discussed above, if the UK ratifies now the UPC Agreement, the other Member States might rely on art. 4.3 EU Treaty in order to block that ratification. Once the UK’s ratification is blocked –and the wording of the UPC Agreement remains– the process for the start-up of the unitary patent system will be delayed until the negotiations following the exit declaration (art. 50 EU Treaty) are concluded.

If, after the negotiations, it is agreed that the unitary patent system should be established without the UK, the UPC Agreement will have to be modified, at least regarding the seat of the UPC central division in London (art. 7.2 of the UPC Agreement).

Second option) Including the UK in the unitary patent system. If the UK ratifies the UPC agreement and the other Member States do not rely on art. 4.3 EU treaty, the setting up process will continue as it has been foreseen.

At the moment, as the UK is still an EU Member State, its active participation in the unitary patent system does not entail any problem, formally speaking. On the contrary, the UK is one of the three Member States in which the highest number of European patents had effect in 2012, which makes its ratification a condition for the setting up of the system (art. 89 of the UPC Agreement). However, when the UK loses its status as EU Member State, some modifications to the UPC Agreement will have to be made. Those modifications will have: 1) to make sure that third States are invited to take part in the system, provided that they oblige themselves to respect EU law and refer questions to the ECJ (in light of the Opinion 1/09); and 2) to change Regulation 1257/2012, in order that the unitary patent system can cover the territory of third States. This might also entail the participation in the system not only by the UK, but also by other interested third States.

The biggest disadvantage of this option is the risk of endangering the application and interpretation of EU law, as already pointed out in the ECJ's Opinion 1/09. The ECJ will have to be consulted on the possibility of the inclusion of third states if those third States are willing to respect the primacy of EU law, referring preliminary questions to the ECJ when necessary. This would be a new feature in comparison to the failed agreement creating a Unified Patent Litigation System, where the referral of preliminary questions to the ECJ was not guaranteed.