

Preparing for change – Brexit and UPC

With the UK on course to leave the EU, this Briefing Note (prepared by Composites UK Business Partner Harrison Goddard Foote) discusses the impact that this will have on European patents and on the launch of the Unitary Patent (UP) and the Unified Patent Court (UPC).

There is no impact on the grant of European Patents

The European Patent Convention is an international (not European) treaty; therefore BREXIT will have no impact on the grant of European patents (EPs) and the validation of EPs in the UK. Patentees will still be able to obtain patent protection for the UK through the European Patent Office (EPO), which is not an EU institution, in exactly the same way as they do today. UK-based European Patent Attorneys will continue to be able to file, prosecute, validate and oppose EPs for clients before the EPO covering all designations as is the current practice.

What will happen with the UPC and UPs?

The future of the UPC is uncertain and its launch will certainly be delayed, probably by some years, by the UK withdrawal from the EU. The UK has not triggered "Article 50" which formally signals its intention to start the 2-year period of negotiation to withdraw from the EU. At present there is no clarity on when this might happen and until the end of that period, the UK remains a member of the EU.

If, after a re-negotiation, the UP system comes into force then because the UK will not be part of the EU a UP will not extend to the UK and the UPC's jurisdiction will not cover to the UK. However, UK-based European Patent Attorneys will be able to validate the UP designation and represent clients before the UPC Courts. As most patentees consider the UK an integral part of their European patenting strategy (50% of EPs are only validated in the UK, Germany and France¹) applicants will continue to want UK patent protection. As is the case now, to obtain patent protection in the UK from a granted European patent application, patentees will be able to validate separately for the UK.²

The UK's process of ratification for the UPC had started but it is unlikely that there will be a political will to finish this process. The UPC can only come into effect when ratified by 13 participating countries which must include the three EU Member States in which the most EPs had effect in 2012 (the year before the Agreement was signed (Article 89)). Once the UK leaves the EU, the three EU countries required to ratify will be Germany, France and Italy. By June 2016, a total of 10 Member States had ratified the UPC Agreement: Austria, Belgium, Bulgaria, Denmark, Finland, France, Luxembourg, Malta, Portugal and Sweden.³ Italy, Lithuania and Germany are moving through the legislative process to ratify the UPC Agreement although it is not clear if the legislation in these countries will now be put on hold.

It is expected that the participating EU Member States will re-locate the London section of the UPC's Central Division to a country within the EU. The potential contenders for the Court's new location are Milan and The Hague. However, to do this will require the re-opening of at least Article 7(2) of the UPC Agreement. There has been some concern that amendment to the UPC Agreement would potentially open up renegotiation on other points, which could lead to even further delays or the entire breakdown of the Agreement.

1 Table 2 of Commission Staff Working Paper SEC(2011) 482 final "Impact Assessment – implementing enhanced cooperation in the area of the creation of unitary patent protection".

2 Alternatively, patentees could also follow the national GB designation route at the UK IPO.

3 Ratification details can be found via the European Council.

What happens to UK patents if the UPC launches?

If and when the UPC does launch, to enforce EP patents in the UK, national proceedings before the UK's Patents Court will be required as the UPC's jurisdiction will not cover to the UK. As is currently the case, any revocation action would need to be brought at a national level. However, it will be interesting to see whether the UK Patents Court adapts its procedures to be closer to the UPC system and if there is a move to reduce the overall costs of the UK system in-line with the expected costs of using the UPC.

Will the UP and UPC be attractive without UK's participation?

Without the UK, which is currently one of the key economies in the region and has high levels of patent filings and litigation, the UPC will be less commercially attractive. If the current "Top 4" fee system is maintained then a UP will be a less financially attractive option. With the UK outside of the UPC patentees will not be able to enforce any injunction granted by a UPC Court in the UK. Lastly, the UPC will also not have the benefit of the direct influence of the highly respected UK Patents Court Judges to shape its jurisprudence.

How will the UK's exit impact on the opt-out decision?

The introduction of the UPC will impact on all owners of EP patents as, unless opted out, they will be subject to the jurisdiction of the UPC within the participating EU Member States⁴. With the UK set to exit the EU, UK EPs (granted and pending) will not automatically be subject to the jurisdiction of the UPC as the UK will fall outside the jurisdiction of the UPC. The UK's position outside the UPC system may make the decision to opt-out more straightforward for some patentees.

Even with the uncertainty over the launch of the UPC, it is important to ensure that your European patents are UPC Ready. If you would like to discuss strategy development or portfolio review, HGF can provide you with assistance and guidance on formulating and implementing your company's UPC strategy.

Should you have any further questions about the UPC and opt-out please contact the dedicated UPC team at Harrison Goddard Foote on UPCReady@hgf.com or contact your usual attorney to discuss these issues further.

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