

The impact of Brexit on the Unified Patent Court

*Life Sciences IP Summit 2016 • C5
London • 21 October 2016*

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The Unified Patent Court

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- The last months and the next twelve
- The consequences of the UK referendum
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Legal sources

-  17 December 2012
Regulation 1257/2012 enhanced cooperation in the creation of unitary patent protection
-  17 December 2012
Regulation 1260/2012 (translation arrangements)
-  19 February 2013
Agreement on a Unified Patent Court and draft Statute
-  19 October 2015
Draft **Rules of Procedure** Unified Patent Court (V18)

http://www.upc.documents.eu.com/PDFs/2015-10-19_Agreement_UPC_DE-EN-FR_and_Rules_Procedure_UPC_DE-EN-FR_Draft_18.pdf

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The main publicly available documents can be found on

www.upc.documents.eu.com



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UPC's FAQ

<https://www.unified-patent-court.org/faq>

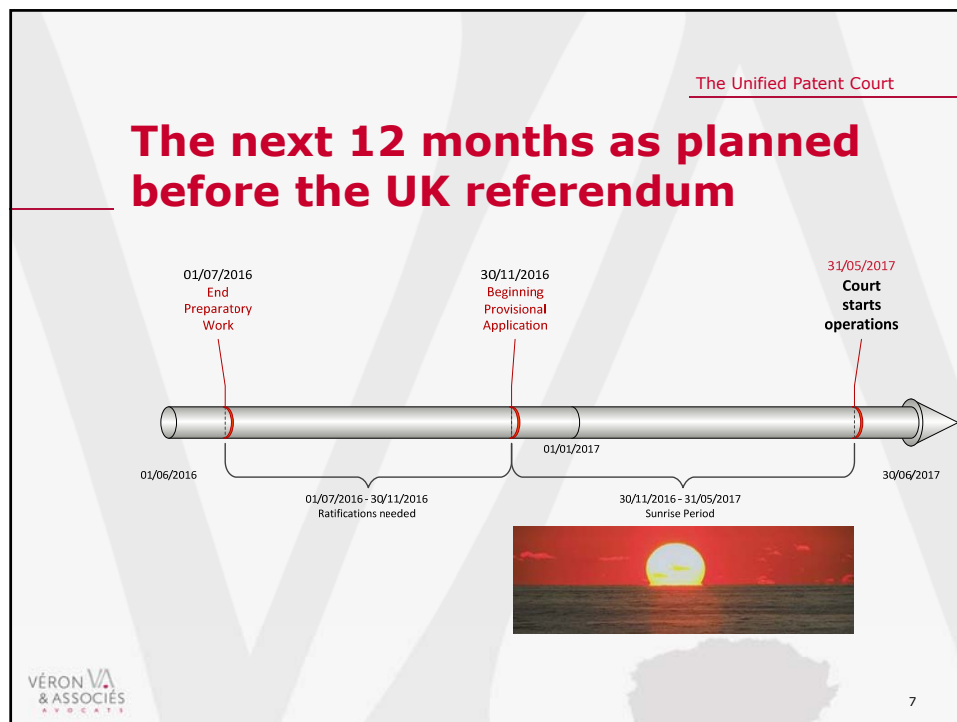
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The last months

* <https://secure.unified-patent-court.org/login>

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 (contents)

The consequences of the UK referendum on Brexit of 23 June 2016

- The UK is still a EU Member State for several months or years
- UK referendum and UPC Agreement
- Influence of a possible Brexit on the UPC Agreement
- Legal questions and political uncertainties

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EU law background
The UK is still a EU Member State for several months or years

- The 23 June 2016 referendum has no legal effect in itself
- Only a formal notification in accordance with Art. 50 Lisbon Treaty might trigger the process by which the UK would withdraw from the EU; the UK must press the button **Article 50**
- PM Theresa May said she would press this button no later than March 2017
- Once Art. 50 has been triggered, the withdrawing EU Member State remains in the Union until *"the date of entry into force of the withdrawal agreement or, failing that, two years after the notification"*


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Referendum and UPC Agreement

~~PLAN B~~
PLAN A


- From a purely legal standpoint, the UK may ratify the UPC Agreement notwithstanding the referendum: but this needs strong political impetus in the UK, which seems unlikely today
- As a result, the UPC Agreement could theoretically enter into force notwithstanding the current turmoil in the UK: but this needs political impetus in the rest of Europe


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Influence of the Brexit on the UPC Agreement



- UPC Agreement refers only to “EU Member States” (Art. 2, Art. 84): a non-EU Member State could not **accede** the Agreement
- UPC Agreement does not envisage the withdrawal from the EU of a EU Member State thereby becoming a non-EU Member State
- UPC Agreement does not envisage either the withdrawal of a Member State (nothing like Art. 50 Lisbon Treaty in the UPC Agreement)


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Legal questions



- Assuming the UPC Agreement enters into force **and** assuming UK withdrawal from the EU becomes effective (Brexit), would such withdrawal make the UPC incompatible with EU law?
- In other words: is it possible that a State which **was** a EU Member State when the UPC Agreement entered into force **remain** in the UPC system after its withdrawal from the EU?

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The CJEU's opinion 1-09 of 3 March 2011

PLAN A
~~PLAN B~~

- The CJEU did **not** say that only EU Member States could participate in the UPC system
- It only answered the specific question: *"Is the envisaged agreement creating a Unified Patent Litigation System (currently named 'European and Community Patents Court') compatible with the provisions of the Treaty establishing the European Community?"*

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The CJEU's opinion 1-09 of 3 March 2011

PLAN A
~~PLAN B~~

- The question submitted to the CJEU related to a system
 - ▶ in which non EU Member States (like Switzerland) could participate; and
 - ▶ which would have created a *"European and Community Patents Court ('the PC')"* which was an independent court, **not** *"a court common to a number of Member States, situated, consequently, within the judicial system of the European Union"*
- The CJEU's opinion is only based on the second point: it does not directly address the first one


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The CJEU's opinion 1-09 of 3 March 2011




The CJEU's opinion is also based on the following remark: *"if a decision of the Patents Court were to be in breach of European Union law, that decision could not be the subject of infringement proceedings* nor could it give rise to any financial liability on the part of one or more Member States"*

* In this context *"infringement proceedings"* refer to EU law proceedings whereby a party would argue that a Member State or another legal body has infringed EU law (nothing to do with *"patent infringement proceedings"*)




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The CJEU's opinion 1-09 of 3 March 2011




This failure noted by the CJEU's opinion has been overcome in the UPC Agreement:

- Art. 1 *"The Unified Patent Court shall be a court common to the Contracting Member States and thus subject to the same obligations under Union law as any national court of the Contracting Member States"*
- Art. 22 "1) *The Contracting Member States are jointly and severally liable for damage resulting from an infringement of Union law by the Court of Appeal, in accordance with Union law concerning non-contractual liability of Member States for damage caused by their national courts breaching Union law"*



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Optimistic interpretation of the CJEU's opinion 1-09 of 3 March 2011

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~~PLAN A~~
~~PLAN B~~

- The CJEU's legal opinion does not exclude the participation of non-EU Member States
- "A court common to a number of Member States, situated, consequently, within the judicial system of the European Union" may also be a court common to EU and non-EU Member States without violating EU law as long as the UPC Agreement provides that the Contracting Member States are jointly and severally liable for damage resulting from an infringement of Union law by the Court of Appeal

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~~PLAN A~~
~~PLAN B~~

Technical adjustment needed

- UPC Agreement needs to be changed as it refers only to "EU Member States" (Art. 2, Art. 84)
- This could be done, after entry into force of the Agreement, by an amendment according to Article 87(2) UPCA "The Administrative Committee may amend this Agreement to bring it into line with an international treaty relating to patents or Union law"

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Uncertainties


PLAN A
~~PLAN B~~

The uncertainties are more of political nature than of legal nature:

- if the UK ratifies the UPC Agreement before its effective withdrawal from the EU it seems legally possible that the UPC Agreement enters into force and remains valid even after the UK's effective withdrawal from the EU
- but this needs political momentum in both the UK and the EU

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Ratifications

PLAN A
~~PLAN B~~

- Entering into force when 13 Contracting States 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 (=2012)", **DE, FR and UK** have ratified

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Ratifications

Ratifications UPC Agreement as of 15 October 2016

- EP + EU + UPC RATIFIED
- EP + EU + UPC
- EP + NON-EU + NON-UPC
- EP + NON-EU + NON-UPC + 2007 LISIANG CONVENTION
- EP + EU + NON-UPC

PLAN ~~A~~
PLAN ~~B~~

11 ratifications so far:
 AU, **FR**, SE, BE,
 DK, MT, LU, PT, FI,
 BG, and NL

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If UK does not ratify, a change in the Agreement is needed

Art. 89 "This Agreement shall enter into force ... after the deposit of the 13th 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"

It is unlikely that a decision of the Administrative Committee might amend this Article because the Administrative Committee will exist only after the entry into force of the agreement

Plan ~~A~~
Plan B

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Who's next?

Art. 89 "This Agreement shall enter into force ... after the deposit of the 13th instrument of ratification or accession in accordance with Article 84, including the three Member States [**which ratified the Agreement**] 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"


And the winner is...

Italy


Member State	Number of European patents for which an annual fee was paid in 2011	%
DE	414 754	22.31
FR	336 434	18.09
UK	331 528	17.83
IT	[190 000*]	[10.22]
NL	101 157	5.44











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If UK does not ratify...

- No UK local division
- London section of the Central Division to be relocated (a decision of the Administrative Committee might be enough, no new Agreement needed)
 (Art. 87 (2) "The Administrative Committee may amend this Agreement to bring it into line with an international treaty relating to patents or Union law.")








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If UK does not ratify...

- No UK judges in the UPC
- UK solicitors and barristers not permitted to represent clients before the UPC
(Art. 46 (1) "Parties shall be represented by lawyers authorized to practice before a court of a Contracting Member State") (except UK lawyers admitted in Ireland and except if UK continues EEA membership as an EFTA Member State)
- UK European patent attorneys still permitted to represent clients before the UPC
(Art. 46 (2) "Parties may alternatively be represented by European Patent Attorneys who are entitled to act as professional representatives before the European Patent Office pursuant to Article 134 of the EPC and who have appropriate qualifications such as a European Patent Litigation Certificate")

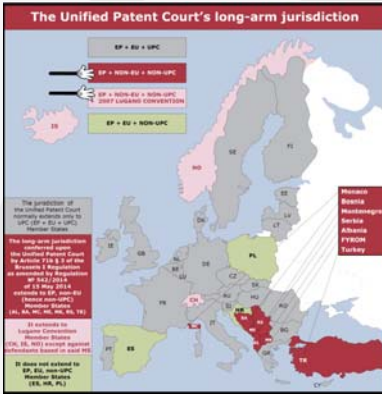

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If UK does not ratify, long-arm jurisdiction of Regulation Nº 542/2014 would apply to UK

Long-arm jurisdiction for certain acts of infringement of a EP-non EU patent, e.g. Turkey, Switzerland... and UK in case of Brexit

http://www.veron.com/publications/Publications/Extent_of_Long-Arm_Jurisdiction_Conferred_upon_the_UPC_P_Veron_2015_37_EIPR_p588.pdf




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New Article 71b (3) Regulation Nº 542/2014
Jurisdiction for infringement of a European patent committed outside the territory of the Union (EP non-UE)

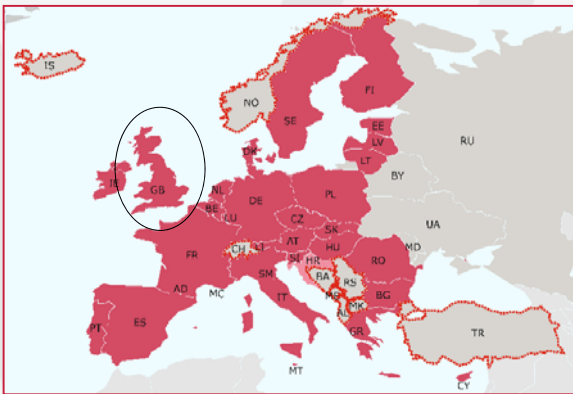
*"3. Where a common court has jurisdiction over a defendant under point 2 in a dispute relating to an infringement of a European patent giving rise to damage within the Union, that court may also exercise jurisdiction in relation to **damage arising outside the Union** from such an infringement.*

*Such jurisdiction may only be established **if property belonging to the defendant is located in any Member State** party to the instrument establishing the common court **and the dispute has a sufficient connection with any such Member State.**"*


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The Unified Patent Court


New Article 71b (3) Regulation Nº 542/2014
Jurisdiction for infringement of a European patent committed outside the territory of the Union (EP non-UE)




EPO and EU

EPO NON-EU

(currently Albania, Bosnia, the Former Yugoslav Republic of Macedonia, Iceland, Monaco, Montenegro, Norway, Serbia, Switzerland, and Turkey)


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The Unified Patent Court

New article 71b (3) Regulation N° 542/2014
Jurisdiction for infringement of a European patent committed outside the territory of the Union (EP non-UE)

Conditions of the statutory extension of jurisdiction

- The defendant is being sued before the UPC
- He is accused of having committed acts of infringement of a European Patent in a UPC territory
- He is domiciled outside the European Union
- He owns property in any Member State party to the instrument establishing the common court and
- The action has a sufficient connection with this State

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The Unified Patent Court

New Article 71b (3) Regulation N° 542/2014
Jurisdiction for infringement of a European patent committed outside the territory of the Union (EP non-UE)

Scope of the statutory extension of jurisdiction

- The Unified Patent Court "*may also exercise jurisdiction in relation to damage arising outside the Union from such an infringement*"
- This means exercises its jurisdiction to damages arising in States where the European patent in suit has effect, but which are not Member States of the EU, hence not Contracting Parties to the UPC Agreement
 (currently Albania, Bosnia, the Former Yugoslav Republic of Macedonia, Iceland, Monaco, Montenegro, Norway, Serbia, Switzerland, and Turkey)

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The Unified Patent Court

New Article 71b (3) Regulation Nº 542/2014

The 2007 Lugano Convention limits the long-arm jurisdiction



- The 2007 Lugano Convention* applies between the EU Member States and their neighbours, Iceland, Norway, and Switzerland, members of the European Free Trade Association (EFTA)
- Article 64(2) of the 2007 Lugano Convention may provide a shield against the long-arm jurisdiction of the Unified Patent Court for the defendants domiciled in Iceland, Norway, and Switzerland
- If UK joins the Lugano Convention, UK-domiciled defendants might be beyond the reach of the UPC long-arm jurisdiction



* the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, done at Lugano on 30 October 2007.

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Thank you



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