

Kluwer Patent Blog

'There is scepticism whether the Unified Patent Court will ever be set up'

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A crucial period is ahead for the Unitary Patent (UP) system. In the UK, all legislative steps required to ratify the UPC Agreement have been completed and formal ratification could take place [around Easter](#), if the government gives the go-ahead in the midst of the Brexit turmoil. In Germany, a [decision is expected this year](#) about the constitutional complaint against the Unified Patent Court Agreement (UPCA), a case that could potentially delay or even kill the Unitary Patent system. Kluwer IP Law interviewed Luke McDonagh, senior lecturer in IP and constitutional law at City, University of London, about the uncertainty clouding over the UP system.

In a recent speech of prime minister Theresa May at the Munich Security Conference, May said: '....That is why I have proposed a new Treaty to underpin our future internal security relationship. The Treaty must preserve our operational capabilities. But it must also fulfil three further requirements. It must be respectful of the sovereignty of both the UK and the EU's legal orders. So, for example, when participating in EU agencies the UK will respect the remit of the European Court of Justice.'



This is very different from her words in the [Brexit speech](#) of October 2016: 'Our laws will be made not in Brussels but in Westminster. The judges interpreting those laws will sit not in Luxembourg but in courts in this country. The authority of EU law in Britain will end.' Does her speech mark a shift of policy which is relevant for the UP system?

'It is very hard to say what the UK government's policy is at the moment. The Cabinet is riven between those like the Chancellor of the Exchequer, Philip Hammond, who would like to maintain strong links with EU agencies and those such as the Foreign Secretary, Boris Johnson, who favour a clean break from the EU. PM May has veered between these two positions at different times. However, as far as I understand it, Boris Johnson will need to give his approval to UK UPC ratification. If the ECJ red line is taken seriously, that may not be forthcoming.

By contrast, the more recent statement by PM May suggests that the UK does want – and probably

needs – to participate in key EU agencies such as EURATOM and the European Aviation Safety Agency. If so there is no reason that UPC participation could not follow the same logic. On the other hand, will the EU allow the UK to join the agencies it wants, without being part of the single market? It might seem like cherry-picking. The weakness of the UK bargaining position is increasingly clear, and many have said that the UK have “played a poor hand badly”.’

After the completion of all legal steps last month, ratification by the UK of the UPCA and the Protocol on Privileges and Immunities seems imminent, despite the uncertainty about the German complaint. Is this a logical step for the UK at this moment?

‘Rationally, there are many reasons why the UK should want to remain part of the UPC – not least the existence of the court building in Aldgate, London – and this has been consistently favoured by CIPA, the Law Society and the IP Federation. However, at the moment the UK government is hamstrung by its weak negotiating position viz. the EU and its small majority in the UK Parliament. The UPC is not a priority and the UK may wait until the German court case has been decided.

Interestingly, due to the German and British uncertainty, the Irish government has also decided to wait to ratify – a referendum will be required under the Irish Constitution for this to take place, and no referendum is planned for 2018. Of course, Irish ratification is not required for the UPC to be set up, whereas UK and German ratification is. At the same time, the Irish position probably reflects the scepticism that many have at present that the court will ever be set up at all.’

How bad/good is it if the German Federal Constitutional Court decides to admit the Stjerna claim against the Unified Patent Court Agreement for a decision, which will probably lead to delays, if not the end of the UP and UPC?

‘It is not a bad thing in my view. It is better any constitutional challenge happens before the system is set up as if it happened after the court had started handing down decisions, this could lead to legal chaos. If the system is given the go-ahead by the German court, this will be a strong endorsement of the system’s constitutional functionality. It has led to a delay, but that might have happened anyway due to Brexit.’

If the UP system survives the German challenge, can Britain stay in post-Brexit? Should a distinction be made between the UPCA and the Unitary Patent?

‘Yes, the distinction is a clear one. It is easier for the UK to remain part of the UPC post-Brexit, than the UP. The UPC Agreement is an international agreement that would need some amendments to envisage a non-EU member state being part of it (though that non-EU member state would have to accept the ECJ’s jurisdiction over patent-related EU law). The UP, by contrast, is enacted via an EU Regulation and will be something akin to an EU intellectual property right. The current EU-UK Withdrawal Agreement draft published by the EU Commission on Wednesday of this week, seems to envisage EU IP rights (such as trade marks and designs) ceasing to apply to the UK post-Brexit and being converted into UK IP rights.’

Could it be an option, in other words, for the UK not to participate in the Unitary Patent, but to participate in the UPCA, just as Italy planned to do before it changed its mind and joined the Unitary Patent system? How likely do you think it is this will happen?

‘It might not be the end of things if the UK is part of the UPC, but not the UP. Since the UP is a

post-grant option, a patentee could choose to prosecute the patent in English, and opt for a UP after grant (covering the UP member states, minus the UK) while retaining a UK validation of the EP. The UPC could rule on both the UP and the UK EP simultaneously, since the underlying patent is the same. A major complication would occur, however, if the UK EP was opted out during the transition period. Then there would be a strange situation where the UP would come under the UPC's jurisdiction and the UK EP would come under the UK courts' jurisdiction. That is far from ideal.'

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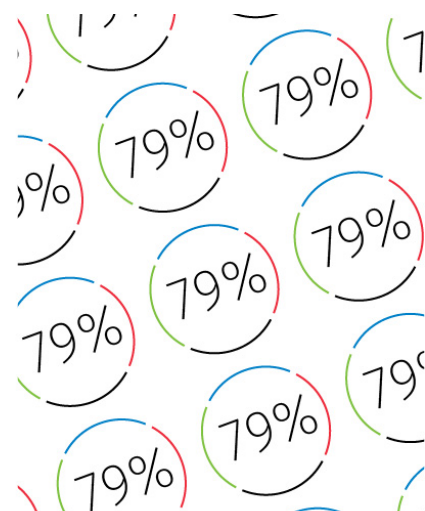
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