



Ready



Preparing for change: UK to Ratify UPC Agreement

UPC to be operational "as soon as possible"

The UK government has confirmed it is proceeding with preparations to ratify the Unified Patent Court Agreement. Despite the vote to Brexit, the UK government has announced it will continue with preparations for ratification over the coming months. This has come as a surprise to many who expected Brexit to be a barrier to ratification by the UK.

The [Government's announcement](#) confirmed that the UK will be working with the UPC Preparatory Committee to bring the UPC into operation **as soon as possible**. The announcement confirming the UK's intention to ratify stated that "*the UPC itself is not an EU institution, it is an international patent court and the judiciary appointed include UK judges*". While this is true, it does not address the fact that at present, participants must be members of the EU and that the Court will be subject to the Court of Justice of the European Union (CJEU). In respect of references to the CJEU, it is not clear how the Government will resolve this issue in light of the Prime Minister's first speech on Brexit where she said: "*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*".

However, now it is clear that the UK plans to go ahead with ratification, any uncertainties need to be put aside. With German ratification also expected imminently, the UPC could be up and running by early autumn 2017. Patentees will need to act quickly to make preparations for understanding and navigating both a new unitary patent regime covering many EU member states and also for a new supranational court; the UPC. The UPC will have an entirely new set of procedural rules and jurisdiction over unitary patents (UPs) and European patents (EPs) that have not been opted-out.

The UPC Preparatory Committee has been continuing its work even during the time of uncertainty, so the Sunrise period for opting-out your patents could begin any time in 2017, with the UPC opening for business before the end of 2017.

Why UK ratification of the UPC Agreement matters

The new system comes into effect when the UPC Agreement is ratified by 13 participating countries which must include the three EU Member States in which the most European patents had effect in 2012 (the year before the Agreement was signed (Article 89)). Now the UK is preparing to ratify, there is no doubt these three countries are the UK, Germany and France.

By November 2016, a total of 11 Member States had ratified the UPC Agreement: Austria, Belgium, Bulgaria, Denmark, Finland, France, Luxembourg, Malta, the Netherlands, Portugal and Sweden. Italy, Ireland, Lithuania, Slovenia, Germany and the UK are taking steps or moving through the legislative process to ratify the UPC Agreement.

We estimate that the new timetable for ratification will be such that the UK and Germany will ratify, then officially "deposit" their ratification by spring 2017, paving the way for the UPC to open for business by autumn 2017, and at the same time, UPs will become available for patent applicants via the European Patent Office. The participating EU member states have also agreed a Protocol to allow the Registry to open before launch so that patentees can register any opt-out, which will then take effect on the first day that the Court is open.



Martyn Fish
Partner



Rachel Fetches
Partner

What steps should I take now?

Unitary Patents will always be subject to the jurisdiction of the new UPC, and granted EPs will be subject to the jurisdiction of the UPC as well as the relevant national courts, unless they are opted out of the UPC. Whether patentees want their granted and pending EPs to be subject to the jurisdiction of the UPC will depend on many factors; there is no one size fits all. Patentees shouldn't assume that opting out will be the best option: there may be advantages to keeping at least some of your patents within the jurisdiction of the UPC. As details of the Rules and Procedures for the UPC system have crystallised, many patentees are considering a nuanced approach to managing the opt-out (or remaining subject to the UPC's jurisdiction) for their patent portfolio.

With UK ratification of the UPC Agreement now on the horizon, it is vital to prepare your existing patent portfolio for the new patent litigation landscape in Europe. If you have not already done so, you need to start considering your strategy as to whether you want to opt-out your EPs from the jurisdiction of the UPC. Your review should consider the following issues:

- the strength of the relevant patents;
- the value of the technology covered by each patent or patent family to the business in the relevant jurisdiction;
- how your various patents interact to protect your commercial products;
- the likelihood in your industry that a third party will consider a central attack on the validity of your patents attractive;
- for patents that are jointly-owned or licensed into or out of the business — who has the right to exercise the opt-out of the EPs (and any associated SPC)?

This exercise needs to be done sufficiently ahead of the launch of the UPC in order to give you time to execute any opt-out before the UPC opens for business. An opt-out is only effective once it is entered on the Register.

If you would like to discuss strategy portfolio review, HGF can provide you with assistance and guidance on formulating and implementing your company's plan for the opening of the UPC. Should you have any further questions about the UPC and opt-out please contact our dedicated UPC team at UPCReady@hgf.com or contact your usual attorney to discuss these issues further.



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