

# The UK says goodbye, Germany decides, the UPC says... ?

By **Leythem Wall** (Fellow)

## UK says goodbye?

As widely reported, CIPA was informed on 27 February in a personal telephone call to President Richard Mair by IPO CEO Tim Moss that the government will no longer seek to participate in the Unitary Patent ('UP') or Unified Patent Court ('UPC') system.<sup>1</sup> Despite the UK government having ratified the UPC Agreement back in April 2018, on World IP Day no less, for many such a decision to pull back is not entirely unexpected given the inevitable jurisdiction of the Court of Justice of the European Union ('CJEU') over states participating in the new system. A government spokesperson is quoted as saying:

"The UK will not be seeking involvement in the UP/UPC system. Participating in a court that applies EU law and bound by the CJEU is inconsistent with our aims of becoming an independent self-governing nation."<sup>2</sup>

Seeking further clarification on the government's position, on 10 March, CIPA Past-President Julia Florence and IP barrister Daniel Alexander QC gave evidence to the House of Lords EU Justice Sub-Committee, who met to discuss the impact of the decision on UK businesses.<sup>3</sup> The questions to be discussed included:

- Why development of the UPC was pursued outside the EU's formal structure and why was it necessary to pass EU legislation in support of the Agreement?
- The nature of the formal relationship between the UPC and the Court of Justice of the EU.
- Could aspects of the UPC be amended to allow the UK to participate while maintaining its 'red line' over EU Court of Justice jurisdiction?

- The impact on business in the UK if the UK does not participate in the establishment of the UPC.
- If the UK does not participate in the UPC is it likely it will still go ahead without the UK given the prominent role the UK has played in its creation?

Much of the session, which can viewed on the UK Parliament website, covered explaining the limited impact the CJEU would actually have on the UPC, as well as the successful role the UK plays in the European patent system.<sup>4</sup>

Following this, Lord Morris of the Sub-Committee wrote to Amanda Solloway MP, the Parliamentary Under Secretary of State (Minister for Science, Research and Innovation), asking her to confirm the government's position.<sup>5</sup> At the time of writing there is yet to be an official public statement on the matter.

## Germany decides

Perhaps the biggest hurdle that has faced the UPC up to now is not Brexit, but the constitutional complaint filed with Germany's Federal Constitutional Court (*Bundesverfassungsgericht*) in 2017.<sup>6</sup> While there has been plenty of speculation as to the timing and outcome, the decision finally arrived on 20 March upholding the complaint against the Act of Approval to the Agreement on a UPC.<sup>7</sup> The decision was reached with a 5 to 3 majority of the judges.

The ruling concludes there was an insufficient quorum and majority at the original vote in Germany's parliament in favour of the Act. The substantive grounds raised against the Act appear to have been dismissed, hence in theory it seems the current rejection might be overcome by re-holding a vote with the required presence and majority. How and when this would be

possible in light of the current COVID-19 pandemic remain to be seen.

In August 2019, the German Justice ministry had confirmed that Germany will await the UK's decision on leaving the EU before proceeding with implementation of the UPC.<sup>8</sup> Once the UK had left the EU, it appeared therefore that pending a positive decision German ratification might have been the next step. Now that Germany's Constitutional Court has decided negatively, but not with respect to the substantive complaints made against the UPC, the project appears to be in yet further limbo.

The Preparatory Committee for the UPC has since made the following statement:

“Despite the fact that the judgment will result in further delay the preparatory work will continue, while the judgment and the way forward is further analysed.”<sup>9</sup>

Additionally, Christine Lambrecht, Federal justice minister at the Bundestag has been quoted as saying:

“I will continue my efforts to ensure that we can provide European innovative industry with a unitary European patent with a European Patent Court. The Federal Government will carefully evaluate the decision of the Federal Constitutional Court and examine possibilities to remedy the identified lack of form before the end of this legislative period.”<sup>10</sup>

### UPC without the UK?

As we wait on the outcome of the UK enquiry, and the inevitable substantial speculation on what happens next in Germany, discussion continues on whether the UPC would be of value without the UK participating. But before that can even be answered there is the question if the UPC can proceed without the UK.

Article 89 of the UPC Agreement stipulates requirements for entry into force, namely ratification of the

Agreement by 13 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”.

“Member State” here refers to an EU member state, and so without the UK it is Italy which becomes one of the mandatory ratifying states along with France and Germany. While Italy and France have already ratified, Germany's ratification has thus far been delayed

due to the constitutional complaint.

In an interview published by Juve Patent on 4 March, Alexander Ramsey, the head of the UPC Preparatory Committee, acknowledged that:

“there are currently no provisions in the UPC Agreement for a state which has ratified to drop out. It's therefore very likely that the UK will have to launch a procedure under the Vienna Convention on the law of treaties”.

A potential issue is, however, relocation of the UPC Central Division. Article 7 of the UPC Agreement



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### Act of Approval to the Agreement on a Unified Patent Court is void

Press Release No. 20/2020 of 20 March 2020

Order of 13 February 2020

2 BvR 739/17

The Act of Approval to the Agreement on a Unified Patent Court (“the Act of Approval”) to confer sovereign powers on the Unified Patent Court is void. In its outcome, it amends the Constitution in substantive terms, though it has not been approved by the *Bundestag* with the required two-thirds majority. This is what the Second Senate of the Federal Constitutional Court decided on a constitutional complaint in an order published today. In its reasoning, the Senate stated that, in order to safeguard their right to influence the process of European integration by democratic means, this, in principle, also entails the right of citizens that sovereign powers be conferred only in the ways provided for by the Basic Law. An act of approval to an international treaty that has been adopted in violation thereof cannot provide democratic legitimation for the exercise of public authority by the EU or any other international institution supplementary to or otherwise closely tied to the EU.

explicitly recites “London” as a section of the Central Division. Aside from the question of whether the Agreement would need to be changed, The Hague or Milan have previously been suggested as new locations for the London section, or even consolidation with one of the other Central Division locations in Paris or Munich. Alexander Ramsey resisted being drawn into speculation stating that: “the UPC still has to decide to where this location will move”.

Nevertheless, Alexander Ramsey is quoted as further stating:

“preparations for the UPC will continue to go ahead without the UK. And, even without the UK, the UPC will be quite a powerful alliance of signatory states.”<sup>11</sup>

On 5 March, a similar confirmatory message from Alexander Ramsey appeared on the UPC official website:

“Following the UK government’s decision not to pursue remaining in the Unified Patent Court and in the Unitary Patent, work on the implementation of the Unified Patent Court continues. Once

Germany will be in a position to ratify the UPC Agreement and the Protocol on the Provisional Application, arrangements will be made to deal with the practical implications of the UK’s departure. These will be published in due course.”<sup>12</sup>

### Users decide?

Perhaps most emphatic is the response from potential users of the UPC system. On 5 March, *Managing Intellectual Property* magazine published the results of a survey of more than 100 in-house counsel from different jurisdictions and industries. The outcome indicates 70% respondents would still find the UP and UPC attractive to them and their businesses.<sup>13</sup>

Directly comparing yes and no answers, puts it an overwhelming 87% in favour of the new systems, even without the UK.

### Representation rights of UK European patent attorneys

Perhaps lost in the drama of recent events and announcements is that UK European patent attorneys will still be eligible for full representation rights

before the UPC, regardless of the UK’s status as a non-participating state.

#### ARTICLE 48

##### Representation

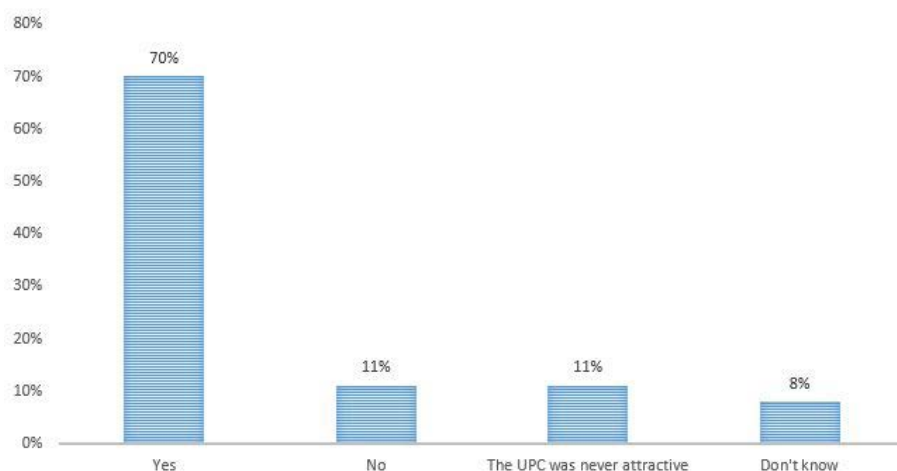
(1) Parties shall be represented by lawyers authorised to practise before a court of a Contracting Member State.

(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.

Enshrined in Article 48(2) of the UPC Agreement is that parties may be represented by:

“European patent attorneys who are entitled to act as professional representatives before the European Patent Office pursuant to Article 134 EPC and who have appropriate qualifications such as a European Patent Litigation Certificate.”

### Is the UPC still attractive without the UK?



\* *Managing Intellectual Property* “UPC without UK still attractive to most businesses”, 5 March 2020

Since the UK remains party to the EPC<sup>14</sup> and Article 134 EPC requires the attorney to have a place of business or employment in an EPC contracting state, UK-based European patent attorneys with the “appropriate qualification” will still be able to satisfy the requirements for UPC representation. UK only qualified solicitors, barristers and judges, however, will fall foul of Article 48(1) of the UPC Agreement, which requires authorisation to practise before a court of an EU member state.

UK-based European patent attorneys will have to be wary though of Article 48(4) of the UPC Agreement in conjunction with Rule 292 of the UPC Rules of Procedure. This makes clear

that European patent attorneys who are not practising in a contracting EU member state will not have rights of audience before the UPC if they are not the UPC representative.

#### Rule 292 – Patent attorneys’ right of audience

(1) For the purposes of Article 48(4) of the Agreement, the term “patent attorneys” assisting a representative referred to in Article 48(1) and/or (2) of the Agreement shall mean persons meeting the requirements of Rule 287.6(b) or .7 and practising in a Contracting Member State.

(2) Such patent attorneys shall be allowed to speak at hearings of the Court at the discretion of the Court and subject to the representative’s responsibility to coordinate the presentation of a party’s case.

Another Brexit implication is that the future European Patent Litigation Certificate (‘EPLC’) will need to be issued by an institution located in the EU. With respect to “other appropriate qualifications” for European patent attorneys, such as a bachelor or master degree in law, these will need to be according to relevant education standards in an EU member state or otherwise rights derived from passing an equivalent state exam in law of an EU member state (Rule 11 of the Rules on the EPLC).

The list of qualifications and courses eligible as “appropriate qualifications” for the transitional period in the first year of the UPC coming into force appears unaffected by Brexit or UK withdrawal. Hence, the vast majority of European patent attorneys who are also UK qualified will automatically be eligible for permanent entry on the list of UPC representatives (Rule 12 of the UPC Rules of Procedure). The current list of UK courses and certificates, only one of which is required, are as follows:

- iv. Nottingham Law School, course “Intellectual Property Litigation and Advocacy”;
- v. Queen Mary University of London, courses “Certificate in Intellectual Property Law” or “MSc Management of Intellectual Property”;
- vi. Intellectual Property Regulation Board, “Intellectual Property Litigation Certificate”;
- vii. Intellectual Property Regulation Board, “Higher Courts Litigation Certificate”;
- viii. Intellectual Property Regulation Board, “Higher Courts Advocacy Certificate”;

In a previous edition of the *CIPA Journal*, we discussed the significance of the EPC to the UPC, in particular revocation actions, which will follow much of the same law as EPO

oppositions (Article 65(2) of the UPC Agreement). Additionally, amendments to a patent during revocation proceedings will have to satisfy the requirements of Articles 84 and 123 EPC.<sup>15</sup>

#### ARTICLE 65

##### Decision on the validity of a patent

(1) The Court shall decide on the validity of a patent on the basis of an action for revocation or a counterclaim for revocation.

(2) The Court may revoke a patent, either entirely or partly, only on the grounds referred to in Articles 138(1) and 139(2) of the EPC.

#### Notes and references


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9. [www.unified-patent-court.org/news/federal-constitutional-court-decision](http://www.unified-patent-court.org/news/federal-constitutional-court-decision)
10. [www.bmjv.de/SharedDocs/Pressemitteilungen/DE/2020/032620\\_Patentreform.html](http://www.bmjv.de/SharedDocs/Pressemitteilungen/DE/2020/032620_Patentreform.html)
11. [www.juve-patent.com/news-and-stories/legal-commentary/we-dont-expect-major-disruption-to-the-upc/](http://www.juve-patent.com/news-and-stories/legal-commentary/we-dont-expect-major-disruption-to-the-upc/)
12. [www.unified-patent-court.org/news/message-preparatory-committee-chair-alexander-ramsay-march-2020](http://www.unified-patent-court.org/news/message-preparatory-committee-chair-alexander-ramsay-march-2020)
13. [www.managingip.com/article/b1km52ktf2x296/upc-without-uk-still-attractive-to-most-businesses](http://www.managingip.com/article/b1km52ktf2x296/upc-without-uk-still-attractive-to-most-businesses)
14. [www.epo.org/law-practice/legal-texts/official-journal/information-epo/archive/20200129.html](http://www.epo.org/law-practice/legal-texts/official-journal/information-epo/archive/20200129.html)
15. CIPA Journal Special Edition: *The Unified Patent Court and Unitary Patent*, “The EPC and The UPC”.

Finally, all European patent attorneys with or without an EPLC or “appropriate qualifications” will be able to opt out ‘classical’ European patents, as well as withdraw opt outs (Rule 5(4) of the UPC Rules of Procedure). All European patent attorneys will also have attorney-client and litigation privilege in proceedings before the UPC (Rules 287 and 288 of the UPC Rules of Procedure).

## Conclusion

Ultimately, while it appears the UK government will not pursue participation in the UP and UPC, should these systems ever come into force then we can still very much expect the UK to be part of them. UK businesses will still be able to obtain UPs, as well as enforce or challenge ‘classical’ European patents and UPs in the UPC. UK European patent attorneys will still be able to represent businesses from anywhere in the world before the UPC, as well as procure UPs for their clients.

However, the decision by Germany’s Constitutional Court, puts yet another stranglehold on progression of the UPC. The UK’s withdrawal from the EU coupled with a dismissal of Germany’s constitutional complaint would have seemingly paved the way for the project to proceed, albeit with the question mark over a new location for London’s portion of the Central Division. And of course speculation and even hope may remain that the UK government changes its mind, or that the UP and UPC systems can be amended to one day include non-EU states.

If the UPC does one day come, it is not a goodbye from the UK. 

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# India’s TM Registry will issue ‘speaking orders’

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In India, IP owners and practitioners have found it difficult to fathom the exact reasons for refusal of registered trade mark applications, owing to the issuance of non-speaking orders by the Registrar of Trade Marks. The Intellectual Property Attorneys Association filed a public interest petition before the Delhi High Court, challenging the non-speaking orders passed by the Registrar of Trade Marks when refusing applications for registration of trade marks.<sup>1</sup> The Court had to consider the apparent contradiction between the provisions contained in section 18(5) of the Trade Marks Act, 1999 (as amended) (the ‘Act’) and rule 36 of the Trade Marks Rules, 2017 (as amended) (the ‘Rules’). Section 18(5) of the Act states:

### 18. Application for registration

(5) In the case of a refusal or conditional acceptance of an application, the Registrar shall record in writing the grounds for such refusal or conditional acceptance and the materials used by him in arriving at his decision.” (Emphasis added.)

Rule 36 of the Rules states:

### 36. Decision of Registrar

(1) The decision of the Registrar... shall be communicated to the applicant in writing at his address of service and if the applicant intends to appeal from such decision **he may** within thirty days from the date of such communication **apply** in Form TM-M **to the Registrar requiring him to state in writing the grounds of, and the materials used by him in arriving at, his decision...**” (Emphasis added.)

The Court held:

- (a) The Registrar of Trade Marks was duty bound to send a copy of the order passed under section 18(5) of the Act containing the grounds for refusal and the material used in arriving at the said decision, to the applicant;
- (b) Rule 36 of the Rules was arbitrary, unreasonable and inconsistent with the mandatory provisions of the Act insofar as it empowered the Registrar to communicate the decision without the grounds for refusal.

Accordingly, section 18(5) of the Act shall prevail over rule 36 of the Rules;

- (c) The petition was allowed, and the Registrar of Trade Marks was directed to strictly implement section 18(5) of the Act by recording in writing the grounds for refusal. Further, the order containing the grounds of refusal shall be sent to the applicant within two weeks of the passing of the order.

This decision enhances the efficiency of India’s Trade Marks Registry by providing clarity of the ground(s) of refusal, by:

- i. eliminating the additional step of applying for the grounds of decision; and
- ii. allowing trade mark applicants to file an appeal to the refusal or a review petition, expeditiously.

## References

1. *Intellectual Property Attorneys Association v The Controller General of Patents, Designs & Trade Marks & Anr.* W.P.(C) 3851/2019 & CM Appls. 17546/2019, 29362/2019