Coming Together: Worlds Apart

European patent developments

Nick Bassil - Kilburn & Strode LLP

19 April 2018
Overview

– Europe
  – BREXIT: the UK leaves the EU
  – Unified Patent Court (UPC) and Unitary Patent
  – Effect on harmonisation of patent systems in Europe
BREXIT – UK
leaves the
European Union
The UK leaving the European Union: a dynamic process

- Brexit day: 29 March 2019
- Transition period expires: 31 December 2020 (?)
The UK leaving the European Union: a dynamic process

Present situation

Before: UK in European Union **but** with a lot of **opt-outs**

Future situation

After: UK not in European Union **but** a lot of **opt-ins** (?)
BREXIT – update and challenges

– Status
  – Brexit by operation of law – effect of Article 50 TFEU Declaration

– Checklist for IP issues
  – Patents: none
  – EU Trade marks and EU Registered Designs, PDGO/PDGI: mostly resolved or draft agreement set out
  – Supplementary Protection Certificates (SPCs)
BREXIT – update and challenges

– European Patent Office (EPO) is governed by European Patent Convention (EPC)
– UK member of European Patent Convention (EPC) since 1973
– EPC not a European Union (EU) institution
– “Brexit” has no effect on UK membership of EPC or participation in the EPO
BREXIT – update and challenges

– Current moves to harmonise patent law in Europe will not be affected by “Brexit”
  – UK to remain part of the EPO
  – Existing judicial approaches to harmonisation likely to continue amongst national states and EPO

– But…. For Unified Patent Court/Unitary Patent precise impact of Brexit yet to be determined
Unitary Patent and Unified Patent Court in Europe
Unitary Patent and Unified Patent Court (UPC) Agreement update

- Summary – pros/cons
- Forum shopping under the UPC
- Status
- Problems
- Checklists
Unitary Patent: advantages/disadvantages

– Avoids (reduces) national validations formalities with Unitary patent
  – But will still need national validations for European patents for states not part of Unitary patent system
    – e.g. EU states not taking part: ES, PL, HR
    – e.g. Non-EU states: CH, NO, TR, etc. (…and presumably GB in due course)
  – And Unitary protection only available for UPC states (so watch out in early years!)
Unitary Patent: advantages/disadvantages

– Expensive renewal fees in later years of Unitary patent life

– Opt-in/opt-out procedure for standard European patents from UPC
  – Opt-out/-in procedure available for 7 years; extendible for further 7 years- after UPC starts
  – n.b. “sun-rise” period for 3 months before court starts
Unified Patent Court (UPC): advantages

– Common patent court to hear single dispute on same patent in Europe
  – Unitary patent or standard European patent
  – SPCs granted on basis of a European patent
– Preliminary injunctions
– Discovery – civil search orders
– Protective letter system
Unified Patent Court (UPC): disadvantages

– All European patents vulnerable to central revocation for entire lifetime (not just opposition period)
– Provides potentially effective forum for patent assertion entities in Europe
– Unknown panels of multinational judges
Forum shopping under the UPC

– UPC will allow forum shopping (as at present in the national court system) between local/regional divisions and the Central Division

– But…

– In theory the mixed nationalities on the judicial panels should result in greater harmonisation (?)
Forum shopping under the UPC

- Revocation
  - Central Division
    - London, Paris, Munich

- Infringement
  - Local/Regional Division but can transfer to Central Division
  - Can include a counterclaim for revocation
  - Can bifurcate
UPC Local/Regional Divisions

- Local Divisions
  - Germany (4), Italy, UK, Ireland, Austria, Denmark, Belgium, Netherlands, Finland

- Regional Divisions
  - Nordic-Baltic (Sweden, Estonia, Latvia, Lithuania)
UPC Central Division

- **Paris**
  - Performing operations, Transport, Textiles & Paper, Physics, Electricity, Telecom

- **London**
  - Human Necessities, Chemistry, Metallurgy, Pharma & Biotech

- **Munich**
  - Mechanical Engineering, Lighting, Heating, Weapons, Blasting
Unitary Patent and Unified Patent Court (UPC) Agreement update

– Status
  – UPC Agreement in force after 13 ratifications including DE, FR & GB
  – 15 states as of April 2018, including FR
  – Only waiting for DE and GB….
    – GB nearly there (!)
  – But also need two Protocols to be ratified also
Unitary Patent and Unified Patent Court (UPC) Agreement update

– Protocol on Provisional Application (PPA) needs to be ratified by 13 states including FR, DE, GB
  – 6 to 8 month provisional application phase before court opens
  – Remember also the “Sun-rise” period for opt-out requests for standard European patents 3 months before court opens

– Protocol on Privileges and Immunities (PPI) needs to be ratified by 13 states including LU, FR, DE, GB
Unitary Patent and Unified Patent Court (UPC) Agreement update

– Slow pace of UPCA, PPA, PPI ratifications means that there will be time to prepare

– But….

– Possibility that Brexit and/or DE Constitutional Court challenge could derail whole process
Unitary Patent and Unified Patent Court (UPC) Agreement update

- The British problem
  - BREXIT: 29 March 2019
  - If the UPC is an international agreement can UK still participate?
  - If the UK still takes part, can the UPC Court of First Instance have a seat in London?
- CJEU Opinion 1/09
- What happens to Unitary patents designating the UK?
Unitary Patent and Unified Patent Court (UPC) Agreement update

– The German problem
  – Constitutional Court reference
  – How long is this going to take?
  – What happens next?
  – Referral to CJEU?
Unitary Patent and Unified Patent Court (UPC) Agreement update

– Checklists
  – Identify important granted standard European patents for potential opt-out from UPC
  – Identify important pending standard European patent applications for potential opt-out from UPC
  – Decide strategy for dealing with grant of standard European patent or a Unitary patent
  – Review licence agreements for choice of forum language, IP rights etc.
Unitary Patent and Unified Patent Court (UPC) Agreement update

– UPC good for:
  – Litigious companies with large portfolios of patents
  – Patent licensing/assertion entities

– UPC not good for:
  – Risk averse companies nervous of new forum
Strategies to avoid the UPC

– Opt-out existing standard European patents from UPC jurisdiction
– Only validate European patents as standard European patents nationally with opt-out (for as long as opt-out possible)
– File national patents and or EP divisional cases
  – But remember national route from PCT applications “closed” for some states, e.g. FR but not GB, DE
Harmonisation in Europe

– Judicial cooperation between national judges will continue
– Cooperation between National Patent Offices and EPO will continue
– Introduction of UPC/Unitary Patent will add to these moves
– Brexit is not making life easier, but it’s not a roadblock to progress either
Thank you

Nick Bassil
Partner
E nbassil@kilburnstrode.com

Kilburn & Strode LLP
Lacon London
84 Theobalds Road
London WC1X8NL

T  +44 (0) 20 7539 4200
www.kilburnstrode.com

Patent and Trade Mark Attorneys