

**Written evidence from Baroness Wilcox, Parliamentary Under-Secretary of State at  
the Department for Business, Innovation and Skills**

**9224/11 & 9226/11 (32700 & 32701): REGULATIONS ESTABLISHING A  
UNITARY PATENT, AND THE APPLICABLE TRANSLATION REGIME,  
WITHIN THE FRAMEWORK OF ENHANCED COOPERATION**

I am writing to update you on the progress of the patent Regulations following the adoption of a general approach at the Competitiveness Council of 27 June 2011, for which you kindly lifted the scrutiny reserve under paragraph 3(b) of the scrutiny reserve resolution as set out in your letter of 22 June.

The Regulation establishing a unitary patent, under the co-decision procedure, has been the subject of informal discussions between the Council Presidency, the Parliament and the Commission with a view to agreeing a deal at first reading. The Council's position was based on the general approach.

The lead committee in the European Parliament is the Legal Affairs Committee, who voted on the Commission's proposal on 19 December 2011. Although a consolidated text including the Committee's amendments has not yet been finalised, the Council secretariat has published the four-column document 17578/11 setting out the compromise text to which the Legal Affairs Committee's amendments correspond.

We expect the European Parliament to consider the Legal Affairs Committee's report and any other amendments tabled at its plenary session in February, following which the file will return to the Council, possibly for adoption as an 'A' point.

I enclose the four-column document for your information, and I have set out below the main substantive changes in relation to the general approach, without addressing minor drafting changes or reorganisation of the text.

- New Recital 11a makes reference to provisions on damages in the enforcement Directive (2004/48/EC), not governed by the unitary patent Regulation.
- Recital 16 and corresponding Article 15(2) refer to taking account of the needs of small and medium sized enterprises in setting fees.
- New Recital 21b urges participating Member States to ratify the Agreement on the unified patent court in accordance with national constitutional and parliamentary procedures and take steps for the court to be operational as soon as possible.
- Articles 6 – 10 are clarified to refer only to territories where the patent has unitary effect (see Article 22)
- Article 12(2) is expanded to clarify that the Select Committee of the Administrative Council of the European Patent Organisation will consist of representatives of the participating EU Member States, together with an observer from the Commission, and will take decisions with due regard for the position of the Commission.
- Article 20 is changed so the Commission reports on the operation of the system after three years from the first unitary patent taking effect, and every five years thereafter (from six and six previously).
- Article 21 is amended to require participating Member States to notify the Commission of implementing measures, adopted by the date in Article 22, or the date from which the unified patent court has exclusive jurisdiction in that Member State.

- Article 22(2) sets out the application date of the Regulation as being 1 January 2014 or the date of entry into force of the Agreement on the unified patent court, whichever is later. European patents shall only have unitary effect for the participating Member States in which the unified patent court has exclusive jurisdiction at the date of registration (of the unitary effect). The consequence of this should be that the European patent has effect as a national patent in other States designated in the application, providing any national requirements are met.
- Article 22(4a) distinguishes between the date of 1 January 2014 for ensuring administrative arrangements are in place at the European Patent Office as required by Article 12, and the date for implementation of measures ensuring that unitary effect can be inscribed in the European Patent Register which must be by the time the unified patent court has exclusive jurisdiction for the state concerned.

These amendments bring into place the improvement noted in your letter of 22 June, that the Regulation does not come into effect unless there is agreement on a unified patent court that is compatible with EU law.

Also included in the document 17578/11 are two small changes to the Regulation on applicable translation arrangements (page 67). This Regulation is subject to unanimity in the Council and consultation of the European Parliament. We expect it to be considered at the same plenary session in February before coming back to the Council for possible adoption.

I appreciate that the waiver granted in June means these Regulations have not yet cleared Parliamentary scrutiny, and I would like to ensure that we provide the Committee with all the necessary information you need in this respect.

As these Regulations are within the framework of enhanced cooperation, I note that the draft Council Decision authorising enhanced cooperation on the unitary patent (11815/10) is retained under scrutiny, and would be pleased to supply any further information that is needed for it to be cleared. However the previous draft regulation on

language arrangements (11805/10), which was being discussed before enhanced cooperation was authorised in March 2010, is effectively superseded by 9226/11.

*19 January 2012*

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**11533/11 (33058) DRAFT AGREEMENT ON A UNIFIED PATENT COURT AND  
DRAFT STATUTE**

Thank you for the Committee's consideration of the enforcement of patent rights at your meeting of 20 December. I am writing in response to the points raised and to provide further information before the Committee's evidence sessions on 25 January and 1 February.

First I should confirm that after the Competitiveness Council of 5 December, and following a number of bilateral contacts between the Polish delegation and states participating in negotiations on the unified patent court, the Poles determined that there was no consensus on the compromise package they had proposed on 5 December. Consequently they decided to cancel the initialling ceremony they had scheduled for 22 December. Discussions on the unified patent court are continuing under the Danes, though there is no specific format or timetable. We understand that on the draft Agreement they hope to make early progress.

The Rules of Procedure, which set out how the Agreement will operate in practice, were previously taken forward by an expert group of stakeholders advising the Commission. Members of that group tell us they have been invited to a meeting on 3 February to continue their work.

Regarding the concerns of the Committee about having an up to date text of the Agreement, I fully understand your position. Unlike the situation which might apply in the case of legislative procedures in the Council, we do not have a single up to date text which sets out agreed positions and reservations by delegations. We might have expected a clean text if the Agreement had been ready for initialling on 22 December.

However in the light of the Committee's request my officials have taken the opportunity to consolidate the main working documents which have been published since document 11533/11, and this unofficial text is enclosed. An analysis of the main changes is included in Annex 1, as well as an indication of the areas covered by the Polish compromise proposal, on which we expect discussion to continue. The compromise proposal has not been made publicly available, other than to the extent summarised in the Council press release after the 5 December Competitiveness Council, and is still under negotiation between the states concerned.

As regards the specific issue of Articles 6 – 8 of the patent regulation, and the body of expert opinion to which the Committee refers, perhaps it would be helpful to distinguish between the provisions of the Agreement establishing the unified patent court, and those of the patent regulation.

As members of the Committee will appreciate, the Court of Justice of the EU always has the power to interpret questions of EU law, for example when a court of the EU Member States refers such questions for a preliminary ruling. The provisions of the unitary patent regulation, including Articles 6-8, would be matters of EU law. Should an issue of interpretation arise in relation to such provisions, the courts of the Member States would need to comply with the provisions of the EU Treaties conferring jurisdiction on the Court of Justice of the EU to give preliminary rulings on any such referred questions.

The Agreement is intended to establish a unified patent court which is a court common to participating EU Member States, and will then be subject to the same relationship with the Court of Justice as current national courts. So the unified patent court will have the same powers, as national courts do, to refer questions of interpretation of EU law for a preliminary ruling.

In EU legislation which establishes any intellectual property right, it is usual to set out what the right actually consists of. For the unitary patent there must be legal provisions to say what acts the patent holder can prohibit, because these are what define infringement of the patent, which is the essence of the patent. In most national systems the patent holder can pursue action against someone who makes, sells, or imports

products embodying the patented invention without the patent holder's permission, so these would be infringing acts in relation to national patents. Articles 6 – 8 of the unitary patent regulation correspond at EU level to the provisions on infringement which are generally found in national laws. Equivalent provisions are found in the court Agreement as far as European non-unitary (bundle) patents are concerned. However stakeholders would like infringement provisions for the unitary patent in the Agreement, rather than having them set out in the patent regulation.

A party's defence to allegations of infringement may be that the patent should be considered invalid, on the basis of specific reasons. However for patents granted by the European Patent Office, including the future unitary patent, the reasons for which a patent may be found invalid are already set out in the European Patent Convention, to which all EU Member States are party. There is therefore no need to include provisions on validity in the patent regulation.

It is undoubtedly the case that if a court dealing with a dispute decides it needs to ask a question of the Court of Justice about the interpretation of EU law, there will be a delay in giving a final ruling on the dispute. But it is for the original court to decide if any question needs to be referred, for example if clarity is needed on the interpretation of specific provisions, and equally the original court must decide how to apply the preliminary ruling of the Court of Justice once that is received. We already see this happen in the case of some aspects of EU law that relate to patents.

Nonetheless I do appreciate stakeholders' concerns about the inclusion of Articles 6 – 8 in the regulation, rather than having infringement provisions for unitary patents in the court Agreement. We have raised this issue with successive Presidencies, the Commission, and others involved in the negotiations. We understand that among our negotiating partners and within the EU institutions there has been insufficient support to change the text by deleting these articles from the regulation, even if there is no written body of expert opinion to compare with the papers produced by Professor Sir Robin Jacob and others. Moreover, while we have taken opportunities to raise this issue with our counterparts, the general approach on the patent regulation agreed at the Competitiveness Council of 27 June 2011 did include these articles within the text of the

regulation. I will cover the progress of the patent regulation more fully in a separate letter.

I hope the further information provided here will be of assistance to the Committee, and I look forward to having the opportunity to answer the Committee's questions on 1 February.

*19 January 2012*