

Reply to the studies on “The Impact of Brexit on Unitary Patent Protection and its Court” by Hans Ullrich and Matthias Lamping ¹

A) Summary

1. Despite its length and wealth of arguments the studies overlook some important precedents in EU law and policy which results in parts of the studies being based on wrong assumptions. The arguments against an extension of the Unitary Patent to the United Kingdom for instance ignore that the extension of EU instruments to third countries is something quite frequent and that the problems the authors see with such an extension can easily be solved as other examples of extensions of EU instruments to third countries show².
2. The authors also do not seem to fully recognize the economic needs of European and of UK companies. When stating that the mere loss of an option for business to get patent protection in the UK (by means of a Unitary Patent) does not negatively affect business³ they do not seem to fully acknowledge that this will render patent protection more complex and costly for all companies who need patent protection in the UK, although they recognize this later in the studies. Moreover they ignore the position repeated time and time again by European business associations such as Business Europe⁴ and Eurochambers⁵, or national associations such as the BDI⁶, the French MEDEF⁷ or the UK IP Federation⁸, which for the above reason urge politicians

¹ Max Planck Institute for Innovation and Competition Research Paper No. 18-20. The studies have been undertaken “spontaneously and independently” reflecting the authors’ individual positions, see para. 12 of the Studies’ General Introduction.

² See below, para. 6-7.

³ See General Introduction, para. 7.

⁴ BusinessEurope, Building a true single market for Europe – Business’ priorities, Strategy paper, 28.09.2015, available at

https://ec.europa.eu/info/sites/info/files/buss_europe_en.pdf

⁵ See joint letter of Eurochambers and the British Chambers of Commerce dated 23 May 2017 available at:

<http://www.eurochambres.eu/Content/Default.asp?PageID=1&DocID=7656>

⁶ BDI, EU-Einheitspatent: Weshalb die Einführung überfällig ist, 17.02.2016,

<https://bdi.eu/artikel/news/eu-einheitspatent-weshalb-die-einfuehrung-ueberfaellig-ist/>

⁷ See letter to the Secrétaire général des affaires européennes, dated 27.09.2016 available at:

to find a solution allowing for the participation of the UK in the Unitary Patent and the Unified Patent Court (“the UPC”).

3. It is further somewhat astonishing that the authors argue an extension of the Unitary Patent to the UK is not in the UK’s own interest since the UK allegedly needs policy space with respect to framing its patent law. This is something for the UK authorities to assess in consultation with the UK stakeholders which have expressed a clear choice. UK stakeholders who are much better placed to assess this do not seem to think there is a need to deviate from Articles 25 to 28 of the Unified Patent Court Agreement (“the UPC Agreement”) in order, as the authors argue, to “adapt patent protection to the needs of inventive and innovative activity on the domestic market”.⁹
4. As concerns the alleged incompatibility of the UK’s participation with Union law and with Opinion 1/09 of the CJEU¹⁰, the authors do not put forward any new arguments to refute the well-reasoned opinions of Ohly and Streinz, Gordon and Pascoe, Leistner and Simon, and Tilmann¹¹ who have come to the conclusion that the UK participation is compatible with this Opinion. More importantly, parts of the arguments against the UK participation are based on the wrong assumption that the UK could block any alignment of the UPC Agreement with Union law, which is not the case.¹² Furthermore, as concerns their view that because of the participation of the UK, the UPC would lose its capacity to refer questions for preliminary ruling to the CJEU, the authors do not explain why this possibility can be given to courts of third countries but not

<https://www.bristowsupc.com/assets/files/courrier%20medef-sgae%20-%20brevet%20unitaire%20et%20jurisdiction%20unif%C3%A9%2027%2009%2016.pdf>

⁸ See *i.a.* the IP Federation’s document “Intellectual property (IP) law and Brexit: Summary of main requests for the UK government” published on 04.01.2018, available on the Federation’s website:

<https://www.ipfederation.com/publications/?cat=37>

⁹ See General Introduction, para. 7.

¹⁰ Opinion of the Court of 8 March 2011, *Creation of a unified patent litigation system*, 1/09, ECLI:EU:C:2011:123 (hereinafter, Opinion 1/09).

¹¹ A Ohly and R Streinz, Can the UK stay in the UPC system after Brexit?, GRUR Intl. 2017, 1; R Gordon and T Pascoe, “Re The effect of “Brexit” on the Unitary Patent Regulation and the Unified Patent Court Agreement”; W Tilmann, “The future of the UPC after Brexit”, GRUR, August 2016; M Leistner and P Simon, Auswirkungen des Brexit auf das europäische Patentsystem, GRUR Intl., 2017, 825.

¹² See below para. 22 ff.

to a court common to a significant number of EU Member States and one former EU Member State.¹³

5. Finally, although the authors' alleged aim is to "maintain at least the present *acquis* of EU integration in the area of unitary patent protection in the face of Brexit"¹⁴ the criticism of the whole system¹⁵ and the reproach that the European institutions when adopting the Unitary Patent Package did not defend the Union's cause¹⁶ together with earlier extremely critical positions of the authors concerning the Unitary Patent Package¹⁷ give the impression that their real aim is somewhat different and that the challenges of "Brexit" are used by the authors as a new angle of attack.

B) Extension of the Unitary Patent to the UK

I) The legal arguments against the extension are largely based on wrong assumptions

6. The legal arguments put forward against an extension of the Unitary Patent protection to the UK are essentially based on the assumption that this would be the subject of an international agreement between the participating Member States and the UK. Indeed this is one possibility discussed in some articles in the literature.¹⁸ However, others and in particular Ohly and Streinz have already raised the possibility of an extension agreement between the EU and the UK,¹⁹ which the paper does not discuss.

¹³ See below para. 16-21.

¹⁴ See General Introduction, para. 4.

¹⁵ See *i.a.* Part I, para. 11-19 and Part II, para. 24 in particular fn. 62.

¹⁶ *Ibid.* para.16.

¹⁷ See *The Unitary Patent Package: Twelve Reasons for Concern*, available at https://www.ip.mpg.de/fileadmin/ipmpg/content/stellungnahmen/mpi-ip_twelve-reasons_2012-10-17_01.pdf

¹⁸ See for example W Tilmann, "The future of the UPC after Brexit", GRUR, August 2016, para. 2 and the opinion of R Gordon and T Pascoe, "Re The effect of "Brexit" on the Unitary Patent Regulation and the Unified Patent Court Agreement", para. 41 ff.

¹⁹ See Ohly and Streinz, fn. 11, p.10.

7. The paper overlooks that such agreements which extend EU legal instruments to third countries are quite frequent. Those examples can be found in particular in the various agreements with Switzerland, for instance concerning the free movement of persons, which foresees EU Regulations to be implemented in Switzerland.²⁰ Other examples concern, *inter alia*, the extension of EU monetary policy to San Marino and Monaco²¹, the extension of EU instruments in the field of transport to Switzerland²² or the creation of a European Common Aviation Area.²³ Further agreements can also be cited.²⁴
8. It is not necessary to reply in detail to all the legal problems raised by the authors with respect to a potential international agreement entered into by the participating Member States and the UK extending the Unitary Patent to the UK. Such an agreement is in any event the less likely possibility. First of all for competence reasons Member States cannot enter into an agreement without being empowered by the EU.²⁵ Second such an agreement would have the disadvantage that it would require ratification not only by the UK but by all participating Member States. An agreement between the EU and the UK is therefore the easier and more likely means of an extension of the Unitary Patent to the UK. This could become part of or embedded in the overall Agreement of the future economic relationship of the UK with the EU.
9. It is obvious that such an agreement between the EU and the UK would not give rise to any of the various legal problems the authors see. The existing agreements extending EU instruments to third countries in other areas contain

²⁰ See Annex I, II and III of the Agreement on the Free Movement of Persons between the European Union and its Member States and Switzerland of 21.06.1999.

²¹ EU-Monaco Monetary Agreement, OJ C 310, 13.10.2012, p. 1-11, in particular Articles 9 and 11 and EU-San Marino Monetary Agreement, OJ C 209, 27.07.2001, in particular Art. 8.

²² Agreement between the European Community and the Swiss Confederation on Air Transport, OJ 2002, L114/73.

²³ See the Multilateral Agreement between the European Community and its Member States, the Republic of Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the former Yugoslav Republic of Macedonia, the Republic of Iceland, the Republic of Montenegro, the Kingdom of Norway, Romania, the Republic of Serbia and the United Nations Interim Administration Mission in Kosovo on the Establishment of a European Common Aviation Area (ECAA), OJ L 285, 09.06.2006, p. 3-46, in particular Art. 3, and Art. 16 regarding interpretation of Union law in conformity with CJEU decisions.

²⁴ Agreement between the European Community and the Principality of Monaco on the application of certain Community acts on the territory of the Principality of Monaco, OJ 2003, L332/42.

²⁵ See Ohly and Streinz, fn. 11, p. 6.

safeguards concerning the autonomy and primacy of Union law including its interpretation by the CJEU. For example, the EU-Monaco and EU-San Marino Monetary Agreements provide for the obligation to apply the relevant EU *acquis* as well as follow any amendments to said *acquis*.²⁶ The EU-Switzerland Air Transport Agreement and the Agreement on the free movement of persons follow a similar model and also include the taking into consideration of relevant newly developing CJEU case law.²⁷

10. One of the problems the authors see is the law applicable to the UK as an object of property. They argue that, as a result UK law would be applicable throughout the EU. Moreover, the applicable UK law would implement convention law instead of Union law with the result that the EU's Charter of Fundamental Rights would not apply.²⁸ This concern can also be remedied. The question is first of all whether according to Article 7 of Regulation 1257/2012 UK law will apply to Unitary Patents as objects of property only for patents for which the applications have been filed before the UK's exit from the Union or, in case the envisaged Withdrawal Agreement²⁹ between the UK and the Union will be agreed and enter into force, for applications which have been filed before the end of the Transition Period, as provided under Article 121 of that Agreement.³⁰ In this case, the problem invoked by the authors would be temporary in nature. It is more likely however that the potential EU/UK agreement extending the Unitary Patent to the UK foresees that the

²⁶ For instance, Art. 9 of the EU-Monaco Monetary Agreement stipulates that :

The Principality of Monaco shall undertake to:

(a) Apply all appropriate EU legal acts or rules listed in Annex A relevant to the application of Article 11(2), including those which are directly applied by the French Republic or those measures taken by the French Republic for the transposition of the relevant legal acts or rules in accordance with the modalities set out in Articles 11(2) and 11(3);

Art. 11 stipulates that amendments to the relevant EU *acquis* also apply to Monaco.

²⁷ See for instance, Art. 16 of the Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the free movement of persons.

²⁸ See Part I, para. 25.

²⁹ Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community of 19 March 2018, available under: https://ec.europa.eu/commission/sites/beta-political/files/draft_agreement_coloured.pdf

³⁰ According to Article 7(1) of Regulation 1257/2012, the national law of the participating Member State is applicable to the Unitary Patent as an object of property. Once the UK has left the EU is not a participating Member State any more. Consequently, according to Article 7(3) of Regulation 1257/2012, German law is applicable when the patent holder has his residence, principal place of business or place of business in the UK. However, since according to Article 6(1) WA, reference to Union law will be read as including the UK, UK law will apply to the Unitary Patent as object of property for patents filed in the UK before the end of the Transition Period.

references in the Regulation to the participating Member States be read as including the UK³¹ in which case the application of UK law would become more permanent. But in any event, the problem invoked by the authors could be overcome in that the agreement between the EU and the UK extending the Unitary Patent could foresee that for the purposes of applying national law to the Unitary Patent as an object of property, national law should be read as including the relevant EU law.³²

11. Another argument the authors invoke against extension of the Unitary Patent to the UK is that, in their view, the UK would have the right to veto any amendments to Articles 25 to 27 UPC Agreement which determine the scope of protection of European and Unitary Patents even if this was required to bring the UPC Agreement into conformity with developing Union law. However, as explained below³³ the UK will have no right to veto an alignment of the UPC Agreement with EU law.

II) The practical, economic and political arguments are academic in nature and do not reflect economic and political reality

12. While the authors recognize that the maintenance and the enforcement of patent protection for patent holders in the EU 25 and the UK will be more costly and complex if the UK would not participate in the Unitary Patent, they advocate as a simple solution to reduce the renewal fees from the current Top 4 to a Top 3 level and even argue that there is an obligation for the EU to do so.³⁴ This is not realistic. Apart from the fact that it is not the EU but the Member States which fix the level of renewal fees, for anyone who has followed the lengthy and difficult discussions in the Select Committee of the EPO's Administrative Council it is clear that Member States will not be inclined to reduce the fee level. The Top 4 level was fixed before Italy's

³¹ In the ECAA Agreement, Annex II provides for such adaptations to terminologies/definitions to the instruments of EU *acquis* which are extended to third states.

³² This would be a legal fiction similar to the fiction in Article 6(1) of the Withdrawal Agreement according to which references to Member States shall be read as including the UK.

³³ See below para. 22 ff.

³⁴ See Part I, para. 33.

accession to the Unitary Patent. Despite the fact that many Member States felt that the fee level was too low already before Italy's accession, they did not want to reopen the negotiation, as discussions had been very difficult. Consequently, it can be expected that if Member States did not reopen the fee level after the accession of Italy, the fourth most important patent country, they will also not want to reopen it after the exit of the UK.

13. The authors further acknowledge that having to litigate before UK courts in addition to the UPC will be more costly and complex. However, they simply assume that it may be in the interest of patent holders, especially in the UK, if the UPC does not cover the UK and if, for litigation covering the UK, only the UK courts are available.³⁵ Again, they ignore the very clear positions of industry associations including the UK IP Federation who want the UK to participate in the UPC post Brexit.³⁶

14. The authors argue that it is in the UK's political interest to stay out of the Unitary Patent and the UPC since a participation will prevent the UK from developing a legal framework which differs from that of the EU³⁷ and therefore "is likely to result in frustrating the UK's public interest in formulating and implementing an independent innovation policy, in particular its patent policy".³⁸ Apart from the fact that it is for the UK government in close cooperation with the UK's stakeholders to decide what is in their best economic interest,³⁹ there is no economic evidence supporting the argument that a national legal framework which is different from the EU's would stimulate innovation. On the contrary economic literature suggests that legal frameworks which are aligned stimulate trade, foreign direct investment

³⁵ Ibid., para. 34.

³⁶ See fn. 3 and 6. See also the letter of the IP Federation to the UK's Minister of State for Universities, Science, Research and Innovation Mr Gyimah dated 26 February 2018. In this letter, the IP Federation urges the Minister to ratify the UPCA since "The system [UP and UPC] will greatly reduce the cost for UK companies who wish to obtain a patent covering most of Europe, and it will dramatically simplify enforcing rights in a consistent and fair manner across the major European economies."

³⁷ For instance as regards the scope of protection and exemptions and limitations under Articles 25 to 27 UPC Agreement.

³⁸ See Part I, paras. 37 ff., 41.

³⁹ See fn. 5, 8 and 34.

between the countries concerned and innovation.⁴⁰ For this reason another important patent country, Switzerland, has aligned key pieces of its patent law with the EU legal framework, for instance concerning biotechnological inventions and Supplementary Protection Certificates.⁴¹ As concerns in particular the scope of protection, exemptions and limitations, the legal framework in Switzerland is also largely aligned with the relevant provisions in the UPC Agreement (which were already to a great extent harmonized throughout Europe before they were inserted in the UPC Agreement) and the debate in Switzerland is not whether to regulate the issues differently but whether to align its provisions further with the UPC Agreement.⁴² In any event, the Unitary Patent will be only an additional option which will coexist with classical European and national patents. The UK will remain free to have different rules for its national patents.

15. Finally the authors argue that an extension of the Unitary Patent to the UK would not be in line with the philosophy of a Free Trade Agreement.⁴³ However, it is impossible to predict at this stage of the negotiations what type of agreement will govern the future economic relationship between the EU and the UK considering that the UK government is seeking for a deep partnership with a “common rule book” allowing for the free movement of products. The extension of the Unitary Patent to the UK would perfectly fit into such a “common rule book”. Moreover, the authors overlook that there are various degrees of economic and legal integration with countries, agreed outside of the scope of Free Trade Agreements, and that the conclusion of a Free Trade Agreement does not preclude a deeper integration in specific areas. For example, the EU and Switzerland have signed in 1972 a Free

⁴⁰ EPO Publication, Patents, trade and foreign direct investment in the European Union, November 2017, available under [http://documents.epo.org/projects/babylon/eponet.nsf/0/AD3C8DB869617089C12581D70055FF25/\\$File/patents_trade_fdi_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/AD3C8DB869617089C12581D70055FF25/$File/patents_trade_fdi_en.pdf)

⁴¹ Please see reports regarding Switzerland’s alignment of policy with the EU regarding biotechnological inventions and SPCs: <https://www.admin.ch/opc/de/federal-gazette/2006/1.pdf> and <https://www.amtsdruckschriften.bar.admin.ch/viewOrigDoc.do?id=10052786>

⁴² See C Rigamonti, Die Schweiz und das materielle Recht der Patentverletzung in Europa, sic! 2014, available under http://www.iwr.unibe.ch/about_us/prof_dr_cyrill_p_rigamonti/e163247/e163141/files163160/Rigamonti_sic2014-237.pdf

⁴³ See Part I, para. 54 ff.

Trade Agreement. However, in addition to it, many sectorial agreements have also been concluded in specific areas including free movement of persons, technical trade barriers, public procurement, agriculture and air and land transport, and the Schengen and Dublin *acquis*, etc.⁴⁴ This approach could hence also be used with the UK *i.e.* concluding a Free Trade Agreement⁴⁵, combined with additional sectorial agreements, including in the area of patent protection.

C) The participation of the UK in the UPC

I) Contrary to the authors' view, the UPC will remain a Court common to EU Member States despite a participation of the UK

16. The authors argue that because of the UK's participation, the UPC would cease to be a court common to a number of EU Member States, which would be contrary to Opinion 1/09 of the CJEU.⁴⁶ However, the UPC continues to be a court common to the Contracting Member States, it only ceases to be a court common *exclusively* to EU Member States. In addition as others have argued convincingly,⁴⁷ what matters is not whether a court created by EU Member States consists exclusively of EU Member States or whether in addition a few non-EU Member States participate. If the participation of some non-EU Member States had been considered as a game changer one would have expected the CJEU to state this explicitly, which it has not done. On the one hand, neither in Opinion 1/09 nor in Opinion 2/13 concerning the accession of the European Union to the European Convention on Human Rights and the relation between the CJEU and the European Court of Human Rights⁴⁸, which poses similar questions as the relation with the UPC, make any reference to the participation of non-EU Member States. On the other

⁴⁴ Most of these sectorial agreements have been signed in two "bundles" in 1999 and 2004, known as "Bilaterals I" and "Bilaterals II".

⁴⁵ For example a so-called Canada +++ Agreement, as recently suggested by the President of the European Council, D. Tusk.

⁴⁶ See *i.a.* para. 10 in the General Introduction.

⁴⁷ See *i.a.* Ohly and Streinz, fn. 11, p. 5 and W Tilmann, "The future of the UPC after Brexit".

⁴⁸ Opinion of 18 December 2014, Accession of the European Union to the ECHR, 2/13, ECLI:EU:C:2014:2454 (hereinafter, Opinion 2/13).

hand, in its judgment C-196/09 on the European Schools' Complaints Board⁴⁹, it was not found to be relevant that only EU Member States participate in order to qualify the Complaints Board as being a court or a tribunal of Member State within the meaning of Article 267 TFEU.

17. What matters for the CJEU is that a court created by Member States and to which they confer jurisdiction must have exactly the same obligations as any of their national courts as regards the respect of the supremacy and autonomy of Union law and the role of the CJEU as its ultimate interpreter. This is clearly the case with the UPC and will remain so once the UK has ceased to be an EU Member State. As far as the UK is concerned, once it is no longer an EU Member State, it is irrelevant that its responsibility for ensuring the UPC's respect of Union law and the role of the CJEU results from the UPC Agreement rather than from Union law directly. The obligations of the UK are identical in substance and procedure, to the duties of EU Member States with respect to their national courts.⁵⁰ By ratifying the UPC Agreement the UK has accepted the obligations of the UPC regarding Union law and the role of the CJEU and its own liability (jointly with the other Contracting States and individually) to ensure the respect of these obligations by the UPC.⁵¹ The fact that the UK individually cannot be the subject of infringement proceedings under Art. 23 UPC Agreement and Articles 258, 259 and 260 TFEU anymore is also not decisive since the UPC Agreement's Contracting EU Member States can be the subject of such proceedings. It will be for them to ensure that any financial consequences resulting (for instance from a fine imposed by the CJEU resulting from such proceedings) are shared by the UK.

⁴⁹ Judgment of 14 June 2011, *European Schools*, C-196/09, ECLI:EU:C:2011:388.

⁵⁰ See Ohly and Streinz, fn. 11, p. 5.

⁵¹ Pursuant to Articles 22-23 UPC Agreement.

II) Contrary to the authors' view, the UPC will remain obliged and entitled to refer questions concerning the validity and interpretation of Union law to the CJEU for preliminary rulings despite of the participation of the UK once it has left the EU

18. The authors argue that because of the participation of the UK the UPC would lose its capacity to request preliminary rulings to the CJEU.⁵² However, there is nothing in the relevant judgements and opinions of the CJEU⁵³ which could imply that a court common to a number of EU Member States loses the capacity or is no longer obliged to request preliminary rulings because one non-EU Member State participates. On the contrary on the one hand, in opinions 1/91, 1/92 and 1/00, the CJEU has recognized that even national courts and tribunals of third countries can be given by means of provisions in an agreement concluded with third countries the possibility to refer questions for preliminary rulings to the CJEU. On the other hand the CJEU has denied the possibility of the Complaints Board of the European schools to request preliminary rulings despite the fact that only EU Member States participate in the Convention defining the Statute of the European Schools. It follows that the participation of a non-EU Member State such as the UK in itself cannot be decisive.

19. The relevant opinions and judgements of the CJEU in essence concern two different types of scenarios: the first scenario concerns courts (Benelux Court)⁵⁴, Complaint Boards (European schools)⁵⁵, Arbitration Tribunals

⁵² See in particular Part II, para. 28 ff.

⁵³ Judgment of 14 June 2011, *European Schools*, C-196/09, ECLI:EU:C:2011:388; Judgment of 4 November 1997, *Parfums Christian Dior*, C-337/95, ECLI:EU:C:1997:517; Judgment of 6 March 2018, *Achmea*, C-284/16, ECLI:EU:C:2018:158; CJEU; Opinion 1/09; Opinion of the Court of 14 December 1991, *Draft agreement between the Community, on the one hand, and the countries of the European Free Trade Association, on the other, relating to the creation of the European Economic Area*, 1/91, ECLI:EU:C:1991:490; Opinion of the Court of 10 April 1992, *Draft agreement between the Community, on the one hand, and the countries of the European Free Trade Association, on the other, relating to the creation of the European Economic Area*, 1/92, ECLI:EU:C:1992:189; Opinion of the Court of 18 April 2002, *Agreement on the Establishment of a European Common Aviation Area*, 1/00, ECLI:EU:C:2002:231.

⁵⁴ Judgment C-337/95, *Parfums Christian Dior*.

⁵⁵ Judgment C-196/09, *European Schools*.

(Achmea)⁵⁶, which are set up by international agreements, and where those agreements do not foresee an obligation or entitlement of these bodies to refer questions for preliminary rulings to the CJEU. In these scenarios the most important question is whether the courts, complaint boards or tribunals in question can be assimilated to national courts within the meaning of Article 267 TFEU or to courts common to Member States, which are subject to the same rights and obligations as their national courts. The second scenario concerns the possibility (and/or obligation) of third countries' courts to request preliminary rulings from the CJEU, such as third countries' courts under the European Economic Area⁵⁷ or the European Common Aviation Area agreements.⁵⁸

20. If one denies that the UPC despite of the participation of the UK remains a court common to EU Member States and is entitled and obliged to make requests for preliminary rulings to the CJEU by virtue of a direct application of Article 267 TFEU, the UPC can still be given this possibility and be put under this obligation by virtue of the UPC Agreement very much in the same way as courts and tribunals of third countries can be given this opportunity, as recognized by Opinions 1/92 and 1/00. As concerns courts and tribunals of third countries the only condition stipulated by the CJEU is that its rulings are legally binding on the referring courts and that the uniformity and autonomy of Union law is safeguarded.⁵⁹ This is clearly the case with the UPC for which all judgements of the CJEU are binding, at least by virtue of the UPC Agreement itself. Also, contrary to what the authors seem to suggest the possibility given to courts of third countries in an international agreement to request preliminary rulings from the CJEU does not need to be limited to the interpretation of the international agreement itself but may concern also the interpretation of the relevant instruments of Union law the application of which

⁵⁶ Judgment C-284/16, *Achmea*.

⁵⁷ Agreement on the European Economic Area, OJ No L 1, 3.1.1994, p. 3, see Art. 105-107 and Protocol 34.

⁵⁸ ECAA Agreement, see fn. 23, Annex IV.

⁵⁹ Para. 33 of Opinion 1/92 and para. 3 of Opinion 1/00.

has been extended to the third countries concerned, as the example of the Common European Aviation Area Agreement shows.⁶⁰

21. The question has been raised in the literature whether the Contracting States of the UPC Agreement can foresee on their own such a possibility for the UPC or whether this requires an involvement of the EU, because only the EU can give new competences to the CJEU.⁶¹ This question can be left open. In any event the EU Member States cannot decide on their own to maintain the UK as a Contracting State of the UPC Agreement and to make the necessary amendments to the Agreement. Once the UK has become a third country the question of the UK's participation will become an issue of the external competence of the EU and its Member States. This means that the participating Member States cannot agree with the UK on its continued participation without being empowered by the EU.⁶² Such empowerment could be included for instance in the agreement on the future economic relationship since the UK's participation in the UPC has an obvious link in the free movement of goods. At the same time an EU/UK agreement could foresee the entitlement and obligation of the UPC to refer questions concerning the interpretation of Union law to the CJEU.

⁶⁰ This is made clear under Article 16(2) of the ECAA Agreement (see fn. 23) which stipulates that questions of interpretation referred to the CJEU can concern not only the Agreement as such, but also the acts specified in Annex I, which lists the set of EU *acquis* applicable, or of acts adopted, which are identical in substance to corresponding rules of the EC Treaty.

Article 16(2) ECAA Agreement:

When a question of interpretation of this Agreement, of the provisions of the acts specified in Annex I or of acts adopted in pursuance thereof identical in substance to corresponding rules of the EC Treaty and to acts adopted pursuant to the EC Treaty, arises in a case pending before a court or tribunal of an ECAA Partner, the court or tribunal shall ask, if it considers this necessary to enable it to give a judgement and in accordance with Annex IV, the Court of Justice to decide on the question. An ECAA Partner may, by decision and in accordance with Annex IV, stipulate the extent to which, and according to what modalities, its courts and tribunals are to apply this provision. Such a decision shall be notified to the depositary and the Court of Justice. The depositary shall inform the other Contracting Parties.

⁶¹ See the Opinion of R Gordon and T Pascoe, "Re The effect of "Brexit" on the Unitary Patent Regulation and the Unified Patent Court Agreement", para. 107.

⁶² See Ohly and Streinz, fn. 11, p. 7.

III) Contrary to the authors' view, the participation of the UK will not create problems for the governance of the UPC and the UK will not be in a position to block any alignment of the UPC Agreement with Union law

22. The author's arguments relating to the UPC governance are first of all very theoretical, in particular in that they stretch to the limit a potential opening of the membership of the UPC to third countries which could be entailed by the participation of the UK. The author considers the hypothetical situation in which all non-EU Contracting States of the EPC were to join the UPC Agreement.⁶³ Such a situation has already been ruled out by the participating Member States. Under the Swedish Presidency in 2009 it was indeed decided that participation to the European and Community Patents Court (the EUCPC) the predecessor of the UPC, should be limited to the EFTA States.⁶⁴ Out of those States, only Switzerland had signalled any interest of joining the EUCPC. It is very unlikely that the situation would be different today. Consequently, any fear that the predominant decision making power of the EU Member States in the UPC governing bodies could be undermined is unfounded.

23. Second it should not be assumed that the UK (or one or two of the EFTA countries in case of an accession) will frivolously try to block any modification of the UPC Agreement in particular as concerns the bringing into line of the UPC Agreement with newly developing Union law. Contracting States of the UPC Agreement – EU Member States and third countries alike which have ratified the UPC Agreement – are jointly and individually responsible for the respect of Union law by the UPC and are in particular liable for damages occurred by private parties because of a breach of the UPC's obligations. Any of the Contracting States trying to block necessary amendments to the UPC Agreement would be taking significant risks not only in political but also financial terms. The authors try to argue that in case of new EU directives it will not be the UPC but the Contracting Member States who will be responsible for their implementation. However, the Contracting Member

⁶³ See in particular Part II, para. 74.

⁶⁴ Conclusions on an enhanced patent system in Europe, 2982nd Competitiveness Council, para. 35.

States will be responsible for the respect by the UPC of Union law in its entirety, which includes EU Directives. As the implications of the “effect direct” doctrine – concerning the direct application of EU Directives without a transposition – are not entirely clear, all Contracting States of the UPC Agreement will have an interest in implementing new Directives as quickly as possible into the Agreement in order to avoid any liability issues.

24. Moreover, and more importantly, the UK and one or two other non-EU Member States who could potentially participate in the UPC, would have no veto rights. Amendments to international agreements such as the UPC Agreement are normally carried out at a diplomatic conference and contrary to what the authors contend⁶⁵ consensus is not necessarily required at a diplomatic conference for a modification of an international agreement.⁶⁶ Although it is the practice in this context to seek for consensus, it is not only legally possible but also politically accepted that changes can be agreed with a majority vote.⁶⁷ It is obvious that this practice would have to be applied in case of the UK trying to block an amendment to the UPC Agreement required to bring the latter into line with Union law.

25. For reasons of convenience there is a possibility of a simplified procedure of amendments to the UPC Agreement by decision of the Administrative Committee. This procedure indeed foresees the possibility for Member States to declare not to be bound by such a decision of the Administrative Committee. This possibility had been required by many Member States in order to safeguard the right of their national parliaments to reject any

⁶⁵ See in particular Part I, para. 29 and Part II, para. 76.

⁶⁶ Vienna Convention on the Law of Treaties, a Commentary, Dörr and Schmalenbach (eds), 2012, Article 39 margin number 7: only bilateral agreements require unanimity to be amended. See also Article 41 VCLT which allows for parties to a multilateral treaty to modify said treaty between them, as long as the treaty does not prohibit such amendment or, as long as such amendments are not incompatible with the treaty or with the rights of other parties under the treaty. Article 40(4) also makes it clear that consensus is not needed, as it stipulates that “The amending agreement does not bind any State already a party to the treaty which does not become party to the amending agreement [...]”.

⁶⁷ Vienna Convention on the Law of Treaties, a Commentary, fn. 47, Art. 40 margin number 10. Also and in accordance with Art. 39 VCLT, part II of the VCLT is applicable to the conclusion of an amendment treaty (except if the treaty provides otherwise – which is not the case for the UPCA). According to Article 9(2) VCLT, the adoption of the text of a treaty [including amending treaty] **at an international conference** takes place by the vote of two thirds of the States present and voting, unless by the same majority they shall decide to apply a different rule.

amendments to international agreements which are not subject to the normal procedures of parliamentary approval. However, this does not result in a veto right for individual Contracting States since in case of rejection, a diplomatic conference⁶⁸ will be convened where amendments to the UPC Agreement can be decided with a majority vote.⁶⁹

26. Finally and most importantly, it has to be borne in mind that, for competence reasons, maintaining the UK in the UPC will require an involvement of the EU empowering the participating EU Member States to make the relevant modifications to the UPC Agreement.⁷⁰ It can be expected that, if such a clause empowering the participating Member States to make those amendments to the UPC Agreement is included, for instance in an agreement between the EU and the UK on their future economic relationship such a clause would also provide for an obligation for the UK not to block or delay any alignment of the UPC Agreement with Union law.

27. As concerns in addition the internal governance of the UPC and the decision-making process of its governing bodies, there is also no veto right of individual Contracting States. Decisions of the Administrative Committee concerning for instance the adoption of secondary regulations such as the Rules of Procedure shall all be taken with a 3/4 majority.⁷¹

D) Conclusion

28. The many legal problems the authors see with the UK participation in the Unitary Patent and the Unified Patent Court are either based on wrong assumptions or can be overcome, in particular by including appropriate safeguards into future legal acts which could deal with the UK participation, such as the envisaged EU/UK agreement on the future economic relationship, a potential additional EU/UK agreement extending the Unitary Patent to the territory of the UK and into the necessary modifications to the UPC

⁶⁸ "Review Conference" in accordance with Art. 87(3) UPCA.

⁶⁹ See para. 24 above.

⁷⁰ See para. 21 above.

⁷¹ Art. 12(3) UPC Agreement.

Agreement. The question is only whether there is a political will to allow for the UK participation. On the side of the UK the political will is there as clearly expressed in the government's White Paper.⁷² Whether there is such a will on the side of the EU and the relevant Member States, the coming months will show. But if there is a will, there will be a way⁷³ if one tries to find it. The latter does not seem to be the intention of the authors of the Paper. Nevertheless, the paper has undoubtedly the merit to point at some problems, which will require solutions and which need to be addressed openly. "Best way to clear the air is to have it all in the open".

Atticus Finch

⁷² *Her Majesty's Government*, The Future Relationship between the United Kingdom and the European Union, White Paper, July 2018 (Cm 9593), sub 1.7.8, no. 151.

⁷³ Lecture by Ohly, UPC and the impact of Brexit – Way forward?, European Patent Judges' Forum, Venice, 28.11.2016.