



Position Paper

of the German Bar Association

by the Committees on Intellectual Property

Despite Brexit the preparatory work on the UPCA should continue as planned, UK will be able to stay in the Agreement after a legal exit

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The German Bar Association (Deutscher Anwaltverein – DAV, European Transparency Register identification number 87980341522-66) is the professional body comprising more than 66.000 German lawyers. Being politically independent the DAV represents and promotes the professional and economic interests of the German legal profession.

Executive summary

Membership of the UK in the Agreement on a Unified Patent Court (UPCA) is highly desirable from the viewpoint of the patent community (inventors, business, lawyers and patent attorneys). The DAV has consistently supported that court system including the UK. An adherence of the UK would enhance the system and would be advantageous not only for the UK and the other signatory member states but also for the European Union.

The UPCA being an agreement in the field of international law is not part of EU law. Therefore, a "Brexit" would not affect the UPCA. The UK presently still qualifies for membership in the UPCA. If it would ratify now, the UK could stay on as a member of the UPCA even after the legal exit from the EU. Whereas, after the exit has gained legal effect a ratification by the UK would not be possible anymore.

The UK has almost finished its ratification process. 11 other EU member states have ratified (13 are needed). The other signatory states and the EU should invite the UK to deposit its instrument of ratification this year.

The preparatory works on the implementation of the UPCA are about to get finished. The Court system is to enter into force early next year. If the UK would not ratify this year, the DAV proposes that alternative solutions should be implemented in order to safeguard the system's entering into force has planned.

I. The UK qualifies for ratification of the UPCA and for safely staying in the UPCA
after an exit from the EU

1. The UPCA view

Art. 84 UPCA requires the ratifying state is a member of the EU. The UK still is a member of the EU. Its intention to exit from the EU does not change its present status to be an EU member state.

Once the legal effect of the UK exit takes place (exit agreement) there will be no automatic change in an existing UK membership. The UK would stay on as a member State of the UPCA. It may be that, under the Vienna Agreement on the Law of Treaties, the UK's loss of membership in the EU would give rise to a ground for cancellation on the side of the UK and on the side of the other signatory member states which would have to act unanimously. However, given the high technical and economic interest of both sides in having the UK staying on as a UPCA member state, there can be no doubt that both sides would not cancel the membership of the UK.

The UPCA member states could even go further and agree on a Protocol to Art. 84 UPCA stating, that a member state which had been an EU member State at the point of time of ratification will not lose its membership when leaving the EU. This Protocol could be endorsed, after the entry into force of the UPCA, by the Administrative Committee on the basis of Article 87(2) UPCA, expecting that the exit-agreement EU-UK would contain an affirmative clause to that effect. In that case ratification of the Protocol to Art. 84 UPCA by the UPCA member states would not be necessary.

2. The EU law view

The UPC, as created by the UPCA, is a common court of EU member states. This is acknowledged by the Brussels Ia-Regulation on Jurisdiction, Recognition and Enforcement (Art. 71a-71d Brussels Ia-Reg). The UPC certainly will not lose its quality of being a common court of EU member states, if one UPCA member State, having ratified the Agreement being an EU member State, later leaves the EU.

The reason for this is that the said UPCA member state must continue to comply with all obligations contained in the UPCA even after having left the EU. One of these obligations is to guarantee that the UPC refers questions on Union law to the CJEU. Where national courts, during the transitional period, have jurisdiction they are obliged to apply UPCA law regarding referrals to the CJEU.

The CJEU (Opinion 1/09) had rejected a former draft of the UPCA because non-EU member states, according to that draft, were able to participate. The reason for rejection was that the compliance of the UPC, regarding referrals on EU law questions to the CJEU, was not guaranteed. The present version of the UPCA has clarified that the UPC must respect the supremacy of EU law and must refer all questions on EU law to the CJEU. These obligations of the UPC do not change if one member state of the UPCA leaves the EU.

II. The jurisdiction of the UPC or European Patents with unitary effect

The UPC has jurisdiction for European Patents and for European Patents with unitary effect (EPUE) which effect is provided for by Regulation 1257/2012. As long as the UK is an EU member state EPUE may be acquired including the territory of the UK. After the legal exit of the UK, the unitary effect of an EP could not be based any more on the said Regulation.

However, Art. 142 (2) of the European Patent Convention (EPC) which is the international law basis of the unitary effect would allow the UPCA member states in their role as EPC member states to make use of Art 142 (2) EPC in extending the unitary effect of the Regulation to the UK. If an affirmation of such extension would be included in the exit agreement EU-UK, Union law would not stand in the way of that extension from the viewpoint of competence.

The UPC could continue to use its jurisdiction on EPUE for the territory of the UK.

III. A quick decision of the UK is needed

The preparatory works on the implementation and on entry into force of the UPCA are far advanced. The court system is going to start its work early in 2017. Under the present wording of Art. 89 UPCA the entry into force of the UPCA needs the ratification of the 3 most patent active states to which the UK belongs. If the UK would decide against adherence to the UPCA (against ratification) or would like to postpone its decision, the court system urgently expected by the patent community to start its work quickly should not be stopped (in the case of a decision against adherence) or to wait for the UK to decide at a later point of time.

In that case, the DAV proposes that an alternative solution should be found to allow the court system to start its work as planned.

IV. Alternative solution

The other signatory states of the UPCA must be prepared for one of the situations (1) that the UK declares its unwillingness to ratify the UPCA or (2) that the UK declares not to be able to decide on that question until the exit agreement has been concluded. In the first case it is clear that the UK will not adhere to the UPCA. In the second case, once the UK has deposited its declaration under Article 50 EUC (exit-declaration), it is clear that the UK will be leaving the EU but not qualifying anymore for UPCA membership under Art. 84 UPCA. This would provide the other signatory states under the Vienna Convention on the Law of Treaties with a right to cancel the legal tie established by the signature of the UK under the UPCA and to declare that the UK will no longer qualify as a state which may ratify the Agreement. This cancellation and declaration will have the effect that a ratification by the UK, no longer is needed for the entry into force of the UPCA and that the next patent active state ratifying the agreement will be counted for the UPCA's entry into force.