The European Patent Reform – UPCA participation of the UK despite EU exit?

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Office translation of the original German language document, the article reflects the personal opinion of the author.

In July 2020, the United Kingdom declared that it would leave the "Unified Patent Court system" and "withdraw" its endorsement of the UPCA and the associated protocols. Statements made by the German Federal Ministry of Justice and Consumer Protection in 2017 show that the UPCA participation of a UK that has left the EU has by no means been abandoned and which mechanism is thought to be able to implement such participation even without the involvement of the Parliaments of the UPCA Member States.

I. EU membership and UPCA participation

The long-time understanding of CJEU Opinion 1/09 of 08/03/2011 was that membership in the UPCA is only permissible for EU Member States.[1] Only under the impression of the "Brexit" vote in the UK in June 2016 did certain circles feel compelled to develop a legal construction to enable the country's membership in the UPCA, which they highly desire, even after its withdrawal from the EU.[2] Accordingly, the previously unanimous understanding[3] of said CJEU opinion was suddenly called into doubt.[4] The conventional reading was terminologically degraded to be the "strictly formalistic", using emotionally charged language which is meanwhile apparently considered legitimate even in the academic debate, while the understanding now preferred by certain circles was linguistically elevated to be the "material".[5]

II. UK UPCA ratification and its "withdrawal"

On 26/04/2018, the UK government ratified not only the UPCA[6] but also the Protocol on its Provisional Application ("PPA")[7]. Even before that, it is said to have declared its consent to be bound by the UPC "Protocol on Privileges and Immunities" ("PPI").[8] When and by what means the latter has taken place could not yet be determined.

On 31/01/2020, the UK left the EU. Shortly after the nullification of the first German UPCA ratification by the BVerfG in March 2020, the British government announced that it was no longer interested in participating in the UPCA and in unitary patent protection.[9]

The Minister for Science, Research and Innovation, *Amanda Solloway*, declared on 20/07/2020 in both houses of the British Parliament that the UK had withdrawn from the "Unified Patent Court system" with immediate effect by means of a Note Verbale.[10] A legal basis for this action and the desired effect was not mentioned, the Note Verbale – as far as can be seen – has not yet been published.

In the database of the Council of the EU on international Agreements it is noted with regard to the British UPCA ratification that it was effectively withdrawn on 20/07/2020 (*"Withdrawal of ratification received on, and effective as from, 20/07/2020"*).[11] The same note is given there for the PPI.[12] For the PPA, it is stated that the UK's consent to be bound by it was withdrawn and effective on 20/07/2020.[13]

Most recently, the UK has initiated the repeal of the associated national legislation.[14] This appears to be the end of its participation in the UPCA – one would think.

III. BMJV: Mechanism for UK UPCA participation after its exit from the EU

However, something else may be planned. Based on the German Federal Freedom of Information Act ("IFG"), the German Federal Ministry of Justice and Consumer Protection ("BMJV") has made available to the author of this article some documents from the context of the first constitutional complaint proceedings against the UPCA (BVerfG, Ref. 2 BvR 739/17), which contain interesting

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[1] Article „Brexit: Letzte große Hürde für das neue europäische Patentsystem" ("Brexit: The last challenge for the new European patent system", 01/04/2016), accessible at archive.md/gDvWs; *Tilmann*, GRUR Int 2011, 499 (no.s 4., 15.); *ibid*., "EUCJ-Opinion 01/09 – Analysis and Consequences", eplaw-patentblog.com on 05/04/2011, accessible at bit.ly/3dD9cYe; also *Lamping/Ullrich*, The Impact of Brexit on Unitary Patent Protection and its Court, p. 93 ff., accessible at bit.ly/2Pl3voA.

[2] Cf. *Stjerna*, The European Patent Reform – Squaring the circle after the "Brexit" vote, accessible at www.stjerna.de/brexit/?lang=en.

[3] Also cf. the opinion by the Council Legal Service of 21/11/2011 in Council Document 15856/11, p. 9, para. 28 and p. 10, para. 30 f., accessible at bit.ly/3sJl4w3.

[4] *Mooney*, "What does the future hold for the UPC?", interview with Legal IQ, accessible at www.xup.in/dl,69404628; *Hoyng*, "Does Brexit mean the end of the UPC?", eplawpatentblog.com on 24/06/2016, accessible at bit.ly/2nw618D.

[5] *Leistner/Simon*, GRUR Int 2017, 825 (827 f.).

[6] Accessible at bit.ly/3dE3AwW.

[7] Accessible at bit.ly/3vf5xFN.

[8] Accessible at bit.ly/3sHSQC3.

[9] Article "IP Minister confirms UK's non-participation in UPC", bristowsupc.com on 14/04/2020, accessible at bit.ly/37rWU1J.

[10] Statement by *Amanda Solloway* of 20/07/2020, accessible at archive.is/t2UHA.

[11] Fn. 6.

[12] Fn. 8.

[13] Fn. 7.

[14] The Patents (European Patent with Unitary Effect and Unified Patent Court) (Repeal and Revocation) Regulations 2021, accessible at bit.ly/3xeV1QX.

statements on how it is believed to be possible to include in the UPCA a UK that has left the EU and to even achieve this without a renewed ratification requirement.

Official information made available on the basis of the IFG is available for inspection by anyone; interested persons can access the relevant documents at www.stjerna.de.

The documents from September 2017 relate to the opportunity to comment granted by the BVerfG to the Federal government in proceedings 2 BvR 739/17. The government statement was supervised by BMJV department IV A 3 and its head *Thomas Barth*. More detailed information on the individual BMJV departments and their leadership at the relevant time can be found in an organizational chart[15] dated 01/10/2017.

For said statement, Mr *Barth* asked BMJV departments III B 4 ("Patent and Invention Law", head as to the European patent reform: *Johannes Karcher*[16]), IV C 2 ("Fundamental and Legal Issues of the EU", head: *Andreas Günther*) and IV C 4 ("Law of International Treaties", head at that time: *Josef Brink*) for their assessment of whether Germany could no longer ratify the UPCA for legal reasons after the UK's withdrawal from the EU.[17]

Johannes Karcher began explaining (translation from German):[18]

> *"in the ongoing constitutional complaint proceedings against the Ratification Act on the Agreement on a Unified Patent Court 2 BvR 739/17, Mr Barth and Ms Ley have approached me with the question whether a delay caused by the court proceedings beyond Brexit could lead to a ratification obstacle for DE. If this were the case, the BVerfG would have to be asked for acceleration, explaining the reasons. We are asked to draft a short statement on this question for our legal representative Prof. Mayer.*

The following problem had been identified (translation from German):[19]

> *"The question arises to what extent international law and European law considerations could dictate refraining from ratification. The only clue I can see could be the fact that GBR was still a EU MS at the time of its own ratification, but is no longer so at the time of DE ratification, which is necessary for the entry into force of the Agreement. The UPCA provides that the Contracting Member States are EU States.*
>
> *Is there a principle in this respect that DE may not participate in any contract where one of the contracting parties does not comply with a contractual requirement? In the alternative, is it not enough to adjust the contract later?"*

Interesting is the following remark by Mr *Karcher* (emphasis added, translation from German):[20]

> *"Furthermore, in my view, one would have to take into account the content of the Brexit Treaty when assessing this question, which of course we do not yet know. The approach is that the Brexit Treaty would stipulate, for example, that GBR would be invited to participate in the Court Agreement as a former EU MS, reaffirming all Union law obligations under the UPCA. On this basis, after its entry into force, the UPCA would be amended by decision of the Administrative Committee in accordance with the simplified procedure under Article 87(2) UPCA to the effect that Contracting Member States are EU MS and former EU MS invited by the Union to participate."*

The final reply of BMJV departments III B 4, IV C 2, and IV C 4 was (emphasis added, translation from German):[21]

> *"Brexit cannot be seen as a ratification obstacle for Germany. Germany could ratify the Agreement according to its Article 89 even if GBR would lose its status as an EU MS, which is provided for in the UPCA, due to Brexit. Brexit would not lead to an expiry or termination of the Agreement on a Unified Patent Court. In this respect, only GBR would act in violation of the Treaty. There is no general rule under international law or constitutional law that DEU may only ratify Agreements whose ratification or implementation or compliance by all other contracting parties can be expected with certainty or probability. Rather, under the Vienna Convention on the Law of Treaties, the obligation of all parties to a Treaty to perform the Treaty is generally to be assumed.*
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> *Brexit therefore means that GBR would no longer fully comply with the provision in the UPCA because – contrary to what is provided for in the Agreement – it is not an EU Member State. In this respect, the UPCA would have to be adapted. The Brexit Treaty could stipulate that GBR is invited to participate in the Court Agreement as a former EU MS, reaffirming its obligations under EU law from the UPCA.*
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> *For general considerations, the period of uncertainty about the progress of the European patent reform should be kept as short as possible."*

So far for the assessment of said BMJV departments.

IV. Assessment

Once again, Art. 87(2) UPCA is seen as a universal lever for making even fundamental substantive changes to the Agreement by a decision of the Administrative Committee of the Unified Patent Court ("AC-UPC") and without the

[15] BMJV organisation plan of 01/10/2017 (German language), accessible at bit.ly/35EH8NY.
[16] For Mr *Karcher's* CV cf. xup.in/dl,10046957.
[17] Document 20061.17-3620-13-31-477-2017 (German language), p. 1.
[18] Document 20061.14-3620-13-31-477-2017 (German language), p. 2.
[19] Fn. 18.
[20] Fn. 18, p. 3.
[21] Document 20061.18-3620-13-31-477-2017 (German language).

participation of the Contracting States' Parliaments One should take a closer look at the Exit Agreement between the EU and the UK for corresponding "invitations" to participate, or even only for passages that could be interpreted as such with the imagination that is obviously abundant in the BMJV. These could well have more than just declaratory meaning.

The UPCA has neither entered into force nor is its Art. 87 among the provisions which are to be made provisionally applicable by the PPA,[22] so that a revision of the Agreement is currently not possible on this basis. However, should the UPCA become effective, the issue is likely to be back on the political agenda quickly. On the one hand, the UK's participation is too important for the attractiveness of the new system and for the structures given to it, and, on the other, the profit opportunities resulting from it for certain circles are too considerable. Maybe the operators at that time did not consider the political climate in the UK to be sufficiently favorable to be able to push through a "reaffirmation of all obligations under Union law arising from the UPCA". This does not necessarily mean, however, that they finally refrained from doing so.

The BMJV's understanding would potentially also be suitable for admitting to the UPCA even States which have never been EU Members. If these were prepared to recognize "all obligations under Union law arising from the UPCA", according to the understanding of the BMJV it would possibly only require an "invitation" to accede on the part of the EU in order to be able to activate the aforementioned mechanism under Art. 87(2) UPCA and "adapt" the UPCA in this respect as well.

However, according to its wording, Art. 87(2) UPCA allows an amendment of the Agreement by the AC-UPC only in order *"to bring it into line with an international treaty relating to patents or Union law"*. Even Prof. *Tilmann*, who is close to the BMJV and who is described on the website[23] of his law firm as a *"government expert"* involved in *"establishing a European litigation system"* and who seems to have guided the BMJV's hand more than once with regard to the European patent reform, communicates his understanding of this provision differently as follows:[24]

> *"The reason for the Administrative Committee's power (Art. 87(2) UPCA) to change the wording of the UPCA in order to 'bring it into line with' Union law is that it concerns only a formal change after the substance has already been changed."*

Accordingly, Art. 87(2) UPCA would only allow a "formal" adaptation of the UPCA to an amendment of Union law which has already taken place.

In contrast, the BMJV apparently assumes that, on the one hand, an "invitation" to participate in a corresponding Agreement, i.e. a unilaterally expressed proposal, already constitutes Union law, which allows a simplified amendment of the UPCA by the AC-UPC and without the national Parliaments. Furthermore, it apparently still considers even a fundamental conceptual change such as that of the definition of the Contracting States admitted to participate in the UPCA as "bringing it into line".

This maximum-liberal understanding of law vividly shows that there no longer seem to be any limits at all in the BMJV when it comes to the European patent reform, certainly none of a legal nature. Elsewhere it is emphasized that where there is a will, there will be a way,[25] which sounds strongly that, at least in the opinion of some, the end justifies the means. Accordingly, everything that serves one's own purposes and promotes the achievement of the goals pursued is apparently considered permissible. The motto "Where there's a will, there's a way" is rather the trivialized version of "What doesn't fit will be made to fit". This is not only the motto of the European patent reform as a whole, but also the mantra of the political operators on the German side, as is vividly demonstrated not least by their conduct as to the legal scrutiny of the UPCA and the draft legislation for its ratification.[26]

By means of maneuvers of the aforementioned kind, the content of the UPCA could, of course, be changed almost arbitrarily by the executive in the simplified procedure according to Art. 87 and without the participation of the Parliaments of the Contracting States. Commentators in the literature have expressed their surprise at the unanimity requirement contained in Art. 87(3) UPCA, which they describe as a "veto right":[27]

> *"While Art. 87(3) UPCA makes sense in the EPC, from where it has been copied verbatim, it appears to be de trop in the UPCA. The provision was odd in the pre-Brexit era. Why should Member States be given the right to oppose the alignment of the UPCA with Union law that has been properly adopted pursuant to the legislative procedures provided for in the Treaties?"*

Presumably, the executive branch's fantasies of gaining access to far-reaching extra-parliamentary amendment powers through a "creative reading" of Art. 87(2) UPCA have not been taken into consideration. For certain circles, Union law in the sense of Art. 87(2) UPCA is not necessarily that *"that has been properly adopted pursuant to the legislative procedures provided for in the Treaties"*. It is possible that they are satisfied with much less in order to be able to rely on Art. 87(2) UPCA.

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[22] Cf. Art. 1 PPA.
[23] Cf. archive.is/tCXW2 (German language).
[24] *Tilmann*, GRUR Int 2018, 1094 (1099).
[25] This is emphasized three times alone in the contribution by *Leistner/Simon*, GRUR Int 2017, 825, 833, 834.
[26] Cf. *Stjerna*, The European Patent Reform – The German Ministry of Justice and the legal scrutiny of the UPCA and the draft legislation for its ratification, accessible at www.stjerna.de/bmjv-gg/?lang=en.
[27] *Lamping/Ullrich* (fn. 1), p. 154, para. 77.

V. Outlook

Anyone gaining a deeper insight into the activities of the State operators involved in the European patent reform is no longer surprised. Legality and the rule of law, especially compatibility with constitutional law and European Union law, seem to have been thrown overboard as valid standards of State action a long time ago. What remains is a blind and feverish effort, based on ideology only, to bring the European patent reform into force at any cost.

Legal problems are not allowed to exist, as they only delay the long-awaited entry into force of the reform. If (justified) legal doubts are nevertheless expressed, such voices are apparently silenced quickly.[28] With this practice, apparently intended to save time, the political operators have created a legal minefield. For the knowledgeable observer, this gives rise to a variety of approaches, both now and in the future, for challenging the legal, and in particular the constitutional, admissibility of the European patent reform.

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For possibilities to support my work on the European patent reform please visit www.stjerna.de/contact/?lang=en. Many thanks!

[28] The skirmishes of BMI department V I 4 with BMJV department III B 4 on the constitutional admissibility of an amendment of the UPC Statute by the Administrative Committee without the participation of the legislature may serve as an example insofar; cf. *Stjerna* (fn. 26), p. 6 f. as well as the official information made available on the basis of the FOIA under www.stjerna.de/foia-1909-2/?lang=en.