



UK implementation and ratification of the UPC Agreement

In summer 2014 the IPO consulted on proposed secondary legislation, namely a statutory instrument (SI), to implement the UPC Agreement into UK domestic legislation. The IP Federation responded to that consultation (see Policy Paper 9/14), providing general comments in three key areas, namely (1) Jurisdiction (UK alignment, transitional provisions, IPO Opinions service), (2) Unitary Patent (threats and double patenting), and (3) Infringement Exceptions (specifically software interoperability, Article 27(k) UPCA).

On 12 March the IPO published a Summary of Responses to the consultation. Twenty responses were received from different interests. Due to the imminent dissolution of parliament and associated purdah ahead of the 2015 general election the IPO was unable at that time to publish the government's response to the consultation. The response was eventually published on 15 January 2016. On some matters the government now intends to amend the proposed legislation to take account of the consultation responses.

The government has taken on board many of the comments made by the IP Federation, most notably on the Article 27(k) software interoperability exception. The Federation had argued that 'the voluntary extension of Article 27(k) to national patents without certainty as to its scope or impact is a step too far' on the basis that the provision was notoriously unclear and may have damaging unintended consequences not only in the ICT and telecoms sector but in a broad array of other industries increasingly reliant on digital technology, for example automotive, healthcare, finance, and travel, and this exception could have a major 'spill-over' effect into all those industries and undermine the enforceability of many of their patents. The IP Federation acknowledged that whilst Article 27(k) will probably be interpreted narrowly, there is a risk it could have a wider more harmful effect.

The government was swayed by this line of argument and has changed its mind on how Article 27(k) will be implemented. More specifically, the proposed SI will not apply Article 27(k) to GB national patents. It will however apply to EP(UK)s. Otherwise an EP may initially be opted in, later opted out, and later still opted back in. This would mean the scope of the EP(UK) could vacillate depending on whether it is opted in or out, creating legal uncertainty for third parties who would not know whether they can rely on the infringement exception or not. The government has indicated, however, that it may eventually extend the exception to GB national patents, after a review of how it is working in practice.

In its response to the consultation the IP Federation pointed out undesirable ramifications of the proposals for extending the threats provisions to unitary patents. It transpires that threats will no longer be dealt with in this SI, but as part of a separate (primary) legislative initiative on unjustified threat. At the time of writing the Law Commission had recently (12 October) published a final report accompanied by a draft Bill on Unjustified Threats which made recommended extending the protection to the new rights. Subsequently the IPO published a discussion document seeking stakeholder views on whether law reform in this area is still needed and whether there is support for the general approach recommended by the Law Commission. In the IP Federation's view, however, the proposals still leave open the possibility of very significant complications in the application of threats provisions to unitary patents and indeed non-opted-out 'classical' European patents. In particular it remains possible to envisage the merits of infringement and validity of such patents being determined in the context of a defence to a UK threats action that the threats were justified notwithstanding that the UK Courts would have no power to hear an action for infringement or revocation of such patents.

Registered Office 5th floor, 63-66 Hatton Garden, London EC1N 8LE

Email: admin@ipfederation.com | Tel: 020 72423923 | Fax: 020 72423924 | Web: www.ipfederation.com

Limited by guarantee Registered company no: 166772

The government still intends to extend the IPO Opinions service to unitary patents. The IP Federation had said we were not opposed to this and, on balance, would see this as a positive development, although we noted that it seems somewhat curious that the IPO would be setting itself up to give non-binding opinions on patents over which it has no jurisdiction.

The government also still intends to outlaw double patenting. The IP Federation had noted that it is in principle against double patenting, including double patenting via national and EP routes.

Although the SI did not materialise in 2015 it was laid before parliament on 20 January 2016, accompanied by an Impact Analysis and an Explanatory Memorandum. The Explanatory Memorandum, which is addressed primarily to the parliamentary scrutiny committee, has been used as an opportunity to explain *inter alia* that Article 27(k) UPC is intended to have a narrow scope.

As regards ratification of the UPC Agreement, the UK government is believed to be fully behind the UPC Preparatory Committee's 1 October announcement that the Preparatory Committee aims to complete its work by mid-2016 with a view to the UPC opening early in 2017. The Protocol¹ (signed 1 October) cannot take effect without the UK formally notifying approval of ratification. The UK cannot ratify until all necessary domestic implementing legislation is in place. Aside from this SI on UK implementation, another SI will be needed to endorse the UPC Protocol on Privileges and Immunities yet to be agreed in the Preparatory Committee. The relevant SI will be laid before the UK parliament after that. Once these two SIs are adopted, the UK ratification process can be completed. This does not involve any further parliamentary process (except that the UPC Agreement has to be laid before parliament for a prescribed period, but that has already happened). The UK will need to liaise with Germany about timing for depositing instruments of ratification as this will trigger entry into force of the UPCA.

Tim Frain, 3 December 2015 (updated 20 January 2016)

¹ This protocol will allow some parts of the UPC Agreement to be applied early. This includes final decisions on the practical set up of the Court, for example, the recruitment of judges and testing of IT systems. The provisional application phase will also be used to allow for early registration of opt-out demands.