

The European Patent Reform – Squaring the circle after the “Brexit” vote

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

The majority vote of the British electorate in favor of leaving the European Union has delivered a serious blow to the European patent reform. The usual protagonists nonetheless immediately started advocating for an instant ratification of the Agreement on a Unified Patent Court (“UPCA”) by the UK, now even deeming possible the participation of a non-EU member which so far, due to CJEU opinion 1/09, was held to be excluded by the same people. When looking at the situation from a less biased perspective, a UPCA with a UK having left the EU may only be possible after a structural revision of the Agreement.

I. “Brexit” vote and UPCA ratification

As is known, according to its Art. 89(1) the entry into force of the UPCA requires its ratification by Germany, France and the UK and at least ten further Contracting States. Not least due to the obligatory ratification by the UK, the British referendum on continued EU membership was also highly relevant for the UPCA’s implementation.

Shortly before the referendum *Kevin Mooney*, Chairman of the former “Drafting Committee” for the Rules of Procedure of the Unified Patent Court (“UPC”) and a member to the “Expert Panel” of the UPC Preparatory Committee and thus one of the major proponents of the reform, commented on the impact of a “Brexit” in the German press. He is cited as follows (translated from German language):¹

“Brexit will mean the end of a UK participation in the UPC”, explains Kevin Mooney, partner at Simmons & Simmons in London. ‘In 2010 [sic], the European Court of Justice has stated clearly that only EU members are allowed to participate in the UPC.’ Therefore, bilateral agreements with other European states, for instance Switzerland or Norway, are hardly conceivable.”

Surprisingly, after the majority of the British electorate had voted in favor of leaving the EU on 23/06/2016, this was suddenly held to have no impact on the UPCA. Mr *Mooney* now declared:²

“It was common belief that non-EU members cannot be a part of the UPC project following the opinion of the CJEU (1/09) however, different legal opinions have

now emerged. It is believed by some that non-EU members could now participate within the UPC and there is strong opinion that the UK should in fact be a part of the project. If the UK were to ratify the agreement, it could participate within the UPC whilst being a non-EU member can be explored.”

As a matter of fact, people like *Kevin Mooney*, who are closely involved in the implementation of the UPCA, e. g. via subgroups³ of the Preparatory Committee, do not at all provide impartial input on the reform. Still, this clumsy maneuver shows that the “Brexit” issue could well endanger a short-term realisation of the patent reform which, until very recently, was thought to be secured.

II. The proposals by the “Expert Panel” lawyers

Already in the past, certain commentators from amongst the legal profession rushed to the help of the project whenever it encountered problems, developing at least theoretically possible “solutions”. Hence, it does not come as a surprise that the “different legal opinions” referred to by Mr *Mooney* appear to originate from two further members of the “Expert Panel” of the Preparatory Committee – *Willem Hoyng* and, once again, Prof. *Winfried Tilmann* –, who, shortly after the “Brexit” vote, published statements in which they suddenly argued that even a participation of non-EU states in the UPCA in its present form was possible, apparently trying to provide their British college with input for his argumentation.

1. Willem Hoyng

On the day after the referendum, *Willem Hoyng* of the firm Hoyng ROKH Monegier published a comment on a blog.⁴ Last year, his firm Hoyng Monegier had merged with its German competitor Reimann Osterrieth Köhler Haft (“ROKH”) to form this imaginatively named new entity, aiming, amongst others, at providing their clients with an integrated advice at the UPC.⁵

Mr *Hoyng* pointed out that the UPC was no EU institution and had “nothing to do with the EU”.⁶ He went on to say

³ Cf. *Stjerna*, The European Patent Reform – The ‘expert teams’ of the Preparatory Committee, accessible at www.stjerna.de/expert-teams/?lang=en.

⁴ “Does Brexit mean the end of the UPC?” (24/06/2016), accessible at archive.md/nxqrX.

⁵ „Europäisches IP-Schwergewicht: Reimann Osterrieth und Hoyng Monegier fusionieren“ (“European IP heavyweight: Reimann Osterrieth and Hoyng Monegier to merge”, 01/06/2015), accessible at archive.md/bIVXl.

⁶ *Hoyng* (supra fn. 4), sub 1.

¹ „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/gDvWw.

² *Mooney*, “What does the future hold for the UPC?”, interview with Legal IQ, accessible at www.xup.in/dl.69404628.

that it was also “a widely held misconception” that in its opinion 1/09 the CJEU had decided that only EU members can participate in the UPC. Instead, in his opinion, it was mainly about the supremacy of Union law which had now been secured in the UPCA and would have to be accepted by the Contracting States.⁷ He held that if the UK ratified, its participation in the UPCA was possible even after leaving the EU and without an amendment to the Agreement.⁸

“However, if the UK leaves it is nowhere written that they have to leave the UPC. There is simply no provision in the UPC which states that they have to leave the UPC. It is true that the present UPCA does not allow the participation of non-EU Member States but there is no provision for the situation in which a Member State having ratified the UPCA becomes a non-Member State.”

This would not be hindered by CJEU opinion 1/09:⁹

“It is also incorrect to suggest that Opinion 1/09 states that only EU Member States can be a member of the UPCA. The participation of non-EU Member States is not even mentioned as a problem.

(...)

It follows that if the relevant provisions concerning the cooperation with the CJEU in the UPCA are maintained exactly as they are, there should be no legal problem even if the UK, after it terminates its EU membership, continues to participate in the UPC. Since the obligations concerning Union law and the role of the CJEU are imposed on the UPC and not on UK courts, nothing will change legally speaking with respect to the relationship between the UPC and the CJEU because of the participation of the UK. By participating in the UPC the UK would accept the role of the CJEU and the collective and individual liability of the participating Member States for the respect to these obligations by the UPC.”

Moreover, the UK could even go on to partake in the unitary patent protection, if an “Extension Agreement” with the EU Member States participating in the enhanced cooperation was concluded under Art. 142 EPC.¹⁰

Mr Hoyng did not seem to have a problem with the fact that such continued commitment to Union law would be just the opposite of what the majority of the British electorate had voted for in the “Brexit” referendum.

2. Winfried Tilmann

Shortly afterwards, Prof. Tilmann, Of Counsel at Hogan Lovells, whose sometimes doubtful efforts in favor of the patent reform have repeatedly been addressed,¹¹ published

⁷ Hoyng (supra fn. 4), sub 2.

⁸ Hoyng (supra fn. 4), commentary of 27/06/2016, 10:24 am.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Cf. Stjerna, The European Patent Reform – Prof. Tilmann, the old Roman god Janus and the requirements of Article 118(1)

a paper titled “The Future of the UPC after Brexit” in the German periodical “GRUR”¹² which is edited by the German Association for the Protection of Intellectual Property (“Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht”), an abridged version appeared on the IPKat blog on 28/06/2016.¹³

The first remarkable aspect is the article’s unusually swift publication in said periodical which may be explained by the fact that the underlying Association is an unconditional supporter of the patent reform, going so far as to even suppress criticism directed towards it.¹⁴ The responsibility for articles published in said periodical lies with, *inter alia*, Prof. Joachim Bornkamm,¹⁵ who is a member to the “Advisory Panel” of the UPC Preparatory Committee¹⁶ which may probably explain the quick publication.

The gist of this remarkable article is as follows:¹⁷

“The UK vote to leave the EU has no immediate legal consequences for the contemplated Unitary Patent System. (...) The UK and the other signatory states should continue with their ratification process without delay.”

Prof. Tilmann suggests that the UPCA Contracting States and the UK enter into a separate Agreement under Art. 142 EPC and provide for continued operation of Regulations 1257/12 and 1260/12 also if the UK was leaving the EU.¹⁸

As to the UPCA, he states that its ratification by the UK could already solve “the problem”, since in case of its withdrawal from the EU there would be no one making use of the option to terminate its participation under international law.¹⁹ The preferable solution would, however, be a revision of Art. 84 UPCA – once again by concluding a respective Agreement under the EPC – to the effect as to allow UPCA participation of non-EU countries.²⁰ Prof. Tilmann thinks that such participation would not be hindered by CJEU opinion 1/09. He states the crucial aspect to be whether the UPC, upon a withdrawal of the UK from the EU after a ratification of the UPCA, would continue to be a court common to EU Member States for which there were “good arguments”, namely:²¹

TFEU, accessible at www.stjerna.de/requirements-118-1-tfeu/?lang=en and *id.*, Cypriot compromise compromised, accessible at www.stjerna.de/cypriot-compromise/?lang=en.

¹² GRUR 2016, 753 ff.

¹³ “A possible way for a non-EU UK to participate in the Unitary Patent and Unified Patent Court”, accessible at archive.md/qumM.

¹⁴ Cf. Stjerna, The European Patent Reform – The peculiar silence of the German professional associations”, accessible at www.stjerna.de/silence-associations/?lang=en.

¹⁵ Cf. archive.is/4iwOz.

¹⁶ Supra fn. 3.

¹⁷ GRUR 2016, 753.

¹⁸ Ibid., II.

¹⁹ Ibid., 754, sub III.1.

²⁰ Ibid., sub III.

²¹ Ibid., sub III.4.b).

“(1) At the time of ratification the UK was an EU-MS.

(2) In ratifying, the UK accepted Art. 21 and 22 UPCA referring to Art. 267 TFEU.

(3) After its exit the UK continues to accept referrals by the UPC to the CJEU.

(4) After its exit the UK continues to be bound by the answers of the CJEU with regard to a referral of Union law questions. It has subjected itself to UPC decisions implementing the Union law as defined by the CJEU.”

As a consequence, UPC decisions were subject to mechanisms guaranteeing the “full effectiveness” of European law, particularly as the court remained a part of the EU court system.²² A court created as being common to EU Member States would not lose this status upon one of them subsequently leaving the EU while continuing to participate in the underlying Agreement, because

“...that former member, in ratifying, had fully accepted Art. 21, 22 UPCA and Art. 267 TFEU and would continue to be bound to accept the Union law as defined by the CJEU.”²³

Just like the statement by *Willem Hoyng*, this comment also shows a remarkable ignorance towards the democratic substance of the “Brexit” decision while at the same time over-emphasizing own individual interests. In its majority, the British electorate does not want the supremacy of Union law any longer. To that end, the article does not at all provide an encouragement for UPCA ratification by the UK, but rather to the contrary. Accordingly, commentators of the IPKat version of the piece warned:²⁴

“There was a democratic decision by the UK to leave the EU. It was narrow, it was not to everybody's taste (also not mine, to be clear) - but it was a democratic decision that the UK should distance itself from the EU. We have to respect this decision, or else we would jeopardise our democratic fundament. Now advocating that the UK should nevertheless ratify an agreement which would connect it with the EU does not appear to be appropriate. It appears to be an attempt to undermine the result of the referendum.”

For the assessment of this article it should not go unnoted that in particular Prof. *Tilmann* so far held the position that opinion 1/09 inevitably required a limitation of the UPCA participants to EU Member States.²⁵ The reasons why, suddenly, this does not seem to be valid anymore and why he once again performs a change of opinion, should be obvious.

²² *Ibid.*, sub III.4.c).

²³ *Ibid.*, sub III.5.

²⁴ *Supra* fn. 13.

²⁵ *Tilmann*, „Das Europäische Patentgericht nach dem Gutachten 1/09 des EuGH“ (“The European Patent Court after CJEU Opinion 1/09”), GRUR Int 2011, 499 (sub 4., 15.); *id.*, “EUCJ-Opinion 01/09 – Analysis and Consequences” of 05/04/2011, accessible at archive.md/BJfCM.

3. Kevin Mooney

After the “legal opinions” by Mr *Hoyng* and Prof. *Tilmann* had created a basis, *Kevin Mooney* repeatedly advocated for a UPCA ratification by the UK in July 2016. In doing so, he likewise tried to move the UPCA out of the “Brexit” context:²⁶

“Ratifying this non-EU treaty will not affect the Brexit vote, rather it is key that the UK ratifies as this will provide the opportunity for non-EU countries to explore participation.”

Shortly afterwards Mr *Mooney* stated on a blog that, according to “more recent legal opinions”, it was now doubtful whether CJEU opinion 1/09 hindered UPCA participation by non-EU countries. An “ad hoc group” of lawyers and patent attorneys “broadly representing the professions and industry in the UK” had formed to discuss the UK’s future in the UPC project after the “Brexit” vote:²⁷

“The ad hoc group is therefore planning to prepare a detailed analysis to clarify whether, if the UK ratified the UPC Agreement, future participation might be possible and on what legal basis.”

The composition of said “ad hoc group” is not known. Former such groups²⁸ chaired by Mr *Mooney*, apart from representatives of the legal profession, mainly consisted of members of the pharmaceutical industry, the interests of which are particularly served by the patent reform.²⁹ Should the “ad hoc group” be composed similarly, not much fantasy is needed to predict the result of its “detailed analysis”.

4. Interim conclusion

The core statements from amongst the “Expert Panel” can thus be summarized as follows:

The UPC is no EU institution, the “Brexit” vote does not hinder a ratification.

Should the UK ratify the UPCA in its present form, it can continue to participate in it in unchanged form even after a withdrawal from the EU as neither the UPCA nor CJEU opinion 1/09 exclude this.

III. The reception of CJEU opinion 1/09

The question of whether the participation in the UPCA of a UK no longer being a member of the EU was legally admissible hinges on CJEU opinion 1/09. Its contents and the understanding attributed to it by the EU institutions so far will briefly be repeated afterwards.

²⁶ *Supra* fn. 2.

²⁷ “Experts analyse participation post-Brexit UK in Unitary Patent system” (29/07/2016), accessible at archive.ph/biqQ4.

²⁸ Cf. the document “Concerns of Principle” by a sub group of the “European Patent Reform Consultation Group” and the member list on p. 15, accessible at xup.in/dl.12231157.

²⁹ *McDonagh*, “Exploring Perspectives of the Unified Patent Court and Unitary Patent within the Business and Legal Communities”, p. 31, accessible at bit.ly/3eMViDf.

1. CJEU opinion 1/09

As is known, the initial plan was to create the European patent judiciary by a “mixed Agreement” between the EU, the EU Member States and states that, while not being a member of the EU, were part of the European Patent Organisation.³⁰ Since in particular the Council Legal Service had questioned whether such structure was compatible with the EU Treaties – TEU and TFEU –,³¹ the CJEU was requested on 06/07/2009 to provide an opinion on this.³²

In its opinion 1/09 of 08/03/2011, the CJEU found the envisaged Agreement to be incompatible with the EU Treaties. Criticism mainly related to the aspect that the patent judiciary’s structure envisaged at that time impaired the cooperation³³ between the national courts of the EU Member States as so-called “ordinary Union courts” and the CJEU in ensuring the full application and uniform interpretation of Union law as enshrined in the EU Treaties.³⁴ The CJEU stated:³⁵

“Consequently, the envisaged agreement, by conferring on an international court which is outside the institutional and judicial framework of the European Union an exclusive jurisdiction to hear a significant number of actions brought by individuals in the field of the Community patent and to interpret and apply European Union law in that field, would deprive courts of Member States of their powers in relation to the interpretation and application of European Union law and the Court of its powers to reply, by preliminary ruling, to questions referred by those courts and, consequently, would alter the essential character of the powers which the Treaties confer on the institutions of the European Union and on the Member States and which are indispensable to the preservation of the very nature of European Union law.”

Due to this “impairment” of the judicial structure defined in Union law for ensuring the correct application of Union law (as well as lacking provisions on damages and liability) the intended Agreement was held to be incompatible with the EU Treaties.

2. Understanding and consequences

Based on the hint given by the CJEU in the opinion that the Benelux Court of Justice was a court compatible with the EU Treaties,³⁶ in particular the EU institutions identified as the core problem the participation of non-EU countries in the Agreement. Consequently, its amendment along

the lines of the Benelux Court of Justice,³⁷ especially limiting participation to EU members, was seen as a possibility to create the patent judiciary leaving the functional elements of the draft Agreement unchanged.

a) The “Note to Ms. Margot Fröhlinger” by the Commission Legal Service

After the publication of the first version of this article on 19/09/2016, a further document has surfaced which vividly documents the Commission’s position towards opinion 1/09. It is a memorandum prepared by the Commission Legal Service for the person responsible at that time for the patent reform in the Commission, *Margot Fröhlinger*, who has meanwhile moved on to the European Patent Office. The document titled “Possible solution for the European and EU Patent Court (EEUPC) replying to the concerns raised by the Court of Justice of the EU (CJEU) in its Opinion 1/09”³⁸ describes the options for the creation of a European patent judiciary after opinion 1/09 in view of the politically desired retention of the basic architecture laid down in the draft Agreement assessed by the CJEU, described as “political constraints”.

According to the Legal Service, the CJEU’s core statement in its opinion 1/09 is the following:³⁹

“The general line of the Opinion is that the aforementioned types of disputes between private parties have to be dealt with within the jurisdictional system of the Union. The option of an international court set up by an agreement concluded with third countries outside of the Treaty framework seems therefore excluded. Ad hoc procedures that could be established in order to assimilate as much as possible such an international court to a ‘real’ national court would probably be considered insufficient by the Court of Justice.”

Materially, it was seen as inevitable for its compatibility with opinion 1/09 that the court is subjected to the same obligations from Union law as any other national court.⁴⁰

“For a court common to all (participating) Member States to be in conformity with the Treaties as interpreted in the Opinion, it would need to be bound by the same obligations under EU law as any national court, in particular the recourse to the preliminary ruling procedure and the principle of sincere cooperation.”

Interestingly, the Legal Service doubted that the Benelux Court of Justice mentioned in the CJEU opinion was in fact a suitable model for bringing the patent judiciary in line with opinion 1/09.⁴¹

³⁰ Council document 14970/08, accessible at bit.ly/3fic7QU.

³¹ Council doc. 15487/08, accessible at bit.ly/3tK3rNj, p. 11, para. 28 f. and p. 12, para. 32 f.

³² Council document 11125/09, accessible at bit.ly/3fmwfGs; the draft submitted to the CJEU can be found in Council document 7928/09.

³³ CJEU, opinion 1/09, accessible at bit.ly/3bvmu7B, paras 66 to 69.

³⁴ *Ibid.*, paras 80 to 85.

³⁵ *Ibid.*, para. 89.

³⁶ *Ibid.*, para. 82.

³⁷ Cf. Council document 13984/11, accessible at bit.ly/3omE6bc.

³⁸ Note to Ms Margot Fröhlinger “Possible solution for the European and EU Patent Court (EEUPC) replying to the concerns raised by the Court of Justice of the EU (CJEU) in its Opinion 1/09”, accessible at www.xup.in/dl.42923784.

³⁹ Note (fn. 38), p. 3, para. 9.

⁴⁰ Note (fn. 38), p. 5, para. 18.

⁴¹ Note (fn. 38), p. 5, para. 19 f.

“In paragraph 82 of the Opinion, the Court appears to express approval of the Benelux Court when it states that ‘[s]ince the Benelux Court is a court common to a number of Member States, situated, consequently, within the judicial system of the European Union, its decisions are subject to mechanisms capable of ensuring the full effectiveness of the rules of the European Union.’

This passage is, however, no guarantee that the Benelux Court could truly serve as a model for establishing a unified patent court common to all (participating) Member States because the Benelux Court only has interpretative and no decision-making competences. At the same time, there are no indications in the Opinion that the Court relied on this limitation when making the quoted finding and that it would have viewed the Benelux Court differently had the latter also had decision-making competences.”

The Legal Service concluded that, in terms of said „political constraints“, the only possibly (!) legally feasible solution after opinion 1/09 was creating by Agreement a court common to all participating Member States and having the same obligations under Union law like a national court.⁴²

“It appears that the only remaining option for establishing a unified patent court which, under the constraints referred to in paragraph 5, may be legally feasible in the wake of the Opinion would be a court common to all (participating) Member States established by an agreement between them and subject to the same obligations under EU law as a national court.”

However, the compatibility of such approach with Union law was still considered doubtful.⁴³

“Finally, there is no guarantee that this option would be compatible with the Treaties (and no opinion of the Court of Justice can be obtained under Article 218(11) TFEU to achieve legal certainty).”

The Legal Service declared its views to be preliminary, announcing to set out its final position in a “Non-Paper”.

b) Commission “Non-Paper”: “The way forward after opinion 1/09 of the CJEU”

This was presented in May 2011 and described the amendments to the draft Agreement deemed necessary by the Commission after opinion 1/09. One of the consequences for the court system, now called the “Unified Patent Court”, was its limitation to EU Member States, excluding participation by third countries.⁴⁴

“- A unified patent court set up by Member States. In the light of the opinion 1/09 of the CJEU, such a uni-

fied patent court can only be set up by the Member States; the participation of third states should be excluded. The European Union would not be a party.”

No mention was made any more of the doubts previously raised in the “Note to Ms. Fröhlinger” as regards orienting the patent judiciary towards the Benelux Court of Justice, neither was the skepticism as to the approach’s compatibility with Union law repeated. According to the Commission, limiting participation to EU Member States was decisive for the compatibility of the draft Agreement with opinion 1/09. This was approved by the Council, the draft Agreement was amended accordingly.⁴⁵

c) Legal opinion by the Council Legal Service

In September 2011, the Council Legal Service was asked whether the revised draft fulfilled the requirements set out in opinion 1/09. Its answers are contained in the well-known Council document 15856/11 of 21/11/2011. It is the document which originally had been made public only in widely redacted form and to which full access was granted only in June 2015, after repeated access requests under Regulation No 1049/2001.⁴⁶

In its opinion, the Legal Service also pleaded for limiting participation in the Agreement to EU Member States, emphasizing that the inclusion of other countries would significantly complicate bringing the Agreement in line with opinion 1/09 (emphasis added).⁴⁷

“In this regard, the removal of the possibility for non-EU Member States to participate in the international agreement obviously facilitates the integration of the UPC into the Union legal order and the respect by the UPC of Union law. The participation of third countries would have made it extremely difficult to set up mechanisms making the decisions of the UPC capable of ensuring the full effectiveness of the rules of the Union in the same way as decisions of the national courts of the EU Member States.”

The negotiations thus continued and led to the UPCA.

3. Is the UPCA compatible with the EU Treaties?

The question whether the structure given to the Agreement after opinion 1/09 is now compatible with the EU Treaties is unanswered so far. However, since the Benelux Court of Justice, which was intended to be the model for the revisions, and the UPC are structurally very different⁴⁸ and

⁴⁵ Cf. Council docs 11533/11 (bit.ly/3w5Um2O), 13751/11 (bit.ly/2SUDKgb) and 13751/11 COR1 (bit.ly/3ye2D6D).

⁴⁶ Cf. *Stjerna*, The European Patent Reform – Law-making in camera accessible at www.stjerna.de/intransparency-proceedings/?lang=en and *id.*, Council allows access to withheld documents, accessible at www.stjerna.de/access-documents/?lang=en.

⁴⁷ Council doc. 15856/11, p. 9, para. 28 and p. 10, para. 30 f., accessible at bit.ly/3oqkYZI.

⁴⁸ *Jaeger*, “What’s in the unitary patent package?”, p. 20 f., accessible at bit.ly/33JF73g; *id.*, IIC 2012, 286 (299 f.); *de Visscher*, GRUR Int 2012, 214 (220).

⁴² Note (fn. 38), p. 7, para. 24.

⁴³ Note (fn. 38), p. 7, para. 25.

⁴⁴ Published as Annex II to Council document 10630/11, p. 8, second para., accessible at bit.ly/3eOLOYf.

due to the fact that the latter, within the scope of its exclusive competence, still deprives the national courts of their function as “ordinary Union courts”, this can still be doubted. After the EU was no longer a party to the Agreement, it was not possible to ask the CJEU for another opinion on the legality of the revised draft Agreement under Art. 218(11) TFEU. In view of the peculiar urgency of the reform it may well be that this would not have taken place even if it had been possible.

Insofar, the allegation from amongst the “Expert Panel” is incorrect that in its judgments on the Spanish nullity actions against the Regulations on unitary patent protection (cases C-146/13 and C-147/13) the CJEU had also decided on and confirmed the compatibility of the UPCA with the EU Treaties.⁴⁹ In these proceedings, the CJEU only dealt with Spain’s arguments that tying the applicability of the two Regulations to the entry into force of the UPCA was incompatible with the principles of the autonomy and uniform application of EU law and rejected these.⁵⁰ Further arguments on the legality of the UPCA were rejected as being inadmissible in proceedings under Art. 263 TFEU.⁵¹ Therefore, the question of the UPCA’s compatibility with the EU Treaties remains unanswered.

It could be answered, for instance, by an action under Art. 259 TFEU, a reason for which could probably be a UPCA participation by a state not being an EU member (any longer). A further option for a new assessment by the CJEU might exist in the ratification procedure in countries where approval legislation can be subjected to the scrutiny of the Constitutional court, it may then submit a respective request for a preliminary ruling to the CJEU. Comparable reference proceedings involving the German Constitutional court recently took roughly 1½ years.⁵²

IV. Viability of the proposals by the “Expert Panel” lawyers

Against this background, the viability of the aforementioned suggestions on how to deal with the “Brexit” vote in the context of the UPCA shall be given a closer look.

1. The UPC is no EU institution, the “Brexit” vote does not affect UPCA ratification?

The statement that the UPC was no EU institution is as such correct, it is an international organisation with an own legal personality (Art. 4(1) UPCA). However, the inference drawn from this that the “Brexit” vote was irrelevant for UPCA ratification by the UK is obviously wrong, already in terms of the Agreement’s close institutional and legal connection with the EU. While the supremacy of Union law and its guarantee were central elements of opinion 1/09, the UPCA has been revised to safeguard them (cf. recitals 8, 12, 13, Art. 20 UPCA). By ratifying the Agreement in its present form, the UK would have to ac-

cept the supremacy of Union law and thus contradict the “Brexit” vote. It is evident that the latter is a manifest political obstacle for ratification by the UK of the UPCA as it currently stands. It also hinders the suggestion that the UK could ratify the UPCA now as to allow for its entry into force, while any issue of continued participation after a withdrawal from the EU could be addressed in the course of the exit negotiations. This likewise seems to be neither politically realistic nor advisable, not to speak of legal questions.

2. UPCA participation of a former EU member is possible?

In view of CJEU opinion 1/09, the participation in the UPCA in its present form of a state not being a member of the EU appears not to be possible even if it still was such member at the time it ratified the Agreement.

The CJEU developed its opinion against the background of the “*fundamental elements of the legal order and judicial system of the European Union*”, repeatedly emphasizing the close connection between the role of the CJEU and that of the courts of the Member States as to the preservation of Union law.⁵³ The core of this cooperation is described as follows:⁵⁴

“It should also be observed that the Member States are obliged, by reason, inter alia, of the principle of sincere cooperation, set out in the first subparagraph of Article 4(3) TEU, to ensure, in their respective territories, the application of and respect for European Union law (see, to that effect, Case C-298/96 Oelmühle and Schmidt Söhne [1998] ECR I-4767, paragraph 23). Further, pursuant to the second subparagraph of Article 4(3) TEU, the Member States are to take any appropriate measure, general or particular, to ensure fulfilment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the European Union. In that context, it is for the national courts and tribunals and for the Court of Justice to ensure the full application of European Union law in all Member States and to ensure judicial protection of an individual’s rights under that law (see, to that effect, Case C-432/05 Unibet [2007] ECR I-2271, paragraph 38 and case-law cited).”

This cooperation between the CJEU and the courts of the Member States, which is deemed fundamental, is a recurring theme in the opinion.⁵⁵ In terms of the CJEU’s repeated reference to the Union legal order, the court system of the Union and the role the national courts have when it comes to ensuring the supremacy of Union law, a participation in the UPCA in its current form does not seem to be feasible without EU membership. As it also emerges in the opinion by the Council Legal Service,⁵⁶ a state not being

⁴⁹ Hoyng (supra fn. 4), commentary of 27/06/2016, 10:24 am.

⁵⁰ CJEU, C-146/13, paras 104 ff., accessible at bit.ly/3w5fSok.

⁵¹ Ibid., paras 100 ff.

⁵² CJEU, C-62/14, accessible at bit.ly/3brcagM.

⁵³ Opinion 1/09 (fn. 33), paras 64, 66 bis 69.

⁵⁴ Ibid., para. 68.

⁵⁵ Ibid., e. g. paras 68, 69, 80, 81, 83, 84, 85.

⁵⁶ Supra fn. 41.

part of the EU (any longer) does not have the same obligation towards the Union legal order (any longer), its courts are not (any longer) part of the Union's judicial system and thus not (any longer) involved in the Member State courts' cooperation with the CJEU in relation to the preservation of Union law. Therefore, there seems to be no difference between the participation of a state *not* being an EU member and the (continued) participation of a state *no longer* being an EU member, in both instances a participation in the UPCA in its current form seems to be excluded.

3. Necessary amendments of the Agreement can be implemented under Art. 87(2) UPCA?

Since consequently, a participation of the UK in an unaltered UPCA seems to be excluded for political as well as for legal reasons, a revision of the Agreement appears to be unavoidable in order to enable such participation. As to the procedure for making such amendments, some suggest that they could be carried out by the Administrative Committee pursuant to Art. 87(2) UPCA and thus without the need of a ratification by the Contracting States. Despite the fact that amendments made in this procedure require the unanimous approval by all Contracting States (Art. 87(3) UPCA), it appears to be inapplicable at present.

First of all, the UPCA is currently neither in force, nor does Art. 87 belong to the set of provisions which are meant to be made provisionally applicable by the respective Protocol.⁵⁷ Even if the latter were the case, the entry into force of the Protocol would, according to its Art. 3, also require the ratification by, amongst others, the UK, so that the described implications of the "Brexit" vote would apply accordingly. For this reason alone, Art. 87(2) cannot presently be relied on for a revision of the UPCA.

Despite this, the provision also appears to be materially inapplicable, at least at the moment. According to Art. 87(2) UPCA, the Agreement can be amended by the Administrative Committee in order to bring it into line with an international treaty relating to patents or with Union law. None of these alternatives seems to be given under the current circumstances. Respective Union law with which the UPCA could be brought in line is not discernible at the moment. Such law might, for instance, be contained in a valid exit agreement between the EU and the UK which currently does not exist. Even if the British withdrawal from the EU were in fact executed, the question may arise whether on the basis of Art. 87(2) UPCA amendments can be made which go beyond the relationship between the EU and the UK. In general, the possibility of conducting a structural revision of the UPCA based on Art. 87(2) UPCA seems to be doubtful.

4. Interim conclusion

There is a close political connection between the UPCA and the "Brexit" vote which appears to exclude UK ratification of the Agreement in its present form.

⁵⁷ Cf. Art. 1 of the Protocol to the Agreement on a Unified Patent Court on provisional application.

With regard to opinion 1/09, the participation in the Agreement in its present form of a state not being a member of the EU (any longer) does not seem to be legally admissible.

Currently, a revision of the UPCA as to allow the participation of states not being a member of the EU (any longer) cannot be executed based on Art. 87(2) UPCA.

V. Outlook

Consequently, the participation of a UK not being a member of the EU (any longer) in the UPCA in its present form seems to be excluded for political as well as for legal reasons. On the other hand, without British participation the practical use of the patent reform would be diminished even further, additionally skewing the cost benefit ratio.⁵⁸ Anyhow, a revision of the UPCA (e. g. in terms of the rule on the entry into force in Art. 89) is unavoidable even if the decision was made to go ahead with the reform without the UK, not to mention other questions probably resulting from this (e. g. as to the seat of the central division, cost issues or the language regime of unitary patent protection).

The "Brexit" vote has derailed the patent reform, just like opinion 1/09, the language issues and the dispute on Articles 6 to 8 of the draft Regulation on the unitary patent protection had done in the past. None of these problems caused the political operators to seek contextually balanced solutions. Not least this short-sighted approach, focusing only on the fastest possible conclusion of the negotiations and without any regard to the overall material coherence of the adopted measures, has led into this situation where the project is again about to fail. If this is to be avoided, principal amendments seem to be inevitable.

Under the given conditions, an obvious measure would seem to be opening the Agreement also for non-EU states which, ultimately, should not be hindered by opinion 1/09. Possible approaches how such Agreement might be feasible with the participation of non-EU states *and* in line with opinion 1/09 have repeatedly been described in the academic field.⁵⁹ However, first of all this would require the involved institutions, especially the Commission, to correct their current understanding of opinion 1/09. As this understanding was standing on feet of clay all along⁶⁰ and was motivated primarily by political expediency, this should not be too difficult. It may help that politically expedient is now the opposite of the initial position.

Having regard to the legal framework and especially the requirements set out in opinion 1/09, such revision of the UPCA may possibly demand concessions to be made as to

⁵⁸ Cf. *Stjerna*, The European Patent Reform – A poisoned gift for SMEs, accessible at www.stjerna.de/smes/?lang=en.

⁵⁹ *Jaeger*, "What's in the unitary patent package?" (fn. 48), p. 24 ff.; *id.*, *EuZW* 2013, 15 (18 ff.); *id.*, *IIC* 2012, 286 (301 ff.); *de Visscher*, *GRUR Int* 2012, 214 (221).

⁶⁰ E. g. *Hilty/Jaeger/Lamping/Ullrich*, "The Unitary Patent Package: Twelve Reasons for Concern", p. 5, accessible at bit.ly/3w8WF56; *Jaeger*, *IIC* 2012, 286 (296 ff.); *de Visscher*, *GRUR Int* 2012, 214 (217 ff.).

what the different user groups consider to be the ideal conception.

First of all, such revision would appear to require a further ratification at least in those Contracting States which have ratified the UPCA already. All the others could ratify new amendments together with the UPCA and the two respective Protocols that exist already. The delays caused by this seem to be preferable over the alternative of once another failure of a European patent reform, all the more since they would serve the practical utility of the Agreement.

Moreover, the participation in a revised UPCA of states not being a member of the EU (any longer) could require the EU to also become a party to the Agreement which, in turn, could cause the interpretation of the Agreement to become reviewable by the CJEU.⁶¹ It will be remembered that in the context of former Articles 6 to 8 of the draft Regulation on unitary patent protection, such involvement of the CJEU had been strongly opposed by the user circles as well as by the British government.⁶²

After all, it will be interesting to see whether the “Brexit” vote will cause the political operators to reconsider their approach and instill in them the preparedness to revise the Agreement or whether they will once again – following the doubtful example of the “Cypriot compromise” on former Articles 6 to 8 – press ahead with “patchwork solutions” which may ultimately turn out to be just as “sub-sub-suboptimal”⁶³ as said compromise. Although the experiences made so far provide any reason for skepticism, in the interests of the users it remains to be hoped that the political operators will finally begin to prefer materially sound solutions and will refrain from trying to square the circle once again.

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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!

⁶¹ Supra fn. 4, commentary *Steenbeek* of 27/06/2016, 11:23 am; also Council docs 12704/11, accessible at bit.ly/3eQmsco, and 15856/11 (fn. 47), p. 10 (esp. fn. 23); cf. the differentiating analysis by *Jaeger*, *EuZW* 2013, 15 (20).

⁶² Cf. *Stjerna*, *The European Patent Reform – Failed for now*, accessible at www.stjerna.de/failed-for-now/?lang=en and *id.*, *New problems ahead?*, accessible at www.stjerna.de/new-problems/?lang=en.

⁶³ Cf. *Stjerna*, *The European Patent Reform – The sub-sub-suboptimal compromise of the EU Parliament*, accessible at www.stjerna.de/suboptimal-compromise/?lang=en.