

MOFO BREXIT BRIEFING

7 July 2016

BREXIT: EUROPEAN PATENT APPLICATIONS, UNITARY PATENTS AND THE UNIFIED PATENT COURT SYSTEM

By Otis Littlefield

The process of Brexit will take many years, and the implications for our clients' business will unfold over time. Our MoFo Brexit Task Force is coordinating Brexit-related legal analysis across all of our offices, and working with clients on key concerns and issues, now and in the coming weeks and months. We will also continue to provide MoFo Brexit Briefings on a range of key issues. We are here to support you in any and every way that we can.

From a patent prosecution and patent litigation perspective, Brexit will not have an effect on the existing avenues for filing and prosecuting patent applications in Europe, but will affect the up-coming Unitary Patents and the Unified Patent Court system.

The current patent filing and prosecution regime

At present, two avenues are available to obtain patents in countries in Europe. First, one can file patent applications directly with the patent offices of each European country for which patent protection is desired. This avenue will continue to be available after Brexit.

Second, one can file a European patent application with the European Patent Office (the EPO). The EPO was created to examine and grant patents under the European Patent Convention (the EPC). Upon grant, one can validate the patent in one or more of the thirty-eight contracting states under the EPC. This second option also won't be affected by the UK's eventual exit from the EU. The EPC is not an EU agreement. In fact, several of the current contracting members of the EPC are not members of the EU. The UK is a contracting member under the EPC and will remain so after exiting the EU.

Therefore, current filing and prosecution strategies will not directly be affected. Of course, as the process of Brexit proceeds, one's patent prosecution strategies may need to be revised

in light of changes to the markets and in light of corollary legal principles such as patent exhaustion, both of which can affect the value of a patent in a given European country.

The up-coming EU patent litigation regime

On the other hand, Brexit is likely to delay Unitary Patents and the Unified Patent Court system because the three underlying agreements that implement both are EU agreements. At a minimum, the Unified Patent Court system is unlikely to enter into force until after the UK has left the EU. At present, in order for Unitary Patents and the Unified Patent Court system to come into effect, both the UK and Germany need to ratify the agreements together with at least one additional EU contracting member state. It is very unlikely that either the UK or Germany would ratify the agreements before the UK has exited (though some commentators have suggested that the UK could ratify the UPC Agreement while still a member of the EU and negotiate a way remain a member of the UPC system post-EU exit akin to the non-EU members of the European Economic Area agreement). Once the UK has exited, per Article 89(1) of the Agreement on a Unified Patent Court (the UPC Agreement), Italy will replace the UK as the third member state whose ratification is needed for entry into force of the UPC Agreement.

But even after the UK has exited, the UPC Agreement will require amendment before it enters into force. Article 7(2) of the UPC Agreement specifies that London will be the location of one of the sections of the central division of the Unified Patent Courts. Having a court seated in a non-UPC member state makes no sense. The remaining twenty three member states of the UPC agreement will need to decide to move the location of that section of the central division, to reallocate the subject matter presently assigned to the London section between the seat in Paris and the other section in Munich, or to have a single central division court. Only after this amendment will it be possible for Unitary Patents and the Unified Patent Court system to come into effect.

On July 1, 2016, the chairmen of the UPC Preparatory Committee and the EPO Select Committee dealing with the Unitary Patent issued a communication acknowledging that “it is too early to assess what the impact of [the UK’s vote to exit the EU] on the Unified Patent Court and the Unitary Patent Protection eventually could be.” Despite the uncertainty, the chairmen confirmed that the ongoing work on the technical implementation should continue pending clarity on the effect of the UK’s vote.

The delay will allow more time to prepare for the possibility of Unitary Patents and the Unified Patent Court system and to develop strategies for future patent prosecution and patent litigation in light of both.

Summary

- Brexit won't affect UK companies filing patent applications with the European Patent Office (EPO), with a goal of seeking patent protection in the UK or in the other thirty-seven European member states.
- Brexit won't affect non-UK companies filing patent applications with the European Patent Office (EPO), with a goal of seeking patent protection in the UK.
- Brexit will likely delay, and could prevent, the implementation of the Unified Patent Court system and the Unitary Patent.

Please do not hesitate to call with any question or concern that you may have. We're here to help.

Contact:

Otis Littlefield

(+1) 415-268-6846

olittlefield@mofo.com

or

brexit@mofo.com

About Morrison & Foerster:

We are Morrison & Foerster—a global firm of exceptional credentials. Our clients include some of the largest financial institutions, investment banks, Fortune 100, technology and life science companies. We've been included on *The American Lawyer's* A-List for 12 straight years, and *Fortune* named us one of the "100 Best Companies to Work For." Our lawyers are committed to achieving innovative and business-minded results for our clients, while preserving the differences that make us stronger. Visit us at www.mofo.com.

Because of the generality of this update, the information provided herein may not be applicable in all situations and should not be acted upon without specific legal advice based on particular situations. Prior results do not guarantee a similar outcome.