

# Q&A on UPC and UPS

with Dr Aloys Hüttermann, Partner, Michalski • Hüttermann & Partner

In March 2020 the European Commission published its communication on “[A New Industrial Strategy for Europe](#)” which contemplates, inter alia, an IP Action Plan aimed at upgrading the EU IP legal framework by making the Unitary Patent System (UPS) operational.

The UPS regulations (no. 1257/2012 and 1260/2012) have already entered into force in 2013 but will only apply when also the [Unified Patent Court \(UPC\) Agreement](#) will have entered into force, i.e. after 13 participants, including Germany, France and Italy, have ratified.

The main obstacle was the missing ratification by Germany, because the way in which the agreement was approved turned out to raise problems of compatibility with the German Constitution. In March 2020 the German Constitutional Court issued its judgment in which it explains the reasons why the approval procedure was invalid. Last Friday (27. November) the Parliament passed the bill required for UPC ratification.

In the light of the judgment of the German Constitutional Court, what was the procedure the German Parliament had to follow in order to ratify the UPC Agreement?

The re-ratification procedure required a two-thirds majority of the German Parliament (Bundestag)’s members when the ratification bill was voted (instead of a relative majority as it was the case with the first bill, reason for which the German Federal Constitutional Court (FCC) declared the voting /ratification invalid). It is encouraging that only after a few weeks following the publication of the FCC ruling on the UPC, the ministry of justice started a second ratification process – and this in the middle of the CoVid-19 pandemic. This shows how important they consider this project.

Are you aware of any risks of further constitutional complaints if the German Parliament follows the procedure indicated by the German Constitutional Court?

Certainly, it cannot be ruled out that a further constitutional complaint is filed with the FCC. The deciding question would be whether such a complaint would have a suspensive effect – or whether the FCC would choose instead not to stop the ratification.

However, recent and future developments in the constellation of FCC judges would have a key role to play. For example, Hon. Judge Prof. Dr. König, who was one of the signees of the dissenting vote on the first UPC ruling, is now the presiding judge of the responsible 2<sup>nd</sup> senate. Her predecessor, Hon Judge Prof. Dr. Voßkuhle, who gave the deciding vote in the 5:3 judgement, has left the senate. His replacement, Hon Judge Prof. Dr. Wallrabenstein, – at least according to her publications and public interviews – seems to be much more friendly towards the EU and the transfer of competences from German to multinational institutions. Also interesting, Prof. Dr. Huber, who was judge-rapporteur in the first UPC case, will leave the senate in 2022, which will trigger a new selection process. It is quite unlikely that in case a new complaint is accepted he will be appointed as judge-rapporteur again.

Therefore, one can assume that a new complaint would have lower chances of success than the first one, especially taking into account that the reason for the first bill to be ruled unconstitutional is no longer present. It can even be assumed that if the Senate had the same composition in 2017, when the first complaint was filed, as it is now, that then the complaint would have not been accepted in the first place or at least the ratification process would not have been halted.

Assuming that Germany finally passes the UPC agreement ratification bills, are there still missing steps for its entry into force?

The UPC will come into force when Germany deposits the ratification with the European Council. Considering the “pre-agreement” that allows the provisional application of some parts of the UPC Agreement, such deposit will be probably delayed. Reasoning behind is to give the protocol on the UPC Agreement enough time to recruit judges and other staff as well as to ensure that by the time it is implemented the UPC is fully functional. Estimations are that this protocol phase will take around eight months.

In February 2020 the UK declared that it is unwilling to participate to the UPC. Therefore, it has to be decided where to relocate the former UK section of the UPC central division. Do you know which country/ies would possibly replace to U.K. in the structure of a future UPC?

First it should be noted that the importance of this issue is in practice going to be much lower than the discussions on this topic may imply at first sight. As a counterclaim for revocation in litigations before the UPC is possible, nearly all experts in the field assume that there will be no or just a few isolated revocation proceedings before the central chamber of the UPC, and I am no exception. Rather, it is expected that litigation and revocation will be dealt jointly before a local chamber, with Düsseldorf and Mannheim probably attracting the largest share of cases.

At the moment, to my knowledge, it is not intended to have a replacement for the London seat for the following years. In the course of the revision of the UPC according to Art 87(1) – which will take place seven years after instalment of the UPC at the latest - a replacement seat will be decided upon. This approach seems very reasonable to me. I am fully convinced that in a few years it will be much clearer that this seat is actually not so attractive at some member states right now may think and, if stakes are no longer so high, a good solution could much likely be found.

Do you know if the current EPO president, A. Campinos, shares B. Battistelli (former president)’s position? Is he convinced of the UPC advantages?

From my understanding, the position of the EPO has not changed; the EPO is in full support of the UPC.

Without the Unitary Patent System, what are the chances of a «separate» UPC?

In my opinion, it is “now or never”. If the UPC does not come to place now, a replacement system will not see the light of the day, at least not during my active work life.

What is the status of the search for UPC judges? The process was launched several years ago. Have candidates been identified and even pre-nominated?

Currently no recruiting of judges is possible due to the lack of a juridical basis. This is exactly the reason why the protocol to the UPC Agreement was initiated, so that once it has entered into force, judges could be recruited. Whether in the meantime “behind the scenes” candidates have been identified is beyond my knowledge – however, openly speaking, I would doubt it. It will be the first generation of UPC judges who decide whether the UPC will be a success or not. So rather I would assume that since there is so much at stake, everyone involved will be very careful as to make sure that the recruiting process is beyond any doubt.

On July 15th Commissioner Thierry Breton stated that ratification of the unitary patent will boost innovation across European businesses and help combat the disastrous economic effects of the COVID-19 pandemic. Could you comment on that position and validate it?

Firstly, it is very helpful and encouraging to see that the European Commission, in particular Thierry Breton himself, is still in support of the UPC project despite all the hardship and disappointment that has come along the way. I am convinced that the UPC will benefit the patent system overall, not especially within Europe, but also worldwide. The impact of its rulings – both in terms of quality as well as in terms of the market and territorial coverage – will be so profound so that it will become the venue of choice of stakeholders. This way potentially disastrous “patent wars” with parallel litigation in various countries could be prevented or greatly diminished.

Secondly, I could envisage that, since the UK will not be a part of the system, before implementing the UPC the table of recoverable costs may be revised and possibly lowered, since the current proposal is partly influenced by the rather substantial costs in the UK. This would surely help SMEs all around the world, but especially in Europe.

Thirdly, European businesses are already highly innovative, the BioNTech vaccine just being one example. What sometimes could be improved in my opinion is the right use of intellectual property rights, not only when it comes to enforcement, but also concerning filing and prosecution. Although many companies are very competent in this area and have excellent patenting and enforcing strategies, there are others which surely could easily improve their position. The UPC could help along this way as it allows a centralized litigation procedure for most Europe and thus makes patenting much more attractive. I am not so sure whether the UPC can help to directly combat the direct disastrous economic effects of the COVID-19 pandemic. The UPC will enter into force – if everything goes smoothly – by 2022 and it will surely take a few years until it has reached its full impact. As today, we are on the verge of having a vaccine approved and hopefully by the end of 2021 any lockdowns or restrictions will be lifted. Thus, this would not give much time for the UPC have any real impact.

In the middle and long run the UPC will surely help European enterprises, that I am certain about.

The European Commission has issued an “Action plan on IP” – do you know if they make any proposals for the future fate of the UPC?

The action plan of the European Commission can be found here: <https://ec.europa.eu/docsroom/documents/43845>. Here the European Commission expresses and confirms its full support of the UPC.

In 2016 you published a book “Unitary Patent and Unified Patent Court”. How was it received? Are you planning to write an updated version?

Thanks for asking. According to the publisher, the first edition is now sold out so I guess that counts as a positive receipt. Once the UPC is installed there will be a second edition, also in English. I am planning other publications on the topic, too.

Congrats! Any final remarks you would like to share with us?

All of you and your loved ones, friends and colleagues, please stay healthy and safe! And let's keep our fingers crossed that the UPC will see the light of the day in the foreseeable future.