

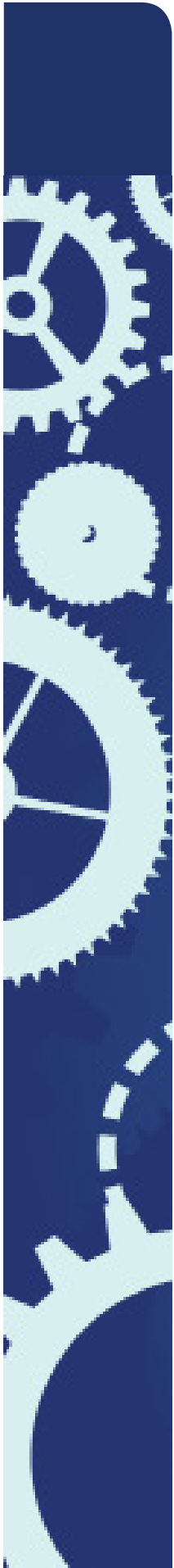


Intellectual
Property
Office

Technical Review and Call for Evidence on Secondary Legislation Implementing the Agreement on a Unified Patent Court and EU Regulations Establishing the Unitary Patent







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Executive Summary

1. This Technical Review and Call for Evidence seeks views on the Government's proposals for implementing the [Unified Patent Court \(UPC\) Agreement](#) and accompanying [EU Regulations](#). We are seeking views on the drafting, structure and effect of the draft UK legislation.
2. We are also asking for relevant evidence on the way that the proposals will work in practice to inform our assumptions about the likely economic impacts (which are outlined in the accompanying Impact Assessments) and to assist with decisions on the details of proposed legislation.

Economic Impact Assessments

3. In line with the Government's better regulation principles, Economic Impact Assessments have been completed for each of the Government's proposals. These provide information on existing evidence and assumptions on which it has taken a view at this stage. The division of changes along the three themes (Jurisdiction, Unitary Patent and Infringement) is reflected in the Impact Assessments which are available on our website.



How to respond

4. When responding, please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled. You do not need to answer every question, please feel free to leave any that you do not wish to answer blank. Please send responses by email or by letter or fax to:

Katherine Evans

UPC Taskforce
Intellectual Property Office
Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000
Fax: 01633 817 777
Email: UPCconsultation@ipo.gov.uk

Issued: 10 June 2014

Respond by: 2 September 2014

5. The contact details above may also be used to ask questions about policy issues raised in the document, or to obtain a copy of the consultation in another format.
6. The consultation principles are found below and a list of those organisations and individuals consulted is in **Annex A**. We would welcome suggestions of others who may wish to be involved in this consultation process.

Next Steps

7. It is the Government's intention to publish a summary of responses to the Technical Review and Call for Evidence within three months of the closing date of this Technical Review and Call for Evidence. Following consideration of responses, the Statutory Instrument will be laid before Parliament. It will be subject to affirmative resolution as required by the power in the Intellectual Property Act 2014.

Confidentiality & Data Protection

8. Information provided in response to this Technical Review and Call for Evidence, including personal information, may be subject to publication or release to other parties, or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide, to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
9. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Consultation principles

10. The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles:
www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf

Comments or complaints on the conduct of this consultation

11. If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

John Conway,
BIS Consultation Co-ordinator,
1 Victoria Street,
London
SW1H 0ET

Telephone: 020 7215 6402
or e-mail: john.conway@bis.gsi.gov.uk

12. However if you wish to comment on the specific policy proposals you should contact the policy team.

Background

13. The concept of a single European patent is linked with the desire to develop the Single Market in Europe. There has been a long history of discussion and negotiation on the subject of a single European patent and also a single European patent court.
14. Part of this ambitious task was achieved with the signing of the European Patent Convention (EPC) in 1973. This established a system whereby patent protection could be obtained in multiple countries through a single application and grant procedure, leading to a “bundle” of nationally-administered patents (hereafter, “European bundle patent(s)”). The Convention also established the European Patent Office (EPO) to process and grant patents according to the provisions of the EPC.
15. While the EPC harmonised much of patent law, at least pre-grant, what it did not provide is a single patent right with uniform effect across multiple European countries. This is now being realised with the introduction of a package of reforms comprising two EU Regulations establishing a unitary patent and an international Agreement setting up a unified patent court; these measures are designed to establish and allow enforcement of unitary patent protection within Europe. The package will provide individuals and businesses with the opportunity to protect their inventions across participating states under a single unitary patent, and to have disputes (on infringement and/or validity) settled under a court system common to the participating states. This represents a wider choice for those thinking about applying for a patent in Europe.
16. The two EU Regulations were adopted in December 2012 through enhanced cooperation between 25 EU Member States (all EU Member States except Italy, Spain and Croatia are taking part). The Regulations are [Regulation \(EU\) No 1257/2012](#) establishing the Unitary Patent (hereafter, “the Unitary Patent Regulation”) and [Regulation \(EU\) No 1260/2012](#) providing for the translation arrangements for the Unitary Patent (hereafter, “the Translation Regulation”).
17. The UPC Agreement is an intergovernmental agreement between EU countries, which establishes a court common to the contracting states. Nearly all EU Member States¹ signed the UPC Agreement on 19 February 2013.
18. The court will open three months after ratification of the Agreement by the UK, France, Germany and 10 other signatory States; this is also the point at which the Unitary Patent Regulation and Translation Regulation come into force.
19. The Patents Act 1977 (as amended) (hereafter, “the Patents Act”) is the main piece of primary legislation governing the patents framework in the UK. Before ratification we need to make changes to the Patents Act which will give effect to the UPC Agreement in national law and which will ensure compliance with the Regulations. The proposed changes to the Patents Act would take effect from the date of entry into force of the Agreement.
20. The ability to make the proposed changes to implement the UPC Agreement is provided for through a power given in section 17 of the Intellectual Property Act 2014 and the changes for the Unitary Patent Regulation through the power in section 2(2) of the European Communities Act 1972.

¹ Spain and Poland did not sign the UPC Agreement and Croatia was not a member of the EU when the UPC Agreement was signed.

Scope of the Technical Review and Call for Evidence

21. This Technical Review and Call for Evidence is **focused on the specific legislative changes that are proposed in order to implement the UPC Agreement and ensure compliance with the Unitary Patent Regulation**. These changes are provided for in the draft regulation accompanying this Technical review and Call for Evidence.
22. We are seeking views on the drafting, structure and effect of the draft Statutory Instrument (set out in **Annex C**). We hope to receive responses that consider the technical detail of the legislation as we want to ensure that the changes made to the Patents Act will give the desired outcomes, without creating any unintended consequences.
23. There are also questions which call for relevant evidence on the impacts of the proposed changes to the Patents Act in order to inform our assumptions about economic impacts (which are outlined in the accompanying Impact Assessments) and to assist with decisions on the details of legislation.
24. The proposals in this document will allow patent holders and those involved in patent litigation in the UK to make effective use of the UPC and the Unitary Patent, whilst ensuring that the UPC and Unitary Patent fit with UK law. The proposed changes are all in the form of potential amendments to the Patents Act. The changes fall broadly into 3 themes, which are also reflected in the three draft Impact Assessments:
 - Court Jurisdiction: The proposed changes will ensure that national courts do not have jurisdiction over certain disputes concerning Unitary Patents and European patents designating the UK (hereafter, “EP(UK)s”), and related Supplementary Protection Certificates (hereafter, “SPCs”).
 - Unitary Patent: The Unitary Patent is not currently referred to in the Patents Act. The Unitary Patent Regulation will be directly applicable but we propose some changes to UK law to expressly apply certain provisions of the Patents Act to the Unitary Patent and to modify others.
 - Infringement provisions: We propose that the infringement provisions in UK law for Unitary Patents, EP(UK)s, national GB patents, and SPCs based upon those types of patents are already largely the same as those found in the UPC Agreement. This means that only a few amendments will need to be made.
25. We are seeking views from those most likely to use or be affected by the UPC and Unitary Patent which include legal professionals, including patent attorneys, and businesses of all sizes and sectors who are either based in the UK or trade across Europe.

Territorial scope of the Proposed Changes

26. Patent law is a reserved matter and as such is not devolved to Scotland, Wales or Northern Ireland. The Patents Act extends to the territory of the United Kingdom and the Isle of Man and, subject to any modifications made by Order in Council under section 132(2) of the Patents Act, references to the United Kingdom are construed as including the Isle of Man. In addition the UK has extended the EPC to the territory of the Isle of Man². This means that patent law in the Isle of Man is nearly the same as in the UK. Consequently, GB patents and EP(UK)s are valid throughout the entire UK and the Isle of Man.
27. The UPC Agreement, the Unitary Patent Regulation, and the Translation Regulation cover the territory of the United Kingdom but they can be applied to the territory of the Isle of Man if the Isle of Man agrees to it. In Spring 2013, the Council of Ministers of the Isle of Man indicated³ that they want the ratification of the UPC Agreement to include the Isle of Man.
28. As currently drafted, the draft legislation only applies throughout the territory of the UK. However, we will be working with the Government of the Isle of Man to ensure that all of the changes proposed apply in the same way to the Isle of Man from the date the UPC Agreement comes into force. This will mean that the Unitary Patent will be valid in the Isle of Man and that national courts will not have jurisdiction for certain disputes for Unitary Patents, some EP(UK)s and some SPCs.

² The application of the Patent Cooperation Treaty has also been extended to the Isle of Man.

³ Summary of the Proceedings of the Council of Ministers for April, May and June 2013 which is published on the Isle of Man Government website at www.gov.im/media/629447/comin_aprilmayjune2013.pdf .

Jurisdiction

Conferring jurisdiction on the Unified Patent Court

29. Generally speaking, the courts in England, Wales, Scotland and Northern Ireland currently have jurisdiction to hear all cases relating to GB patents and EP(UK)s.
30. In England and Wales, the Intellectual Property Enterprise Court hears cases relating to patents, as well as other IP rights, but caps the scale of recoverable costs at £50,000 and damages at £500,000. If a case is more complex or valuable then it may be heard by the High Court. In Scotland, patent cases are heard by the Court of Session. In Northern Ireland, cases are heard by the Chancery Division of the High Court of Northern Ireland.
31. The UPC Agreement provides⁴ that the UPC will (following the transitional period) have exclusive jurisdiction for the following actions in relation to Unitary Patents, European bundle patents and SPCs based upon either of these patents:
 - infringement
 - declarations of non-infringement
 - revocation
 - declarations of invalidity
 - prior use
 - provisional protection
32. The UPC will have a court of first instance, and a Court of Appeal (to be based in Luxembourg). Decisions made by the UPC on the list of issues above will be directly enforceable across the territory of the patent.
33. The UPC Agreement specifies⁵ that a section of the central division of the UPC will be based in London. It will be a court of first instance for revocation proceedings relating to patents held in the chemistry and life sciences fields (including pharmaceuticals). Matters relating to patents in other technology fields will be split between the Paris seat of the central division, and the Munich section. Cases concerning infringement of a patent will be heard at a local or regional division depending on where the infringement is alleged to have occurred or where the defendant or one of the defendants is based⁶. The central division will hear infringement proceedings where there is no local division in the country where the infringement took place or where the defendant is based.

4 Article 32 of the UPC Agreement

5 Article 7(2) and Annex II of the UPC Agreement

6 Article 33 of the UPC Agreement specifies that this will be the local (or regional) division hosted by the Contracting Member State where the defendant has its residence, or principal place of business, or in the absence of a principal place of business, its place of business.

34. Therefore, we need to amend the Patents Act so that national courts do not have jurisdiction for the relevant actions in relation to Unitary Patents, European bundle patents and SPCs based upon them. This will mean ensuring that sections 61 to 63 and 65 to 69 of the Patents Act relating to infringement proceedings, section 71 on declarations for non-infringement, and sections 72, 73(1), 74 and 75 on revocation will not apply to the Unitary Patent, or, following the transitional period (as detailed below), to EP(UK)s or SPCs based upon those patents.
35. Reference in the draft Statutory Instrument in Annex C: Paragraph 1 of Schedule A4.

Comptroller's Powers

36. In the UK, the Comptroller-General of Patents⁷ (hereafter, “the Comptroller”) can decide on disputes relating to patents and, in some instances, on disputes relating to SPCs. At present, the Comptroller’s powers include deciding on questions of validity/ revocation and infringement which, as set out above, will be within the exclusive competence of the UPC for Unitary Patents and, after the transitional period, for European bundle patents and SPCs based upon them. The UPC Agreement makes it clear that neither national courts nor other national authorities (such as the Comptroller) will be able to deal with those issues⁸.
37. Therefore, the sections of the Patents Act that give the Comptroller the powers to decide those issues will need to be changed so that they do not apply to Unitary Patents and EP(UK)s which have not opted out.
38. As set out below, during the transitional period, and after that if the patent has been opted out, actions relating to EP(UK)s or SPCs based upon them may be heard before the national courts or authorities including the Comptroller.
39. In relation to the powers that the Comptroller retains, the proposed amendments will ensure that the relevant sections will apply to Unitary Patents in the same way as they do to EP(UK)s. Many of these will apply directly because of Article 7 of the Unitary Patent Regulation. However, we will ensure that those on compulsory licences are specifically applied by the Statutory Instrument.
40. References in the draft Statutory Instrument in Annex C: Paragraph 2(1) of Schedule A3 and Paragraph 1(2) of Schedule A4

⁷ In practice, the Comptroller cannot decide on all disputes personally and delegates the responsibility to senior officers at the IPO.

⁸ Article 32 of the UPC Agreement

Opinions

41. The Comptroller also has the ability to issue, on request, a non-binding yet authoritative opinion relating to the validity or infringement of a GB patent or a EP(UK). Whilst the opinion is not binding, it can help someone decide whether or not to pursue litigation or it can encourage the parties in a dispute to negotiate a settlement.
42. We believe that the Comptroller will be able to issue opinions on Unitary Patents. Opinions on the validity and infringement of a EP(UK) or Unitary Patent consider issues which will be within the jurisdiction of the UPC. But, because the opinions are not binding, the implementation of the UPC will not impact on this and the service can continue without any changes.
43. However, the Intellectual Property Act 2014 introduces a power which will allow the Comptroller to initiate the process of revoking a patent following an opinion which shows the patent is clearly not novel or lacks an inventive step⁹. Under the UPC Agreement, only the UPC will have the power to revoke Unitary Patents, and EP(UK)s within the UPC's competence. Therefore the Comptroller's new power to revoke will have to be amended so that it does not apply to Unitary Patents, or EP(UK)s within the UPC's exclusive competence.
44. The proposed changes will extend sections 74A and 74B to apply to Unitary Patents, so that the service will be available to those who wish to use it. The new subsections 73(1A) to 73(1C) will be limited so they do not apply to Unitary Patents or EP(UK)s that have not been opted out.
45. References in the draft Statutory Instrument in Annex C: Paragraph 2(1) of Schedule A3 and Paragraph 1(2) of Schedule A4.

Transitional period

46. During the transitional period (which lasts for the first seven years after the UPC Agreement comes into force, and may be extended by a further seven years), actions for infringement or revocation of a European bundle patent, or an action for infringement of an SPC based upon a European bundle patent, may be brought in either the UPC or the relevant national courts. In addition to this, during the transitional period, an applicant for a European bundle patent, or an owner of a European bundle patent, or a holder of an SPC based upon a European bundle patent may also choose to opt out their patent or SPC from the exclusive competence of the UPC. The opt out would be for the lifetime of the patent or SPC, although the opt out can be withdrawn if the holder chooses to do so.
47. During the transitional period, the UPC and the national courts will each have competence unless the patent or SPC holder has opted out. The draft legislation therefore replicates the UPC transitional period to make it clear on the face of UK legislation how it works.
48. Reference in the draft Statutory Instrument in Annex C: Paragraph 2 of Schedule A4.

⁹ For more details, see the Explanatory Notes on the Intellectual Property Act 2014, at <http://www.legislation.gov.uk/ukpga/2014/18/notes/division/5/2/2> (paragraph 65)

Jurisdiction of the UPC and SPCs

49. Proceedings for the validity and infringement of SPCs are currently brought before the UK courts. However, the UPC Agreement sets out that the UPC will have exclusive competence for such proceedings relating to SPCs based upon Unitary Patents and, following the transitional period, EP(UK)s . Therefore, jurisdiction for validity and infringement of SPCs based on Unitary Patents and EP(UK)s¹⁰ will be moved from UK courts and the Comptroller to the UPC in the same way as for the patents upon which the SPC is based.
50. Reference in the draft Statutory Instrument in Annex C: Paragraph 1(2) of Schedule A4.

Court Provisions

51. There are a few provisions of UK law which need to be amended in order that UK courts can recognise the UPC, ensuring that cases in UK courts can run smoothly.
52. Following implementation of the UPC Agreement, UK courts may need to consider the UPC Agreement or a decision by the UPC in a case before them. If the law does not provide for UK courts to give judicial notice of the UPC Agreement, then there would have to be formal evidence of the existence of the UPC Agreement each time it was used. This would take up time in court as each time a party wished to rely upon a decision of the UPC, they would have to formally prove the existence of the UPC Agreement.
53. Section 91 of the Patents Act already provides that judicial notice shall be taken of the European Patent Convention, the Patent Co-operation Treaty and the Community Patent Convention in any legal proceedings. It also extends in section 91(6) to decisions or opinions of the relevant convention court. We propose to amend this section of the Patents Act to provide similar references for the UPC Agreement and for decisions of the UPC so that judicial notice can be taken of them.
54. Reference in the draft Statutory Instrument in Annex C: Article 2(7).
55. In some cases, courts may need to obtain evidence or information from a court in another country. To do this they may require help from the relevant court where the evidence is located. For example, the UPC may request help from UK courts to get evidence which is located in the UK but which is relevant to proceedings at the UPC.
56. UK courts can already assist in obtaining evidence for foreign courts under the Evidence (Proceedings in Other Jurisdictions) Act 1975. However, this would not extend to an international court such as the UPC. Therefore, the Patents Act needs to make a provision to allow UK courts to assist the UPC in obtaining evidence. The relevant provisions of the Evidence (Proceedings in Other Jurisdictions) Act 1975 are extended by section 92(1) of the Patents Act to courts under the European Patent Convention, and this section will now be extended to also cover proceedings before the UPC.
57. Reference in the draft Statutory Instrument in Annex C: Article 2(8).

Enforcement of UPC Court Orders

58. Article 82 of the UPC Agreement provides that decisions and order of the UPC will be directly enforceable in all Member States. In addition, a recent amendment to EU Regulation 1214/2012 (the Brussels I Regulation) ensures that the UPC has jurisdiction of those actions for which it has competence and that its judgments will be directly enforceable in those contracting Member States. Therefore, we have concluded that there is no need to amend primary legislation in the UK in order to give effect to the enforceability of UPC decisions and orders. However, changes may be required to the Civil Procedure Rules in England and Wales, the Rules of the Court of Session in Scotland, and their equivalent Northern Ireland, in order to ensure that national courts can recognise the orders and decisions of the UPC as those which may be enforced in the UK. These changes are outside the scope of this Technical Review and Call for Evidence.

Mediation and Arbitration Awards

59. The UPC Agreement provides for the UPC to have its own patent mediation and arbitration centre (hereafter, “the Centre”) to provide facilities for mediation and arbitration of patent disputes falling within the scope of the UPC Agreement. The UPC Agreement provides that settlements reached through the Centre will be enforceable in any Member State. Currently, arbitration awards are enforceable in the UK under the Arbitration Act 1996 in England, Wales and Northern Ireland, and under the Arbitration (Scotland) Act 2010 in Scotland. In some circumstances an agreement achieved following mediation may be enforceable in the UK. We will consider if any legislative amendments are required in respect of mediation when more details of the Centre become available.

Perjury

60. It is an offence of perjury in England, Wales and Northern Ireland if someone knowingly swears a false statement of truth before a court. The UPC will be taking evidence which has been sworn in the UK (whether verbally in a division of the UPC sitting in the UK or in writing). However, the offence of perjury will not apply to such statements unless a change is made to UK law. Knowingly swearing a false statement in the UK should continue to be an offence, and therefore the relevant provisions on perjury should be extended to statements sworn for use at the UPC.
61. Section 92(5) of the Patents Act applies relevant parts of the Perjury Act 1911 and the Perjury (Northern Ireland) Order 1979 to statements made in England, Wales and Northern Ireland in relation to proceedings before a court under the European Patent Convention. The draft legislation extends this to proceedings before the UPC. The Scottish common law offence of perjury¹¹ may cover swearing false oaths in Scotland at the UPC.
62. Reference in the draft Statutory Instrument in Annex C: Article 2(8).

11 As set out in Gordon’s Criminal Law 2000, page 107, para 3.47

Financial Provisions and the UPC

63. The Intellectual Property Office is a Trading Fund. However, section 92(5) of the Patents Act states that financial obligations of the UK in relation to the EPC and the Patent Co-operation Treaty shall be paid from funds provided by Parliament. We are considering, with Treasury, amending section 95(1) to reflect the financial obligations under the UPC Agreement. These include an obligation¹² on member states to help fund the UPC both during its transition and, if the court is not self funding, thereafter. The UPC Agreement also sets out that Member States may also be liable for breaches of EU law by the UPC¹³.
64. Reference in the draft Statutory Instrument in Annex C: Article 2(9).

Consequential Changes to the Patents Act

65. There are a number of provisions of the Patents Act which refer to patents being amended or revoked under the Patents Act. The UPC will have competency to do this for Unitary Patents and for some EP(UK)s. Therefore, several sections of the Patents Act need to be modified to allow for the fact that the amendment or revocation may now be made by the UPC under the UPC Agreement. We propose amending section 27(2) (which is about not making amendments if a case is pending before a Court), section 58(6) (which is about Crown use when amendments have been allowed under the Patents Act) and sections 77(4), (4A), (5A) and 5(a) (which refer to amending or revoking EP(UK)s).
66. References in the draft Statutory Instrument in Annex C: Articles 2(2), 2(3) and 2(5).
67. Section 70 of the Patents Act sets out provisions on groundless threats for infringement. The UPC will have competency for infringement actions for Unitary Patents and some EP(UK)s. Therefore, we need to ensure that section 70 covers threats to bring actions at the UPC and we propose modifying section 70 accordingly.

12 Articles 36 and 37 of the UPC Agreement

13 Article 22 of the UPC Agreement

Questions on changes relating to Jurisdiction

- 1.** The aim of the proposed changes to UK law is to ensure the correct division of competence between UK courts and the UPC, in accordance with the UPC Agreement.
 - a. Do you think these changes achieve this aim?
 - b. Why do you think this?
- 2.** The draft legislation aims to reflect the transitional period set out in the UPC Agreement.
 - a. Does the draft legislation clearly implement the transitional period provisions of the UPC Agreement?
 - b. What, if any, improvements would you suggest?
- 3.** What is your view on the provision of an opinions service for a Unitary Patent? If possible, please provide evidence in support of your views.
- 4.** The proposed changes will mean that UK courts will not have jurisdiction for certain disputes related to EP(UK)s, Unitary Patents or related SPCs.
 - a. What, if any, impact do you think the changes to jurisdiction introduced by the legislation will have on your business?
 - b. What, if any, impact would there be on you as a patent owner, a person wishing to challenge the validity of another's patents, a patent attorney, lawyer, a translation service provider, or other (please define)? If possible, please provide evidence in support of your views.
- 5.** There will be a section of the central division in London which will deal with revocation cases on life sciences.
 - a. How will the presence of the central division in London affect you?
 - b. Do you anticipate using it?
If possible, please provide evidence in support of your views.
- 6.** The UK can have a local division which will deal with infringement cases.
 - a. How important is it to your business to have access to a local division of the UPC within the UK and why?
 - b. Is the location within the UK important to you?
If possible, please provide evidence in support of your views.
- 7.** Patent owners and applicants will be able to register an opt out of the UPC during the transition period, which will apply for the lifetime of the patent.

What factors will influence you in choosing to opt-out or not of the UPC's jurisdiction?

Unitary Patent

Changes relating to the Unitary Patent Regulation

68. In line with Government policy on gold-plating the implementation of EU legislation, we propose only making essential changes to UK law when the Unitary Patent Regulation comes into force. The Unitary Patent Regulation will be directly applicable and therefore only a few changes to UK law will be required. Many provisions of UK law in relation to patents will automatically be applied to the Unitary Patent by Article 7 of the Unitary Patent Regulation (including those on ownership of patents and those on employee's inventions). This means that UK law will apply to a Unitary Patent as an object of property if the applicant is located in the UK on the date of filing¹⁴. Some provisions of the Patents Act will need to be expressly applied to Unitary Patents by the Statutory Instrument.
69. Most sections of the Patents Act which will be applied to the Unitary Patent (whether through Article 7 or expressly by the Statutory Instrument) will be able to apply to the Unitary Patent in the same way as they apply to the EP(UK). However, where this is not possible we propose modifying the references.
70. We propose expressly applying sections of the Patents Act and making any modifications by adding a new section 83A and Schedule A3 to the Patents Act. The details of the changes are explained below.

Double Patenting

71. We do not permit more than one patent to be valid in the UK in relation to the same invention (this is commonly referred to as "double patenting"). Double patenting can increase costs to business as they have to deal with multiple patents for the same invention and possibly face more than one infringement case in relation to the same act.
72. In order to prevent double patenting where an EP(UK) and a GB patent have been granted for the same invention, the Comptroller has the power to revoke the GB patent. We propose extending this power so that the Comptroller has the power to revoke the GB patent if a unitary patent is registered for the same invention. To do this we will apply sections 73(2) to (4) of the Patents Act to Unitary Patents.
73. Reference in the draft Statutory Instrument in Annex C: Paragraph 2(1) of Schedule A3.

¹⁴ The applicant must either have a residence or a principal place of business in the UK or, in the absence of either of these criteria, a place of business in the UK. If there is more than one applicant then there are special criteria in Article 7 relating to the order of the applicants on the European Patent Register.

Removal of Status as European Patent (UK)

74. The Unitary Patent Regulation provides that Member States shall ensure that where a Unitary Patent has been registered, the corresponding European bundle patent is “*deemed not to have taken effect as a national patent*”¹⁵.
75. An EP(UK) automatically comes into force in the UK on the date of grant but unitary effect only has to be applied for within one month of the date of grant of the European bundle patents. Therefore, the EP(UK) may have come into force before the unitary effect has been registered. Hence, we need to change the Patents Act so that the EP(UK) will be deemed never to have existed once unitary effect is registered.
76. We propose adding section 77(10) to the Patents Act to provide that the EP(UK) will be treated as if it never existed once unitary effect has been registered.
77. Reference in the draft Statutory Instrument in Annex C: Article 2(5)(c).

Compulsory Licences

78. The Unitary Patent Regulation makes no provision for compulsory licences but says they should be governed by national law¹⁶. Therefore, we need to provide for compulsory licences, including by the Crown, for Unitary Patents. We propose that the same compulsory licence provisions which are available to an EP(UK) should also be available to a Unitary Patent. This will mean applying sections 48 – 59 of the Patents Act to the Unitary Patent. There will be some modifications to provide for the fact that the Unitary Patent Register will be kept at the European Patent Office and the grant of a Unitary Patent will be publicised in the European Patent Bulletin. Sections 58(7) – 58(9) regarding putting validity in issue in proceedings about Crown use will not be applied to the Unitary Patent, as validity proceedings for Unitary Patents will be held at the UPC. This will ensure that the provisions on compulsory licences, including Crown use, apply appropriately to the Unitary Patent.
79. References in the draft Statutory Instrument in Annex C: Paragraphs 2(1) and 4(5) – 4(9) of Schedule A3.

Prior Use

80. Prior use rights mean that a person can generally continue to do something that would be an infringement of a patent so long as they were already doing, or preparing to do, that act before the patent was applied for. These are set out for Unitary Patents in the UPC Agreement¹⁷. Section 64 of the Patents Act already applies the prior use right to EP(UK)s and GB patents. Therefore, we propose extending it to Unitary Patents in the same way as it applies to EP(UK)s.
81. Reference in the draft Statutory Instrument in Annex C: Paragraph 2(1) of Schedule A3.

15 Article 4(2) of the Unitary Patent Regulation

16 Recital 10 of the Unitary Patent Regulation

17 Article 32(1)(g) of the UPC Agreement

Groundless Threats

82. If a proprietor of a GB patent or an EP(UK) threatens to bring patent infringement proceedings, but there is no infringement or the patent is invalid, then the person threatened may be able to claim relief in UK courts for having been the recipient of groundless threats. The importance of the groundless threats provisions in the UK has been highlighted in the [Law Commission report](#), published in April 2014, on reform of the law relating to groundless threats of litigation over patents, trade marks and design rights. The report recommends changes to the current system; however, the Government has not yet responded to the report, and so we do not know whether any changes will in due course be made to UK law on groundless threats. But, given the importance of groundless threats provisions, we think that it is important that they apply to Unitary Patents.
83. The UPC does not have jurisdiction for groundless threats and we propose therefore that section 70 of the Patents Act on groundless threats will be applied to Unitary Patents. However, infringement provisions for the Unitary Patent will be brought at the UPC and so section 70 needs to be modified to make it clear that it covers the threat to bring proceedings at the UPC. The threat itself will still have to be made in the UK, Isle of Man or territorial waters because section 132 of the Patents Act limits the Patents Act to acts in those territories.
84. References in the draft Statutory Instrument in Annex C: Paragraphs 2(1) and 4(11) of Schedule A3

SPCs and the Unitary Patent

85. SPCs are granted in the UK by the IPO under EU Regulations¹⁸. These Regulations mean that to obtain an SPC in the UK the applicant needs, amongst other things, a patent valid in the UK. A Unitary Patent will be a patent valid in the UK and so it will be possible for SPCs to be granted based upon a Unitary Patent. However, an SPC granted in the UK based upon a Unitary Patent will only be valid in the UK, because the SPC Regulation provides that SPCs are valid in the country in which the SPC was granted. Therefore, we propose applying section 128B of the Patents Act.
86. Many of the practices and processes which relate to the underlying patent are automatically applied to SPCs, unless the SPC Regulation provides otherwise. So, where there is a proposed change in a provision of UK patent law set out in this document, that may also apply to relevant SPCs.

18 Regulation (EC) No 469/2009 of the European Parliament and of the Council for pharmaceutical products and Regulation (EC) No 1610/96 of the European Parliament and of the Council for plant protection products, and related UK legislation, i.e. section 128B and Schedule 4A of the Patents Act.

Questions on changes relating to the Unitary Patent

- 8.** The aim is that UK law is compliant with the Unitary Patent Regulation.
 - a. Are the proposed changes sufficient to ensure compliance of UK law with the Unitary Patent Regulation?
 - b. If not, why not?

- 9.** We propose that all the provisions of the Patents Act 1977 which apply to Unitary Patents should apply in the same way as they apply to EP(UK)s, except where they are expressly modified.

What is your view of this approach?

- 10.** What is your view on whether double patenting should be allowed for Unitary Patents?

- 11.** What is your view on extending the groundless threats provisions to threats made in the UK in relation to Unitary Patents?

- 12.**
 - a. What, if any, impacts on your business do you foresee of the proposal to extend the restriction on double patenting to Unitary Patents?
 - b. How might this affect your likelihood of seeking unitary patent protection?

Infringement

Introduction to infringement

87. GB patents and EP(UK)s both give their owner the right to prevent third parties from marketing, using, selling or importing their invention for up to 20 years. If a third party does any of these things without the consent of the patent owner, it is an infringement of the patent and the owner is entitled to take legal action against them, unless the action falls within one of the exceptions set out in the Patents Act.
88. The UPC will hear infringement cases on Unitary Patents, EP(UK)s and corresponding SPCs, and the UPC Agreement sets out the infringement provisions¹⁹ that will apply for those patents. Nearly all the infringement provisions in the UPC Agreement are the same as in UK law. This is because the UPC provisions are mainly based upon the Community Patent Convention and EU law, both of which UK law already reflects²⁰. Although there are some differences in the exact wording between the infringement provisions in Articles 25, 26 and 27 of the UPC Agreement and the equivalent provisions in the Patents Act²¹, it is our opinion that these are merely differences in drafting which do not alter the range of acts which are to be considered infringing, i.e. they are not material differences. However, the UPC Agreement does include two exceptions to infringement (one for plant breeding²² and one for computer programs²³) which do not exist in UK law. In addition, provisions on contributory infringement²⁴ and those exempting patented technology in vehicles (including ships and aircraft) temporarily in the territory of the patent²⁵ need to reflect the larger territory of the Unitary Patent.
89. The UPC Agreement does not require infringement provisions for national patents to be the same as the UPC provisions. However we propose that UK law should be brought into line with the UPC infringement provisions for all patents valid in the UK (including Unitary Patents, EP(UK)s and GB patents). This will ensure that the infringement provisions are the same for all patents valid in the UK irrespective of whether they are litigated in UK national courts or at the UPC. This will provide greater certainty to all parties.
90. We propose amending section 60 of the Patents Act only to the extent needed to introduce the two new exceptions for infringement, and to amend the provisions on contributory infringement and vehicle exemptions for Unitary Patents to reflect their larger territory. These changes are discussed in more detail in the following sections.

19 Articles 25, 26 and 27 of the UPC Agreement

20 Section 130(7) states that certain sections of the Patents Act, including infringement, are intended to have the same effect as the corresponding provisions of the Community Patent Convention.

21 This includes the proposed changes to specify that medicinal product assessment of drugs is in the scope of the research exception (see www.legislation.gov.uk/ukdsi/2014/9780111114537/contents)

22 Article 27(c) of the UPC Agreement

23 Article 27(k) of the UPC Agreement

24 Article 26 of the UPC Agreement

25 Article 27(f)-(i) of the UPC Agreement

New exceptions to infringement

91. We propose to introduce these exceptions for all patents valid in the UK. This will be achieved by adding new subsections to section 60(5) of the Patents Act; although we propose to adopt different approaches for handling each of the exceptions. More detail on the new exceptions and the intended approaches is provided below.

Plant breeding

92. Article 27(c) of the UPC Agreement makes provision for an exception to infringement for: *“the use of biological material for the purposes of breeding, or discovering and developing other plant varieties”*
93. This exception permits limited use of patented biological material so long as it is for the breeding, discovering or developing another plant variety. We propose incorporating this exception in UK law so that people would be able to carry out the same acts with patented biological material, whether it was protected by a GB patent, an EP(UK)s or a Unitary Patent.
94. In the UK, new plant varieties can be the subject of Plant Breeders’ Rights as provided for by the Plant Varieties Act 1997 and Regulation (EC) 2100/94. Plant Breeders’ Rights enable rights holders to prevent others from selling or reproducing the plant variety without permission. Plant varieties are not patentable, but inventions which concern plants are patentable if the application of the invention is not technically confined to a single plant variety.
95. When developing a new plant variety, plant breeders may wish to use biological material, particularly existing plant varieties, to breed in desirable characteristics e.g. high yield or resistance to disease. However, as patent law stands in the UK, breeders would not be able to make use of patented biological material in the development of new varieties as this risks infringement of a patented product.
96. This proposed exception to patent infringement for the breeding, discovery or development of plant varieties does not extend to the commercialisation of such new plant varieties. So, if patented biological material is exhibited in a variety intended for commercialisation, then the plant breeder will need to license the technology from the patentee. However, in some cases it is possible that the breeder may breed out patented material before a variety is ready for market.
97. We expect that this new exception will benefit those involved in the development of plant varieties as it will ensure that a consistent approach can be taken for all patents valid in the UK. If UK law is not amended, this may create uncertainty for potential users as different patents within the UK would be subject to different infringement provisions. There is also a possibility that this would restrict the commencement of research into plant varieties if the research involved biological material protected by a GB patent or an opted out EP(UK)s.

98. Introducing this change will also bring UK law into line with other major EU markets. We are aware that a similar exception is already permitted in other European countries²⁶. Making this change will, therefore, put UK law on a level playing field with much of Europe. This would be useful for UK-based companies and also for those with research centres around Europe as it could help with the transfer of plant varieties in development between countries.
99. We propose to copy the wording from the UPC Agreement to the new subsection²⁷. This ensures that we do not define the exception any differently than the UPC Agreement.
100. Reference in the draft Statutory Instrument: Article 2(4).

Computer programs

101. Article 27(k) of the UPC Agreement provides an exception to infringement for: *“the acts and the use of the obtained information as allowed under Articles 5 and 6 of Directive 2009/24/EC, in particular, by its provisions on decompilation and interoperability”*.
102. Directive 2009/24/EC relates to the legal protection of computer programs which are protected by copyright. The Directive allows third parties who have lawfully acquired the computer program to copy the program or convert it into a different format (decompile it), if this is necessary to determine how the program would interact with another program. They can do this without needing permission from the copyright owner. They can also study, observe or test the program in use, to work out the ideas and principles on which the program is based. These exceptions have been implemented into UK law as exceptions to copyright²⁸.
103. The UPC Agreement applies these exceptions to patents. However, only some computer-implemented inventions are patentable; therefore, most computer programs will only be protected by copyright. Where software is protected by a patent, there is already an exception from infringement for research²⁹ and one for acts done privately³⁰. These existing exceptions are likely to cover some of the acts provided for in the Directive, but the Directive goes further and provides for exceptions specifically related to de-compilation, interoperability and reproduction.
104. For this exception, we propose to reference the relevant Article of the UPC Agreement, rather than copying out the provision directly. We still want to ensure that we do not define the exception any differently from the UPC Agreement – it is our view that the most appropriate way to achieve that in this instance is through direct reference.
105. Reference in the draft Statutory Instrument in Annex C: Article 2(4).

26 This is the case in France and Germany, for example, and we are aware of a proposal to introduce it in the Netherlands.

27 We will not need to define the terms ‘biological material’ and ‘plant variety’ for the Patents Act, as they are already defined in Schedule A2, paragraph 11.

28 Sections 50B and 50BA of the Copyright, Designs and Patents Act 1988.

29 Section 60(5)(b) of the Patents Act.

30 Section 60(5)(a) of the Patents Act.

Changes to UK law to define infringement for the Unitary Patent

106. There are certain infringement provisions in the Patents Act, outlined below, which need to be amended to reflect the larger territorial scope of a Unitary Patent.

Contributory Infringement

107. Section 60(2) of the Patents Act gives patent proprietors the right to prevent contributory infringement. This is where a third party provides assistance to someone to infringe a patent by supplying something which they know will contribute to an infringing act. Currently, the law is limited to the supply of goods or 'means' of infringement to someone else acting within the territory of the UK.
108. Section 60(2) of the Patents Act gives patent proprietors the right to prevent contributory infringement. This is where a third party provides assistance to someone to infringe a patent by supplying something which they know will contribute to an infringing act. Currently, the law is limited to the supply of goods or 'means' of infringement to someone else acting within the territory of the UK.
109. Article 26 of the UPC Agreement contains the same provision on contributory infringement, except that it extends the territory in which contributory infringement can take place in the case of Unitary Patents to all the countries where the Unitary Patent has effect.
110. The proposed amendment to the Patents Act means that if someone in the UK were to provide someone in France with a part which enabled them to infringe a Unitary Patent, it would be contributory infringement under UK law. If no change were made to the Patents Act then someone in the UK supplying the means to infringe a Unitary Patent in the UK could be contributing to infringing the patent whereas if they supplied the same means to someone infringing outside of the UK then they may not be contributing to the infringement.
111. We propose to amend section 60(2) of the Patents Act so that, for Unitary Patents only, it follows the UPC Agreement. This will mean that contributory infringement of a Unitary Patent would then apply where the goods or means were supplied to someone within the territory of that Unitary Patent, and where they were aware that the use of these goods or means may result in that patent being infringed anywhere within its territory.
112. Reference in the draft Statutory Instrument in Annex C: Paragraph 4(10)(a) of Schedule A3.

Vehicles

113. The Patents Act provides exceptions for infringement where a foreign vehicle (such as a ship or aircraft) uses an invention patented in the UK whilst temporarily or accidentally in UK waters, airspace or territory³¹. The UPC Agreement contains the same exceptions, but for Unitary Patents changes their scope, so that vehicles from countries where the Unitary Patent has effect cannot rely upon the exception.
114. In practice, this means that if a ship registered in France were to pass through UK territorial waters, and used a product or process which was protected by a GB patent or an EP(UK), it would not be considered to be infringing that patent by using them, as is the case at present. If the patent in question was a Unitary Patent, the product or process in use on the French-registered ship passing through UK territorial waters could be infringing.
115. We propose amending section 60(5)(d), (e), and (f) of the Patents Act to ensure this different scope for Unitary Patents is reflected in UK law.
116. Reference in the draft Statutory Instrument in Annex C: Paragraph 4(10)(b) of Schedule A3.

Infringement and SPCs

117. An SPC confers the same rights as the basic patent and is subject to the same limitations and obligations. Therefore, the provisions on infringement which apply to an SPC are those which apply to its underlying patent, and the changes discussed above will automatically apply to an SPC. However, given that SPCs are based upon patents for pharmaceutical and plant protection products we do not think that the new exceptions relating to plant breeding and computer programs will affect them.

Transitional arrangements

118. The changes to infringement will apply to acts which take place from the date on which the statutory instrument comes into force; this will coincide with the date the UPC Agreement comes into force.
119. In practice, this will mean that when a UK court considers a case of infringement they would apply the infringement law which applied on the date of the infringing act, making it clear for those using patents whether or not their action is infringing when they carry out the action.

31 Sections 60(5)(d)-(f) of the Patents Act.

Questions on changes relating to Infringement

- 13.** The proposed changes to infringement include the modification of some provisions to account for the territory of the Unitary Patent and the introduction of two new exceptions.

Are the proposed changes sufficient to give effect in UK law to the infringement provisions of the UPC Agreement?

- 14.** We have taken an approach of making only minimal changes to implementing the infringement provisions. This means that the exact wording of the infringement provisions found in the UPC Agreement is not replicated in section 60 of the Patents Act.

What do you think the consequences are of this approach?

- 15.** At this stage we have taken two different approaches to the way the two new exceptions to infringement are drafted. For the plant breeders exception, we have copied out the wording as found in the UPC Agreement; whereas the software exception makes a direct reference to the UPC provisions.

- a. What is your view on which form of words works best?
- b. Should the same approach be adopted for the two new exceptions or is it preferable to adopt different approaches?

- 16.**
- a. What is your view of the proposed changes to align the exceptions to infringement in the Patents Act with those of the UPC Agreement?
 - b. Would you be affected by these changes, if so, what impact might this have?

- 17.** When should the new provisions on infringement apply and why?

- 18.** We propose changing section 60(5) of the Patents Act to include an exception from infringement for the use of biological material for the purposes of breeding, or discovering and developing another plant variety.

What, if any, would be the impact on your business of doing this?

- 19.** We propose changing section 60(5) of the Patents Act to include an exception from infringement for an act permitted under Articles 5 and 6 of Directive (EC) No 2009/24 on the legal protection of computer programs and the use of information obtained by such an act.

What, if any, would be the impact on your business of doing this?

- 20.**
- a. How might the proposed new exceptions affect your business in terms of licensing of patents relating to biological material or computer programs?
 - b. What evidence can you provide in support of your view?

Annex A

List of organisations consulted

ARM	Engineering and Physical Sciences Research Council
Association for University Research & Industry Links (AURIL)	European Federation of Pharmaceutical Industries and Associations (EFPIA)
Association of the British Pharmaceutical Industry (ABPI)	Faculty of Advocates
Bar Council	Federation of Small Businesses (FSB)
Biotechnology and Biological Sciences Research Council (BBSRC)	The British Association of The International Federation of Intellectual Property Attorneys (FICPI-UK)
Bioindustry Association (BIA)	Gallafents LLP
BlackBerry Ltd	GlaxoSmithKline
Bournemouth University	Google
British Chambers of Commerce	Her Majesty's Courts & Tribunals Service (HMCTS)
British Generics Manufacturers Association Ltd	IBM
British Society of Plant Breeders	Ideas21
Brunel University	Institute of Directors
Business Europe	Institute of Trade Mark Agents (ITMA)
Chartered Institute of Arbitrators	Institute of Knowledge Transfer
Chartered Institute of Patent Attorneys (CIPA)	Intel
Confederation of British Industry (CBI)	Intellectual Property Lawyers Association (IPLA)
Crown Office and Procurator Fiscal Service	International Chambers of Commerce
Digital Europe	International Association for the Protection of Intellectual Property (AIPPI)
Department for Environment, Food and Rural Affairs (DEFRA)	IP Bar Association
Department for Transport (DfT)	IP Federation
Dyson	IP Institute
Eli Lilly	IP Judges of the Court of Session
European Patent Institute	Judicial Office
European Patent Lawyers Association (EPLAW)	Judges of the High Court of Northern Ireland
European Patent Litigators Association (EPLIT)	Licensing Executive Society of Britain & Ireland

Lord President of the Court of Session
London Centre for International Arbitration
Microsoft Ltd
Ministry of Defence
Ministry of Justice
Monsanto
National Innovation Centre
Nestlé
Northern Ireland Chamber of Commerce and Industry
Nottingham Law School
Novartis
The Northern Ireland Executive
Office of the Lord Chief Justice of Northern Ireland
Pfizer
PraxisUnico
Proctor & Gamble
Propharma Partners Limited
Qinetiq
Qualcomm
Research Councils UK (RCUK)
Rolls Royce
Scottish Civil Justice Council
Scottish Courts Service
Scottish Enterprise
SME Innovation Alliance (SMEIA)
Syngenta
The Scottish Government
TechUK
Technology Strategy Board (TSB)
The Bar of Northern Ireland
The City UK
The Law Society
The Law Society of Scotland
The Law Society of Northern Ireland
The Patent Judges
Unilever plc
Universities UK
University of London Queen Mary & Westfield College
The United Kingdom Science Park Association (UKSPA)
Wellcome Trust
The Welsh Government

Annex B

List of questions

Questions on changes relating to Jurisdiction

- 1.** The aim of the proposed changes to UK law is to ensure the correct division of competence between UK courts and the UPC, in accordance with the UPC Agreement.
 - a. Do you think these changes achieve this aim?
 - b. Why do you think this?
- 2.** The draft legislation aims to reflect the transitional period set out in the UPC Agreement.
 - a. Does the draft legislation clearly implement the transitional period provisions of the UPC Agreement?
 - b. What, if any, improvements would you suggest?
- 3.** What is your view on the provision of an opinions service for a Unitary Patent? If possible, please provide evidence in support of your views.
- 4.** The proposed changes will mean that UK courts will not have jurisdiction for certain disputes related to EP(UK)s, Unitary Patents or related SPCs.
 - a. What, if any, impact do you think the changes to jurisdiction introduced by the legislation will have on your business?
 - b. What, if any, impact would there be on you as a patent owner, a person wishing to challenge the validity of another's patents, a patent attorney, lawyer, a translation service provider, or other (please define)? If possible, please provide evidence in support of your views.
- 5.** There will be a section of the central division in London which will deal with revocation cases on life sciences.
 - a. How will the presence of the central division in London affect you?
 - b. Do you anticipate using it?
If possible, please provide evidence in support of your views.
- 6.** The UK can have a local division which will deal with infringement cases.
 - a. How important is it to your business to have access to a local division of the UPC within the UK and why?
 - b. Is the location within the UK important to you?
If possible, please provide evidence in support of your views.
- 7.** Patent owners and applicants will be able to register an opt out of the UPC during the transition period, which will apply for the lifetime of the patent.

What factors will influence you in choosing to opt-out or not of the UPC's jurisdiction?

Questions on changes relating to the Unitary Patent

- 8.** The aim is that UK law is compliant with the Unitary Patent Regulation.
- Are the proposed changes sufficient to ensure compliance of UK law with the Unitary Patent Regulation?
 - If not, why not?
- 9.** We propose that all the provisions of the Patents Act 1977 which apply to Unitary Patents should apply in the same way as they apply to EP(UK)s, except where they are expressly modified.
- What is your view of this approach?
- 10.** What is your view on whether double patenting should be allowed for Unitary Patents?
- 11.** What is your view on extending the groundless threats provisions to threats made in the UK in relation to Unitary Patents?
- 12.**
- What, if any, impacts on your business do you foresee of the proposal to extend the restriction on double patenting to Unitary Patents?
 - How might this affect your likelihood of seeking unitary patent protection?

Questions on changes relating to Infringement

- 13.** The proposed changes to infringement include the modification of some provisions to account for the territory of the Unitary Patent and the introduction of two new exceptions.
- Are the proposed changes sufficient to give effect in UK law to the infringement provisions of the UPC Agreement?
- 14.** We have taken an approach of making only minimal changes to implementing the infringement provisions. This means that the exact wording of the infringement provisions found in the UPC Agreement is not replicated in section 60 of the Patents Act.
- What do you think the consequences are of this approach?
- 15.** At this stage we have taken two different approaches to the way the two new exceptions to infringement are drafted. For the plant breeders exception, we have copied out the wording as found in the UPC Agreement; whereas the software exception makes a direct reference to the UPC provisions.
- What is your view on which form of words works best?
 - Should the same approach be adopted for the two new exceptions or is it preferable to adopt different approaches?

- 16.** a. What is your view of the proposed changes to align the exceptions to infringement in the Patents Act with those of the UPC Agreement?
- b. Would you be affected by these changes, if so, what impact might this have?

17. When should the new provisions on infringement apply and why?

- 18.** We propose changing section 60(5) of the Patents Act to include an exception from infringement for the use of biological material for the purposes of breeding, or discovering and developing another plant variety.

What, if any, would be the impact on your business of doing this?

- 19.** We propose changing section 60(5) of the Patents Act to include an exception from infringement for an act permitted under Articles 5 and 6 of Directive (EC) No 2009/24 on the legal protection of computer programs and the use of information obtained by such an act.

What, if any, would be the impact on your business of doing this?

- 20.** a. How might the proposed new exceptions affect your business in terms of licensing of patents relating to biological material or computer programs?
- b. What evidence can you provide in support of your view?

Annex C

Draft Statutory Instrument

STATUTORY INSTRUMENTS

2015 No. XXXX

PATENTS

The Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2015

Made - - - - - ***
Laid before Parliament ***
Coming into force - - - - - ***

The Secretary of State has been designated for the purposes of section 2(2) of the European Communities Act 1972(a) in relation to intellectual property (including both registered and unregistered rights)(b).

The Secretary of State makes this Order in exercise of the powers conferred by that section and section 88A of the Patents Act 1977(c).

Citation, commencement and extent

- 1.—(1) This Order may be cited as the Patents (European Patent with Unitary Effect and Unified Patent Court) Order 2015.
- (2) This Order comes into force on the date of entry into force of the Agreement on a Unified Patent Court signed at Brussels on 19th February 2013.
- (3) This Order has the same extent as the Patents Act 1977.

Amendments to the Patents Act 1977

- 2.—(1) The Patents Act 1977 is amended as follows.
- (2) In section 27 (general power to amend specification after grant), in subsection (2), after “court” insert “, the Unified Patent Court”.
- (3) In section 58 (references of disputes as to Crown use), in subsection (6), after “Act,” insert “or, in the case of a European patent (UK), has been allowed under any of the provisions in the Agreement on a Unified Patent Court.”.
- (4) In section 60 (meaning of infringement)—
 - (a) in subsection (5), after paragraph (i), insert—
 - “(j) it consists of the use of biological material for the purposes of breeding, or discovering and developing, another plant variety;
 - (k) it consists of an act or use referred to in Article 27(k) of the Agreement on a Unified Patent Court.”;
 - (b) after subsection (6G), insert—

(a) 1972 c.68, as last amended by the European Union (Amendment) Act 2008.
(b) S.I. 2006/608.
(c) 1977 c.37, as last amended by the Intellectual Property Act 2014.

“(6H) For the purposes of section 60(5)(j), “plant variety” has the same meaning as in paragraph 11 of Schedule A2.”.

(5) In section 77 (effect of European patent (UK))—

- (a) in subsections (4), (4A) and (5A), after “European Patent Convention” insert “or the Agreement on a Unified Patent Court”;
- (b) in subsection (5)(a)—
 - (i) after “European Patent Convention” insert “or the Agreement on a Unified Patent Court”;
 - (ii) at the end after “Enlarged Board of Appeal” insert “or is revoked and subsequently restored by the Unified Patent Court”;
- (c) after subsection (9), insert—

“(10) Subsection (1) does not apply and is to be treated as never having applied in respect of a European patent (UK) whose unitary effect is registered by the European Patent Office in the Register for unitary patent protection (see, in particular, the Unitary Patent Regulation).”.

(6) After section 83, insert—

“83A European patent with unitary effect and Unified Patent Court

(1) Schedule A3 contains provision about the application of this Act in relation to the European patent with unitary effect.

(2) Schedule A4 contains provision about the jurisdiction of the Unified Patent Court in relation to the European patent (UK) and the European patent with unitary effect.”

(7) In section 91 (evidence of conventions and instruments under conventions)—

- (a) in subsection (1)(a), after “the Community Patent Convention” insert “, the Agreement on a Unified Patent Court”;
- (b) in subsection (6), in the definition of “relevant convention court”, after “party to the relevant convention”, insert “but does include the Unified Patent Court.”

(8) In section 92 (obtaining evidence for proceedings under the European Patent Convention), in subsections (1) and (5), after “European Patent Convention” insert “or proceedings before the Unified Patent Court”.

(9) In section 95 (financial provisions)—

- (a) in subsection (1), after “European Patent Convention,” insert “the Agreement on a Unified Patent Court”;
- (b) in subsection (2), after “that convention”, insert “or that agreement”.

(10) In section 130 (interpretation)—

- (a) in subsection (1), insert the following definitions at the appropriate places—

““Agreement on a Unified Patent Court” means the Agreement on a Unified Patent Court signed at Brussels on 19th February 2013;”;

““Unified Patent Court” means the court established under the Agreement on a Unified Patent Court;

“Unitary Patent Regulation” means Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection;”.

- (b) in subsection (1), in the definition of “court”, after paragraph (c) insert—

“but see Schedule A4 for provision conferring certain jurisdiction on the Unified Patent Court;”;

- (c) in subsection (6), after paragraph (c), insert—

“(d) the Agreement on a Unified Patent Court;”.

(11) After Schedule A2, insert—

“SCHEDULE A3 EUROPEAN PATENT WITH UNITARY EFFECT

Meaning of “relevant statutory provisions”

1. In this Schedule “relevant statutory provisions” means—

- (a) the provisions of this Act which, by virtue of paragraph 2, apply in relation to the European patent with unitary effect, and
- (b) the other provisions of this Act which, by virtue of the Unitary Patent Regulation, apply in relation to the European patent with unitary effect (see, in particular, Article 7 of that Regulation)

Provisions applied by this Schedule to the European patent with unitary effect

2.—(1) The following provisions of this Act are to apply in relation to a European patent with unitary effect—

- section 28A (effect of order for restoration of a patent);
 - section 48 (compulsory licences: general);
 - section 48A (compulsory licences: WTO proprietors);
 - section 48B (compulsory licences: other cases);
 - section 49 (provisions about licences under section 48);
 - section 50 (exercise of powers on applications under section 48);
 - section 50A (powers exercisable following merger and market investigations);
 - section 51 (powers exercisable in consequence of report of Competition Commission);
 - section 52 (opposition, appeal and arbitration);
 - section 53 (compulsory licences: supplementary provisions);
 - section 54 (special provisions where patented invention is being worked abroad);
 - section 55 (use of patented inventions for services of the Crown);
 - section 56 (interpretation, etc., of provisions about Crown use);
 - section 57 (rights of third parties in respect of Crown use);
 - section 57A (compensation for loss of profit);
 - section 58(1) to (6) and (9A) to (13) (references of disputes as to Crown use);
 - section 59 (special provisions as to Crown use during emergency);
 - section 60 (meaning of infringement)
 - section 64 (right to continue use begun before the priority date);
 - section 70 (remedy for groundless threats of infringement proceedings);
 - section 73(2) to (4) (Comptroller’s power to revoke patents on his own initiative);
- in section 74—
- (a) subsection (1)(b) (proceedings under section 70 in which validity of patent may be put in issue);
 - (b) subsections (2) to (8) so far as they relate to subsection (1)(b);
- section 74A (opinions as to validity or infringement);
 - section 74B (reviews of opinions under section 74A);
 - section 77(4) to (5A) (effect of European Patent (UK));
 - section 76A (biotechnological inventions) so far as it relates to section 37;
 - section 80(1) (authentic text of European patents and patent applications);
 - section 97 (appeals from the comptroller) so far as it relates to appeals from a decision of the comptroller under sections 37, 40 and 74B;

the following provisions so far as they relate to section 74(1)(b) or appeals from a decision of the comptroller under sections 37, 40 and 74B—

- (a) section 98 (proceedings in Scotland);
- (b) section 99 (General powers of the court);
- (c) section 99A (power of Patents Court to order report);
- (d) section 99B (power of Court of Session to order report);
- (e) section 100 (burden of proof in certain cases) so far as relevant to section 97;

section 101 (exercise of comptroller's discretionary powers);

section 102 (right of audience, &c in proceedings before comptroller);

sections 103 (extension of privilege for communications with solicitors relating to patent proceedings) and 105 (extension of privilege in Scotland for communications relating to patent proceedings) so far as they relate to proceedings before the comptroller;

section 107 (costs and expenses in proceedings before the comptroller);

section 108 (licences granted by order of comptroller);

section 110 (unauthorised claim of patent rights);

section 116 (immunity of department as regards official acts);

section 118 (information about patent applications and patents, and inspection of documents);

section 125 (extent of invention) so far as it relates to section 37;

section 128A (EU compulsory licences);

section 128B (supplementary protection certificates).

- (2) This paragraph is subject to paragraphs 3 and 4.

Manner of application of relevant statutory provisions

3. The relevant statutory provisions are to apply in relation to a European patent with unitary effect in the same way as they apply in relation to a European patent (UK).

Modifications of relevant statutory provisions

4.—(1) In their application in relation to the European patent with unitary effect, those of the relevant statutory provisions which are referred to in this paragraph are to have effect subject to the modifications set out in this paragraph.

(2) In section 7(2)(b), the reference to the United Kingdom is a reference to any of the Participating Member States.

(3) In sections 30(7) and 31(7), references to proceedings by virtue of section 61 or 69 are references to equivalent proceedings in the Unified Patent Court.

(4) In sections 33(1)(a), 33(4), 37(2), 37(7), 38(2) and 38(3) the reference to registration is a reference to registration in the Register for unitary patent protection.

(5) In sections 48(1)(b) and 48B(4), the reference to the register is a reference to the Register for unitary patent protection.

(6) In section 48(2)(b), the reference to making an entry is a reference to directing the making of an entry.

(7) In sections 29(3), 48B(2)(b) and 50(2)(a), the reference to the journal is a reference to the European Patent Bulletin.

(8) In section 55(5)(b), the reference to the Patent Office is a reference to the European Patent Office.

(9) In section 59(2), the reference to section 69 includes a reference to Article 67 of the European Patent Convention.

(10) In section 60—

- (a) in subsection (2), the references to the United Kingdom are references to the territory of the Contracting Member States in which the European patent with unitary effect has effect;

(b) in subsection (7)—

- (i) in the definition of “relevant ship” and “relevant aircraft, hovercraft or vehicle”, the reference to the United Kingdom is a reference to the Contracting Member States in which the European patent with unitary effect has effect; and
- (ii) in the definition of “exempted aircraft”, the reference to an aircraft to which section 89 of the Civil Aviation Act 1982 applies is a reference to an aircraft other than an aircraft of a Contracting Member State in which the European patent with unitary effect has effect.

(11) In section 70(1), the reference to proceedings for any infringement of a patent includes a reference to such proceedings in the Unified Patent Court.

(12) In section 74(2), the reference to other proceedings does not include a reference to proceedings before the Unified Patent Court.

Interpretation

5. In this Schedule—

(a) “Contracting Member State” means a member State which is party (within the meaning of Article 2(g) of the Vienna Convention on the Law of Treaties 1969) to the Agreement on a Unified Patent Court; and

(b) the following expressions have the same meanings as in the Unitary Patent Regulation—
European patent with unitary effect;
Participating Member States;
Register for unitary patent protection.

SCHEDULE A4 THE UNIFIED PATENT COURT

Jurisdiction

1.—(1) The Unified Patent Court has exclusive jurisdiction in respect of the actions listed in Article 32 of the Agreement on a Unified Patent Court in relation to—

- (a) a European patent with unitary effect, and
- (b) subject to paragraph 2, a European patent (UK).

(2) The following provisions of this Act do not apply in relation to the actions referred to in sub-paragraph (1)—

- section 58(7) to (9) (references of disputes as to Crown use)
- section 61 (proceedings for infringement of a patent)
- section 62 (restrictions on recovery of damages for infringement)
- section 63 (relief for infringement of partially valid patent)
- section 65 (certificate of contested validity of patent)
- section 66 (proceedings for infringement by co-owner)
- section 67 (proceedings for infringement by exclusive licensee)
- section 68 (effect of non-registration on infringement proceedings)
- section 69 (infringement of rights conferred by publication of application)
- section 71 (declaration as to non-infringement)
- section 72 (power to revoke patents on application)
- section 73(1) to (1C) (comptroller’s power to revoke patents on his own initiative)
- section 74 (proceedings in which validity may be put in issue)
- section 75 (amendment of patent in infringement or revocation proceedings)
- section 77(3) (effect of European patent (UK))

in paragraph 2(1) of Schedule 4A—

- (a) sections 61 to 69 (infringement of a patent);
- (b) section 74(1)(a) and (c) to (e) and (7) (proceedings in which validity of a patent may be put in issue);
- (c) section 75 (amendment of a patent in infringement or revocation proceedings).

Transitional provisions

2.—(1) During the transitional period, an action may be brought before the court, the comptroller or the Unified Patent Court for any of the following—

- (a) infringement of a European patent (UK);
- (b) revocation of a European patent (UK);
- (c) infringement of a supplementary protection certificate issued for a product protected by a European patent (UK);
- (d) declaration of invalidity of a supplementary protection certificate issued for a product protected by a European patent (UK).

(2) An action pending before the court or comptroller at the end of the transitional period is not affected by the expiry of the transitional period.

(3) Unless an action has already been brought before the Unified Patent Court, a proprietor of, or an applicant for, a European patent (UK) granted or applied for before the end of the transitional period, as well as a holder of a supplementary protection certificate issued for a product protected by a European patent (UK), may opt out from the exclusive jurisdiction of the Unified Patent Court in accordance with Article 83(3) and any relevant Rules of Procedure.

(4) Unless an action has already been brought before a court, a proprietor of, or applicant for, a European patent (UK), or the holder of a supplementary protection certificate for a product protected by a European patent (UK), who has opted out in accordance with paragraph (3) may withdraw their opt-out at any time in accordance with Article 83(4) and any relevant Rules of Procedure.

(5) For the purposes of this paragraph—

“transitional period” means the period referred to in Article 83(1) and such additional period as the Administrative Committee may decide under Article 83(5); and

a reference to Article 83 is a reference to Article 83 of the Agreement on a Unified Patent Court.

Interpretation

3. In this Schedule “Rules of Procedure” has the same meaning as in the Agreement on a Unified Patent Court.”.

Date

Name
Parliamentary Under Secretary of State
Department

EXPLANATORY NOTE

(This note is not part of the Order)

This Order makes provision to give effect to European Union legislation in relation to the European patent with unitary effect and to an international agreement on the Unified Patent Court.

The European Parliament and the Council adopted Regulation (EU) No 1257/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection (“the Unitary Patent Regulation”) (OJ No L361, 31.12.2012, p1). The Council also adopted Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to applicable translation arrangements (OJ No L361, 31.12.2012, p89). A number of member States of the European Union signed an international agreement on 19 February 2013 on a unified patent court (OJ No C175, 20.06.2013, p 1).

Article 2 amends the Patents Act 1977 (“the Act”). Article 2(4) amends the Act to implement provisions on infringement in the Agreement on the Unified Patent Court. Article 2(4) inserts two new exceptions to infringement in section 60(5) of the Act. The infringement provisions applied to national patents are the same as those applied to the European patent with unitary effect.

Article 2(5)(c) amends section 77 of Act to make clear that once unitary effect for a European patent is registered in the Register for unitary patent protection, that patent no longer has effect in the UK as a national patent and is to be treated as never having had effect.

Article 2(6) inserts a new section 83A in the Act which inserts two new Schedules, A3 and A4, to the Act. Schedule A3 indicates how certain provisions of the Act apply to the European patent with unitary effect and applies certain provisions of the Act which relate to the European patent (UK) to the European patent with unitary effect. The provisions on compulsory licences in the Act are applied to the European patent with unitary effect. Schedule A4 gives exclusive jurisdiction to the UPC over the matters listed in Article 32 of the Agreement on a Unified Patent Court. Consequently, as regards those matters, jurisdiction is removed from the domestic courts, subject to certain transitional and opt out provisions.

The Order does not purport to implement provisions of the Unitary Patent Regulation that are directly applicable. Nor does the Order purport to implement the directly applicable provisions of the Order on translation arrangements.

An impact assessment has been prepared and copies placed in the libraries of both Houses of Parliament. Copies of the assessment are also available from Patents Legal Section, Concept House, Cardiff Road, Newport NP10 8QQ.

Annex D

Impact Assessments

Impact assessment: UPC implementation infringement

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317638/IA_UPC_Implementation_Infringement.pdf

Impact assessment: UPC implementation jurisdiction

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317639/IA_UPC_Implementation_Jurisdiction.pdf

Impact assessment: UPC implementation infringement Unitary Patent

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317641/IA_UPC_Implementation_Unitary_Patent.pdf

Statement of innovation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/317647/Statement_of_Innovation.pdf

Annex E

Glossary of terms and abbreviations

European bundle patents	Group of national patents created following the grant of a European patent
EP(UK)	European bundle patent validated in the UK
EPC	European Patent Convention
EPO	European Patent Office
GB patent	A national UK patent granted by the Intellectual Property Office
Patents Act	The Patents Act 1977 (as amended)
SPC	Supplementary Protection Certificate
Translation Regulation	Regulation (EU) No 1260/2012 providing for the translation arrangements for the Unitary Patent
Unitary Patent	European Patent with Unitary Effect
Unitary Patent Regulation	Regulation (EU) No 1257/2012 establishing the Unitary Patent
UPC	Unified Patent Court
UPC Agreement	Unified Patent Court Agreement

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