

# **IP Landscape in Europe - How Brexit and the Unified Patent Will Influence Patenting Strategies, Litigation and Ultimately the Value of IP Portfolios**

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# Disclaimer

- The opinions presented here are my own personal opinions and are not necessarily shared by my employer or other parties.

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# What is Brexit?

The proposed exit of the UK from the European Union in 2019.

What effect does this have on major IP in Europe?

- European Trade Marks
- European Registered designs
- European patents

# The effect of Brexit on IP

- European TM (EUTM) and designs (EUD) are "true" European rights which are only open to EU member states.
- After Brexit:
- 3 possible scenarios for current TM in the UK:
- a new UK trade mark (UKTM) is created out of the existing EUTM, to cover the UK territory;
- the EUTM regime is amended to permit non-EU Member States; or
- the UK unilaterally decides to honour EUTMs as if the UK had remained in the EU.

# Consequences for TM

- The rights will continue to exist in some form – but any pre-Brexit licence agreements will have to be reviewed, for example to change the geographic scope from “in the European Union” to “in the European Union and the UK”.
- - any pending EUTM litigation will no longer be able to continue in the UK as the UK courts will no longer be European Courts – transitional procedures will be necessary.

# Recommendations

- 1) Review any current EUTM licences – check provisions on geographical scope (“EU only” will no longer include UK) and licensees right to sue (differences between UK and EU law on rights of exclusive/non-exclusive licensees)
- 2) File national UK trademark when possible for major marks
- 3) (Re-)register licences in the UK

# Effect on current UK registered designs

- Possible scenarios – similar to TM:
- a new UK registered design (UKRD) is converted out of the existing EURD, to cover the UK territory;
- the EUTM regime is amended to permit non-EU Member States; or
- the UK unilaterally decides to honour EUTMs as if the UK had remained in the EU.

# Recommendations

- 1) Review any current EURD licences – check provisions on geographical scope and licensees right to sue
- 2) File national UK registered designs and EU registered designs for future designs
- 3) (Re-)register licences in the UK to ensure they still cover the UK when it becomes non-EU

# Summary for TM and Designs

- As of today (August 3, 2017) no information is available on what will actually happen.
- Taking no action may lead to a lose of TM and design rights in the UK and cause the value of your current TM and design porfolio to fall.
- The consequences will not be felt until 2019.
- So don't panic – consider getting parallel protection in the UK and EU for TM and designs and keep up-to-date (read the newsletters that your IP attorneys send you!).

# European patents

- European patents are not limited to 26 members of the European Union – also 10 non-EU states.
- European patents validated in the UK will continue to have the same validity as now.
- No action required with respect to your current European patent portfolio.
  
- BUT...

# Unified Patent Court and Unitary Patent

The EU wants a single patent (“Unitary Patent”) which covers all the EU countries – similar to the EU TM and EU registered design.

One patent which can be litigated or revoked by a single court – the Unified Patent Court.

# UPC and UP

- Status:
- On hold due to ratification delay from Germany.
- Possible entry into force in 2018 when ratified by 13 of the 26 EU countries.
- Brexit will probably not influence the entry into force but only the scope, the UK will not be covered by the single patent.

# Consequences (1)

- No change for current and future European patent granted before the entry into force of the Unitary patent. No effect on your current European patent portfolio

# Consequences (2)

- Future European patents: docketing complications as there will be the possibility of having a Unitary patent which is valid in the 13 (and successively more) countries which ratify the agreement AND national patents for the other non-ratified EU countries and the other 10/11 non-EU countries.
- Extra renewal fee and for 7 years extra translation costs

# Remedies

Remedies available for infringement:

- Damages – no triple damages
- Injunctions – possible less chance of injunction under the Unified patent Court than with National Court. E.g. German judges almost always give injunction when infringement found but due to antitrust issues this may be less likely before the Unified Patent Court.

# Remedies

Remedies available for infringement:

- Lack of injunctions will possibly make standard essential patents less valuable – the threat of an injunction adds to the value of IP

# Strategies

- Need to be based on your business plan.

Consider:

Balance between enforcement versus revocation

- Geographical scope – car vs pharma industries – is IP in e.g. Germany, France and the UK enough
- Unified patent may be cheaper in annual fees for more than 4 countries BUT watch out for translation costs (e.g. for Spain) and non-EU countries (Switzerland, Norway,..)
- Portfolio size – one key patent or many patents which cover a product
- Strength of each patent:
  - – strong – use Unitary to reduce your costs if litigating an infringer
  - - weak – use National validations to make revocation suits more expensive.

# Enforcement

Europe – now

- Damages and injunctions

Europe – future

- Damages – fewer injunctions?

US

- Damages and injunctions

# Revocation

- Europe

## Grounds for revocation

- Non-patentability:
  - The invention is not a patentable invention (for example, it is not new or inventive)
- Non-entitlement:
  - The patent was granted to a person who was not entitled to be granted the patent
- Insufficiency:
  - The patent specification does not disclose the invention clearly and completely enough for it to be performed
- Added matter:
  - The subject-matter of the patent extends beyond the content of the originally filed application
- Unallowable extension:
  - The protection conferred by the patent has been extended by an amendment which should not have been allowed

# Revocation

US

Grounds for revocation/unenforcability

- Similar grounds for revocation BUT additional actions make patent "unenforcable" e.g.
- "fraud," "inequitable conduct," violation of "duty of disclosure"

My opinion: Less predicable than Europe?

Extensive discovery makes it expensive.

# Strategies

## Possibilities:

- Just European patent validated in some countries
- Just National patents
- European patent (EP) opt-in to the UPC (and add extra countries) and file a divisional patent for a regular EP patent
- File EP patent and utility models

# Valuation of your European IP

- Time of uncertainty
- Value dependant on if the Unified Patent Court is patent proprietor-friendly or not
- Change is intended to reduce costs but will probably in the short-term lead to more costs for all parties as monitoring of decisions and Court praxis will be needed

# Recommendations

No action required yet but:

- Do you want to have a Unitary Patent? Or opt-out?

Pros:

- cheaper protection if you want a lot of European countries (but you still need to validate in countries which are not EU or not ratified the agreement).
- Can litigate for all the Unitary protected countries before a single court

Cons:

- Unitary patent can be invalidated by a single Court
- New, untried and tested Unified Patent Court

# What to do?

The Unified Patent Court is untested and probably many companies will only use the Unitary Patent for some of their European Patents.

Keep aware of what is happening: when the agreement starts and when further countries ratify it – expect some extra costs in the next few years for advice, monitoring of competitors and doubling-up on key IP