The UPCA’s Path to Entry into Force between Delayed and Withdrawn Ratifications – Dead-end Street or Bumps in the Road?

I. The early era of fragmented European patent law and failed unification efforts

On 5 October 1973, 16 European states signed the Convention on the Establishment of a European Patent Grant Procedure at the Munich Diplomatic Conference. The European Patent Convention (EPC) was a big milestone on the road towards the integration of fragmented patent law in Europe. The establishment of an independent European Patent Office (EPO) made it possible, for the first time, to obtain patent protection for several jurisdictions simultaneously with a single patent application – namely all the contracting states of the EPC designated by the applicant.

Pursuant to the EPC, the European patent is a ‘patent bundle’. This means that once a European Patent has been granted by the EPO, it is divided into national parts governed by national law and national procedures. It was not long before further efforts were taken to overcome this remaining fragmentation of European patent law by creating a European patent with unitary effect in the common market. However, the Convention for the European Patent for the Common Market (‘Community Patent Convention’ – CPC) concluded on 15 December 1975 by the then nine EEC Member States never became effective, since it was not ratified by all signatory states as required for its entry into force.

In order to remedy the unsatisfactory situation created by failing to achieve the CPC’s entry into force, the EC Member States made a second attempt to install a unitary community patent by concluding the Agreement relating to Community Patents on 15 December 1989. However, this attempt was also destined to fail, and it too never entered into force as only 7 of the 12 signatory states deposited instruments of ratification.

The continued failure to unify the fragmented patent system in Europe was subject to criticism by the stakeholders involved. In particular, the lack of a centralised European patent jurisdiction was identified as a growing problem. In view of this, a Working Party on Litigation was established in 1999 at the Intergovernmental Conference of the Contracting States of the EPC in Paris to work on a draft of a European Patent Litigation Agreement (EPLA). At its fifth meeting on 19 and 20 November 2003, the Working Party came up with a draft agreement and a draft statute for the European Patent Court. However, this project was also unsuccessful – against the background that the European Commission regarded the negotiations on the EPLA as unlawful. In its view, the Member States were prevented from pursuing this action as Regulation 44/2001 had already created Community law in that field, with the consequence that, to the extent defined within the Regulation, the legislative power lies exclusively with the Community.

II. A long-awaited breakthrough within the EU: the UPCA

The efforts of the EU itself towards a unified patent system were renewed in 2000 when the Commission presented a proposal for a regulation on the Community Patent (CPR). No significant progress towards consensus between the Member States on the draft regulation was made, however. The Commission finally announced a breakthrough in the negotiations on the Community Patent on 4 December 2009, but another setback followed a year later when differences over the language regime prevented a unanimous consensus on an EU patent system. Since no unanimous decision on the
establishment of a unified patent system could be reached, efforts in that direction were ultimately pushed forward by 25 Member States within the framework of enhanced cooperation. That enhanced cooperation finally led to a breakthrough in the unification of patents.

On 11 December 2012, the ‘EU patent package’, was approved by the European Parliament. The package consisted of the Unitary Patent Regulation (UPR), the Translation Regulation and the Unified Patent Court Agreement (UPCA). The approval of the European Parliament was confirmed by the Council on 17 December 2012 and the two regulations entered into force on 20 January 2013.

However, pursuant to Art. 18(2) UPR and Art. 17(2) Translation Regulation, their application is conditional on the entry into force of the UPCA.

III. The dilemma of the UPCA’s entry into force

The entry into force of the UPCA, which was signed on 19 February 2013 by all Member States participating in enhanced cooperation (with the exception of Bulgaria and Poland), is regulated under Art. 89 (1) UPCA. Accordingly, the Agreement shall ‘enter into force on 1 January 2014 or on the first day of the fourth month after the deposit of the thirteenth instrument of ratification or accession […]’, including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place’. At the time the clause was taken to mean that the entry into force of the Agreement was subject to its ratification by Germany, UK and France, and 10 other Member States.11

France deposited its instrument of ratification with the General Secretariat of the Council of the European Union on 14 March 2014, pursuant to Art. 84 (2) of the UPCA12, the first (of the States whose ratification of the UPCA is a mandatory condition for the entry into force of the Convention) to do so. On 26 April 2018 the United Kingdom, as the 16th signatory state in total, notified its ratification of the UPCA.13

In Germany, however, approval of the agreement faced obstacles on the national level. The Act on the Ratification of the UPCA (Ratification Act)14 was adopted by the Bundestag15 on 9 March 2017 and passed the Bundesrat on 31 March 2017.16 However, as a result of a constitutional complaint filed with the Bundesverfassungsgericht (German Federal Constitutional Court) immediately after the conclusion of the parliamentary procedure, the execution of the Ratification Act – and thus the further ratification process – was suspended. Consequently, due to the absence of a ratification by the third signatory state whose ratification is mandatory, the entry into force of the UPCA was delayed in its entirety.

In its long-awaited decision of 13 February 2020, the Bundesverfassungsgericht finally declared the Ratification Act null and void on the ground that it would have brought about a change in the Basic Law (Grundgesetz). Such a change would have required a qualified majority in the Bundestag which had, however, not been achieved in a vote on 9 March 2017.17 Immediately after the publication of the decision of the Bundesverfassungsgericht, the German Minister of Justice, Christine Lambrecht, announced that she intended to present the Ratification Act to the Bundestag once again in the current legislative period.18 On 8 June 2020, a revised draft bill for an Act on the Ratification of the UPCA was sent to institutions interested in patent law for review and comment.

However, on 20 July 2020, before the draft could be submitted to the Bundestag for a new vote, the United Kingdom declared that it was withdrawing its ratification of the UPCA.19 This notwithstanding, the other signatory states to the UPCA have in the meantime apparently agreed in a Common Understanding that the agreement should nevertheless enter into force. Consequently, the approval of the revised draft bill for an Act on the Ratification of the UPCA by the Bundestag on 26 November 2020, and its subsequent passing by the Bundesrat on 18 December 2020, was unanimously celebrated as an ‘important step closer to the goal of bringing the Unified Patent Court into operation’.20

However, even after Germany’s completion of the ratification procedure, it seems questionable whether (or how) entry into force of the UPCA may now in fact be possible against the background of principles of international treaty law.

IV. The withdrawal of the ratification by the UK

Several complex issues arise in light of the UK’s ratification withdrawal from the perspective of international treaty law. On the one hand, one may ask whether a ‘backing out’ of the agreement through a simple withdrawal of ratification was actually possible under general treaty law. On the other, the more challenging question is...
what effect the UK’s ratification withdrawal will have on the treaty, and whether it effectively prevents its entry into force. With a view towards the future of the agreement, the last important inquiry is under what conditions the UPC may still enter into force without the UK.

1. Is the withdrawal of ratification permitted and effective under international law?

In principle, once a state has expressed its consent to a treaty in accordance with its provisions, denunciation of the treaty is only possible under specific conditions. These conditions are either identified in the respective termination provisions of the treaty, or in the applicable Vienna Convention on the Law of Treaties (‘VCLT’). The latter allows termination either based on the consent of the contracting parties, or with a 12-months notice when a possibility to terminate is implied by the treaty’s nature or was intended by the parties. While a withdrawal from a treaty must normally stand this test, here the case is different because the UK’s withdrawal came at a time when the UPCA has not yet objectively entered into force. So, although the UK’s expression of consent to be bound through its ratification was effective, the treaty itself had not yet acquired binding force. This raises the question of whether the UK could still be considered bound by the treaty in any way.

Generally – and unsurprisingly – the answer to this question must be in the negative, as the treaty may not simply be assumed to have any legal force before it fulfilled its own ratification requirements. However, once a state signs or ratifies a treaty that is not yet in force, at least one obligation is created towards that treaty in principle. Under Art. 18(b) of the VCLT, a state ‘is obliged to refrain from acts which would defeat the object and purpose of a treaty’ when it has ‘expressed its consent to be bound by the treaty, pending the entry into force of the treaty and provided that such entry into force is not unduly delayed’. Article 18(b) can be read to create an admittedly vague, yet important obligation for states to uphold the basic tenets of a treaty before it has become objectively binding. Its violation in the present case is however questionable. Firstly, the duty to refrain from acts defeating the object and purpose of a treaty does not seem to prohibit a withdrawal of ratification (nor does the VCLT appear to do so elsewhere), and secondly, the obligation to refrain only remains as long as the entry into force is not ‘unduly delayed’. Although there is no defined time limit for that purpose, proposals have ranged between one year, to more than five years. In the case of the UPCA, however, the lapse of seven years since its signing in 2013, and of two years since the UK’s ratification, is likely to amount to such an undue delay. And even if the UK is considered to have violated Art. 18(b) VCLT in the present case, the only consequence of that breach would be its responsibility under international law for an internationally wrongful act, but no adverse impact on the validity of its withdrawal.

Although unconventional, such withdrawals of ratification before a treaty enters into force are not unprecedented, and the practice of states seems to have been not to object. The UK’s withdrawal of a ratification before the UPCA’s entry into force does not therefore seem to be prohibited under international treaty law, and as such must be considered effective.

2. Does the UK ratification withdrawal render an entry into force impossible?

Some doubt has also arisen as to whether the UPCA, as a matter of law, has any future without the UK. As mentioned earlier, Art. 89(1) regulates that the agreement ‘shall enter into force on […] the first day of the fourth month after the deposit of the thirteenth instrument of ratification […]’, including the three Member States in which the highest number of European patents had effect in the year preceding the year in which the signature of the Agreement takes place’. This introduces a fixed temporal element that could be interpreted in two ways. It either only applies to the number of European patents, making only the year 2012 relevant for purposes of measuring those numbers, or it also restricts the reading of ‘member states’. The latter interpretation would not allow for a contemporary reading of ‘member states’ to simply assume that since the UK has ceased to be an EU Member State as of 2020, the Member State with the next-highest patents could step in, as suggested elsewhere. However, the UK’s EU membership is not done away with retroactively, which means that strictly speaking, in the year before the signing of the UPCA took place (2012), the UK was a Member State and, unlike Italy, it belonged to the group of the three Member States with the highest number of patents.

25 See also the UN Secretary General’s practice as depositary of treaties: ‘A State that had deposited an instrument of ratification or of a similar nature may subsequently decide to withdraw its instrument. The Vienna Conference on the Law of Treaties did not address this question. The practice of the Secretary-General has been to allow such a withdrawal until the entry into force of the treaty, on the understanding that, until that time, States are not definitely bound by the treaty.’ UN Office of Legal Affairs, Summary of Practice of the Secretary-General as Depositary of Multilateral Treaties, UN Doc. ST/LEG/7/Rev.1, para 157.

26 For examples of similar ratification withdrawals before entry into force that faced no objections by the depositary or other states concerned, such as the withdrawals of ratification by Greece in 1952, of Spain in 1958, and Italy/Luxemburg in 1999 and 2000 (from the Fish Stocks Convention), see Anthony Aust, Modern Treaty Law and Practice (2nd edn, Cambridge University Press 2007) 120.

27 Winfried Tilmann, ‘The UPC without the UK: Consequences and Alternatives’ [2020] GRUR International 847; Bundesministerium der Justiz und für Verbraucherschutz, ‘Entwurf eines Gesetzes zu dem Übereinkommen vom 19. Februar 2013 über ein Einheitliches Patentgericht’ 2-3 <https://www.bmjv.de/SharedDocs/Gesetzgebungsvor fahren/DE/EPG%C3%9C_Vertragsgesetz.html> accessed 15 January 2021.
However, as indicated, this results from the second approach of interpreting the temporal element in Art. 89(1) UPC. So which interpretation is correct? Art. 31 VCLT regulates that a treaty must be interpreted ‘in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.’ While the ordinary meaning of the terms may support the interpretation that the temporal condition only restricts the meaning of ‘highest number of patents’, the context of the treaty – such as the Protocol to the Agreement on a Unified Patent Court on Provisional Application28 – confirms the interpretation that the formulation in Art. 89(1) was intended to include the UK specifically. According to Art. 3(1) of the Protocol one of the requirements for its entry into force is that ‘13 Signatory States of the Agreement on a Unified Patent Court including Germany, France and the United Kingdom, have either ratified, or informed the depositary that they have received parliamentary approval to ratify, the Agreement on a Unified Patent Court.’ So while Art. 89 UPCA does not explicitly name the three Member States whose ratification is mandatory, the Protocol does, and allows for the conclusion that a strict reading of the clause is not only warranted by a contextual interpretation of the agreement, but possibly also by the intentions of the parties at the time.

While the solution to the current dilemma is therefore not as clear-cut as it may seem, it is ultimately the contracting states that are ‘masters of the treaty’. Depending on which interpretation is followed, the way to progress with the UPCA would differ in terminology – but any future solution certainly presupposes consensus among the signatory states.

3. How could the UPC still enter into force?

Considering the above-mentioned conclusions – namely that the UK’s ratification withdrawal must be considered effective under international law and that the requirements of Art. 89 UPC may not necessarily be read as to ‘automatically’ allow another member state to step into the UK’s role in the treaty – two solutions remain from a treaty law perspective. An ‘automatic’ reading in of Italy into Art. 89(1) seems an easy solution, and if all signatory states agree to this reading, the UPCA may enter into force with no major issues. However, the easy solution offers much room for criticism and potential objections could possibly endanger the validity of the treaty in the future. After all, the preconditions for entry into force in Art. 89(1), as they stand now, could also be read differently and would in that case not have been fulfilled.

This leads us to the more troublesome – but probably safer – solution for the way forward with the UPCA. That is an amendment of the treaty text to remove the temporal requirement enshrined in Art. 89 UPC, or to introduce another way to identify mandatory ratification member states without leaving space for doubt that they do not include the UK. When a treaty has not yet entered into force, its amendment will not follow the provisions of the (non-binding) treaty itself, but will rather be effected through a meeting of the remaining contracting states ’to adopt additional agreements or protocols to address the problem’.29 In the case of the UPCA, such an amendment would require the remaining signatories to meet and adopt an amending protocol or agreement without the need for the UK to agree to it. General treaty law and past practice confirm the possibility to amend treaties before their entry into force (as reflected in the purposeful use of ‘contracting states’, rather than ‘parties’, in Art. 40(2) VCLT).30 They also confirm the possibility to do so without all the ‘original signatories’ (demonstrated by Art. 40(4) VCLT’s mention of original parties that do not become parties of the amending agreement).31

The second solution – that of an amending agreement or protocol – not only seems the one less likely to invite future legal challenges regarding the validity of the UPCA, but it would also allow all signatory and contracting states to reassess the current situation and make a conscious effort towards the preservation of the UPCA and its underlying unification system in light of the changed circumstances Brexit has brought. After all, this would be the type of ‘pragmatic and legally sound solution[s]’ the UPC Preparatory Committee has addressed in its most recent statement on how to make the unitary patent system functional in the near future.32

V. Conclusion

Discussions of treaty law issues pertinent to the UPCA’s current status and potential future entry into force have revealed a few difficulties. Firstly, although the UK may have withdrawn from a treaty it had previously consented to be bound by, the withdrawal must be considered effective and is most likely not in contradiction to Art. 18(b) VCLT’s duty not to defeat the treaty’s object and purpose.

Secondly, the effect of the UK’s definite withdrawal from and renunciation of the treaty as a whole may have two different consequences for the fulfillment of the

28 Protocol to the Agreement on a Unified Patent Court on provisional application (PPA), 2017.
29 UN Office of Legal Affairs, Treaty Handbook (2012) 26 <https://treaties.un.org/pages/Resource.aspx?path=Publication/TIP/Page1_en.xml> accessed 15 January 2021 (‘Where a treaty has not entered into force, it is not possible to amend the treaty pursuant to its own provisions. Where States agree that the text of a treaty needs to be revised, subsequent to the treaty’s adoption, but prior to its entry into force, signatories and contracting States may meet to adopt additional agreements or protocols to address the problem’); for an example of a treaty amendment before its entry into force, see Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982, 1994.
30 Mark Villiger, Commentary on the 1969 Vienna Convention on the Law of Treaties (Brill Nijhoff 2008) 522-523 (‘By preferring in para. 2 the term “contracting States” to “parties” as in Article 2, subpara. 1(b), the Vienna Conference intended Article 40 to enable the amendment of a multilateral treaty at any time, even before its entry into force.’).
31 International Law Commission, Yearbook of the International Law Commission, Vol II (1966), 234, para 10 <https://legal.un.org/ilc/publications/yearbooks/english/ilc_1966_v2.pdf> accessed 15 January 2021 (‘[...] the right of those which had committed themselves to be bound by the [amending] treaty to proceed alone, if they thought fit, [...] should be recognized’); Kerstin von der Decken, ‘Article 40’ in Dürr and Schmalenbach (n 23) 767, 773 (‘The amendment of multilateral treaties does not require the consent of all States concerned. The amending agreement only binds those States Parties to the original treaty that sign and ratify the amending agreement. The States Parties are, therefore, free to accept the alterations of the treaty or to reject them, but they cannot prevent other States Parties from becoming a party to the amendment agreement and to bring it into force.’).
32 Report of the Preparatory Committee meeting held on 10 and 11 September 2020 <https://www.unified-patent-court.org/news/report-preparatory-committee-meeting-held-10-september-2020> accessed 4 November 2020.
UPCA’s ratification requirements under international law. Depending on how the temporal condition in Art. 89(1) UPCA is read, the UK’s withdrawal either means a simple stepping-in of Italy as the member state with the next highest number of patents, or it means the impossibility of going forward with the UPCA’s entry into force without a change of wording in Art. 89(1) UPCA. The latter option – as demonstrated above – appears more plausible in light of a contextual interpretation of the treaty terms and the parties’ intent at signing. Thirdly, arguably the best procedure in the pursuit of the UPCA’s future entry into force would be a meeting of the remaining parties to adopt an amending protocol or agreement.

Ultimately, such an amendment of the treaty text seems to be the only way forward to safeguard legal certainty. Any other attempts to circumvent the unartfully constructed ratification regime under Art. 89 (1) UPCA would provide considerable arguments against the legitimacy of the Unified Patent Court itself and, as a future consequence, against the legally binding character and enforceability of its judgments. In the worst case of the ‘moving forward without an amendment’ scenario, only a part of the Member States will acknowledge and enforce decisions of the UPC. This is not only contrary to the initial aim of providing unitary protection, but also significantly reduces the value of patents.