THE NAPLES ROUNDTABLE
Exploring Ways to Strengthen & Improve the Patent System

PHOENIX ISSUE VI – A UK PERSPECTIVE

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It is always helpful in preparing any paper to be reminded of the question: What actions, if any, are needed to protect the U.S. patent system and U.S. patent holders in light of Brexit and ongoing developments relating to a European Unitary Patent/Unified Patent Court? Despite the continuing and at present highly uncertain developments in the UK and Europe, the focus must be on what should be done in the US to maximise the benefits for US patent applicants and patent holders, not forgetting those who wish to challenge potentially invalid patents.

Many of us in the UK regard the word Brexit as a profanity, and not even Theresa May has any clear idea of the eventual outcome, as recent Parliamentary events have shown. The Preface to the 2016 supplement to the CIPA Guide contained the following passage regarding the Unitary Patent and the UPC:

> The political will to proceed has become more doubtful following the result of the EU referendum and the objectives outlined in the Prime Minister's speech to the Conservative Party Conference on 5th October: "Our laws made not in Brussels but in Westminster. Our judges sitting not in Luxembourg but in courts across the land. The authority of EU law in this country ended forever. The people told us they wanted these things …" It is too early to say whether these objectives will be confined to mainstream issues or will delay or prevent UK ratification of the Unitary Patent/UPC agreements. However, ratification has not yet take place, and a detailed discussion is therefore not needed for this Supplement, although the enabling statutory instrument is mentioned in a number of places.

Within a few days of that passage being written and before it was even published, the UK announced its intention to ratify the relevant agreements. Those with a taste for irony will note that the UPC Appeal Court will be located in Luxembourg.

A period when rapid progress was expected was interrupted by the German constitutional challenge, and the latest rumour is that appeals could delay German ratification for several years. Whether the UK can participate will depend on the timing of ratification and Brexit, and also the outcome of the Brexit negotiations. The only certainty is that the position is uncertain.

However, there are useful certainties. The UK will continue to participate in the European patent system since the EPO is a non-EU institution including amongst its contracting states e.g. Switzerland and Turkey. The option to obtain a Unitary Patent will be exercised through the EPO. Hence experience in some 40 years of operation of the EPC will continue to be relevant.

In the medium term, unitary patent/UPC are likely to come into effect. Both patent acquisition and enforcement are likely to become dramatically less expensive. The outcome is likely to be an expansion of the European patent system and an increase in its importance

to industry. UK participation is likely to some extent, although the details are difficult to predict.

The legal requirements for the unitary patent will inevitably mirror those under the EPC since the EPO will be the granting authority. The character of the UPC is difficult to forecast, but given the effort that has been put into its preparation its decisions are likely to be of high quality. There will be opt-out provisions for existing patents, but the need to opt-out save for exceptional cases is debatable.

What actions need to be taken in the US?

We will have already discussed eligibility under Phoenix Issue III. European commentators have repeatedly emphasized the inconsistency between US law and that in other countries and regions, especially before the EPO. Decisions such as *Ariosa* and *Recognicorp* highlight that inconsistency, and two action points arise. One is legislative amendment to §101 to align its provisions more closely with the intentions of treaties such as the PCT and TRIPS. The second, and no less important, is for the US profession to reach out to potential inventors and their corporate employers to make them aware of the opportunities for patenting subject-matter in the software/business method fields and also in the life sciences which are now greater in the UK and Europe than in the US. It would be unfortunate if US applicants remain deterred by the short-sightedness of non-technical judges, especially in the Federal Circuit, and are misdirected into believing that the same limited eligibility standards apply elsewhere.

The commoditization of patent specification drafting, especially in the US, needs reconsideration for any invention for which the need for patent protection outside the US is foreseeable. In the context of an international patent portfolio, the cost of the initial specification draft is relatively low as a proportion of overall cost, but the quality of that draft is critical both for prosecution and for litigation. Scrutiny of amendments for added subject matter under the infamous a.123(2) EPC is intense, and scrutiny for claim basis in priority documents is no less intense. Omission of statements of the appropriate level of generality can be fatal. Practitioners specializing in prosecution and those who instruct them need to appreciate that if a patent is litigated, the resources devoted to scrutinizing the specification as filed and as granted are likely to be one or two orders of magnitude greater than the resources for the initial filing even for countries such as Germany where litigation costs are less than in the UK.

Concerns in the US about patent profanity have led to a bland drafting style especially in the electrical and mechanical arts, but less so in the chemical arts and life sciences. It has become unfashionable to acknowledge the prior art in the BACKGROUND, and advantages and new functions/results are often not highlighted or omitted altogether for fear of judicial claim limitation. Definition of technical field is not considered important in the US, but can be very significant in European examination for inventive step. International and UK/EPO applications should be drafted with a greater appreciation of the requirements of PCT r.5.1, the relevant parts for present purposes reading:

5.1 *Manner of the Description*

(a) The description shall first state the title of the invention as appearing in the request and shall:

(i) specify the **technical field** to which the invention relates;

(ii) indicate the *background art* which, as far as known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention, and, **preferably, cite the documents reflecting such art**;

(iii) disclose the invention, as claimed, in such terms that the **technical problem** (even if not expressly stated as such) and its solution can be understood, and **state the advantageous effects**, if any, of the invention with reference to the background art …

Not only applications filed outside the US but also US priority application for which filing abroad is foreseeable should comply with these standards, while also taking into account legitimate US domestic issues. It is submitted that workable compromises can and should be adopted, and that some US approaches to specification drafting deserve reconsideration. It should be remembered that at the time when the above rule was drafted, it represented an international consensus of what is required for a well-written patent specification.

For enforcement of granted patents, it is desirable to put the specification into the best possible shape before litigation is begun. The EPO has a relatively rapid and inexpensive central limitation procedure, of which US patent holders should be aware. Those who followed the *Warner-Lambert/Pregabilin* litigation in the UK will contrast the amendments allowed by the EPO under its central limitation procedure with the refusal of further amendment by the UK courts. For any important patent, timely amendment to deal with newly discovered prior art or other validity issues is advisable.

The EU is an important economic region, and increased understanding in the US of the differences in approach from that adopted in Europe will benefit US patent holders both now and under the new unitary patent/UPC system.

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