



Tithe an
Oireachtais
Houses of the
Oireachtas

An Comhchoiste um Fhiontar, Trádáil agus Fostaíocht
Tuarascáil maidir leis an gCúirt Aontaithe Paitinní
Nollaig 2022

Joint Committee on Enterprise, Trade and Employment
Report on the Unified Patent Court
December 2022

Table of Contents

Recommendations	2
Réamhrá an Chathaoirligh/Chair's Foreword	3
Introduction	5
The UPC and the UP.....	7
Background and Overview	8
The European Patent Office	9
THE UPCA.....	9
When does the UPC come into effect?.....	11
The UPC's and national courts' jurisdiction	12
Policy Context – Ireland and the UPC	13
Benefits of the UPC and UPCA	15
The Unified Patent Court structure.....	16
Engagement with stakeholders.....	20
Ibec and APTMA joint survey.....	29
Update on the Legislation required	30
APPENDIX 1- Membership of the Joint Committee.....	31
APPENDIX 2-Terms of Reference of The Joint Committee.....	32
APPENDIX 3 - Reference Links	35

Recommendations

1. The Committee was concerned at the uncertainty of a timeframe on a referendum for ratification and a timetable for the establishment of a local division. The Committee widely supported expediting the timing of a referendum on this important issue.
2. The Committee recommends that preparatory plans are put in place for the establishment and hosting of a local division of the Unified Patent Court in Ireland.

Réamhrá an Chathaoirligh/Chair's Foreword



The Committee was pleased to facilitate an examination of the Unified Patent Court. In selecting this topic, the Committee recognised the ongoing work in Europe to progress this new legal framework and while we are pleased to learn the Unified Patent Court will now be established on 1 June 2023, the Committee is concerned at Ireland's failure thus far to schedule a referendum to confer jurisdictional powers.

The purpose of the Unified Patent Court is to fundamentally reform the patent system in Europe and Ireland and to provide a legal framework. This reform consists of two pillars, i.e., the creation of a European patent with unitary effect and the establishment of the Unified Patent Court, an entirely new multinational court for pan-European patent litigation.

A single court ruling will be directly applicable in the member states that have ratified the Unified Patent Court Agreement. This will enable patent holders to enforce their rights and defend patents in one single ruling, providing a cost-effective remedy and protections.

Ireland requires the successful passing of a constitutional referendum to ratify the Unified Patent Court Agreement, as it entails a transfer of jurisdiction in patent litigation from the Irish courts to an international court. The timing for such a referendum is a matter for the Government.

The Committee would like to thank the Department of Enterprise, Trade and Employment, Ibec, the Law Society of Ireland, and the Association of Patent and Trade Mark Attorneys for providing comprehensive submissions. All the submissions greatly assisted the Committee in its deliberations and analysis of the topic.

The Committee appreciated the opportunity to discuss this important topic. I must thank Members of the Committee for their collaborative work in agreeing this report. I would also like to thank the Secretariat for its work on this report and all those who assisted the Joint Committee with its consideration of the issue.

I hope this report will help inform the urgency in the timing of a referendum and I look forward to furthering engagement on the matter.

A handwritten signature in black ink, which appears to read "Maurice Quinlivan". The signature is written in a cursive style and is positioned above a thin horizontal line.

Deputy Maurice Quinlivan, T.D.

Chair of the Joint Committee on Enterprise, Trade and Employment

Glossary

APTMA Association of Patent and Trade Mark Attorneys

CMS Case Management System

EP European Patent

EPC European Patent Convention

EPO European Patent Office

EU European Union

GDP Gross Domestic Product

Ibec Irish Business and Employer's Confederation

IP Intellectual Property

IPOI Intellectual Property Office of Ireland

PAP Provisional Application Phase

SME Small medium enterprises

UP Unitary Patent right

UPC Unified Patent Court

UPCA	Unified Patent Court Agreement
------	--------------------------------

UK	United Kingdom
----	----------------

Introduction

Almost exactly half a century after the signing of the European Patent Convention in 1973, which resulted in the establishment of the European Patent Office (EPO) and the creation of a common centralized patent filing and examination procedure, another reform is about to enter into force and is set to fundamentally change the patent system in Europe and Ireland.

This reform consists of two pillars, i.e., the creation of a European patent with unitary effect (“unitary patent”) and the establishment of the Unified Patent Court (UPC), an entirely new multinational court for pan-European patent litigation.

The Unitary Patent (UP) and the Unified Patent Court (UPC) are the building blocks of the UP system which will supplement and strengthen the existing centralised European patent granting system. They will offer users a cost-effective and procedurally attractive option for broad patent protection and dispute settlement across Europe. The Unitary Patent system is expected to become operational in the first half of 2023.

The UPC is a common patent court open for participation of Member States of the European Union and created by the “Agreement on a Unified Patent Court” (UPC Agreement or UPCA), which is provisionally applicable since 19 January 2022.

A single court ruling will be directly applicable in the member states that have ratified the UPC Agreement. The UPC Agreement was signed as an intergovernmental treaty in February 2013 by 25 states (all EU Member States except Spain, Poland, and Croatia).

The UPC is a court, comprising judges from all participating Member States of the European Union. It is being set up to decide on the infringement and validity of both

Unitary Patents and classic European Patents. The UPC is a court common to currently seventeen EU Member States for which the Agreement on a Unified Patent Court (UPCA) will enter into force.

Ireland requires the successful passing of a constitutional referendum to ratify the UPCA, as it entails a transfer of jurisdiction in patent litigation from the Irish courts to an international court. The timing for such a referendum is a matter for the Government.

The Committee had one meeting on the issue in public session and received submissions from the Law Society, The Department of Enterprise, Trade and Employment and the Association of Patent and Trade Mark Attorneys.

Date	Witnesses
13 July	<i>Irish Business and Employer's Confederation</i> <ul style="list-style-type: none">• Mr Naoise Gaffney• Mr Aidan McSweeney

The UPC and the UP

A Unified Patent Court (UPC) which will have jurisdiction over all European patents (current and future) designated to participating EU Member States which have ratified the UPC Agreement (UPCA) (Spain, Croatia and Poland are not participating) unless they have been opted out of the new court's jurisdiction, and also all unitary patents.

A unitary patent right (UP) (also known as a European patent with unitary effect) established via enhanced cooperation under Regulation 1257/2012 of 17 December 2012, will provide a single patent right covering all the Member States which took part in the enhanced cooperation.

This right will not cover Spain or Croatia which did not participate in the enhanced cooperation, but will also exclude Poland which, although it did participate, has not signed the UPCA, and therefore there will be no means to enforce a UP in Poland. No UPs can be granted by the EPO until the UPC comes into effect. This new right will become available as soon as the new court system, the UPC, set up to enforce this right, comes into effect.

It began with the signature of the Agreement on a Unified Patent Court (UPCA or UPC Agreement), which set up the UPC by 24 of the then 27 European Union Member States on 19 February 2013. Since then, the establishment of the UPC had to face many challenges, such as Brexit and constitutional complaints in Germany.

Background and Overview

At present there is no single European patent valid in all Member States. Instead, individual patents must be held in each country where the patent is to be applied. Applications can be made to either the national patent office in each country or by making a single application to the European Patent Office (EPO).

The EPO can grant, in effect, a bundle of national patents for the countries designated by the patent applicant, following which, each becomes subject to the national law of the designated country in the same way as a national patent. These patents must subsequently be litigated separately in the national courts of each country, with separate legal representation and costs and with the prospect of different outcomes.

The Unified Patent Court (UPC) is part of a patents package agreed at EU level which includes a European Patent with unitary effect (“unitary patent”). This is a simplified patent process which will give more choice to patent applicants, allowing them to apply for a single patent that will be valid in multiple Member States, reducing patent application costs, translation costs and legal fees. The Agreement on a Unified Patent Court (UPCA) is an international agreement/treaty between 24 Member States of the European Union, including Ireland (IE), to deal with the infringement and validity of Unitary Patents.

The new unified patent system (including the Unitary Patent and the Unified Patent Court) will create a simpler and more efficient mechanism for obtaining and enforcing patents in Europe.

The European Patent Office

European patents are granted by the European Patent Office (EPO) under the 1973 European Patent Convention (EPC).

At present most patents currently in force in Ireland have been granted by the EPO, which is a centralised European clearing house for patents. The Intellectual Property Office of Ireland (IPOI), based in Kilkenny, has similar competence. However, most of the activity from a patent perspective tends to go through the EPO.

In their appearance with the Committee, Ibec submitted, the unified patent package is needed simply because the current European patent enforcement system does not work effectively for companies, and for SMEs.

THE UPCA

The UPCA was signed in February 2013 by 25 EU Member States, including Ireland, during the Irish presidency of the EU. In 2014 the Irish Government approved Ireland's proposed participation in the Unitary Patent and UPC and the setting up in Ireland of a local division of the court, subject to the passage of a constitutional referendum.

The ratification must include the three States in which the highest number of European patents was in force in the year preceding the year in which the signature of the Agreement takes place.

To enter into force the UPCA must be ratified by 13 Member States including the three largest contracting states (by number of European patents at the time the agreement was drawn up – these originally were Germany, France, and the United Kingdom¹). To date, 16 MS have ratified the UPCA are Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Portugal, Slovenia, and Sweden.

¹ Largest contracting states are decided by number of European patents at the time the agreement was drawn up – these originally were Germany, France, and the United Kingdom, Italy has now replaced the UK in this regard.

The UPC is an international court set up by the participating Member States to deal with the infringement and validity of both Unitary Patents and European patents. Its rulings will apply in all Member States that have ratified the UPCA.

The requisite number of Member States have now ratified the Unified Patent Court Agreement and the Protocol on the Provisional Application of the UPC Agreement. Germany, following significant constitutional challenges, ratified the UPC Agreement and the Protocol in late September 2021. Slovenia subsequently ratified both instruments in October 2021. Austria followed suit on 2 December 2021 as the 13th and final Member State required to launch the United Patent Court.

Despite some setbacks since 2014, including the UK withdrawing its ratification because of its departure from the European Union, the UPCA project has recently gathered momentum. The UPCA has now entered the period of provisional application with effect from 19 January 2022, allowing the final preparatory steps for the opening of the UPC to take place, such as the establishment of IT systems, the training of staff and the hiring of judges.

When does the UPC come into effect?

The UPC will come into effect on the first day of the fourth month after the month in which the last ratification required by the UPCA is deposited.

Once Austria had submitted its instrument of ratification of the Protocol to the Agreement on a Unified Patent Court on provisional application to the Council of the European Union on 18 January 2022, the required minimum number of ratifications had been reached and the Provisional Application Phase of the Unified Patent Court Agreement started on 19 January 2022.

The PAP is required to allow the necessary administrative arrangements (appointment of judges, IT infrastructure, etc.) to be put in place prior to the actual start of the UPC. Once these preparations are well under way, the Sunrise Period will be initiated.

The Sunrise Period begins, when the thirteenth Contracting Member State of the UPC deposits its instrument of ratification or accession of the UPC Agreement to the Council of the European Union (the thirteen Member States must include at least France and Germany). At the commencement of the Sunrise Period, the “Case Management System (“CMS”) of the UPC will open. This will an Opt-Out Register thereby providing patent holders who wish to opt-out their existing European patents the opportunity to do so before the commencement of the UPC.

The UPC Agreement will therefore enter into force on the first day of the fourth month after Germany has deposited its instrument of ratification. Accordingly, the Sunrise Period will provide a minimum period of three months for patent holders to decide to opt-out any of their existing European patents. As of October 2022, the commencement of the UPC is expected on April 1st 2023 with the Sunrise period beginning on January 1st 2023.

In January 2022, the Protocol on a Unified Patent Court on provisional application (PPA) also came into effect to give the UPC legal capacity and allow a period during which the final preparations for the UPC could be made, such as recruiting judges and finalising the court facilities. Once the PPA was in force, this triggered the

provisional application period (PAP) which lasts until the UPC starts accepting cases.

By ratifying the PPA, the signatory states agreed to apply the institutional, organisational, and financial sections of the UPCA provisionally. Once the Protocol had entered into force, the Administrative Committee, the Budget Committee, and the Advisory Committee were established and took over the responsibility of the preparations from the UPC Preparatory Committee.

Germany has passed the legislation enabling it to ratify and must only now deposit its instrument of ratification with the EU Council for the 3–4-month run-up period to be triggered. A recent announcement from the UPC Administrative Committee stated that Germany was expected to deposit its instrument of ratification between 19th and 23rd December. If so, this would lead to the UPC starting to accept cases on 1 April 2023.

At the commencement of the Sunrise Period, the “Case Management System (“CMS”) of the UPC will open. This will operate as an Opt-Out Register thereby providing patent holders who wish to opt-out their existing European patents the opportunity to do so before the commencement of the UPC.

The UPC's and national courts' jurisdiction

The UPC will have exclusive jurisdiction over UPs and EPs that have not been opted out of its jurisdiction. However, for a transitional period, national courts will continue to have jurisdiction over non-opted out EPs as well as the UPC having jurisdiction over them in relation to validity and infringement. Once this transitional period is over, the UPC will provide an exclusive court for all decisions involving non opted out EPs.

The transitional period will last at least 7 years but could be extended by up to another 7 years following an assessment at the 5-year point. At any time during this transition period, EPs can be opted out (and opted back in) but once this period has come to an end, all new EPs (and current non-opted out EPs) will fall under the exclusive jurisdiction of the UPC.

Policy Context – Ireland and the UPC

Ireland signed the UPCA in 2013. The Attorney General has advised that a referendum is required to transfer the judicial powers from the domestic courts to the new international court. Once the UPCA has been ratified, arrangements can be made for a local division in Ireland. The drafting of the Bill required is currently in the preliminary stages.

Article 34(1)

Ireland is required to hold a referendum before ratifying the Agreement on a Unified Patent Court because of Article 34(1) of the Constitution, which states that justice shall be administered in a court established by law, by judges appointed in the manner provided by the Constitution.

The Attorney General's Office has advised that an amendment to Article 29 of the Constitution to add the UPC Agreement as an international agreement to the Constitution will be required before Ireland can join the UPC, as it entails a transfer of jurisdiction in patent litigation from the Irish courts to an international court. It is likely that any referendum proposal would insert a reference in Article 29 (International Agreements) similar to that allowing Ireland to participate in the International Criminal Court.

The UPC

The UPC is intended to hold full competence in certain patent matters from the outset, and over time its exclusivity of jurisdiction in patent matters will increase. The UPC's exclusivity of jurisdiction in patent matters would take away from the full and original jurisdiction of the Irish courts in such matters.

The UPC will be a centralised patent court where patent rights can be enforced in contracting Member States through instigating one legal case. The UPC will have jurisdiction over EU unitary patents and, after a minimum transitional period of 7 years, over European Patents granted by the EPO. The UPC will have no jurisdiction over national patents, which can be litigated only in the national courts and the national systems will continue to function as they do now.

Initially, unitary patents will not cover all participating Member States as some, like Ireland, will not yet have ratified the UPC Agreement when it enters into force. Outstanding ratifications are likely to take place successively, so there will be different generations of Unitary Patents with different territorial coverage.

If the UPCA remains unratified in Ireland, patent holders will not be able to rely on unitary patents or the UPC to protect their inventions within Ireland. This will mean that when it comes to disputes in relation to infringement or revocation, parties will continue to have to litigate in each country in which a patent is held separately.

Both the unitary patent and the UPC will come into force at the same time once the required number of ratifications of the UPCA by Member States is completed and all the preparatory work for both the unitary patent and the court is finalised. Any of the remaining EU Member States could still accede to the Agreement at any time.

However, it is important to note that the current protection of an invention within Ireland will remain unchanged for the immediate future and patent holders may continue to rely on the current methods in place in the national and European Patent systems.

In their opening statement to the Committee, Ibec stated timeline concerns, outlining Ireland is already far behind other countries in preparing for the UPC, and if Ireland stay the current course, there is a risk of missing out on certain growth opportunities completely. The timetable for Ireland's ratification of the UPCA, including referendum date, must reflect greater urgency so that Ireland does not miss out on significant economic, and employment benefits that timely participation offers.

Ibec welcomed the Government's recent reconfirmation of Ireland's commitment to the UPC. It sent an important message to other countries, as well as international investors, that Ireland is determined to be fully involved in the UPC. While progress on the UPC had stalled across Europe due to Brexit and some legal issues in Germany, these issues have now been resolved.

Benefits of the UPC and UPCA

The benefits of the Unitary Patent and Unified Patent Court include:

- reduced costs for patent proprietors, of relevance for small and medium sized businesses, as a Unitary Patent will offer substantial savings on renewal fees across the participating Member States;
- a simplified court system allowing for consistency of judicial approach in patent cases with effect in all member states participating in the UPC;
- less red tape with no need to deal with multiple national court systems to enforce patent rights in participating member states - the UPC will provide a significantly cheaper approach to litigating European IP disputes by providing a single litigation system to enforce those patents;
- greater choice for innovators, researchers, businesses, and SMEs – once the Unitary Patent comes into effect, patent proprietors will be able to choose between the protection of a national patent, a traditional European Patent, or a Unitary Patent research and development activities may increase as business resources are not wasted on multiple national litigations and could therefore be redirected to R&D;
- access to a streamlined Europe-wide patent protection may act as an incentive for Irish businesses to export to a greater number of countries; and
- a Local Division hosted in Ireland would provide Irish businesses with the facility to litigate on Irish soil and create a wider pool of national skills and competences in Intellectual Property including, for example, legal services, and patent agencies.

The Unified Patent Court structure

The UPC will have three types of first instance court: local divisions in participating states; regional divisions; and a central division with three seats. The Court will comprise a Court of First Instance and a Court of Appeal. In addition, a Patent Mediation and Arbitration Centre is foreseen to foster amicable settlements.

Regional divisions are a form of local division providing a UPC first instance court for several Member States at once where the number of patent cases a year is too low to merit individual local divisions. Infringement actions can be brought in a local, regional, or even central division court, but the central division has exclusive jurisdiction to decide applications for declarations of non-infringement and revocation.

The UPC will decide matters related to:

- Infringement & related defences and licences
- Declarations of non-infringement
- Protective Measures / Injunctions
- Damages
- Revocation and counterclaims for revocation
- Compensation for licence of right

The Court will be composed of judges from all participating Member States. The body of judges is comprised of legally qualified judges and technically qualified judges with great expertise in patent litigation.

The Court will have exclusive jurisdiction in respect of European patents with unitary effect registered under regulations (EU) No 1257 and 1260 / 2012² on the unitary

² 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 (OJ EPO 2013, 111 and Official Journal of the European Union, OJ L 361, 31.12.2012, 1-8), and

–
Council Regulation (EU) No 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements (OJ EPO 2013, 132 and Official Journal of the European Union, OJ L 361, 31.12.2012, 89-92).

patent protection (Unitary Patents) as well as in respect of “classic” European patents.

The exclusive jurisdiction regarding “classic” European patents is, however, subject to exceptions during a transitional period of seven years. During this period, actions concerning “classic” European patents may still be brought before national courts or other competent national authorities. Furthermore, “classic” European patents can be opted out from the UPC’s jurisdiction.

UPs cannot be granted without the UPC in place. Regulation 1257/2012 establishing the UP is already in force, but the grant of UPs is dependent on the UPC being established. Once the UPCA is in force and thus the UPC and UP established, any European patent (EP) application coming to grant can be converted into a UP at grant if the applicant chooses.

Although there is a central system for opposition before the EPO, post grant infringement and revocation actions must be brought in relation to individual designations and cannot be litigated centrally. This frequently leads to multiple actions across Europe in relation to EPs derived from the same initial application.

Non-EU EPC states (such as Switzerland, Norway, and Turkey) were not allowed to take part in the UPCA (only EU Member States could take part) and thus for patent protection in these states and any Member States which have not signed up to the UP or UPCA, the only option for protection will continue to be via an European Patent or National Patent.

Court of First Instance

The Court of First Instance will have a decentralised structure with local or regional divisions in the Member States and for certain cases a central division in Paris with a section in Munich. The Court of First Instance will hear various types of actions, which are listed in Art. 32 of the UPCA.

Court of Appeal

The Court of Appeal will have its seat in Luxembourg and will decide on appeals against decisions of the Court of First Instance. The President of the Court of Appeal is the legal representative of the UPC.

Court fees

Court fees at the UPC have been established on the principle of fair access to justice. The court fees are made up of a fixed fee, together with a value-based fee when the value of the case is above the set ceiling of €500,000. The value-based fees increase in accordance with the value of the case. Micro Entities and SMEs receive a reduction of 40% in court fees. There are additional measures in place to assist with further reductions in fees including legal aid for natural persons most in need.

The Central Division

The central division had been split between Paris (the main seat of the central division), Munich and a third seat (previously assigned to London before the UK withdrew from the UPCA) the new location of which has yet to be confirmed. The "London" central division was assigned cases on patents involving human necessities and pharmaceuticals/chemistry including genetic engineering and metallurgy (International Patent Classification of WIPO sections (A) and (C)). Munich will hear cases involving patents in IPC class F, concerning mechanical engineering. All other patent classifications will fall to be heard before the Paris central division.

To date, several MS have expressed an interest in potentially holding the Central Division. Italy has declared its nomination of Milan as the third location as, after the UK's withdrawal, it had the third highest number of European patents 'in effect' at the time the agreement was drawn up in 2012. Other candidates such as the Netherlands (Amsterdam) and Denmark (Copenhagen) have been mentioned as possible locations. France has also expressed an interest to the effect that it was originally intended that the Court in its entirety would be in Paris.

Industry representative bodies in Ireland and in Europe have strongly advocated for the introduction of a unitary patent and Court in the EU, and several have expressed

an opinion that Ireland should lobby to host the third division of the Central Court, previously to be seated in London.

The Law Society point to the discussion surrounding Ireland replacing the UK. This discussion surrounding the location of a central division has been widespread. They recommend that this is policy matter for Government to determine. Furthermore, it is a topic that should not be confused with, nor delay, the establishment of a local division of the UPC in Ireland.

Engagement with stakeholders

This section summarises the key issues raised in the submissions received.

This note will focus on key issues identified in the submissions by

- Ibec
- APTMA
- The Law Society of Ireland

These submissions addressed questions relating to the Unified Patent Court.

Key themes

Patent protection

Submissions stated the current system of country-by-country patent protection is challenging. Litigation is extremely expensive, time-consuming and resource intensive. Under the new system, there will be centralised mechanisms of both protection and enforcement. This could be particularly beneficial to Irish SMEs. SMEs tend to have only a few patents - if they have any at all. These patents are likely to cover their core technologies, which are often their most valuable assets.

Under the existing system, getting pan-EU protection and enforcing those rights all the way across Europe can often be prohibitively expensive for such companies. The new system would make this a more realistic prospect for businesses. Having part of this new system based in Ireland would be further beneficial for these enterprises because they would be able to enforce their pan-European rights through an Irish based court.

Stakeholders contend the UPC represents a significant opportunity for Ireland. The business case for Ireland's participation in the UPC has gotten stronger since it was first examined almost a decade ago. Ireland is uniquely positioned to establish itself on the international stage as a patent enforcement hotspot. Ireland's participation could yield very substantial gains for the wider Irish economy - gains that would go far beyond an increase in legal services.

The APTMA submit the UPC also presents the opportunity to provide further substantive benefits for end users and for Ireland. They suggest that the UPC presents the opportunity for Ireland to establish itself as a global innovation hub and for Ireland to reap the benefits that will flow from allowing innovators to enforce their rights in an Irish Court, against copycat competitors who are based throughout Europe.

Local division

Ibec submit that infringement litigation will not be spread evenly across each local division, and forum shopping is to be expected. It is to be expected that many large companies will aim to select one location to establish their base for patent enforcement, and a variety of other corporate functions will co-locate to this base.

Ibec advocates that to compete for investment, the local division must be established here in a timely fashion. After the withdrawal of the UK from the EU, Ireland has two powerful and unique advantages over other UPC locations. Being able to litigate on a pan-European basis before a court with native English proficiency and common law experience is an advantage for many parties, particularly for those from countries with their own common law traditions like the US.

Ibec contend Ireland can now take advantage of a marketplace the size of the EU and combine it with the fact the country is a hub of patent-intensive industries, both multinational and indigenous.

In their opening statement, Ibec detailed a local division in Dublin will support the further expansion of the patent-intensive sectors across the country, creating jobs, benefiting SMEs, and boosting Ireland's innovation performance. It is expected to contribute at least €415 million, or 0.13% in GDP growth, per annum. It could rise to as much as €1.663 billion, or 0.5% in GDP growth.

In addition to the broad economic benefits to the wider economy, there will also be increased expenditure and employment in legal, professional, and other technical advisory services. Delayed ratification in Ireland would benefit locations elsewhere. Many of those expected to gain would be key competitor locations for foreign direct investment.

Ibec submit that a slow start to implementation will prove costly and prevent Ireland from making the fullest use of the potential of the unified patent system. The uncertainty of a timeframe for Ireland's ratification and full participation may have a negative effect on the opportunity for a local Irish division. Ibec estimate this may amount to significant opportunity cost.

Recommendation

The Committee recommends that preparatory plans are put in place for the establishment and hosting of a local division of the Unified Patent Court in Ireland.

Timing of a referendum

In Ibec's view, May 2024 is the absolute latest date that a referendum should be held and even then, this may risk missing out on significant opportunities. Should other issues be put to the people earlier, the referendum on the UPC, should be included.

The Law Society welcomed the Government's commitment to facilitating the establishment of the UPC and a local division of the UPC in Ireland, noting that action on such establishment is time sensitive.

The Law Society submitted that expected launch of the UPC is imminent, with recent assessments suggesting Q1 of 2023 as a likely timeframe. In the absence of the appropriate legal structures in Ireland for a local division, Ireland businesses will be disadvantaged if unitary patent holders cannot enforce their rights in Ireland.

The Law Society submitted that practical implications of delay in the establishment of a local division of the UPC is that Irish entities will not be able to bring/defend proceedings locally but will have to travel to litigate in another division of the UPC. Further, if Ireland is to participate in the UPC and to host a local division, there are benefits to doing so from the establishment of the UPC system.

The Law Society highlight the benefits to the economy, reduction of legal costs and the continuing growth of IP capability in the legal profession.

The APTMA submitted if Ireland is in the UP and UPC system, there is a further opportunity for Ireland to benefit from companies being able to orientate future business decisions and activities in the countries, including Ireland, where they have the reassurance of being able to rely on patent protection for competitiveness.

The APTMA urges the Government hold the referendum at an early date in 2023 so that Irish businesses can have the same opportunities for strategic competitive advantage relative to businesses in other European countries including benefitting from the cost savings available under the new system.

The APTMA put forward 70% of respondents to the joint survey indicated that Ireland should hold the referendum on Ireland's participation in the UP/UPC in either Q1 or Q2 2023.

The APTMA strongly recommend Government to hold the necessary referendum at an early date in 2023 so that Irish businesses can have the same opportunities for strategic competitive advantage relative to businesses in other European countries including benefitting from the cost savings available under the new system.

All the stakeholders submitted widespread support for a referendum and full ratification of the UPC at the earliest stage and that this timeframe should not exceed May 2024.

Recommendation

The Committee was concerned at the uncertainty of a timeframe on a referendum for ratification and a timetable for the establishment of a local division. The Committee widely supported expediting the timing of a referendum on this important issue.

EPO patents

The APTMA put forward that until such time as Ireland is part of the new system, Irish enterprises that own granted European Patents or pending European Patent Applications are disadvantaged relative to their counterpart European patent owners in the participating UPC member countries that have ratified the UPC Agreement. This is because Irish innovators and Irish businesses will not be able to access all the benefits of the Unitary Patent System until such a time as Ireland ratifies the UPC Agreement should they wish to do so.

The APTMA advise this means that Irish enterprises will have to follow the traditional and separate national route for a European Patent to be brought into force in Ireland, thereby resulting in additional cost being incurred by the Irish innovator/Irish business to obtain patent protection in Ireland in addition to obtaining patent protection in other European countries via a UP.

In their written submission the APTMA contend that an Irish enterprise will have to defend transfers and licences on their UP where German property law will be the governing law. This represents enormous expense and commercial risks for Irish businesses including travel to German courts to enforce their rights as well as taking legal action under the German courts which differ significantly in the foundation of their law from the common law system on which the courts of Ireland are based.

The APTMA advise that the owner of a conventional European Patent can choose as many European Patent countries as they wish to validate in. There is a significant cost associated with each country in which a patent owner validates a patent. The cost of obtaining and maintaining a conventional European Patent can rise rapidly depending on the number of states it is validated in. A typical approach is for owners of EP Patents to undertake national validation only in the countries with the largest commercial markets.

The APTMA put forward that if the UPC is to present a paradigm shift in the commercial decisions that companies make based on patent protection geographical coverage, any delay in ratifying the UPC would disadvantage Ireland relative to

countries who are participating given that there is a greater incentive for innovators to centre their commercial activities based on cost efficient patent coverage.

The APTMA submit that the default position, for persons or entities that do not reside or have a place of business in a participating UPC member country, the UP will be treated as if it were a national patent under German law. As a result, for Irish innovators and businesses, this means that whilst Ireland is not a participating member country of the UP/UPC system, if they do not reside or have a place of business in a participating UPC member country, any UP's granted to them will fall under German law.

The APTMA advise if Ireland has a local division of the UPC, it will be an attractive venue to innovators for enforcing their right because Ireland is an English-speaking country and has a common law system – especially to those who might previously have used the UK courts.

A single yearly renewal or maintenance fee will be payable to the EPO to keep the UP in force for up to 20 years. This is payable to the EPO. 50% of these fees will be retained by the EPO, while the other 50% will be distributed among the member countries participating in the UPC Agreement.

In the current system, once granted, an EP must be validated in each contracting state of interest to provide national patent protection in that contracting state. To keep the validated national Patent in force, a renewal fee must be paid in each contracting state in which the Patent was validated. The validation process can be time consuming and has considerable costs associated with it.

The UP system avoids this procedure and the considerable costs associated with it, by providing a simplified single step to obtaining a Patent that confers uniform protection in all (ratified) member countries and which is maintained with a single yearly renewal fee. There will be no fee for validating a UP.

Benefit to the economy

The Law Society note the benefits to the economy, reduction of legal costs and continuing growth of IP capability in the legal profession. Permitting effective enforcement and protection of UPC rights in Ireland will incentivise those seeking UPC rights in Ireland and may assist in fostering innovation and commercialisation as well as securing foreign direct investment.

The Law Society recommend having a robust IP system in Ireland also supports the case for multinational companies choosing Ireland as a jurisdiction from which to do business.

Since the creation of the Commercial Court in 2004, the ability and sophistication of Ireland's IP legal community has increased substantially and the availability of domestic legal experts in the area is an important factor for business success, both for SMEs and for multinationals.

The Law Society were concerned a failure to establish a local division of the UPC or to meaningfully participate in the UPC system will detract from the future development of specialised IP legal services in Ireland to date.

The APTMA advocate for the advantages of co-locating R&D and patent departments, the UP and UPC (and especially a local division in Ireland) will result in an increase in the jobs available in the knowledge economy (as well as the obvious increase in fields directly related to patents). This improvement of the entrepreneurial eco-system in Ireland will increase the scope for investment and expenditure in R&D and other professional services. The APTMA anticipate this will increase GDP and national income.

The APTMA submit additionally that innovators will be better able to protect their IP in Ireland. As a result, they are more likely to invest in Ireland as any such investment will be better protected.

Cost impacts for SME's

The Committee questioned the real-life cost for SME's defending a patent. Ibec submitted there are very few enterprises, on any scale, that would be content just with securing protection within the Irish market and not going further afield.

Ibec submit, the goal for a business is to get protection in as many other markets as it might be reasonably foreseeable for one to look to do business in, every additional country that one would like to seek protection in will cost additional fees. A significant issue is translation into international languages. The costs that a business can incur is estimated between €7,000 and €15,000, to achieve EPO approval.

In every year in which a patent holder wants to keep the patents in force, the holder must pay each individual national patent office a premium. That is designed to ensure there is not a backlog of patents that people do not want. Additionally, an added cost is in the context of enforcement. If a holder wants to litigate in Europe, they need to do so in every jurisdiction where they have a patent in force. They need to go to each state and defend the patent individually. Each litigation is costly and time consuming. The UPC is an opportunity to reduce costs. The UPC system provides specific financial supports for SMEs to use the system.

Ibec submits, at present, some SMEs may only have one or two patents. This issue can be SMEs may only have one or two technologies worth protecting as those are the technologies SMEs can afford to protect. If it gets cheaper, they will be able to protect more.

Ibec estimated one in five multinational companies across Europe and about one out of every 100 SMEs has a patent. Translation services and issues can prove costly, under the current system if a patent is translated incorrectly, it risks being struck down in an individual court and lose patent protection. The UPC is an opportunity for smaller countries such as Ireland to protect and enforce patents outside Ireland.

Education about IP

Ibec submitted that a debate on the UPC needs to be supported with more general education about IP and why it is important to Irish business. An international innovation index is published every year.

Ibec attested that Ireland typically does quite well on that index compared with other European countries. Many sub-scores add up to give the overall index. Ibec highlighted a weakness in the level of IP activity. There is scope for Ireland to improve.

Ibec recommends that an important part of that is IP education and reducing costs. If costs can be reduced for Irish companies, it may make it easier for them to be more active in this space and potentially boost Ireland's innovation score.

Legislation required

The Law Society and the APTMA recommended draft legislation necessary for the UPC (e.g., the Amendment of the Constitution (Unified Patent Court) Bill and any further legislation which will be necessary to establish a local division of the UPC in the State) could be prepared in advance of any referendum. This could facilitate action after the referendum and assist public debate during the referendum campaign in relation to what is a technical area.

The Law Society and the APTMA further suggest that additional preparatory plans could be made before the referendum to establish a local division of the UPC in Ireland. These plans could then be implemented after the referendum.

Stakeholder engagement

The APTMA recommend the need to establish an external stakeholder engagement mechanism to allow for an exchange of information on specific IP issues relating to the UP and the UPC as they arise, particularly in relation to technical matters and how that may impact Irish innovators and Irish innovative businesses going forward.

Ibec further recommend that Government should also convene an inter-departmental preparatory group on the UPC and work with external bodies, such as Ibec, to try to influence decisions on the UPC at European level and prepare the groundwork.

Ibec and APTMA joint survey

Ibec and APTMA conducted a [joint survey](#) amongst Irish stakeholders in September 2022. The data was gathered from a variety of stakeholders including SME's, Higher Education Institutes via their respective Technology Transfer Offices and from larger Multinational Enterprises (MNE's) based in Ireland.

Some comments from respondents included positive support for the cost saving from the application costs under the UP system, simplify the ability and time to achieve patent protection, benefits to a smaller company to achieve protections and allow SMEs or patent owners on a limited budget and reduction in costs of protection which enhances their IP budget further.

Some key findings of the survey are outlined below:

- The majority (77.6%) of respondents to the survey indicated that they are likely to increase their level of patenting activity in Ireland due to Ireland's participation in the new Unitary Patent and the Unified Patent Court system.
- 94% of all respondents stated that their company has an IP strategy in place, indicating the increasing recognition of IP as part of the enterprise toolbox for innovation.
- 89% of firms that had an IP strategy in place increased their IP activity in the past five years, and plan to increase these activities further in the coming five years.
- Approximately 80% of companies surveyed owned or licensed patents.
- Companies that don't own or licence patents felt the current system was too expensive and that they lacked the necessary expertise.
- 87% of the companies with an IP strategy in place stated they were aware of the new Unitary Patent System.
- Approximately 83% small and micro enterprises said they were very likely to increase their patenting activity on the back of the new system.
- May 2024 is the absolute latest date that a referendum should be held, and even then, there could be a significant opportunity cost to Irish companies.

- Activities to raise awareness of, and to educate companies across the Irish enterprise base on, the new Unitary Patent System will be required.

Update on the Legislation required

The Committee requested a briefing note from the Department of Enterprise, Trade and Employment in relation to concerns highlighted in the Committee's examination of the legislation required for a referendum. The briefing note set out the following key points:

- The General Scheme of the Bill to amend the Constitution, (the Thirty-x Amendment of the Constitution (Unified Patent Court) Bill) was approved by Government on 23 July 2014. The Office of the Parliamentary Counsel provided the then Department of Jobs, Enterprise & Innovation with a preliminary draft of the Bill.
- There are timing considerations in terms of the link between the timing of the holding of the referendum, and the timing of the publication of the Bill to enable the holding of the referendum.
- Once a Government Decision is taken regarding the timing of a referendum, the Bill will be progressed to publication.
- Subject to the electorate passing the referendum in favour of the proposed amendment, changes to national patent legislation will also be required to recognise both the new European unitary patent and the UPC Agreement prior to Ireland's final ratification of the UPCA.

APPENDIX 1- Membership of the Joint Committee

Deputies

Maurice Quinlivan (SF)	Cathoirleach
Richard Bruton (FG)	
Francis Noel Duffy (GP)	
Joe Flaherty (FF)	
Paul Murphy (S-PBP)	
James O'Connor (FF)	
Louise O'Reilly (SF)	
Matt Shanahan (Ind)	
David Stanton (FG)	

Senators

Garret Ahearn (FG)
Ollie Crowe (FF)
Róisín Garvey (GP)
Paul Gavan (SF)
Marie Sherlock (Lab)

Notes:

1. Deputies appointed to the Committee by order of the Dáil on 8 September 2020.
2. Deputy Maurice Quinlivan was appointed as Chair on 8 September 2020.
3. Senators appointed to the Committee by order of the Seanad on 25 September 2020.
4. Deputy James 'O Connor replaced Deputy Niamh Smyth on 26 November 2020.

APPENDIX 2-Terms of Reference of The Joint Committee

a) Scope and Context of Activities of Committees (*derived from Standing Orders – DSO 84, SSO 70*)

- 1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders;
- 2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil/and or Seanad;
- 3) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Standing Order 186 and/or the Comptroller and Auditor General (Amendment) Act 1993;
- 4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Joint Committee on Public Petitions in the exercise of its functions under Standing Order 111A; and

The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—

- (i) a member of the Government or a Minister of State, or
- (ii) the principal officeholder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle, whose decision shall be final.

- 5) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Standing Order 28. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.

b) Functions of Departmental Committees (*derived from Standing Orders – DSO 84A and SSO 70A*)

- (1) The Select Committee shall consider and report to the Dáil on-
 - (a) such aspects of the expenditure, administration and policy of a Government Department or Departments and associated public bodies as the Committee may select, and
 - (b) European Union matters within the remit of the relevant Department or Departments.
- (2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann for the purposes of the functions set out in this Standing Order, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.

- (3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—
- (a) Bills,
 - (b) proposals contained in any motion, including any motion within the meaning of Standing Order 187
 - (c) Estimates for Public Services, and
 - (d) other matters as shall be referred to the Select Committee by the Dáil, and
 - (e) Annual Output Statements including performance, efficiency, and effectiveness in the use of public moneys, and
 - (f) such Value for Money and Policy Reviews as the Select Committee may select.
- (4) Without prejudice to the generality of paragraph (1), the Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies:
- (a) matters of policy and governance for which the Minister is officially responsible,
 - (b) public affairs administered by The Department,
 - (c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,
 - (d) Government policy and governance in respect of bodies under the aegis of the Department,
 - (e) policy and governance issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,
 - (f) the general scheme or draft heads of any Bill
 - (g) any post-enactment report laid before either House or both Houses by a member of the Government or Minister of State on any Bill enacted by the Houses of the Oireachtas,
 - (h) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,
 - (i) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,
 - (j) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in subparagraphs (d) and (e) and the overall performance and operational results, statements of strategy and corporate plans of such bodies, and
 - (k) such other matters as may be referred to it by the Dáil from time to time.
- (5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—
- (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 114, including the compliance of such acts with the principle of subsidiarity,

- (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
 - (c) non-legislative documents published by any EU institution in relation to EU policy matters, and
 - (d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.
- (6) Where the Select Committee has been joined with a Select Committee appointed by Seanad Éireann, the Chairman of the Dáil Select Committee shall also be the Chairman of the Joint Committee.
- (7) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:
- (a) members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,
 - (b) members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
 - (c) at the invitation of the Committee, other members of the European Parliament.
- (8) The Joint Committee may, in respect of any Ombudsman charged with oversight of public services within the policy remit of the relevant Department or Departments, consider—
- (a) such motions relating to the appointment of an Ombudsman as may be referred to the Committee, and
 - (b) such Ombudsman reports laid before either or both Houses of the Oireachtas as the Committee may select: Provided that the provisions of Standing Order 111F apply where the Select Committee has not considered the Ombudsman report, or a portion or portions thereof, within two months (excluding Christmas, Easter or summer recess periods) of the report being laid before either or both Houses of the Oireachtas.

APPENDIX 3 - Reference Links

Joint Committee Public Session on the Unified Patent Court

- 13 July 2022

[Video](#) – [Transcript](#)

Unified Patent Court - [website](#)

Ibec and APTMA joint survey

- <https://www.ibec.ie/connect-and-learn/media/2022/11/30/major-new-survey-highlights-importance-of-business-access-to-upc>

Houses of the Oireachtas

Leinster House
Kildare Street
Dublin 2
D02 XR20

www.oireachtas.ie

Tel: +353 (0)1 6183000

Twitter: @OireachtasNews

Connect with us



Download our App

