HOUSE OF LORDS
International Agreements Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 4840
Fax: 020 7219 6715
hlintlagreements@parliament.uk
www.parliament.uk/lords

Lord Grimstone of Boscobel Kt
Minister for Investment
Department for International Trade
King Charles Street
London SW1A 2AH

16 June 2021

Dear Gerry,

CPTPP negotiations on patents

I am writing to you regarding a number of written submissions we have received on the issue of patents in the course of our inquiry into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). There is considerable concern that accession to the Agreement could mean that the UK will be forced to leave the European Patent Convention, at considerable cost to the UK patent industry and wider economy. The problem arises because the European Patent Convention has a narrower definition of what constitutes a "novel invention" that can be protected by patents than the CPTPP Agreement. The issue is set out in greater detail below.

Given the volume of submissions, the Committee would like to ask specifically what the Government's negotiating intentions are with regard to the patent provisions in the CPTPP Agreement and, in particular, Article 18.38. For example, will the UK be seeking a derogation from that Article, and do you consider that such a carve-out will likely be granted? If not, what alternatives are there, if any, that would ensure the UK's continued participation in the European Patent Convention? We note that the European Patent Office currently has two member states, Turkey and Estonia, who have retained 12-month grace periods for national patents, thus diverging from the Convention. It is our understanding however, that members are expected to eventually harmonise their patent law with the Convention's provisions.

We also would like to seek your reassurances that the UK-Australia Agreement—which we understand may be modelled in part on the CPTPP Agreement—will not give rise to a similar issue.

Some submissions have raised concerns about Article 18.46, "Patent Term Adjustment for Unreasonable Granting Authority Delays", though we note that this is currently suspended in the CPTPP. We would, however, be interested to know what assessment the Government has made of this suspended provision.

HOUSE OF LORDS
International Agreements Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 4840
Fax: 020 7219 6715
hlintlagreements@parliament.uk
www.parliament.uk/lords

The European Patent Convention and European Patent Office

The European Patent Convention was signed in 1973, establishing the European Patent Office (EPO) and setting out the legal framework for the granting of European patents. Because the EPO is not an EU agency, Brexit has not affected the UK's ongoing membership.

Currently, there are two ways to obtain patent protection in the UK: through a UK patent application or a European patent application that is validated for the UK. 90% of patent rights created in the UK between 2000 and 2018 were grants by the EPO, validated for the UK.

Patent industry concerns

Under both approaches for obtaining patent protection in the UK, the subject matter of the patent application must be new and inventive, that is not disclosed to the public by the inventor or a third party prior to filing an application. This is in line with Article 54 of the European Patent Convention, which states that an invention cannot be new if it has been made available to the public:

"EPC Article 54 Novelty

(1) An invention shall be considered to be new if it does not form part of the state of the art.
(2) The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the European patent application.
(3) Additionally, the content of European patent applications as filed, the dates of filing of which are prior to the date referred to in paragraph 2 and which were published on or after that date, shall be considered as comprised in the state of the art."

This provision is in direct contravention of Article 18.38 of the CPTPP Intellectual Property Chapter, which provides for a 12-month grace period in certain circumstances:

"Each Party shall disregard at least information contained in public disclosures used to determine if an invention is novel or has an inventive step, if the public disclosure:
(a) was made by the patent applicant or by a person that obtained the information directly or indirectly from the patent applicant; and
(b) occurred within 12 months prior to the date of the filing of the application in the territory of the Party."

HOUSE OF LORDS
International Agreements Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 4840
Fax: 020 7219 6715
hlintlagreements@parliament.uk
www.parliament.uk/lords

Impact of leaving the European Patent Convention

It is clear from our written evidence[1] that the UK patent industry has serious concerns about their future if the UK leaves the European Patent Convention (EPC). As well as the value to UK firms of being able to seek patent protection covering all members of the EPO, the UK is also a centre for handling applications from third countries. In particular, in 2019 over 20,000 applications were made by UK legal representatives on behalf of US inventors, somewhat larger than the just over 5,000 from UK inventors. There would be direct economic damage if the UK were to leave the EPC and UK-based companies therefore lost the ability to provide these services.

In 2020 the Chartered Institute of Patent Attorneys commissioned a report on "The European Patent Convention and its Impact on the UK Economy and Innovation" from a former Chief Economist at the IPO.[2] This suggested the wider economic benefits of the EPC to the UK include:

- Much lower costs to business in establishing patent rights across contracting states;
- Consistency of patent rights, and of legal precedents for enforcement, with London Intellectual Property (IP) courts playing a major international role;
- Creation of an international market in technical and legal businesses services in IP, in which the UK has a large and demonstrable competitive advantage, based on technical expertise and the English language;
- Creation of a world class technical and legal skills base supporting international companies which choose the UK as a base for innovation because they can conduct research and create IP here, and manage its international exploitation in one place.

Loss of EPC membership was estimated to have significant impact on GDP of £837 million per annum, with further direct costs to business and Government. These costs reflect the likelihood that the UK patent profession would shrink dramatically, as international work moved to other member countries. This could also have the knock-on effect of making it more difficult for innovative UK companies to seek patent advice.

CPTPP negotiations

The Committee is aware that the Government may not wish to reveal details of its negotiating strategy in public. However, for an issue clearly as impactful on industry as this we believe there needs to be clarity about your objectives. I would therefore be grateful if this could be provided at your earliest convenience.

---

[1] This includes evidence from the Chartered Institute of Patent Attorneys (CPT0021), IP Federation (CPT0023), Chartered Institute of Arbitrators (CPT0029), J A Kemp LLP (CPT0016), Dehns Patent and Trade Mark Attorneys (CPT0032), Cleveland Scott York (CPT0022), Bout Wade Tennat LLP (CPT0024), D Young & Co LLP (CPT0030), Abel+Imray (CPT0031), and Carpmaels & Ransford (CPT0034).

[2] https://www.cipa.org.uk/_resources/assets/attachment/full/0/271288.pdf

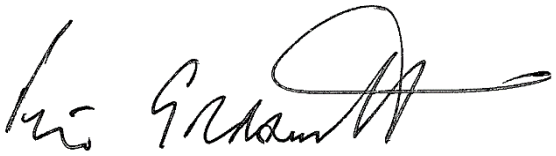
HOUSE OF LORDS
International Agreements Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 4840
Fax: 020 7219 6715
hlintlagreements@parliament.uk
www.parliament.uk/lords

I am copying this letter to Angus Brendan MacNeil MP, Chair of the Commons International Trade Committee; the Minister for Trade Policy, the Rt Hon Greg Hands MP; and the Minister for International Trade, Ranil Jayawardena MP.

Yours sincerely,



Rt Hon the Lord Goldsmith QC
Chair of the House of Lords International Agreements Committee