

Max-Planck-Institute
for Intellectual Property and Competition Law

Session 3:
What conclusions can be drawn from the opinion
of the Court of Justice regarding the European
Patent Court?

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Overview

- Some basic facts
- Main assertions in Opinion 1/09
- Consequences
 - Assessment of the follow-up model
 - Alternative options
- Further remaining issues

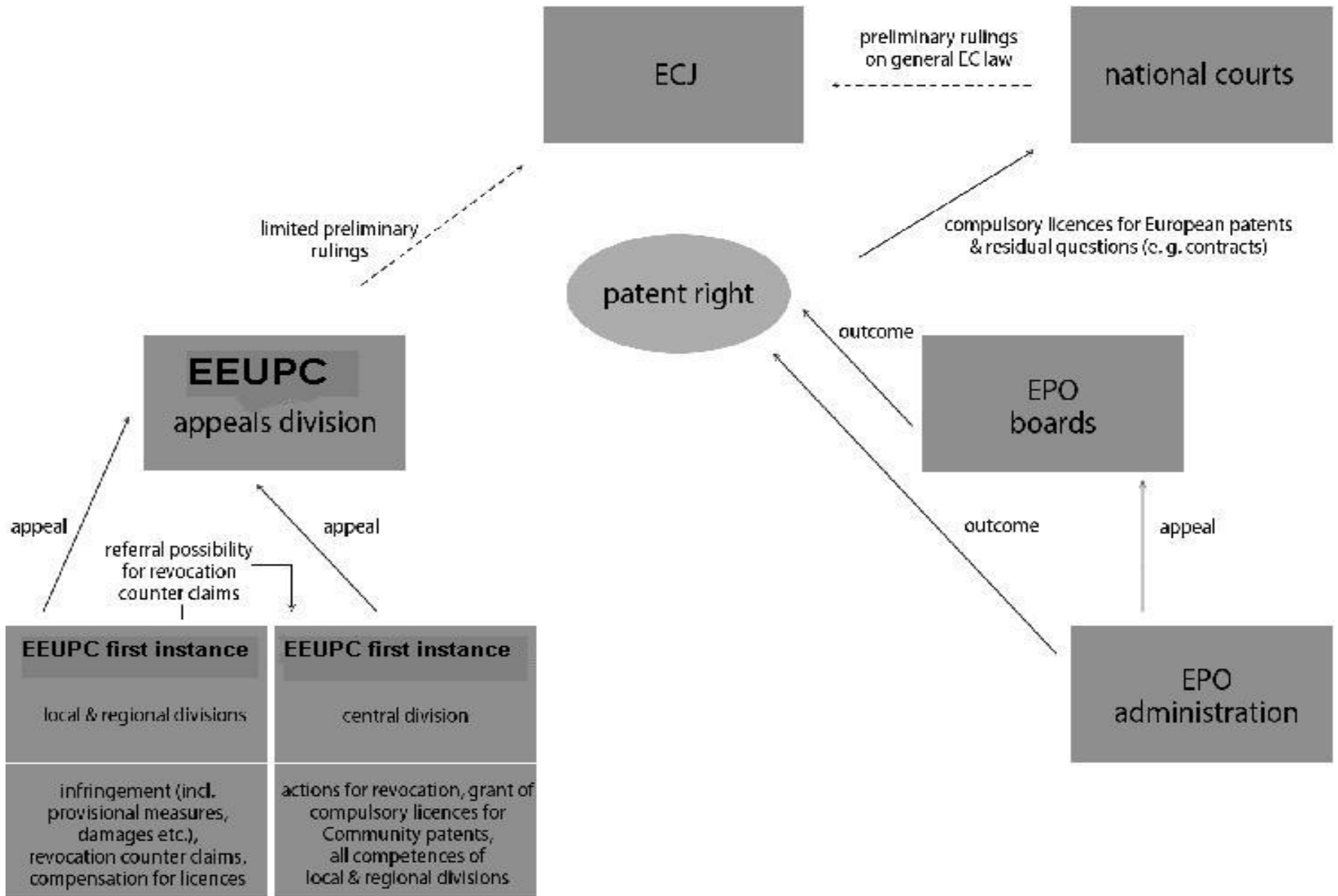


Basic facts

- March 2009: Court compromise model (CDoc 7928/09)
- March 2011: Negative ECJ Opinion (1/09)
- October 2011 – date: Follow-up model (CDoc 115311, revised)
- NB: No compromise on language regime for substantive patent
 - March 2011 Council authorization for enhanced cooperation (Dec 2011/167/EU)
 - Pending nullity actions (C-274/11 and C-295/11)



Basic facts: 2009 model



Basic facts: Follow-up model

*This modified Draft Agreement was **based on the previous draft** agreement on the European and Community Patent Court and necessary amendments have been made to ensure compliance with the EU Treaties in response to the opinion 1/09 of the Court of Justice of the European Union[.]*

*The **main changes**, which were proposed to ensure compliance with the EU Treaties as set out in the opinion of the CJEU were the **limitation** of participation in the draft agreement **to EU Member States (thus excluding the participation of third states as well as the EU)** and the strengthening of the obligation of the Unified Patent Court to comply with EU law and request **preliminary rulings**, if necessary, including through the **introduction of sanctions**. The removal from the draft of the EU and non-EU states as possible contracting parties fundamentally changed the nature of the Draft Agreement, the **aim** of which is to establish not just an international court, but a **court common to the Member States**. This will represent a new patent jurisdiction which will be an **inherent part of the judicial systems of those Member States** which are party to the agreement.*

*This approach had been suggested by the Commission in its non-paper on Creating a Unified Patent Litigation System - Orientation debate¹ of 26 May 2011, which had found wide support at the Competitiveness Council on 30 May 2011. The conformity with the Treaties of the general approach to create a common court of the Member States was also generally confirmed by the Council Legal Service, at the meeting of the Friends of the Presidency Group on the 18 July 2011, with the qualification that the text needs some further changes to ensure full compliance with secondary Union law.**

*CDoc 13751/11



Opinion 1/09: Main assertions 1

- It is not per se illegal to set up court bodies under international law
 - Such courts may also request preliminary rulings from the ECJ
 - Such courts may entail a reorganization of the judiciary for EU law, as long as the principles of EU law are respected

74. As regards an **international agreement providing for the creation of a court** responsible for the interpretation of its provisions, the Court has, it is true, held that such an agreement **is not, in principle, incompatible with European Union law**. The competence of the European Union in the field of international relations and its capacity to conclude international agreements necessarily entail the power to submit itself to the decisions of a court which is created or designated by such agreements as regards the interpretation and application of their provisions (see Opinion 1/91, paragraphs 40 and 70).

75. Moreover, the Court has stated that an international agreement concluded with third countries **may confer new judicial powers on the Court** provided that in so doing it does not change the essential character of the function of the Court as conceived in the EU and FEU Treaties (see, by analogy, Opinion 1/92 [1992] ECR I-2821, paragraph 32).

76. The Court has also declared that an international agreement **may affect its own powers** provided that the indispensable conditions for safeguarding the essential character of those powers are satisfied and, consequently, there is no adverse effect on the autonomy of the European Union legal order (see Opinion 1/00 [2002] ECR I-3493, paragraphs 21, 23 and 26).



Opinion 1/09: Main assertions 2

- However, typical international courts linked with the ECJ are ...
 - ... restricted to preliminary rulings
 - ... restricted to the application of their own agreement

77. However, the judicial systems under consideration in the abovementioned Opinions were **designed**, in essence, **to resolve disputes on the interpretation or application of the actual provisions of the international agreements concerned**. Further, while providing particular powers to the courts of third countries to **refer cases to the Court for a preliminary ruling**, those systems did not affect the powers of the courts and tribunals of Member States in relation to the interpretation and application of European Union law, nor the power, or indeed the obligation, of those courts and tribunals to request a preliminary ruling from the Court of Justice and the power of the Court to reply.



Opinion 1/09: Main assertions 3

- By contrast, patent court may apply EU law directly
 - This jeopardizes autonomy of EU law

*78. **By contrast**, the international court envisaged in this draft agreement is to be **called upon to interpret and apply not only the provisions of that agreement but also the future regulation on the Community patent and other instruments of European Union law**, in particular regulations and directives in conjunction with which that regulation would, when necessary, have to be read, namely provisions relating to other bodies of rules on intellectual property, and rules of the FEU Treaty concerning the internal market and competition law. Likewise, the PC may be called upon to determine a dispute pending before it in the light of the fundamental rights and general principles of European Union law, or even to examine the validity of an act of the European Union.*



Opinion 1/09: Main assertions 4

■ In fact, patent court replaces national courts

- This is not foreseen in the court system set up for the enforcement of EU law under Art 19 (1) TEU and Art 267 TFEU*

66. As is evident from Article 19(1) TEU, **the guardians of that legal order and the judicial system of the European Union are the Court of Justice and the courts and tribunals of the Member States.**

79. As regards the draft agreement submitted for the Court's consideration, it must be observed that the PC:

- **takes the place of national courts and tribunals**, in the field of its exclusive jurisdiction described in Article 15 of that draft agreement,
- **deprives, therefore, those courts and tribunals of the power to request preliminary rulings** from the Court in that field,
- becomes, in the field of its exclusive jurisdiction, the sole court able to communicate with the Court by means of a reference for a preliminary ruling concerning the interpretation and application of European Union law and
- has the duty, within that jurisdiction, in accordance with Article 14a of that draft agreement, to interpret and apply European Union law.

81. The draft agreement provides for a preliminary ruling mechanism which reserves, within the scope of that agreement, the power to refer questions for a preliminary ruling to the PC **while removing that power from the national courts.**

84. The system set up by **Article 267 TFEU therefore establishes between the Court of Justice and the national courts direct cooperation** as part of which the latter are closely involved in the correct application and uniform interpretation of European Union law and also in the protection of individual rights conferred by that legal order



Opinion 1/09: Main assertions 5

- The EU legislator is in principle free to choose among different options for the design of the patent court ...
 - ... as long as they are compatible with EU law
 - This includes an international law-based solution

*62. **Article 262 TFEU** provides for the option of extending the jurisdiction of the European Union courts to disputes relating to the application of acts of the European Union which create European intellectual property rights. Consequently, that article **does not establish a monopoly for the Court** in the field concerned **and does not predetermine the choice of judicial structure** which may be established for disputes between individuals relating to intellectual property rights.*

*64. Since the draft agreement establishes, in essence, a new court structure, it is appropriate to bear in mind, first, **the fundamental elements of the legal order and judicial system of the European Union**, as designed by the founding Treaties and developed by the case-law of the Court, in order to assess whether the creation of the PC is compatible with those elements.*



Opinion 1/09: Main assertions 6

- The BENELUX court is, for the field of IP, an example for an international law-based court compatible with EU law
 - This is an illustrative *obiter dictum*, not a recommendation as to how to remodel the patent court

82. ***It must be emphasised that the situation of the PC envisaged by the draft agreement would differ from that of the Benelux Court of Justice which was the subject of Case C-337/95 Parfums Christian Dior [1997] ECR I-6013, paragraphs 21 to 23. Since the Benelux Court is a court common to a number of Member States, situated, consequently, within the judicial system of the European Union, its decisions are subject to mechanisms capable of ensuring the full effectiveness of the rules of the European Union.***



Opinion 1/09: Main assertions 7

- In addition to these fundamentals, more concerns exist regarding details
 - E.g. lack of infringement and liability rules for the patent court
 - Other flaws (cf. Joint Statement of the AGs – language regime etc.)

86. *In that regard, the Court has stated that the principle that a Member State is obliged to **make good damage caused to individuals** as a result of breaches of European Union law for which it is responsible applies to any case in which a Member State infringes European Union law, whichever is the authority of the Member State whose act or omission was responsible for the breach, and that principle also applies, under specific conditions, to judicial bodies (see, to that effect, Case C-224/01 Köbler [2003] ECR I-10239, paragraphs 31 and 33 to 36; Case C-173/03 Traghetti del Mediterraneo [2006] ECR I-5177, paragraphs 30 and 31, and judgment of 12 November 2009 in Case C-154/08 Commission v Spain, paragraph 125).*

87. *It must be added that, where European Union law is infringed by a national court, the provisions of Articles 258 TFEU to 260 TFEU provide for the **opportunity of bringing a case before the Court** to obtain a declaration that the Member State concerned has failed to fulfil its obligations (see Case C-129/00 Commission v Italy [2003] ECR I-14637, paragraphs 29, 30 and 32).*

88. *It is clear that **if a decision of the PC were to be in breach of European Union law, that decision could not be the subject of infringement proceedings nor could it give rise to any financial liability** on the part of one or more Member States.*



Is the follow-up proposal in line with these assertions?

■ No.

- A “call it BENELUX and it will be BENELUX”-approach will not work.
- **Intrinsic differences** between the BENELUX court and the follow-up model

BENELUX court	Patent court
Specific primary law authorization (Art. 350 TFEU)	- - -
Limited to preliminary references	Direct actions
Interaction with nat'l court system	No interaction – isolated/parallel system (see also C-196/09!)
Applies only BENELUX agreement, no direct application of „external“ laws	Applies int'l agreement + EPC + EU law directly



What design options remain after Opinion 1/09?

1. An Art 257-type classic EU court
 - see already **CPC of 2004**
 - but not useful for merging EU and EPC systems

*61. As regards Article 262 TFEU, that article cannot preclude the creation of the PC. While it is true that under that provision there can be conferred on the Court some of the powers which it is proposed to grant to the PC, the procedure described in **that article is not the only conceivable way of creating a unified patent court.***



What design options remain after Opinion 1/09?

2. A real BENELUX-type court
 - international law basis
 - integrated into national court system, not replacement of that
 - = limited to preliminary rulings
 - linked to ECJ via preliminary rulings
 - limited to the application of own agreement?
 - **see already COPAC of 1989**

*82. It must be emphasised that the situation of the PC envisaged by the draft agreement would differ from that of the Benelux Court of Justice which was the subject of Case C-337/95 Parfums Christian Dior [1997] ECR I-6013, paragraphs 21 to 23. Since the **Benelux Court is** a court common to a number of Member States, situated, consequently, **within the judicial system of the European Union**, its decisions are subject to mechanisms capable of ensuring the full effectiveness of the rules of the European Union.*



What design options remain after Opinion 1/09?

3. A revised 2009-type model?
 - From a pure patent perspective, clearly the most desirable option. But is it legal?
 - **Pro:** Restatement in 1/09 of **legislator discretion** to choose court model
 - Reading 1/09 too narrowly narrows down discretion to two models
 - **Con:** Does 1/09 exclude **possibility to apply EU law directly**?
 - Does Art 267 establish a “closed class” of courts which may apply EU law?
 - Any 2009 model **revision must answer to 1/09 concerns**, currently proposed follow-up model does not
 - Autonomy, homogeneity and effectiveness of EU law (paras 67, 68 and 83)
 - Completeness of the system of remedies (para 68)



Additional options

■ Amendment of primary law basis

- **Create explicit legal basis** (exception) for the patent court from the cooperation logic of Art 267 TFEU
 - if brought under Title III even simplified procedure (Art 48 TEU)?

■ Hand project back to EPO

- = revival of revised EPLA
- substantive patent: Art 142 EPC



Further remaining issues (beyond the intrinsic legality of the follow-up model)

- Legality of enhanced cooperation
- Revival of the EPLA **competence issues**?
- Linkage between **EPO** and patent court
- Remaining benefit / **detrimental effects** of ...
 - a truncated substantive patent?
 - a truncated court system?



Annex: References for further reading

- *Jaeger/Hilty/Drexler/Ullrich*, Comments of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the 2009 Commission Proposal for the Establishment of a Unified European Patent Judiciary, IIC 2009, 817
- *Jaeger*, The EU Patent: Cui Bono et Quo Vadit?, CML Rev 2010, 63
- *Lamping*, Enhanced Cooperation – A Proper Approach to Market Integration in the Field of Unitary Patent Protection? , IIC 2011, 879
- *Jaeger*, All back to square one? – An assessment of the latest proposals for a patent and court for the internal market and possible alternatives, IIC 2012, 286
- *Jaeger*, America invents. Und Europa?, EuZW 2012 (forthcoming June 2012)

