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ECJ feels uneasy wearing hat of the Greek Court to interpret patent provisions on TRIPS

Miquel Montaña (Clifford Chance) · Thursday, July 18th, 2013

This morning the European Court of Justice (“ECJ”) added a new extravagant decision to the long list of odd judgments on intellectual property matters that during the last stages of negotiation of Regulation (EU) 1257/2012 (unitary patent protection) caused the European Union’s legislative bodies to remove the yet-to-come “unitary patent” from the reach of the ECJ.

The case stemmed from a request for a preliminary ruling made by a Greek Court, where the Court asked the following questions:

1. Does Article 27 of the TRIPs Agreement (“TRIPS”) setting out the framework for patent protection, fall within a field for which the Member States continue to have primary competence and, if so, can the Member States themselves accord direct effect to that provision, and can the national court apply it directly subject to the requirements laid down by national law?
2. Under Article 27 of TRIPS, are chemical and pharmaceutical products patentable subject matter provided that they satisfy the requirements for the grant of patents and, if so, what is the scope of their protection?
3. Under Articles 27 and 70 of TRIPS, do patents covered by the reservation in Article 167(2) of the [EPC] which were granted before 7 February 1992, that is to say, before the above agreement entered into force, and concern the invention of pharmaceutical products, but which, because of the aforementioned reservation, were granted solely to protect their production process, fall within the protection for all patents pursuant to the provision of the TRIPS and, if so, what is the extent and content of that protection; that is to say, have the pharmaceutical products themselves also been protected since the above agreement entered into force, or does protection continue to apply to their production process only; or must a distinction be made based on the content of the application for grant of a patent; that is to say, as to whether, by describing the invention and the relevant claims, protection was sought at the outset for the product or the production process of both?

In relation to the first question, the ECJ, rejecting the opinions of the governments of the Member States, has come to the conclusion that Article 27 of TRIPS falls within the field of

the common commercial property.

Unsurprisingly, the governments of the Member States defended that it should be up to their Courts and not for the ECJ to decide the scope of the obligations assumed in the field of patent protection when they ratified the Agreement establishing the World Trade Organization (“WTO”). The reasons were given by the ECJ itself in its Opinion 1/1994, where the ECJ highlighted that, contrary to the Commission’s intention, the Final Act of the Uruguay Round agreements (a creature of which was TRIPS) should be signed both by the then called European Communities (“EC”) and by the Member States. This morning’s judgment is clearly at odds with Opinion 1/1994, notwithstanding the ECJ’s efforts to rely on Article 207 TFEU.

The conclusions reached by the ECJ in Opinion 1/1994 explain, for example, why the Kingdom of Spain, and not the EC, was the international subject that was examined by the TRIPS Council on 18 November 1997 in relation to the measures adopted by the Kingdom of Spain to comply with TRIPS’ provisions on patents. The Spanish Representative at the TRIPS’ Council told the members of the Council that they should not worry because according to Spanish law, TRIPS’ provisions are directly applicable and, therefore, a Spanish Court would have the obligation not to apply domestic provisions that Spanish Courts would find to be contrary to TRIPS. Other Member States applied other measures that they deemed appropriate under their respective national laws to comply with TRIPS’ provisions on patents. That’s why their governments were concerned about the ECJ, this time embracing the views of the Commission. If in the future the ECJ were to find, for example, that TRIPS’ provisions are not directly applicable when the Spanish Government had told the TRIPS Council that, under Spanish law, they are, this would leave the Spanish Government in a very embarrassing position.

Moving on to the second question, surprisingly, the ECJ answered the first part of the question only. In fact, there was little need for interpretation since in order to see that under Article 27.1 of TRIPS chemical and pharmaceutical products are patentable subject matter one has to simply read Article 27.1. It does not come as a surprise that in paragraph 65 the ECJ found that “This argument must be accepted.” On the contrary, the ECJ did not answer the second part of the question, which was the crux of the matter. To decline answering the second part of the question, in paragraph 69 the ECJ noted that “Insofar as Question 2 relates also to the scope of protection conferred by a patent for a pharmaceutical product, it suffices to observe, in the context of the present request for a preliminary ruling, that Article 27 of the TRIPS Agreement concerns patentability, not the protection conferred by a patent. The question of the protection conferred by a patent is governed by Article 28 of the Agreement, “Rights Conferred”, Article 30, “Exceptions to Rights Conferred”, and Article 33, “Term of Protection”. As it does not appear from the order for reference that an interpretation of those other provisions would be of use for resolving the dispute in the main proceedings, there is no need to answer the second part of Question 2.”

This striking conclusion is highly illustrative of the lack of familiarity of the ECJ on what a patent is about. The articles mentioned by the ECJ have nothing to do with patent protection. As the ECJ itself highlighted, they govern, respectively, the “Rights Conferred” (i.e. remedies), the “Exceptions to Rights Conferred”, and the “Term of Protection.” These articles are totally silent on the scope of protection of a patent. On the contrary, Article

70.2 states that the new obligations of protection introduced by TRIPS apply to “all subject matter existing [...] which is protected in that Member State.” Surprisingly, the ECJ ignored the latter part of the sentence and refused to answer the second part of the question, which, as mentioned, was the crux of the matter. It is important to note that, in paragraph 2 of its judgment of 16 September 1999 (Case C-392/97), the ECJ found that it was for the Courts of the Member States, and not for the ECJ, to decide the scope of protection of a patent.

Having declined to answer the second part of the second question, it was simply impossible for the ECJ to answer the third question. This is because, as is clear from the text of Article 70.2, whether or not TRIPS gives rights to obligations in respect of “subject matter existing [...] and which is protected” requires previous determination on whether or not that subject matter was “protected” and whether or not it “meets or comes subsequently to meet the criteria for protection under the terms of this Agreement.”

It is a matter of regret that in this judgment, which is eerily superficial, the ECJ did not look for guidance on the interpretation of Article 70.2 in the Opinion of Advocate General Ruiz-Jarabo Colomer delivered on 23 January 2007 in Case C-431/05. It is not an excuse that this Opinion was issued before Article 207.1 TFEU came into force, as the interpretation of Article 70.2 has nothing to do with the coming into force of the new TFEU. Even accepting, for the sake of argument, the interpretation of the Commission contested by the Member States, in the sense that after Article 207.1 TFEU came into force it would be for the ECJ and not for the Courts of the Member States to interpret the provisions on patents of TRIPS, this would only affect *who* must interpret those provisions. And in his thorough Opinion of 23 January 2007, which discussed issues on which this morning’s judgment did not even grasp the surface, the sadly lost Advocate General concluded that “Article 70 of the TRIPS Agreement, concerning “Protecting of Existing Subject Matter” [...] is intended to guarantee for rights already in existence when the TRIPS Agreement came into effect the same protection as for those rights granted pursuant to the legislation adopted by the signatory States in order to implement the Agreement. It is a question, therefore, of extending the new protection to old patents [...].”

The ECJ felt uneasy wearing a hat that, for the reasons explained by Advocate General Pedro Cruz Villalón, in the Opinion that he issued in this case, should have been worn by the Greek Court. This is particularly clear in paragraphs 77 and 78, where the ECJ struggled to guess, based on “the information supplied by the referring court” (paragraph 77), the effect of Article 167.5 of the European Patent Convention (“EPC”) on Greek national patent law. Even for those accustomed to the extravagancies of the ECJ when it deals with intellectual property matters, seeing the ECJ aim to issue an opinion on the effect on national Greek law of an international treaty to which the EC is not a contracting party is simply more than one can muster. And here lies another of the cruxes of the matter. The effect of Articles 27.1 and 70 of TRIPS on patents affected by the Reservations to the EPC requires previous determination of the effects of those Reservations, a question that can only be answered by the Courts of the Member States that made the Reservation.

The ECJ, noting that in paragraphs 77 and 78 it was treading on treacherous territory, at the beginning of paragraph 78 it alerted that, “Although this is for the referring court to verify...”. This raises the question of which should go first, the hen or the egg. The effect of Article 167.5 of the EPC on national patents is not for national Courts “to verify”, it is for

national Courts *to determine prior* to being able to make a decision on the effect of Articles 27.1 and 70 of TRIPS on the patents affected by the Reservation. Therefore, the ECJ missed the point in paragraph 79 when answering only one of the many aspects comprised in question three, it concluded that “[...] it cannot be considered that the protection of existing subject matter referred to in Article 70 of the TRIPS Agreement can consist in attributing to a patent’s effects *which it does not have and never had.*” With all due respect, it is not for the ECJ but for the Courts of the Member States to decide the legal effect of Article 167.5 of the EPC, an international treaty that, as mentioned, does not even bind the EC. No doubt the ECJ had this in mind when at the outset of paragraph 78 it wrote that “this is for the referring court to verify.” Only 10 lines down, in the concluding sentence of paragraph 79, the ECJ did not see that it was putting the hen ahead of the egg, whereas to decide whether we should eat the hen it was necessary to decide whether the egg was a good egg which, no doubt, is for the national Courts to decide. In any event, the ECJ’s narrow answer is likely to have a very limited effect, as it left many of the specific points raised in question three without an answer.

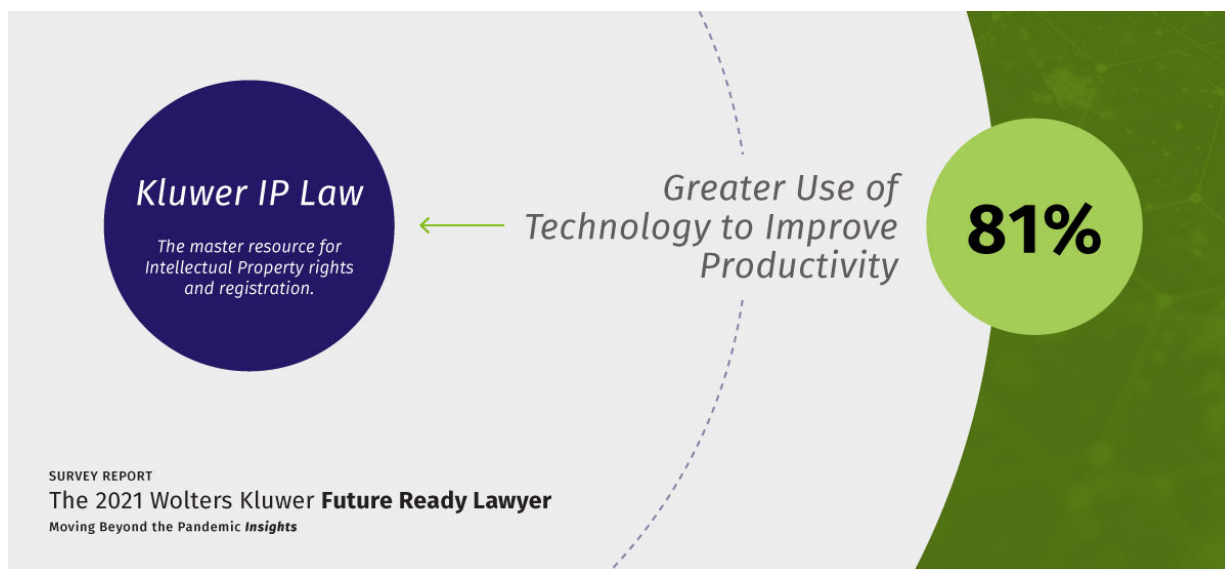
All in all, this judgment is just another example of the urgent need to overcome the political difficulties that are delaying the inevitable reform of the ECJ. Until, if and when the ECJ is provided with the resources and specialisation necessary to deal with an increasing amount of work that is also increasingly complex, decisions such as the one published today will continue to fuel the arguments of the growing number of stakeholders that would rather prefer to keep the ECJ at bay in intellectual property cases.

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