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Does the EU patent package strip the Union of one of its legislative powers? An analysis of a recent motion against the EU patent package

Pieter Callens (Eubelius) · Tuesday, March 31st, 2015

Recently, a number of European IP law professors (and certain lawyers) signed a motion against the EU patent package. The motion mentions 29 signatories of which 13 originate from Belgium. The other signatories are located in France (5), Italy (4), UK (2), Suisse (1), Portugal (1), the Netherlands (1), Sweden (1) and Spain (1). The motion also mentions 12 “supporters” originating from the same member states and from Germany and Denmark.

The main argument of the motion is that the EU patent package would have “stripped” the Union of one of its powers. The competence of the EU to establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union, is laid down in article 118, §1 TFEU. The signatories claim that as a result of the architecture of the EU patent package, the Union will in the future no longer be able to modify the rules regarding unitary patent protection.

According to the motion it is problematic that important provisions regarding substantive patent law (i.e. limitations and direct/indirect infringement) are not part of the Unitary Patent Regulation 1257/2012. These substantive patent law provisions have been inserted in the UPC Agreement, which is a treaty signed by EU member states. Article 5 of the Unitary Patent Regulation was intended to link the substantive patent provisions provided in the UPC Agreement with the unitary protection. §3 of article 5 provides that the “acts against which the patent provides protection and the applicable limitations shall be those defined by the law applied to European patents with unitary effect in the participating Member State whose national law is applicable to the European patent with unitary effect as an object of property”.

It is correct that one of the main drivers of including the substantive patent law provisions in the UPC Agreement (rather than in the Unitary Patent Regulation) was to avoid (too much) preliminary rulings by the Court of Justice of the European Union regarding substantive patent law. However, this had little to do with “pressure from certain lobby’s”, as the motion claims, but everything with the worries from member states with a long patent tradition, that the Court of Justice would lack certain expertise and organization to deal with substantive patent law issues. Having provisions of substantive patent law regarding the European patent with unitary effect (the “Unitary patent”) in a different legal instrument is maybe not an ideal solution. However, this does not mean that this solution would be unlawful or would have stripped the Union of one of its powers.

In my opinion it is not correct that the current design of the patent package would result in the Union no longer having powers regarding substantive patent law. The competence regarding the creation of European intellectual property rights with uniform protection throughout the Union is vested in article 118, §1 TFEU and remains a competence of the Union. If tomorrow the member states wish to amend the Unitary Patent Regulation or take other legislative measures in this field (e.g. Directive), they can. All contracting member states of the UPC Agreement are EU member states and therefore have to respect and implement the Regulations and Directives of the Union.

The UPC Agreement does not prevail over article 118, §1 TFEU, but is at the same time neither in conflict with this article. Article 118, §1 TFEU provides that “the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralized Union-wide authorization, coordination and supervision arrangements.” The use of the wording “measures” points out that the Union is not obliged to include all elements of the uniform protection in a Regulation. This clearly comes forward when reading §2 of the same article. §2 expressly states that the “Council, acting in accordance with a special legislative procedure, shall by means of regulations establish language arrangements for the European intellectual property rights”. For the language regime of the European patent with unitary effect, the Regulation 1260/2012 had to be adopted. No provisions regarding the language regime of the Unitary Patent were provided in the UPC Agreement.

The motion states that the arguments raised by Spain in the annulment proceedings before the Court of Justice of the European Union should “remind to the EU’s lawmakers that it is incumbent on them alone to exercise the legislative powers invested in them and not to divest themselves thereof in favour of the Member States”. The signatories seem to forget that the EU derives its powers from the member states and not the other way around. The “EU lawmakers” are the Parliament and the Council. But the Council is off course composed of the Member States.

Based on the above, I believe the main premise of the motion is wrong. The patent package (Regulations and UPC Agreement) has not stripped the Union of one of its legislative powers. The EU can at all times agree on new or amended rules regarding uniform patent protection (by means of a Regulation or a Directive) and the UPC agreement does not affect the primacy of Union law.

The last paragraph of the motion reveals the real criticism or concern of the signatories regarding the EU patent package. The signatories believe “one could design an EU protection of inventions inspired by the regulations adopted for the Community trade marks and designs” and think “it would be far less complex to institute a solution of that sort than the system discussed here”. In this respect, I agree to the comment of [Wouter Pors on the EPLAW patent blog](#) that we have to take into account the history of the (lack of) uniform patent protection in Europe. For sure, one could come up with other systems that would be less complex, but in the last 50 years the Union failed to agree on a harmonized system of EU patent protection. As a practitioner, I believe EU member states carry a major responsibility to finally answer the needs of the users of the patent system to have a workable, reasonable and competitive uniform patent protection and enforcement system in the EU market. Wouter Pors describes the EU patent package as “a lawful and balanced solution which helps create a level playing field for the protection of innovation between Europe and other relevant regions, such as the US.”

In a burst of pragmatism, Pors calls the EU patent package the “next best solution”. I’m not even

convinced that a system designed to the example of the Community trade mark/design courts would be more preferable than the Unified Patent Court, leaving the Unified Patent Court to be the next best thing. For sure, a system mirroring the Community trade mark or design courts would have had substantial advantages during the current implementation track. Participating member states would not have to bother about drafting a new set of rules of procedure. Participating member states would not have to bother about recruiting and appointing judges for international panels. Participating member states would not even have to bother about negotiating about the locations of central, regional or local divisions and the languages in which they will operate. All these things would have been available within the member states and would have been paid by the member states. But the main question is whether such “Community patent courts” would offer users a solution to the problems they have with the current enforcement system in Europe? In my opinion, they would not.

The purpose of the Unified Patent Court was not only to have a court with EU-wide jurisdiction regarding validity and/or infringement of patents, but also to avoid as much as possible inconsistent case-law and/or case-law driven by national flavor in the proceedings. Such national flavor can originate from national procedural rules, from national judges or from other national traditions (e.g. lawyer usages). A court designed as the trade mark or design courts would not achieve such harmonization goals, but would remain stuck in national law traditions. Once the Unified Patent Court will start off, it will operate with a uniform set of Rules of Procedure in all participating member states. Each panel of the Unified Patent Court will be composed of judges of different nationalities. For most divisions of the Court, English will be one of the possible languages of the proceedings. Based on these elements, I believe that the Unified Patent Court will offer more guarantees to users to obtain high quality judgments and legal certainty, than the “Community patent courts” the signatories of the motion suggest.

The high ambitions of the Unified Patent Court result today in a difficult implementation track. Drafting a new set of rules of procedure, recruiting and training judges, finding compromises on the locations of the different divisions and the costs for these locations, setting up an electronic registry for the Court, determining the Court fees, agreeing on budget issues, etc. All these elements are subject to difficult political and administrative negotiations that take time and energy. Therefore, as far as complexity is concerned, the Unified Patent Court certainly is to be considered as the next best thing. However, I hope that although the time spent now by the member states on the implementation track, users will in the long run find a high quality Court that gets rid of certain old problems of conflicting and nationally influenced case-law in the field of patent law.

I welcome any open discussion on the best enforcement system for patents in Europe. Therefore, the motion is certainly a good initiative. However, the timing of the motion is questionable. The motion is published after the Opinion of the Advocate-General and before the Court of Justice has to decide on the annulment action of Spain against the Unitary Patent Regulation. The motion does not hide that the signatories would like to see the CJEU annul the Unitary Patent Regulation in order to start discussions regarding uniform patent protection from scratch. In my sense – and taking into account the long history and harsh track record of the uniform patent protection over the last 50 years – this could lead to never having any uniform patent protection in Europe at all. If users would have to choose between no uniform protection / enforcement at all, or having the EU patent package with a certain degree of complexity, I believe the choice should be easy and the EU patent package would be no longer the “next” best thing...

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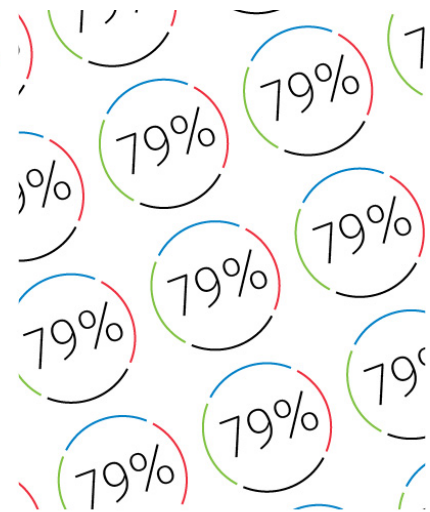
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