

# A sneak preview of today's CJEU judgments on the Unitary Patent Package

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As announced by the [Kluwer UPC News blogger earlier today](#), this morning the Court of Justice of the European Union ("CJEU") published its two judgments in cases C-146/13 and C-147/13 where, as expected, it has dismissed the nullity actions filed by the Kingdom of Spain ("Spain") against Council Regulation (EU) No 1257/2012 (unitary patent) and Council Regulation (EU) No 1260/2012 (translation arrangements). What follows is our two cents after a quick reading of the decisions:

## I. JUDGMENT ON CASE C-146/13 (UNITARY PATENT)

### 1. Lack of jurisdictional control over the EPO's decisions:

In short, the Court, following Advocate General Bot, has concluded that this should not be a concern for the European Union, as Council Regulation (EU) No. 1257/2012 ("the Regulation") is not intended to delimit the conditions for granting European patents, which are governed exclusively by the European Patent Convention ("EPC") and not by European Union ("EU") law (par. 30). According to the Court, the Regulation merely establishes the conditions under which a European patent granted by the European Patent Office ("EPO") may benefit from unitary effect and provides a definition of that unitary effect (par. 31).

### 2. Lack of legal basis (Article 118 TFEU):

According to Spain, Article 118 of the Treaty on the Functioning of the European Union ("TFEU") was not an adequate legal basis because the Regulation does not contain substantive rules providing "uniform" protection. Instead, it subjects the acts against which the European patent with unitary effect ("EPUE") provides protection to national law. In response to this, at par. 46 the Court has concluded that "[...] the designation of the national law of a single Member State, which is applicable in the territory of all the participating Member States, and the substantive provisions of which define the acts against which an EPUE provides protection and the characteristics of that EPUE as an object of property, helps to ensure the uniformity of the protection conferred by that patent". At par. 47 the Court has added that "[...] the uniformity of the protection conferred by the EPUE stems from the application of Article 5(3) and Article 7 of the contested regulation, which guarantee that the designated national law will be applied in the territory of all the participating Member States in which that patent has unitary effect." The Court insists on the same idea at par. 49.

Unfortunately, the Court has not elaborated further on whether the "uniform" protection will be achieved through the application of Articles 25 to 30 of the Agreement on a Unified Patent Court ("UPC"). This is arguably one of the thinnest parts of the judgment. The specific legal grounds used by the Court would justify the "uniform" protection of one specific EPUE throughout the Member States that participate in the enhanced cooperation procedure. But, as mentioned, the judgment is silent on why the Regulation would ensure that EPUEs – in general – will have "uniform" protection throughout such Member States.

### 3. Misuse of powers:

This was the weakest argument of Spain's nullity action. So it is not surprising that the Court has disposed of this argument rather briefly (par. 56-59).

### 4. Infringement of Article 291(2) TFEU and of the principles laid down in the Meroni judgment:

Although the Court has dismissed this argument, at par. 75 it has dangerously opened the door for possible referrals to the Court in relation to fees ("75. It must therefore be held, contrary to what is maintained by some of the interveners, that the setting of the level of renewal fees and the share of distribution of those fees, referred to in Article 9(2) of the contested regulation, constitutes the implementation of a legally binding Union act for the purposes of Article 291(1)").

In relation to the alleged infringement of the "Meroni" case law, at par. 87 the Court has concluded that since – contrary to Spain's arguments – the EU Legislature has not delegated any implementing powers which are exclusively its own under EU law to the Member States participating in the enhanced cooperation procedure or to the EPO, the principles of the "Meroni" case law would not apply.

### 5. Infringement of the principles of autonomy and uniformity of EU law:

This is probably one of the most interesting parts of the judgment for several reasons:

First, the Court has circumvented the debate as to whether the Agreement on a UPC is contrary to EU law, which was the argument developed in the first part of the sixth legal ground used by Spain. At par. 101, the Court has declined to address this argument alleging that "[...] in an action brought under Article 263 TFEU, the Court does not have jurisdiction to rule on the lawfulness of an international agreement concluded by Member States." Although the Court probably has a point, it could have found creative ways to tackle this topic. This finding does not do any good in terms of legal certainty, as this debate is likely to be reopened in the future. The Court has passed up an opportunity to provide some guidance which all the stakeholders would probably have welcomed.

In the second part of the sixth nullity ground, Spain had argued that the Member States which take part in the enhanced cooperation procedure, by acceding to the Agreement on a UPC, would be exercising a competence which is now a competence of the European Union, in breach of the principles of sincere cooperation and autonomy of EU law. Again, the Court has declined to address this point on the grounds that in the context of an action brought under Article 263 TFEU it lacks jurisdiction to rule on the lawfulness of an international agreement concluded by Member States.

In the third part of the sixth nullity ground, Spain had argued that taking into account that, according to Art. 18(2), the entry into force of the Regulation is subject to the entry into force of the Agreement on a UPC, the effectiveness of the competence exercised by the EU through the contested Regulation depends on the will of the Member States which are party to the Agreement on a UPC. The Court has rejected this argument at par. 104-106, noting that the solution envisaged is not contrary to EU law.

Another disappointing aspect of the judgment is the very brief and confusing answer given to the seventh legal ground. Spain had argued that the second subparagraph of Article 18(2) gives the Member States the capacity to decide unilaterally whether the Regulation is to apply to them. According to Spain, if a Member State were to decide not to ratify the UPC Agreement, the Regulation would not be applicable to that Member State and the UPC would not acquire exclusive jurisdiction over its territory to decide on EPUE cases, with the result that EPUEs would not have unitary effect regarding that Member State. According to Spain, this would infringe the principles of autonomy and the uniform application of EU law. Unfortunately, all the Court had to say in relation to this is that this argument "[...] is based on a false premise, given that the provision in question allows for derogation only from Article 3(1) and (2) and Article 4(1) of the contested regulation, to the exclusion of all other provisions of that regulation. A partial and temporary derogation of that kind is moreover justified on the grounds set out in paragraph 106 above" (par. 107). What the CJEU does not seem to have grasped is that the "only" derogation refers to the "unitary effect" of the European patent, that is, the very heart of the matter.

Interestingly, at least the English, French, German, Italian and Portuguese translations of par. 106 of the judgment do not really correspond to the Spanish version, Spanish being the language of the proceedings. The English version reads as follows: "106. [...] the EU legislature has left it to the Member States, for the purposes of ensuring the application of the provisions of the contested regulation, to adopt several measures within the legal framework established by the EPC and to establish the Unified Patent Court, which – as is stated in recitals 24 and 25 of that regulation – is essential in order to ensure the proper functioning of the EPUE, consistency of case-law and hence legal certainty, and cost-effectiveness for patent proprietors." In contrast, the Spanish version reads "106. [...] the EU legislature has enabled Member States [...]" I am afraid that there may be some debate around whether "leave it to Member States" means the same thing as "empower the Member States." Arguably, "empowering" would mean that the EU would be competent to monitor how such powers have been exercised, something that most stakeholders would not like.

The CJEU has further messed-up this point by translating par. 106 of the judgment handed down in Case C-146/13 and par. 95 of the judgment handed down in Case C-147/13 differently. Although they are identical in Spanish, they have been translated differently.

### 6. Member States, it is up to you:

Apart from what the Court has said, it is also interesting what it has not said. In contrast to what Advocate General Bot wrote at par. 179-180 of his Opinion of 18 November 2014, the Court has not said that "[...] by refraining from ratifying the Agreement on a UPC, the participating Member States would infringe the principle of sincere cooperation in that they would be jeopardising the attainment of the Union's harmonisation and uniform protection objectives." Quite the contrary, as mentioned above, it has taken a much more cautious view. At par. 106, it has echoed Recitals 24 and 25 of the Regulation, which state that the establishment of the UPC is essential in order to ensure the proper functioning of the EPUE, consistency of case-law and hence legal certainty, and cost-effectiveness for patent proprietors."

But at the beginning of par. 106, far from suggesting that EU law would oblige Member States to ratify the Agreement on a UPC, it has noted that the EU Legislature "has left it to the Member States" (English) or has "empowered the Member States" (Spanish) to adopt measures such as to establish the UPC.

So Poland, which takes part in the enhanced cooperation procedure but has not signed the Agreement on a UPC, will be relaxed after today's judgment, as it has seen the risk of being sued for allegedly failing to comply with the sincere cooperation principle fade away. The CJEU has sent the message that it would be a good thing for Member States to ratify the Agreement on a UPC but that, at the end of the day, it is up to them, as the EU Legislature has left the matter in their hands.

## II. JUDGMENT ON CASE C-147/13 (TRANSLATION ARRANGEMENTS)

The main noteworthy aspect is that it has introduced the first exception to the equality of EU languages, which may mark the beginning of the end of the old language taboo.

## III. CONCLUSION

In conclusion, as is normally the case with judgments from the CJEU on intellectual property matters, there will be ample room for debate.