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New judgment of the Supreme Court on TRIPS

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On 5 December 2012, the Civil Chamber of the Supreme Court handed down an interesting judgment confirming that the non-discrimination principle enshrined in articles 27.1 and 70 of TRIPS trumps any remaining effects of the Reservation filed by the Kingdom of Spain when it adhered to the European Patent Convention ("EPC") on 10 July 1986. This Reservation was based on article 167 of the EPC, which allowed contracting parties to declare that European patents, insofar as they protect chemical or pharmaceutical products as such, could be revoked or would have no effects. In its Reservation, Spain chose the latter option.

In this new judgment, the Civil Chamber of the Supreme Court has followed the doctrine laid down in its previous judgment of 10 May 2011, which was approved "en banc". This doctrine was also applied in the subsequent judgments of 11 November 2011 and 26 October 2012. In the new judgment of 5 December 2012 there is an interesting new aspect that may be summarised as follows:

In 2006 the Spanish Patents and Trademark Office ("SPTO") published a Spanish translation of the European patent at hand, which included product claims. Some months later, the SPTO reversed this decision. As a result, the Spanish translation was left with process claims only. The patentee filed an appeal before the administrative courts, which ultimately upheld the appeal. Therefore, they reversed the SPTO's decision that had revoked its previous decision ordering the publication of the translation that included product claims. As a result, the status quo was reinstated as it was in 2006. In the meantime, some companies had launched at risk generics allegedly obtained through a process that did not infringe the process claims. So one of the questions the Supreme Court had to decide in this new case was whether the patentee was entitled to collect damages for the sales made by the defendants during this period.

In its judgment of 5 December 2012, the Supreme Court gave an affirmative answer. The Court noted that the optional clause enshrined in article 70.4 of TRIPS establishes at least the payment of an "equitable remuneration." Taking this as a guideline, the Court ordered the defendants to pay the patentee a compensation equivalent to a "notional" royalty, i.e., the amount that they would have had to pay to the patentee to exploit the invention legally.

An interesting question that was not raised by the parties in this case and that, therefore, was not decided by the Supreme Court, is whether or not article 70.4 of TRIPS is self-executing in the first place. Unlike other articles of TRIPS, which use language that lend them to be directly applied, article 70.4 of TRIPS contains an optional clause ("[…] any Member *may* provide for a limitation

of the remedies available to the right holder […]") the applicability of which depends on whether or not a particular WTO member has made use of that optional clause. Spain did not. No doubt, this is an aspect that will have to be further developed in future judgments.

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