

“Unitary patent” and court system – Advocate General’s Statements of Position: Superseded by reality

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This article reflects the personal opinion of the author.

On 18 November 2014, Advocate General Yves Bot’s Statements of Position in the Spanish nullity proceedings against the two Regulations on the “unitary patent” were published, his recommendation to the Court being a rejection of the actions. Once again, the legal issues are subordinated to the political interest in the implementation of the “unitary patent package”, however, based on a widely not very convincing argumentation. Especially the Statement in case C-146/13 largely tries to avoid any contextual debate of the critical aspects raised, e. g. in relation to the adequacy of legal protection at the European Patent Office, while contradictions and misunderstandings occur repeatedly. Not least in view of the recent events at the European Patent Office, culminating in the suspension of a Boards of Appeal member by the President, the question arises to what extent the Statements of Position can form a suitable basis for the Court’s decision at all.

A. English version of the Statements of Position

First of all, it is surprising that the Statements of Position (afterwards “Opinions”), which were originally prepared in French language, were not available in English until very recently, despite their publication already on 18 November 2014. The publication took place only on 27 February 2015, preceded by several written requests to the CJEU’s Translation Unit since December 2014. In December 2014, said Unit had declared that the English versions had been prepared already and were currently proof-read. Apparently, this was done very thoroughly, as it subsequently required more than two months.

In terms of the fact that there is a significant public interest in questions relating to the “unitary patent”, especially proceedings C-146/13 and C-147/13, this correspondence is made available to the public in anonymized form. Those wanting to get to know more about the backgrounds can access the document [here](#).

That English language versions of the Opinions were made available only more than three months after their publication is highly unsatisfactory. Already in the interest of a comprehensive and timely information of the public, it should be ensured that Opinions from the Advocate General in proceedings before the Court of Justice are also available in English on the day of their delivery, even if English is not the language of the proceedings, as in the present case.

The translations of statements from the German edition relied on in earlier versions of this article are now replaced

by their respective counterparts from the “official” English language version.

B. The Opinions and their assessment

As is well known, Spain’s nullity action in matter C-146/13 is directed against the Regulation on the creation of the “unitary patent” (Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection; afterwards “Reg 1257/12”), while that in case C-147/13 attacks the Regulation on its translation regime (Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements; afterwards “Reg 1260/12”).

I. Proceedings C-146/13

This article will focus on proceedings C-146/13, while a number of issues raised there are also the subject of matter C-147/13.

1. German language version lacks quality

While above, the time necessary for the publication of an English language version was criticized, the German version of the Opinion in matter C-146/13 demonstrates that the availability of a language version alone is not enough, if its quality is sometimes so poor that it hinders understanding the argumentation.

In the German version, there are a number of linguistic inaccuracies and flaws like, for instance, “*Schutz der Grundrechte im Rahmen des EPA*” (“*protection of fundamental rights in the framework of the EPO*”, para. 33) or “*durch die deutsche Verfassung garantierte Schutzrechte*” (“*protective rights guaranteed by the German constitution*”, para. 33), “*nach dem in Art. 4 Abs. 3 AEUV der angefochtenen Verordnung genannten Grundsatz der loyalen Zusammenarbeit*” (“*with regard to the principle of sincere cooperation set out in Art. 4 (3) TFEU of the contested Regulation*”, !, para. 94) or “*das UPC-Übereinkommen, das vom Königreich Spanien im Rahmen seiner Klage auf Nichtigerklärung der angefochtenen Verordnung geltend gemacht wird*” (“*the UPC agreement which is asserted by the Kingdom of Spain in its nullity action against the contested Regulation*”, para. 159).

The question arises whether the Translation Unit has something like quality assurance and how it is possible that such document is released for publication in a form

raising doubts as to its credibility already due to formal deficiencies. After a first review, it seems that such flaws as they form part of the German version of the Opinion were fortunately avoided in its English counterpart.

2. Pleas in law

Spain's action against Reg 1257/12 is based on seven arguments (Opinion C-146/13, para. 20 ff.; subsequent references to paragraphs without citing the source are such from Opinion C-146/13):

(1) A violation of the Rule of Law principle through the involvement of the European Patent Office (EPO) in the grant and administration of the "unitary patent",

(2) the lack of a legal basis after the former Art. 6 to 8 were replaced by a reference to the law of the Member States in Art. 5(3) Reg 1257/12,

(3) a misuse of powers by applying the "enhanced procedure" for purposes beyond those specified in Art. 20(1) TEU (Treaty on European Union),

(4) a violation of Art. 291 TFEU (Treaty on the Functioning of the European Union) respectively the "Meroni" case law by fixing the annual fees for the "unitary patent" by a Select Committee and (5) by conferring the administrative tasks mentioned in Art. 9 Reg 1257/12 on the EPO,

(6) a violation of the autonomy of Union law by tying the entry into force of the Regulation on the "unitary patent" to that of the Agreement on a Unified Patent Court (afterwards "UPCA"), and

(7) the fact that legal protection for the patent is governed in this Agreement instead of in the Regulation.

In this article, the Advocate General's explanations on pleas (1), (2) and (6) respectively (7) will be examined in more detail, these should also be amongst the strongest arguments for nullifying the Regulation. Since the parties' submissions are not publicly accessible, the statements on their positions are based on the respective information given in the Opinion itself.

a) Violation of the Rule of Law by involving the European Patent Office

A very topical issue is Spain's argument that the EPO's involvement in the grant and administration of the "unitary patent" violates the Rule of Law principle for a lack of adequate legal protection being available in relation to its activities. This is highly important, not least with regard to the most recent developments at the EPO, especially press reports on plans for establishing an institutional independence of the Boards of Appeal and the imposition of a "house ban" against a member of the Boards of Appeal by President *Benoît Battistelli* on 3 December 2014. These events happened approximately two weeks after the publication of the Opinions which allows testing the Advocate General's position against the current realities.

aa) Spain's position

Spain argues that the procedure for granting a European patent is not subject to any judicial review guaranteeing a correct and uniform application of Union law as well as the protection of fundamental rights, therefore being incompatible with the constitutional requirements set out in Art. 2 TEU. The judicial bodies of the EPO were not independent and their decisions not subject to legal review by a court, so that it could not be allowed to integrate the EPO into the Union's legal order through Reg 1257/12 and the competences attributed to it therein in relation to the "unitary patent" (para. 28 f.).

bb) Position of the Advocate General

According to Advocate General *Bot*, Spain's argument cannot affect the legality of Reg 1257/12, as the Union legislator's decision to rely on the provisions for the grant of a European patent also for the "unitary patent" had been made even before the adoption of contested Reg 1257/12 and also "*in a very specific context*", furthermore the Regulation's subject matter was "*limited in scope*" (para. 40).

This "adoption" would need to be seen in the context of the enhanced procedure in which both Regulations on the "unitary patent" were deliberated, as well as "*in the rational choice made by the EU legislature*" (para. 41). When legislating in areas "*which involve political, economic and social choices on its part, and in which it is called upon to undertake complex assessments*", the CJEU had always given the Union legislator wide discretion, this would also apply to the "*area of patents*" (para. 41 f.).

From the beginning, the Union legislator had intended to create the "unitary patent" based on the European Patent Convention (EPC) and the existing European patent as this system was implemented already, having proven its functionality as well as a high degree of professional competence and quality (para. 44 f.). Apart from that, the EU Member States, which were also Contracting States of the EPC, "*have never considered their constitutional principles to have been infringed by the effects of the EPO's decisions on the grant of patents*" (para. 45).

The Regulation's recourse to the EPO and the mechanisms of the EPC could not constitute a violation of the Rule of Law "*in the light of the purpose of the contested regulation*", because the EPC system was simply not part of the Regulation (para. 47 f.). Although the Union legislator had intended to rely on the EPO and the granting procedure for the European patent, this had not included making this system part of the Regulation (para. 50). According to its sixth recital, Reg 1257/12 was a "special agreement" in the sense of Art. 142 EPC and would just not cover "*the conditions for the grant and validity of the European patent*", but would only serve the purpose of attributing unitary effect to a European patent granted already under the EPC (paras. 49 f., 52). Therefore, the Regulation would merely equip European patents with an additional feature, the unitary effect, however, without affecting "*the procedure regulated by the EPC*" (para. 58).

Mr *Bot* concludes his remarks recommending the rejection of the argument, since the legality of Reg 1257/12 could not depend on “*the compatibility of the EPO’s decisions on the grant of European patents with EU law*” (para. 61).

cc) Assessment

These explanations are not convincing.

(1) Separating the Regulation from the granting procedure

The clinical separation of the granting history of a European patent and the procedural framework governing it from the examination of the Regulation’s legality as conducted by the Advocate General appears arbitrary. If the Regulation means to create an independent “unitary patent” – which is the legislator’s intent (cf. e. g. recitals 7 and 14 and Art. 3(2) Reg 1257/12 and is not denied even by the Advocate General (cf. his statements in para. 60) –, its legal assessment cannot take place isolated from the underlying European patent and the respective procedures as, ultimately, they continue to form a part of the protective right.

Union law builds on this protective right and, through the Regulation, attributes to it certain legal effects. If the values specified in Art. 2 TEU, the compliance to which Spain demands in its suit, are taken seriously, the procedural backgrounds of the European patent cannot be ignored and the circumstances of its creation accepted as it stands, indifferently attributing to it legal effect for the Union. Instead, it should be ensured that this patent originates from a procedure fulfilling the requirements of Union law as laid down in, for instance, Art. 2 TEU.

(2) Ratification of the EPC as proof for its compatibility with fundamental rights?

Remarkable is also the Advocate General’s statement that the Member States “*have never considered their constitutional principles to have been infringed by the effects of the EPO’s decisions on the grant of patents*” (para. 45). It can certainly be doubted that this is the meaning of the separation of powers. As always, trust is a good thing, but control is a better one.

This position of the Advocate General seems to be based on respective assertions by the defendants, the European Parliament and the Council, which are no less remarkable.

Parliament claimed that the level of legal protection provided for in the EPC had been deemed acceptable by the EU Member States, all of them also being Contracting States of the EPC (para. 31), seemingly implying that otherwise, they would not have signed and ratified it. However, what this means for whether the adopted was also legal, especially compatible with fundamental rights, remains unclear.

Council likewise declared the system created by the EPC compatible with “*the fundamental right of access to a court*” (para. 32). The immunity from jurisdiction and en-

forcement enjoyed by the European Patent Organisation (EPOrg) could also be lifted, apart from the fact that the EPOrg could enter into Supplementary Agreements on the implementation of the immunity provisions with Contracting States. It was also possible for the EPOrg to stipulate by way of an international Agreement that “*its decisions are subject to review by a judicial authority.*” (para. 32).

Does this mean that the apparent deficiencies as to legal protection are meant to be irrelevant, because these could theoretically be removed or mitigated by entering into further Agreements? Does a legal situation involving the violation of fundamental rights really become irrelevant by the mere fact that these violations could be stopped, if only that was intended? If this was not about legal positions protected by fundamental rights and the situation for the affected persons was not so serious, one could be tempted to think that this is a bad joke.

(3) The most recent developments at the EPO

These statements by the Advocate General, by the European Parliament and by the Council form the background for the recent events at the EPO, which, once again, disclose serious legal deficits, confirming Spain’s position.

(a) Plans for strengthening Boards of Appeal independence

On 4 December 2014, the German legal magazine “JUVE Rechtsmarkt” reported (accessible [here](#) [German language]) that the Administrative Council of the EPO currently assessed different measures for strengthening the independence of the Boards of Appeal. As is known, such plans exist at the EPO since the late 1990ies. For instance, on the EPO’s website, section “legislative initiatives”, the project “Organisational autonomy of the Boards of Appeal” is described, in which a draft for a respective revision of the EPC was developed (document CA/46/04 of 28 May 2004, accessible [here](#)), its aims being (ibid., cipher 2.):

“The envisaged revision of the EPC aims at establishing the Boards of Appeal, together with their registries and the other support services in the present DG 3, as the third organ of the European Patent Organisation alongside the Administrative Council and the Office. This new organ of the Organisation would be designated the ‘European Court of Patent Appeals’ and fulfil the judicial functions provided for in the EPC.

The Organisation would then have the three-way separation of powers typical of a state bound by the rule of law, into legislature, executive and judiciary, the latter being the new judicial body.”

This proposal was mentioned in the well-known interlocutory decision R 19/12 already, in which the Enlarged Board of Appeal declared justified a challenge of its Chairman *Wim van der Eijk* for suspicion of partiality due to the insufficient separation of the executive and judiciary at the EPO (cf. R 19/12, para. 21, accessible [here](#) [German language]).

Even if details of the discussed plans are not yet publicly known, their existence in itself shows that, despite any denials and trivializations, problems of such fundamental nature are recognized that structural alterations are deemed inevitable. This already is confirmation for all those regarding the present structures inadequate with regard to the Rule of Law, as for example Spain does in its nullity actions.

(b) Suspension of a Boards of Appeal member by the EPO President

The extent of legal deficits at the EPO was impressively confirmed by its President *Benoît Battistelli* and his actions against a member of the Boards of Appeal. On 3 December 2014, he imposed a “house ban” on this member, for an alleged dissemination of defamatory material against someone at the EPO management level. Said member was apparently escorted from the EPO premises, its office computer confiscated. In short: The President has suspended said member of the Boards of Appeal. The circumstances of this event are described in a letter signed by 35 members of the Enlarged Board of Appeal to the delegates of the Administrative Council, dating 8 December 2014, wherein the incident has been evaluated critically (accessible [here](#)). In its meeting on 10 and 11 December 2014, the Administrative Council confirmed the suspension for the “*alleged misconduct*” “*on a proposal from the President*” and, by an unanimous vote, released said member from active duty on full salary until 31 March 2015 (cf. the Communique of the Administrative Council of 12 December 2014, accessible [here](#)).

The incident is remarkable in several respects.

First of all, the President is not allowed to suspend members of the Boards of Appeal. According to Art. 23(1) EPC, they can be removed from office only upon the presence of serious grounds and if the Administrative Council, on a proposal from the Enlarged Board of Appeal, takes a respective decision. Now the enacted suspension does not mean a removal from office, however, the President is nonetheless not empowered accordingly. Pursuant to Art. 11(4) EPC disciplinary authority over Boards of Appeal members rests with the Administrative Council, the President can only suggest to it that respective disciplinary measures be taken (Art. 10(2) lit. h) EPC). A legal basis for the direct enactment of such measures by the President does not exist.

The fact that this measure was subsequently confirmed by the Administrative Council on a “proposal by the President” does not change this. The same applies to the President’s attempt to sell his unauthorized actions in retrospect as a “*precautionary and provisional measure*” (cf. his post on the EPA Blog dating 19 December 2014, accessible [here](#)). His statement possibly seeks paving the way for trying to justify his actions with an alleged urgency not allowing any delaying of the measure until a decision of the Administrative Council, the meeting of which was to take place shortly thereafter anyhow.

Regardless of the seriousness of the alleged offense of the suspended Boards of Appeal member, one thing is clear: The President, as a member of the EPO executive, has directly suspended a member of an EPO judicial body from its active duties at least temporarily, thereby interfering with the Office’s “judiciary”. The aspect that also this member’s office computer was confiscated, so that possibly insight can be taken into circumstances from pending proceedings which are protected by the secrecy of deliberations is further exacerbating the situation. The “discovery” of the allegedly defamatory material moreover raises questions in relation to data protection law. The deficits of the EPO structures with regard to the Rule of Law, especially the lack of independence of the Boards of Appeal, could hardly be demonstrated to the public in a much clearer manner!

It is no surprise that, immediately after this incident became public, above all, various renowned patent judges from different countries of the EPOrg protested against the measure, referring to its serious implications for the Boards of Appeal’s independence (cf. the letter from Lord Justice *Christopher Floyd* and the Advocate General of the Supreme Court of the Netherlands *Robert van Peursem* of 9 December 2014, accessible [here](#), afterwards agreed by six further judges, or the letter of the Intellectual Property Judges Association (IPJA) of 5 January 2015, accessible [here](#)). As an example for the concerns raised, the following statement from the IPJA shall be reproduced here:

“The present events seriously threaten the judicial independence of the Boards of Appeal and by doing that call in question the guarantee of an independent and impartial review of the European Office’s decisions by a judicial body.”

Little attention has so far been given to a further interesting aspect of the suspension incident. According to a report by “JUVE Rechtsmarkt” of 9 December 2014 (accessible [here](#) [German language]), the suspended person is supposed to be a member of Board of Appeal 3.5.05. If this should be correct, it would push the significance of the incident even further, since the Chairman of this Board is one of the three judges who handed down the mentioned interlocutory decision R 19/12, in which an insufficient separation of the executive and judiciary at the EPO was conceded. According to reports, President *Battistelli* does not fully agree with the result of that decision. Since its publication, two of the three judges involved have retired. Should Board of Appeals 3.5.05 really be affected by the suspension – an indication for which could also be the fact that its Chairman has not signed the mentioned letter from members of the Enlarged Board of Appeal –, this could also be interpreted as an attempt to set an example with regard to the last judge from the context R 19/12 remaining at the EPO and to emphasize that anybody being prepared to render courageous decisions like R 19/12 will have to pay a high price for this – which, of course, would be further evidence for a lack of independence of the

Boards of Appeal. However, as long as no further details are known, this remains speculation.

(4) The existing case law on the compatibility of the EPO and EPC with fundamental rights

In this context, a further aspect deserves to be mentioned which has not been addressed by the Advocate General in his assessment, but which was submitted by the Council.

With regard to the legal position of the EPO, the Council argued that the compatibility of the immunity of international organisations with “*the right of access to a court*” had been assessed and confirmed “*at national and international level*” (para. 33). Above all, already the former European Commission of Human Rights had confirmed the independence and the judicial character of the EPO’s Boards of Appeal in the matter *Lenzing AG vs Germany* (case no. 39025/97, accessible [here](#)) (para. 33).

Here, it is worth looking into the *Lenzing* decision. Against the background that a transfer of sovereign rights to international organisations is considered admissible with regard to the European Convention on Human Rights (ECHR) if said organisation provides for an equivalent protection of fundamental rights, the Chamber, in said decision from September 1998, accepted such equivalence for the proceedings at the EPO based on the following considerations (*ibid.*, p. 5 bottom; emphasis added):

“Article 21 [EPC] provides for an appeals procedure which includes the Board of Appeal and an Enlarged Board of Appeal. The members of these Boards are independent of the parties and of the decision of the division appealed from, have tenure and there must always be one legally qualified member of the Board. The Boards have powers to obtain sworn evidence and must give written decisions containing reasons. Further, the members of the Boards are not subject to any instructions from the President or anyone else in their work (Article 23 [EPC]). These procedures set up a form of ‘equivalent protection’ within the meaning of the Convention case-law (see No. 13258/87 and No. 21090/92, both cited above, and No. 38817/97, Dec. 9.9.98).

The Commission considers that, given the procedural guarantees available before the EPO, any transfer of powers to the EPO which led to the German courts’ refusal to deal with the matter, cannot be said to be incompatible with the applicant company’s rights under the Convention.”

Also under German constitutional law, the transfer of sovereign rights to international organisations requires that an equivalent protection of fundamental rights is guaranteed (cf. e. g. Federal Constitutional Court [BVerfG], decision of 22 October 1986, 2 BvR 197/83 – “*Solange II*”, cipher B.II.1.b)):

“Insofar and to the extent that an intergovernmental institution in the sense of Art. 24 (1) GG [Grundgesetz, the German Constitution] is attributed sovereign

rights which is in a position to affect the very substance [Wesensgehalt] of the fundamental rights recognized by the Grundgesetz, if this is meant to remove the legal protection provided for by the Grundgesetz, a level of protection by fundamental rights must be guaranteed which, as to contents and effectivity, substantially equals that being inevitable under the Grundgesetz. In general, this will require legal protection for the individual by independent courts, having sufficient jurisdiction, especially examination and decision-making powers in terms of factual and legal questions being appropriate with regard to the request for legal protection, which decide on the basis of orderly proceedings including the right to be heard, measures of attack and defense being adequate in relation to the matter in dispute and freely chosen competent counsel and the decisions of which appropriately and efficiently sanction violations of fundamental rights, as the case may be.”

In the past, the BVerfG held that the EPO fulfilled this standard (cf. e. g. BVerfG, 2 BvR 2368/99, decision of 4 April 2001, accessible [here](#) [German language]), for the following reasons (*ibid.*, cipher III.4., emphasis added):

“The requirements set out in the case law of the BVerfG are, at present, generally maintained at the level of the EPO. The complainant does not explain, nor is it otherwise apparent that this is obviously not the case here.

a) The system of legal protection of the European Patent Convention substantially corresponds to that of the Grundgesetz and therefore that of Art. 24 I GG (...). The members of the Boards of Appeal are materially, Art. 23 EPC, and personally, Art. 21 EPC, independent.”

Currently, can it really be assumed, especially in view of the events of 3 December 2014, that the procedural standards demanded by the former European Commission of Human Rights as well as by the BVerfG are still maintained at the EPO and that a level of protection equivalent to that of the ECHR and the Grundgesetz is guaranteed? It appears that this can be questioned with good arguments.

The incident of 3 December 2014 shows that the situation at the EPO has very serious deficiencies with regard to the Rule of Law, as they were clearly addressed already in the Statement of Position in proceedings 1/09 by the Advocate General in charge there (cf. [here](#), paras. 71 ff.). The reticent and evasive comments of the Advocate General on this argument have been superseded by reality. For its judgment, the CJEU will need to consider whether this topic can really be ignored as irrelevant as expressed in the Opinion.

b) Lack of a legal basis

The second argument brought forward by Spain is that of lack of a legal basis.

aa) Spain's position

According to Spain, Art. 118(1) TFEU is an unsuitable legal basis for Reg 1257/12 as the latter would not define the acts against which the “unitary patent” provides protection. The reference to the law of the Member States in Art. 5(3) Reg 1257/12 would not ensure uniform protection throughout the Union, so that the Regulation could not achieve a legal harmonisation (para. 64).

bb) Position of the Advocate General

First, the Advocate General points out that pursuant to its Art. 3(2), Reg 1257/12 intended to provide uniform protection in all participating Member States (para. 71 f.). As regards uniformity and integration, such protection was advantageous over the previous situation, in which the protection of a European patent was defined by the respective national law of the Contracting States (para. 73).

Spain's position, according to which Reg 1257/12 is only an “empty shell” due to a lacking specification of the contents and limitations of the “unitary patent” therein would not be correct, when “*the provisions made by it are sufficient and the EU legislature's competence is shared with the Member States*” (para. 76). Afterwards, the Advocate General describes the contents of Art. 3(1), 4 und 5(1) und (2) of the Regulation (paras. 77 to 81), before explaining the concept of shared competences in Art. 4(2) TFEU, to which a legal title created under Art. 118 TFEU belonged (paras. 82 to 84). Furthermore, it would have to be noted that “*the powers conferred by Art. 118 TFEU*” – whether Art. 118 TFEU presently assigns any powers at all is actually the subject of the assessment –

“are, in the present case, exercised in connection with implementation of enhanced cooperation and that the EU legislature, exercising its broad scope for discretion, chose to have recourse to several legal instruments derived from international law, EU law and national law for the purpose of that implementation, (...).” (para. 85)

After these rather general statements, the following conclusion by the Advocate General is even more surprising, namely that the Union legislator was allowed to refer to the national law in terms of contents and limitations of the rights from the “unitary patent” (para. 86). Art. 118 TFEU would not necessarily require the legislator to completely harmonize all aspects of “*intellectual property law*”, “*by establishing an exhaustive set of rules on its operation or content*” (para. 89). Instead, its wording would not exclude the legal instrument creating the legal title, presently Reg 1257/12, from referring to the national law, provided that this legal instrument ensures that the title has uniform protection in the participating Member States (para. 90). This protection as envisaged by Art. 118 TFEU would not be hindered by a reference to provisions from the national law of the Member States (para. 92), because:

“93. It is clear from a combined reading of Articles 5(3) and 7 of the contested regulation and

from recital 9 in the preamble thereto that only one national legislation will define the acts against which the EPUE [European patent with unitary effect] provides protection. In other words, each EPUE will be subject to the national law of a single Member State and that legislation will apply throughout the territory of the participating Member States.

94. Therefore, by referring to the national law applicable in each case, the contested regulation guarantees uniform protection in that that reference will also cover any international agreement to which the Member States are party, including the UPC Agreement, which the Member States are bound to ratify in accordance with the principle of sincere cooperation referred to in Article 4(3) TEU (32).”

According to the Advocate General also this argument fails and he recommends its rejection (para. 95).

cc) Assessment

The Advocate General's considerations are a peculiar “mixture” of general thoughts and conclusions derived from these, a systematic and logical reasoning for the recommendation to the Court is missing here as well.

Insofar as Advocate General *Bot* again emphasizes a “*broad scope for discretion*” on behalf of the Union legislator (para. 85) and the aspect that the legislative proceedings were conducted in the scope of an enhanced procedure, the relevance of this for the question of the correct legal basis is not really clear. A prerequisite for activities by the legislator is – usually – the existence of a respective legal basis, empowering him accordingly. Discretion might be given in respect of the execution of competences provided by an existing and applicable legal basis, however, not with regard to its choice.

Also the Advocate General's reference to recital 9, that allegedly allowed an interpretation of Art. 5(3) Reg 1257/12 in this sense (para. 87), does not help. Whether this recital “allows” such interpretation of Art. 5(3) or not is not decisive. Instead, the crucial factor rather is which conclusions can be drawn from it with regard to the question whether the chosen legal basis is correct, apart from the circumstance that it is not explained which interpretation recital 9 is seen to “allow”. The aim of these statements of the Advocate General becomes completely obscure when recalling that the issue of the legal basis to be examined here does not relate to “*matters not covered by this Regulation*” as referred to by him, but to the contents of the protective right created in the Regulation – also from his perspective (cf. para. 60) – and the aspect of whether its contents are sufficiently defined as to base the Regulation on Art. 118(1) TFEU.

Also his remark that Art. 118 TFEU would not exclude such “reference solution” as long as uniform protection in the Member States was guaranteed (para. 90), is not convincing. In any event, it should be admissible to expect from the Advocate General the provision of positive rea-

sons for his opinion that Art. 118 TFEU allows the chosen reference solution, instead of limiting himself to merely declaring that this was not excluded. Such “negative solution” rather indicates that positive arguments are missing.

The explanations culminate in the Advocate General's statement that, through the reference, uniform protection would be ensured insofar as the contents of each “unitary patent” in the participating Member States were determined based on the national law of only one of these Member States (para. 93 f.). Accordingly, such uniform protection does not require that each “unitary patent” is always subjected to one identical legal regime in all participating Member States. Instead it is apparently deemed sufficient that, in the individual case, one uniform national law is applicable, even if each “unitary patent” is subject to a different national law. This is a remarkable understanding. Independent of the fact that it can be questioned – as Spain does – that such solution can cause a Union-wide harmonisation, it is doubtful how this is meant to achieve the simplification and cost reductions allegedly intended by the legislator (cf. e. g. recital 4 of Reg 1257/12) with the “unitary patent package”.

Therefore, also the Advocate General's position on the argument of a missing legal basis is not convincing.

c) Violation of autonomy and uniformity of Union law

As its seventh and final argument, Spain objects a violation of the autonomy and uniformity of Union law.

aa) Spain's position

Spain argues that Art. 18(2) Reg 1257/12 allowed the Member States to decide by themselves whether the Regulation shall become valid for them or not. Should a Member State not ratify the UPCA, the Regulation would not become valid for it and the Unified Patent Court would not obtain exclusive jurisdiction for deciding about the “unitary patent” there. The latter would therefore lack unitary effect in this State, violating the principles of autonomy and uniformity of Union law (para. 145).

bb) Position of the Advocate General

At the beginning, the Advocate General observes that tying the entry into force of the Regulation to that of the UPCA would serve the orderly functioning of the “unitary patent”. It would be disadvantageous to that aim if the Regulation was applicable prior to the creation of the Unified Patent Court (para. 177). He also denies that the Member States could decide freely about the entry into force of Reg 1257/12 and explains:

“179. I consider that, pursuant to the principle of sincere cooperation laid down in Article 4(3) TEU, the participating Member States must take all appropriate measures to implement enhanced cooperation, including ratification of the UPC Agreement, as such ratification is necessary for its implementation. Under that provision, the Member States are to take any ap-

propriate measure, general or particular, to ensure fulfilment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the European Union.

180. By refraining from ratifying the UPC Agreement, 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 (60).”

According to the Advocate General, there is such a close relation between Reg 1257/12 and the UPCA that it would be logical to make the entry into force of the Regulation dependent on that of the UPCA, even if this happened at the expense of legal certainty (para. 184). For these reasons, he suggests to reject his argument as well.

dd) Assessment

The Advocate General emphasizes this alleged “ratification obligation” of the Member States in different passages of his Opinion (cf. paras. 88, 94 and 179 f.), pointing this out seems to be one of his core issues.

However, the existence of such alleged legal obligation to ratify the UPCA is doubtful, especially since it is, as such, not Union law, but intergovernmental legislation. As it is said in recital 25 of Reg 1257/12, on which the Attorney General relies himself (para. 181), the ratification of the UPCA takes place in accordance with the national constitutional and parliamentary procedures of the Member States. This is also set out in the UPCA (Art. 84(2) UPCA).

At least in Germany, part of this constitutional procedure is the possibility of holders of potentially affected fundamental rights to request the assessment of a ratification statute for an international Agreement by the Federal Constitutional Court (BVerfG) for its compatibility with fundamental rights, this option generally also being available to legal persons, also those established under foreign law (cf. *Stjerna*, “Unitary patent” and court system – Compatible with Constitutional Law?, accessible in German and English at www.stjerna.de). Therefore, at least with regard to Germany, the Advocate General's remark is irrelevant, since, regardless of the activities by the government and the Parliament, the entry into force of the ratification statute can still be subjected to a respective examination by the Constitutional Court.

Or should the Advocate General need to be understood in a way that a judicial assessment of the UPCA for its compatibility with fundamental rights is subordinate to said alleged obligation from European law? This would mean deeming a national Constitutional Court obliged, despite its constitutional powers and obligations, not to hinder the entry into force of an international Agreement even if it violates fundamental rights.

For Germany, such understanding would seem to be hardly possible. The BVerfG has repeatedly decided that the

transfer of sovereign rights to international organisations must not lead to a situation in which “*the identity of the current constitutional order of the Federal Republic of Germany is given up as a result of an invasion of its basic elements, its constituting structures*”, the fundamental rights being an indispensable part of these basic elements (BVerfG, 2 BvR 197/83, cipher B.II.1.b)). The BVerfG has repeatedly underlined that it reserves respective investigation competences and that it does not regard this as a violation of said principle of sincere cooperation from Art. 4(3) TEU (BVerfG, judgment of 30 June 2009, 2 BvE 2/08 and others, para. 240, accessible [here](#)):

“If legal protection cannot be obtained at the Union level, the Federal Constitutional Court examines whether legal instruments of the European institutions and bodies keep within the boundaries of the sovereign powers accorded to them by way of conferral (...) whilst adhering to the principle of subsidiarity under Community and Union law (Article 5.2 ECT; Article 5.1 second sentence and 5.3 Lisbon TEU). Furthermore, the Federal Constitutional Court reviews whether the inviolable core content of the constitutional identity of the Basic Law [Grundgesetz] pursuant to Article 23.1 third sentence in conjunction with Article 79.3 of the Basic Law is respected (see BVerfGE 113, 273 <296>). The exercise of this review power, which is rooted in constitutional law, follows the principle of the Basic Law’s openness towards European Law [Europarechtsfreundlichkeit], and it therefore also does not contradict the principle of sincere cooperation (Article 4.3 Lisbon TEU); otherwise, with progressing integration, the fundamental political and constitutional structures of sovereign Member States, which are recognised by Article 4.2 first sentence Lisbon TEU, cannot be safeguarded in any other way. In this respect, the guarantee of national constitutional identity under constitutional and under Union law go hand in hand in the European legal area. The identity review makes it possible to examine whether due to the action of European institutions, the principles under Article 1 and Article 20 of the Basic Law, declared inviolable in Article 79.3 of the Basic Law, have been violated. This ensures that the primacy of application of Union law only applies by virtue and in the context of the constitutional empowerment that continues in effect.”

Therefore, at least in Germany, the ratification of the UPCA can, of course, be subjected to an assessment by the BVerfG for its compatibility with the constitutional standards, and there is no obligation to allow a “blindly obedient ratification”. Should the holder of a potentially affected fundamental right request the BVerfG to examine the ratification statute for the UPCA, the Court will be able to accept its entry into force only if it is compatible with the constitutional standards. That the BVerfG would deem these standards fulfilled can be doubted, especially after the most recent events at the EPO.

Hence, also the Advocate General’s reasoning for his recommendation to reject the seventh argument is not persuasive.

After all this, Spain’s pleas (1), (2) and (6)/(7) can at least not be rejected with the arguments given by the Advocate General. To the contrary, there are reasons which are just as good to regard these pleas justified and therefore nullify Reg 1257/12.

II. Proceedings C-147/13

Some of the arguments presented in proceedings C-146/13 are also put forward in Spain’s nullity action against Reg 1260/12 on the translation regime for the “unitary patent”. The central aspect, rejected by the Advocate General, seems to be the alleged violation of the principle of non-discrimination on grounds of language by the limitation to the trilingual system established in Reg 1260/12. As indicated, the Opinion in case C-147/13 will not be addressed here due to a lack of space.

C. Outlook

The presented Opinions are not convincing. When comparing them to the Opinion from proceedings 1/09, which addressed the problems existing in that matter in all clarity, they rather seem to endeavor avoiding any confrontation with the controversial issues and taking the easiest way to come to a rejection of the complaints. The impression arises that it is sought to achieve a predefined result, without having well-founded arguments supporting it. This may imply that a serious discussion of subject matter is possibly not wanted, because all the institutions involved anyhow wish to nod the “unitary patent package” through.

One decisive aspect will be whether, despite the neglect in materially dealing with this issue in the Opinion, the CJEU will be prepared to tackle the situation at the EPO. Should they avoid this or not deal with it exhaustively, the focus will shift to the national Constitutional Courts for this examination, especially to the German BVerfG due to its mentioned powers to review ratification statutes. Since ratification by Germany is obligatory for the UPCA to enter into force, a veto by the BVerfG would stop the whole project. Already for this reason, it will be interesting to see how the CJEU will deal with Spain’s actions. Its judgments should be given in spring 2015.

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Addition on 5 March 2015:

After the first version of this article was published on 15 January 2015, new developments have occurred in relation to some of the aspects addressed in it – and beyond the finally available English language versions of the Statements of Position – calling for an update, for the sake of completeness.

1. C-146/13: “House ban” incident will not be considered for the judgment

As it could be heard from reliable sources, the recent developments at the EPO relating to the imposition of a “house ban” against a member of the Boards of Appeal were formally brought to the attention of the CJEU in proceedings C-146/13, presumably with regard to the argument “Violation of the Rule of Law by involving the European Patent Office”. However, since the incident took place after the end of the oral hearing in this matter, the CJEU can/will apparently not take it into account for its judgment for procedural reasons. Accordingly, the incident would remain entirely open for examination in other court proceedings, for instance by national Constitutional Courts.

2. News on Boards of Appeal independence

In the recent interlocutory decision R 2/14 of the Enlarged Board of Appeal of 17 February 2015 (p. 44, footnote 1, accessible [here](#)), reference was made to an interview EPO President *Benoît Battistelli* had given to the German Association for the Protection of Intellectual Property (“GRUR”) shortly after he took office in July 2010 and which was published in GRUR Newsletter 2/2010 (accessible [here](#) [German language]). In this interview, Mr *Battistelli* commented on the issue of strengthening Boards of Appeal independence (p. 3, r. col.), in a manner which is quite remarkable, at least from today's point of view (translated from German, emphasis added):

“GRUR: In the oral hearing on 19 May 2010 relating to Opinion 1/09 (Compatibility of the Agreement on the European and Community Patents Court with EU law), the CJEU indicated that it does not regard the EPO Boards of Appeal as courts – as it had done earlier in relation to those of the OHIM – and has doubts with regard to an adequate level of legal protection, e. g. if the grant of a future EU Patent is rejected by the EPO (as is known, in case of OHIM decisions a complaint at the Court in Luxembourg is possible).

What remedy would you prefer:

- transforming the Boards of Appeal into an independent court outside the EPO (a respective, roughly 6-year-old legislative proposal (CA/46/04) exists),

or

- the creation of an independent court, probably exclusively for European patents?

Battistelli: The judicial character of the EPO's Boards of Appeal and the independence of its members are enshrined in the EPC, this is furthermore secured in the texts on the implementation of the current European patent system. National courts have also confirmed that the members of the Boards of Appeal are judges. However, the visibility of this judicial independence could be improved if the Boards of Appeal were the third organ of the European Patent Organisation

apart from the European Patent Office and the Administrative Council. In my opinion, it would be preferable to rely on the proposal for a respective revision of the EPC described in CA/46/04, setting out in detail the concept of a European Patent Organisation with three organs and which has been discussed intensively internally as well as in the Administrative Council and its subcommittees. In 2004, the Contracting States were in agreement that the draft should be presented to a diplomatic conference on the revision of the EPC, in case such conference was scheduled, for instance, to amend the EPC as necessary for the introduction of the EU Patent.”

Said document CA/46/04 as cited by Mr *Battistelli* in this interview, which is presented in a separate section titled “Organisational autonomy of the Boards of Appeal” on the EPO's webpage, has been mentioned above on p. 3 already (“Plans for strengthening Boards of Appeal independence”).

It was all the more astonishing that this webpage which had existed for a considerable time (its footer indicating: “Last updated: 12.10.2009”), was suddenly no longer available on the EPO's server shortly after publication of the first version of this article on 15 January 2015. A screenshot of the respective 404 error message (“Object not found!”) dating 5 February 2015 can be accessed [here](#). However, as quickly as it had disappeared, the page was restored shortly thereafter and, on 8 February 2015, could be accessed at the [initial place](#) (cf. the screenshot [here](#)). The backgrounds of this are unknown.

However, it can be assumed that the office management's sympathy, as expressed in the aforementioned statement from 2010, for an organisational autonomy of the Boards of Appeal pursuant to proposal CA/46/04, which provided for a revision of the EPC, is no longer given, at least not unconditionally. It will be interesting to see which design will be favored instead. Since, for temporal reasons alone, a revision of the EPC will be sought to be avoided by all means while, at the same time, such revision seems inevitable for establishing “real” independence of the Boards of Appeal, legitimate doubts are justified that the latter will be realized in the foreseeable future - in which case, however, all legal issues discussed above would remain unchanged.

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