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STATEMENT OF POSITION BY THE ADVOCATES GENERAL  
Presented on 2<sup>nd</sup> July 2010<sup>1</sup>

**Opinion 1/09**

**Request for the opinion of the  
Council of the European Union**

"Request for an opinion – Jurisdiction of European Patent and Community Patent – Compatibility with the treaties of a draft agreement creating a unified system of regulation of litigation in the matter of patents – disputes between individuals associated with the validity and/or the application of community patents – guarantees with a view to ensuring the full application of and the rule of Community law – referral to the Court of Justice under the preliminary ruling procedure – remedies in the case of infringement of Community law and in the case of failure to comply with the obligation to make a reference for a preliminary ruling – system of languages – admissibility of the request for an opinion"

"EUROPEAN PATENT AND COMMUNITY PATENT COURT"

Table of Contents

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<sup>1</sup> Original language: French

**I Introduction**

**II The Legal Context**

**III The Draft Agreement**

*Competences of the JB [Patent Court]*

*Applicable law*

*Mechanism for reference for a preliminary ruling*

*System of languages*

**IV The request for an opinion**

**V Analysis by the Advocates General**

*A On the admissibility of the request for an opinion*

1 The degree of detail of the information relating to the content of the agreement

2 Progress of the file within the Council

3 Final observations: the principle of institutional balance

4 Interim conclusion

*B On the merits*

1 Competence of the Union and the legal basis for conclusion of the agreement

2 Compatibility of the draft agreement with the system of treaties

a) Legality of the creation of the JB as an international court

i) Disputes between individuals

ii) Administrative disputes

iii) Interim conclusion

STATEMENT OF POSITION BY THE ADVOCATES GENERAL – OPINION 1/09

- b) Compliance by the JB with the law of the Union
- i) Application of the law of the Union and compliance by the JB with the primacy of the law of the Union
  - Reference to "directly applicable Community law"
  - Summary
- (ii) Compatibility of the preliminary ruling mechanism with the judicial system of the treaties
- iii) Remedies in the case of infringement of Union law by the JB
- c) The system of languages before the JB
- 3 Conclusion
- VI Proposed Reply to the Request for an Opinion**

## "EUROPEAN PATENT AND COMMUNITY PATENT COURT"

### I. Introduction

1. The European Council has referred to the Court a request for an opinion which concerns a draft international agreement, the purposes of which is to establish a European patent court ("JB"). The said agreement would be concluded as a mixed agreement between the European Union, its member states and a number of third countries.
2. This draft agreed is currently presented in the form a simple working document drafted by the Council Presidency within the context of a group of measures in patent matters which are currently being studied at European level, and in particular the possible creation, by the European Union, of a *Community Patent*<sup>2</sup> as a new title of intellectual property<sup>3</sup> and accession of the European Union to the Munich Convention on the *European Patent ("CBE")*<sup>4</sup>. By virtue of the accession of the Union to the CBE, the future Community Patent will become part of the administrative system instituted for the European Patent of which delivery is assured by the European Patent Office ("EPO")<sup>5</sup>
3. The future Patent Court would complete the new measures in patent matters (creation of the Community Patent and accession of the European Union to the CBE) at jurisdictional level. This would put in place a *unified system of jurisdiction*, both for future Community Patents and, more generally, for European Patents within the meaning of the CBE<sup>6</sup>. Constituted as an international body, the JB would not be a specialist court within the "European Union Court of Justice", but a separate body. Its jurisdiction would be limited to *disputes between individuals* only, in particular to actions for counterfeit, revocation proceedings and actions for damages deriving from the protection conferred by a European or Community patent. By contrast, *administrative disputes* relating to decisions of the EPO in matters of the issue of patents would not fall within the scope of competence of the JB; this type of dispute would continue to be dealt with exclusively by the boards of appeal within the EPO itself.

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<sup>2</sup> It seems to us that the term "Community Patent" should be adapted to the new legal terminology as used since the entry into force of the Lisbon Treaty. However, in order to avoid confusion, we will use the term "Community Patent" in this statement of position as it is used in the request for an opinion and in the written observations of the parties.

<sup>3</sup> See the proposed Council regulation on the community patent presented by the Commission on 1<sup>st</sup> August 2000 [document COM (2000) 412 final], and the proposed Council regulation on the provisions relating to translation for the European Union Patent presented by the Commission on 1<sup>st</sup> July 2010 [ press release IP/10/870].

<sup>4</sup> The CBE was signed in Munich on 5<sup>th</sup> October 1973 and amended by the review instrument of 29<sup>th</sup> November 2000. This is an international treaty to which thirty seven states are currently signatories, including all the member states of the European Union. The European Union itself is not currently a party to this convention.

<sup>5</sup> By virtue of the CBE, a patent granted by the EPO is valid in the signatory states designated in the patent application. Patents granted in this way ("European Patents") constitute either national patents giving national protection or, if the application refers to more than one signatory state, a group of national patents. Thus, if the issuing procedure for the letters patent in question is unique, the resulting European patent is not a unitary title but breaks down into a bundle of national patents, each one deriving from the national law of the states designated by the patent holder. The proposed Community Patent would form part of that bundle of national patents, gathered together under the title of European Patent.

<sup>6</sup> See the Communication to the European Parliament and to the Council entitled "Improving the system of Patents in Europe", presented by the Commission on 3<sup>rd</sup> April 2007 [document COM (2007) 165 final].

4. No unique jurisdiction currently exists to deal with disputes relating to European patents which have cross-border dimension or to future Community patents. Actions for counterfeit or revocation proceedings arising out of a European patent are therefore subject to different national laws and procedures.

## II - The Legal Context

5. Although the request for an opinion was introduced on the basis of the Union law which arose out of the Treaty of Nice, the Advocates General are of the view that the application should be examined under the auspices of the new provisions of the treaties as they arise out of the Treaty of Lisbon. In effect, the court is asked to take a position on a draft agreement which may be negotiated in future and which would then be mandatorily concluded on the basis of the EU and FEU treaties in their valid form since 1<sup>st</sup> December 2009.

6. The procedure for providing an opinion is based on article **218 paragraph 11 TFEU** (formerly article 300 paragraph 6 EC), which is worded as follows:

"A member state, the European Parliament, the Council or the Commission may seek the opinion of the Court of Justice on the compatibility of a proposed agreement with the treaties. In the event that the opinion of the Court is negative, the proposed agreement may not enter into force unless it is amended or the treaties are revised.

7. Article **118 TFEU**, which is a new provision introduced by the Treaty of Lisbon, provides as follows:

"Within the framework of the establishment or the functioning of the internal market, the European Parliament and the Council, ruling in accordance with ordinary legislative procedure, are establishing measures relating to the creation of European titles which ensure uniform protection of intellectual property rights within the Union, and to the putting in place of systems of centralised authorisation, co-ordination and control at the level of the Union.

The Council, ruling in accordance with a special legislative procedure, establishes the system of languages applicable to such European titles by means of regulations. The Council rules unanimously after consultation with the European Parliament."

8. In terms of article **216 paragraph 1 TFEU**:

"The Union may conclude an agreement with one or more third countries or international organisations where the treaties so provide or where the conclusion of an agreement is either necessary to realise any of the objectives of the treaties within the framework of Union policies, or is provided within a binding legal instrument of the Union, or even where it has the potential to affect or alter the scope of common rules".

9. Article **262 TFEU** (formerly article 229A EC) provides as follows:

"Without prejudice to the other provisions of the treaties, the Council, ruling unanimously in accordance with a special legislative procedure, and after consultation with the European Parliament, may enact provisions with a view to attributing to the European Union Court of Justice, to an extent which it will determine, jurisdiction to rule on disputes relating to the application of acts adopted on the basis of treaties which create European intellectual property titles. These provisions will enter into force following approval by the member states in accordance with their respective constitutional rules".

10. Article **344 TFEU** (formerly article 292 EC) contains the following provision:

"The member states undertake not to submit any dispute relating to the interpretation or the application of the treaties to a method of regulation other than those provided therein."

11. Under the terms of article **352, paragraph 1 TFEU** (formerly article 308 EC):

"If an action by the Union appears to be required within the framework of the policies defined by the treaties in order to achieve the objectives of the treaties, and the treaties make no provision for the [type of] action required for that purpose, then the Council, ruling unanimously upon a proposal by the Commission and following approval by the European Parliament, will adopt the appropriate provisions. Where the provisions in question are adopted by the Council in accordance with a special legislative procedure, it will also rule unanimously upon proposal by the Commission and following approval by the European Parliament."

### III - The Draft Agreement in Question

12. As we have previously mentioned, the JB would be an international law organisation. According to the draft agreement submitted to the Court, it would incorporate a double degree of jurisdiction with two bodies, namely a "court of first instance ("JB-TPI") and a "court of appeal" ("JB-CA"), the latter having jurisdiction to hear appeals against decisions made by the JB-TPI; the third body of the JB would be a registry.

13. The JB-TPI would be composed of local and regional divisions as well as a central division. All these divisions would form an integral part of a unique jurisdiction and would adopt uniform procedures.

#### *Competences of the JB*

14. With respect to the competence *ratione materiae*, clause 15 paragraph 1 of the draft agreement lists the eight areas of competence exclusive to the JB impacting on both the European Patent and the future Community Patent. By virtue of paragraph 2, the national courts of the contracting states will continue to have jurisdiction over appeals relating to Community and European Patents which are not the exclusive jurisdiction of the JB.

15. The territorial competences of the different divisions of the JB-TPI are defined in Clause 15b paragraph 1 of the draft agreement:

"The actions referred to in Clause 15 paragraph 1, sub-paragraphs a), b), d) and e) will be brought in:

a) the local division situated in the territory of the contracting state in which the counterfeit or threatened counterfeit was carried out or is likely to be carried out, or in the regional division to which the contracting state belongs; or

b) the local division situated in the territory of the contracting state where the defendant is domiciled or in the regional division to which the contracting state belongs.

Actions brought against defendants domiciled outside the territory of the contracting states will be brought in the local or regional division in accordance with sub-paragraph a).

In the event that there is no local division in the territory of the contracting state and the state does not belong to any regional division, then actions will be brought in the central division."

#### *Applicable law*

16. With regard to the law applicable in the JB, clause **14 b** of the draft agreement provides as follows:

"1) Where it is to hear a matter referred to it in accordance with the terms of this agreement, the patent court will comply with Community law and base its decisions on the following:

a) this agreement;

b) Community law which is directly applicable, in particular regulations [...] on the Community Patent, and national legislation of the contracting states implementing Community legislation; [...]

- c) The Convention of the European Patent and the national legislation adopted by the contracting states in accordance with that Convention;
  - d) Any provision of international agreement applicable to patents and which are binding on all the contracting parties.
- 2) In the event that the Court bases its decision on the national legislation of the contracting states, the applicable law will be determined by the following:
- a) the directly applicable provisions of Community legislation; or
  - b) in the absence of directly applicable provisions of Community legislation, the international instruments of international private law to which all the contracting parties are party; or
  - c) in the absence of the provisions set out in sub-paragraphs a) and b) above, the national provisions of international private law determined by the patent court.
- 3) A contracting state which is not a party to the agreement on the European Economic Space will implement the necessary legislative, regulatory and administrative provisions in order to comply with Community legislation relating to substantive patent law."

*Mechanism for reference for a preliminary ruling*

17. The JB-TPI will be authorised to refer to the Court for a preliminary ruling on the interpretation of Community law or on the validity and interpretation of the acts of institutions of the Community. The JB-CA will be obliged to do so. This mechanism for preliminary ruling is set out in clause **48** of the draft agreement, which is worded as follows:
- "1) Where a question of interpretation of the treaty [EC] or the validity and interpretation of the acts adopted by institutions of the European Community is referred to the Court of First Instance it may, if it considers necessary in order to be able give a decision, ask the Court of Justice [...] to rule on the question. Where such a question is referred to the court of appeal, it will ask the Court of Justice [...] to rule on the question.
- 2) The decision given by the Court of Justice [...] concerning the interpretation of the treaty [EC] or the validity and interpretation of acts adopted by the institutions of the European Community will be binding on the court of first instance and the court of appeal."

*The system of languages*

18. The proposed agreement provides, inter alia, for a specific system of languages which is based on the official language of the state in whose territory the local or regional division of the JB-TPI is situate. Derogations will be possible if the state in question so decides, or if the parties mutually so agree. This system of languages arises out of clause **29** of the draft agreement, which is worded as follows:
- "1) The language of procedure in a local or regional division will be the official language or languages of the member state of the European Union, the official language or languages of other contracting states in the territory in which the division concerned is situate, or the official language or languages designated by contracting states which share a regional division.
- 2) Notwithstanding paragraph 1, the contracting states may designate one or more of the official languages of the European Patent Office as the language of procedure of their local or regional division.

- 3) The parties may agree to use as their language of procedure the language in which the patent was issued, subject to the approval of the competent division. In the event that the division concerned does not approve the choice of the parties, they may apply for the matter to be brought before the central division.
- 4) [At the request of one of the parties and after having heard the other parties] / [ With the agreement of the parties], the competent local or regional division may, for reasons of convenience and equity, decide to use as the language of procedure the language in which the patent was issued.
- 5) The language of procedure in the central division will be the language in which the patent in question was issued."
19. The system of languages applicable in the JB-CA is set out in clause **30** of the draft agreement:
- "1) The language of procedure in the court of appeal will be the language used in the court of first instance.
- 2) The parties may agree to use as the language of procedure the language in which the patent was issued.
- 3) In exceptional cases and to extent it is judged appropriate, the court of appeal may decide to use, for all or part of the procedure, another official language of a contracting state as the language of procedure, subject to the agreement of the parties."

#### **IV - The request for an Opinion**

20. The request for the opinion by the Council, submitted to the Court on 6<sup>th</sup> July 2009, is worded as follows:
 

"Is the proposed agreement creating a unified system of dispute settlement in patent matters (currently known as the 'Court of the European Patent and the Community Patent') compatible with the provisions of the treaty which instituted the European Community?"
21. By way of appendices to the request for an opinion, the Council provided the Court with the following three documents, none of which has been adopted to date:
  - Council Document 8588/09 of 7<sup>th</sup> April 2009 relating to the Council's revised proposal for settlement on the Community Patent, prepared by the Presidency of the Council for the attention of the "Intellectual Property (Patent" Group";
  - Council Document 7928/09 of 23<sup>rd</sup> March 2009 relating to a text revised by the Presidency on a draft agreement on the Court of the European Patent and the Community Patent and on a "draft statute" for the said Court;
  - Council Document 7927/09 of 23<sup>rd</sup> March 2009 concerning a recommendation by the Commission to the council aimed at authorising the Commission to open negotiations with a view to the adoption of an international agreement between the Community, its member states and a certain number of third countries "creating a unified system of dispute settlement in European and Community patent matters".

#### **V - Analysis by the Advocates General**

##### *A - The admissibility of the request for an opinion*

22. By way of introduction, it should be pointed out that the entry into force of the Treaty of Lisbon has not in any way affected the admissibility of this request for an opinion. At the very most, the request



would have to be reformulated by the Court in order to provide a useful response to the Council taking into account the new denomination and numbering of the treaties: Is "the proposed agreement creating a unified system of dispute settlement in patent matters... compatible with the provisions of the EU and FEU treaties?"

23. It is on another level that the Parliament, Spain, Greece and Ireland are challenging the admissibility of the request for an opinion<sup>7</sup>. Their criticisms, which will be examined below, relate, on the one hand, to the degree of detail of the information relating to the content of the agreement, judged to be insufficient (see below, section 1.); on the other hand, the Council is accused of having presented its request for an opinion prematurely, given the status of the file within that institution (see below, section 2.). Further, this request for an opinion calls for a number of observations by the advocates general with regard to compliance with the principle of institutional balance (see below, section 3.).
1. The degree of detail of the information relating to the content of the agreement
24. The Parliament and Spain assert, first and foremost, that they consider the request for an opinion to be incomplete, since the content of the proposed agreement is not sufficiently specific<sup>8</sup>.
25. In order to appreciate the extent to which the alleged absence of detail as regards content may affect the admissibility of the request for an opinion, case law makes the distinction according to the object of the request<sup>9</sup>: where a request for an opinion relates to the *competency* of the European Union to conclude an agreement, it will suffice for the objective and the heads of terms of the agreement to be known<sup>10</sup>; by contrast, where a request for an opinion raises the issue of *compatibility* of the proposed agreement with treaty regulations, the Court must have at its disposal sufficient information not only about the objective but also on the content of the said agreement<sup>11</sup>.
26. It follows that case law on the admissibility of requests for opinions is clearly more demanding with regard to the compatibility of an agreement with the treaties with regard to the competency of the Union to conclude the agreement in question<sup>12</sup>. In this instance, the request for an opinion has a bearing on the compatibility of the proposed agreement with the treaties. It is therefore not sufficient for the object of the proposed agreement (institution of a unified legal system in matters of patents, creation of a patent court) to be known. Rather, the request for an opinion should set out the content of the agreement in sufficient detail.
27. The Advocates General are of the view that this condition has been met.
28. The Council has provided the Court with the full wording of its draft agreement which contains, in particular, provisions for the organisation and financing of the future patent court, its competencies, the different types of appeal, procedure (including the system of languages), applicable substantive

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<sup>7</sup> The Parliament and Spain set out their challenge at the outset of the written procedure. They were joined by Greece and Ireland at the time of the hearing, Ireland having already expressed a number of doubts in its written pleadings.

<sup>8</sup> Spain underlines, inter alia, the absence of agreement within the Council with regard to the system of languages to be applied in the future JB.

<sup>9</sup> Opinion 2/94 of 28<sup>th</sup> March 1996 (Rec. p.1-1759, point 8).

<sup>10</sup> Opinion 1/78 of 4<sup>th</sup> October 1979 (Rec. p. 2871 point 34), Opinion 2/94 (see footnote 9, points 20 to 22) and Opinion 1/03 of 7<sup>th</sup> February 2006 (Rec. p.I-1145, point 111).

<sup>11</sup> See Opinion 2/94 (see footnote 9, points 20 to 22)

<sup>12</sup> See Opinion 2/94 (see footnote 9, points 20 to 22)

law, evidences, the effects of decisions of the JB, the judicial costs and the mechanism for reference for a preliminary ruling. The fact that the procedural regulation of the JB is not yet known in full does not mean that the draft agreement overall is insufficiently detailed for the Court to make a decision.

29. The context in which the draft agreement is presented is also pointed out in the request for an opinion: the proposed agreement is part of a group measures relating to patents which currently being examined at European level, in particular the potential creation by the European Union of a Community Patent as a new title of intellectual property, as well as the accession of the European Union to the CBE. Formal adoption of these last measures, in particular the regulations on the Community Patent, does not appear to be crucial to provide a legally sufficient definition of the context of this request for an opinion.
30. In the circumstances, it is appropriate to conclude that the Court has at its disposal sufficient information with regard to the content and context of the proposed agreement to issue an opinion on the compatibility of the agreement with the treaties.

## 2. Progress of the file within the Council

31. Next, the Parliament, Spain, Greece and Ireland maintain that the decision-making process relating to the agreement has not yet progressed sufficiently to enable the Court to make a decision on its compatibility with the treaties.
32. As the Council itself admits, the wording of the proposed agreement is not final. All the wordings submitted to the Court take the form of working documents of the Council Presidency. None of these wordings has been adopted by the Council, nor been submitted to the Parliament within the framework of the applicable decision-making procedures.
33. The question therefore arises of whether the draft agreement in question may be considered as a *proposed agreement* within the meaning of article 218 paragraph 11 TFEU<sup>13</sup>
34. In this respect, it is appropriate to recall that the Court may, at any time, receive a request for an opinion on the basis of article 218 paragraph 11 TFEU, provided that the consent of the European Union to be bound by the agreement in question has not yet been finally given<sup>14</sup>. This type of request for an opinion can be introduced even before the international negotiations on the proposed agreement have begun<sup>15</sup>. It follows that any uncertainties with regard to the realisation of a draft agreement necessarily characterise the opinion procedure and cannot, by themselves, justify a declaration of inadmissibility against a request for an opinion<sup>16</sup>.
35. Of course, the procedure instituted by article 218 paragraph 11 TFEU cannot be used abusively by the petitioner in order to obtain an advisory opinion from the Court on purely hypothetical questions. The opinions procedure is a procedure of co-operation between the Court on the one hand, and the

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<sup>13</sup> Article 300 paragraph 6 EC at the time of the introduction of the request for an opinion

<sup>14</sup> Opinion 1/94 of 15<sup>th</sup> November 1994 (Rec. p.I-5267, point 12) and Opinion 3/94 of 13<sup>th</sup> December 1995 (Rec. p. I-4577, points 13 and 14).

<sup>15</sup> Opinion 2/94 (see note 9 above, point 16)

<sup>16</sup> Similarly, the Court considers, in opinion 1/78 (see note 10 point 34 above ) that a request for an opinion is not premature merely because, at the time of its referral to the Court, the wording of the agreement under negotiation contains still a number of undecided alternatives and discrepancies in the wording of certain clauses.

institutions and member states concerned on the other. It aims to forestall any potential complications which may arise from legal challenges based on the compatibility of an international agreement with the treaties<sup>17</sup>. Consequently, a response by the Court to the question submitted will only be justified if it appears that the request for an opinion is based on sufficiently consistent and cogent evidence that there is a willingness and an intention to conclude an international agreement.

36. The Advocates General are of the view that this is the case here.
37. Firstly, it is a matter of record that the project to create a unified legal system in relation to patents, as described in the texts submitted to the Court, is being examined by the Council. Further, the fact that the Council has engaged the procedure set out in article 218 paragraph 11 TFEU presupposes that it does envisage the possibility of negotiating and concluding such an international agreement<sup>18</sup>.
38. Secondly, article 218 paragraph 11 TFEU does not require the draft agreement submitted to the Court to have been formally adopted by the Council, and even less that the opening of negotiations should have been authorised. Quite the reverse, the concept of a “proposed agreement” is sufficiently wide to incorporate a draft agreement prepared by the Council Presidency and discussed within that institution, as in this instance. According to case law, it will suffice for any potential conclusion of an international agreement to be the subject of examination and be on the Council agenda for it to be referred to as a proposed agreement<sup>19</sup>.
39. Thirdly, the fact that the draft agreement or certain draft legislative measures closely linked to it do not, for the time being, have the unanimous support of the Council<sup>20</sup> is irrelevant to the admissibility of this request for an opinion. In effect, the introduction of a request for an opinion is not subject to the rules of procedure as the final decision of the Council authorising signature of or concluding an international agreement. The request for an opinion could be validly introduced by the Council in application of the ordinary law procedure, that is to say, following a simple majority vote<sup>21</sup>, even though conclusion of the final agreement may require a unanimous vote<sup>22</sup>, in the same way as the adoption of certain other elements forming part of the accompanying legislative package<sup>23</sup>.

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<sup>17</sup> Opinion 1/75 of 11<sup>th</sup> November 1975 (Rec. p. 1355, 1360-1361), opinion 3/94 (see note 14 above, points 16 and 17) and opinion 1/08 of 30<sup>th</sup> November 2009 (not yet published in the *Receuil*, point 107).

<sup>18</sup> Opinion 2/94 (see note 9 above, point 14).

<sup>19</sup> See, in that sense, opinion 2/94 (see note 9 above, point 14).

<sup>20</sup> The Council itself sets out, in its request for an opinion that, “[the/a] majority of Council members consider that the proposed agreement constitutes a legally acceptable means of realising the objectives”. For its part, Spain highlights the fact that there is no unanimity on the future Community Patent or on the [proposed] system of languages.

<sup>21</sup> Article 205 paragraph 1 EC (applicable regulation at the time of the introduction of the request for an opinion in question, that is to say, prior to the entry into force of the Lisbon Treaty; it should be noted, in passing, that since the entry into force of the Lisbon Treaty a qualified majority is required, see article 16 paragraph 3 TEU).

<sup>22</sup> This would be the case, in particular, if article 352 paragraph 1 TFEU (alone or in combination with other provisions) were chosen as the legal basis for the conclusion of the agreement in question.

<sup>23</sup> This is the case, for example, for the system of languages applicable to the future Community Patent (article 118, second paragraph, TFEU).

40. Fourthly, there is nothing to prevent the Council from referring a request for an opinion to the Court before associating the Parliament with the decision-making process relating to the proposed agreement or with legislative measures closely linked with it, such as the draft regulation on the Community Patent. In effect, by virtue of article 218 paragraph 11 TFEU, the Council is to be applauded for introducing a request for an opinion by acting independently (although the same right is granted to the Parliament, the Commission and each member state), without concerting in any way with other institutions and without awaiting the final outcome of related legislative procedure. Article 218 paragraph 11 TFEU does not, therefore, presuppose any definitive agreement between all the interested parties as a condition precedent for a request for an opinion. Similarly, the fact that the final agreement cannot be adopted until after consultation with the Parliament, even after approval by that institution<sup>24</sup>, and that the adoption of any internal measures will be subject to a legislative procedure<sup>25</sup>, is irrelevant to the possibilities opened up by the Council on the basis of the opinion procedure<sup>26</sup>.
41. Furthermore, the mere fact that the Council referred a request for an opinion to the Court is not in itself likely to negatively affect Parliamentary prerogatives. In particular, the opinion which the Court will give with regard to the compatibility of the draft agreement with the treaties will be without prejudice to the political and constitutional role of the Parliament, both in the decision-making process preceding the conclusion of an international agreement and in the legislative procedure for the adoption of any accompanying measures, such as the regulation on the Community Patent. This request by the Council will only ensure that the latter will take on the risk of having sought the opinion of the Court on a draft agreement which not be approved internally by the Parliament or externally by the international partners of the European Union.
42. For all of these reasons, the Advocates General are of the view the draft agreement submitted to us does indeed constitute a “proposed agreement” within the meaning of article 218 paragraph 11 TFEU, and that the Council was entitled to submit it, in its current form, for appraisal by the Court.
3. Final observations: the principle of institutional balance
43. It should be added that the Council’s motives in referring to the Court are irrelevant to the question of whether this request for an opinion is admissible. Of course, it may be that the Council sought the opinion of the Court because of a political *impasse*, in order to clarify whether purely legal considerations could validly be relied on in challenging the project to create a unified legal system in the matter of patents. Such considerations, which may have a role to play where an institution or a member state refers a request for an opinion to the Court, cannot be primarily dismissed as unlawful and do not justify the Court refusing to answer the question put to it. For as long as this question relates to a proposed agreement within the meaning of article 218 paragraph 11 TFEU, the Court is, in principle, bound to make a judgment on its compatibility with the treaties.
44. However, in giving its response to the request for an opinion, the Court should ensure compliance with the principle of institutional balance, which means that each of the institutions should exercise its competencies whilst respecting those of the others<sup>27</sup>. In the opinion of the Advocates General, in this instance, this would have two consequences.

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<sup>24</sup> See article 218 paragraph 6 TFEU

<sup>25</sup> See article 118 first paragraph TFEU with regard to the introduction of a Community Patent.

<sup>26</sup> This is without prejudice to the discretion set out in paragraph 46 of this statement of position.

<sup>27</sup> Decision of 22<sup>nd</sup> May 1990, Parliament/Council (“Chernobyl” C-70/88, Rec. 1990 p. I-2041, point 22).

45. In the first place, the Court should refrain from providing the Council with indications which go beyond what is strictly necessary for the purposes of the evaluation of the compatibility of the draft agreement in its current form with the treaties. It is incumbent on the Commission and the Council to update the details of the draft agreement in compliance with the treaties and the general principles of Union law. Any political choices to be made in order to render the draft agreement compatible with the treaties cannot be delegated to the Court<sup>28</sup>.
46. Second, it will be appropriate to ensure compliance with Parliamentary prerogatives in the decision-making and legislative processes relating to the different measures proposed in matters of patents. With regard to the implementation of the project for a Community Patent, for example, the Council may not present the Parliament with a *fait accompli* by concluding the proposed agreement on the Patent Court at international level in advance.
4. Interim conclusion
47. In view of the above considerations, the Advocates General consider that the request for an opinion is admissible. However, in formulating its response to the question, the Court should ensure compliance with the principle of institutional balance.

B – *On the merits*

48. With regard to the merits of the question submitted for the assessment of the Court, a distinction should be made between the competence of the Union and the legal basis for concluding the agreement contemplated (see section 1 below) on the one hand and the compatibility of the draft agreement with the treaty system (see section 2 below) on the other.

1. Competence of the Union and legal basis for concluding the agreement

49. Although the Council does not expressly ask for the Court's opinion either on the competence of the Union for concluding the agreement contemplated or on the appropriate legal basis, the Advocates-General believe that these points should be examined briefly, as also demonstrated by numerous written and verbal observations submitted to the Court in these proceedings<sup>29</sup>. In fact, the draft agreement would not be declared "compatible with the treaties" if the Union were not competent and did not have an appropriate legal basis for participating in the mixed agreement in question. The compatibility of an agreement with the provisions of the treaties should be assessed bearing in mind all the rules of the treaties, i.e. both the rules determining the extent of the competence of the institutions and the basic rules<sup>30</sup>. The question of compatibility with the treaties therefore necessarily incorporates that of competence and the legal basis.

50. Within the scope of an examination of possible competence and legal bases, one should take into account however the state of progress of the draft agreement as submitted to the Court. Since the Commission and

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<sup>28</sup> As we will see below, it will be necessary to provide additional guarantees in order to ensure compliance of the JB with Union law. The choice of whether to seek a further appeal, an appeal in the interest of the law or a mechanism for re-examination will be incumbent on the political bodies, and the Council in particular, not on the Court.

<sup>29</sup> We recall that certain Member States (particularly Ireland, Italy and Luxembourg) contest the existence of any legal basis in treaties for the conclusion of the agreement contemplated.

<sup>30</sup> Opinion 1/75 (mentioned above in note 17, page 1360); see also in this connection opinion 1/78 (mentioned in note 10, point 30) where the Court affirms that "the judgment on the compatibility of an agreement with the treaty may depend not only on the provisions of substantive law, but also on those concerning competence...", as well as opinion 2/91 of 19 March 1993 (Coll. p. I-1061, point 3) where the question of competence of the Community is treated as forming part of the compatibility of the agreement contemplated with the treaty.

the Council have not yet contemplated a specific legal basis for this agreement and since the Parliament has not yet been involved, it will not be up to the Court to select it in their place. The inter-institutional balance would be opposed to the Court substituting the political authorities of the Union in that way.

51. In order to be able to give a useful answer to the question of knowing whether the draft agreement is, in its current state, compatible with the treaties, the Court need simply ensure that a competence of the Union and a legal basis in the treaties *for participating in a mixed agreement*, as is currently under study, *are clearly not lacking*. However, it is not necessary to determine the exact scope of the respective competences of the Union and the Member States<sup>31</sup>.

52. As indicated by most of the observations submitted to the Court, two legal bases in particular may be contemplated: firstly, article 216 paragraph 1 TFEU, read together with article 118 TFEU, and, secondly, article 352 paragraph 1 TFEU<sup>32</sup>. Neither legal basis seems clearly inapplicable at this stage.

53. Article 216 paragraph 1 TFEU contains a coding of the “AETR” case law<sup>33</sup>, allowing the Union to conclude an international agreement, particularly when such an agreement is necessary to achieve one of the objects contemplated by the treaties within the scope of the Union policies or when such an agreement is provided for in a restricting legal act of the Union. The introduction of a standardized patent judicial system falls within the context of the creation of an intellectual property title within the meaning of article 118 TFEU, i.e. the Community patent. Such a judicial system is also mentioned in the draft regulation on the Community patent, as currently under study within the Council<sup>34</sup>.

54. Article 352 paragraph 1 TFEU allows the Council to adopt appropriate measures when an action of the Union seems necessary within the scope of the policies defined by the treaties, to achieve one of the objects contemplated by the treaties, without their having stipulated the powers of action required for that purpose.

55. Whether based on articles 216 TFEU and 118 TFEU or on article 352 TFEU, a connection with the objects and policies defined by the treaties constitutes, in any event, the key factor of the analysis. It should be noted in this connection that, at first sight, the creation of a standardized patent judicial system seems to fall within the scope of the policies of the Union, particularly within that of the establishment and correct functioning of the internal market<sup>35</sup>.

56. In the opinion of the Advocates-General, these considerations are sufficient to conclude, at the current stage, that a competence of the Union and a legal basis for participating in a mixed agreement such as that contemplated by the Council are clearly not lacking.

## 2. Compatibility of the draft agreement with the treaty system

57. The compatibility of the draft agreement with the treaty system was contested in several respects, particularly by Cyprus, Ireland, Greece, Spain, Italy, Lithuania and Luxembourg. We will firstly deal with the question of the legality of creating the PC with regard to international jurisdiction (see sub-section a below)

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<sup>31</sup> See in this connection opinion 2/00 of 6 December 2001 (Coll. p. I-9713, points 15-19).

<sup>32</sup> A combined application of articles 118 and 352 TFEU was also discussed by some.

<sup>33</sup> This case law, which dates back to the judgment of 31 March 1971, of the Commission/Council (“AETR”, 22/70, Coll. 1971, p. 263) was stipulated more recently in opinion 1/03 (mentioned above in note 10, points 114-133).

<sup>34</sup> Revised draft Council Regulation on the Community patent (document no. 8588/09 of the Council, annexed to the request for an opinion), whereas clause 7.

<sup>35</sup> Article 3 paragraph 3 TEU and article 26 paragraph 1 TFEU.

and then the question of observance of Union law by the PC (see sub-section b below), before finishing with a few remarks on the linguistic system faced by the PC (see sub-section c below).

a) Legality of the creation of the PC as an international court

58. With regard to the legality of creating the PC as an international court, situated outside the judicial system of the European Union and enjoying sole competence for certain types of appeal, one should first recall that Union law is not in principle opposed to an international agreement providing for its own judicial system<sup>36</sup>.

59. That being the case, the legality of creating the PC was called into question by several Member States, particularly with regard to the following provisions: article 19 EU, article 262 TFEU, article 263 TFEU and article 344 TFEU. The common substance of these criticisms consists in stating that the creation of the PC would change the nature of the European Union judicial system as established by the treaties; according to this argument, the Union judge would have sole competence to hear disputes concerning intellectual property titles created by the European Union.

60. We should first point out that it is not the competences of the future PC concerning the *European patent* that pose a problem here: in fact, judicial competences concerning the European patent have always been exercised by the national courts; the Member States are therefore free to assign them to an international body, created by mutual consent and having the vocation of being “their” common court. However, the question of knowing whether and to what extent that same international body can also be assigned certain judicial competences concerning the future *Community patent* is more delicate and deserves to be examined more carefully. It is on this latter aspect that we will concentrate below. We will deal with it both from the point of view of disputes between individuals and from that of administrative proceedings.

i) Disputes between individuals

61. We should first examine whether the European Union judicial system, as resulting from the treaties, prohibits assigning to the future PC sole competence to hear certain disputes between individuals in the Community patent field.

62. The Advocates-General do not believe that that is the case.

63. Firstly, disputes between individuals do not fall within the competence of the European Court of Justice. It is the national courts that are always called to hear disputes between individuals, whether or not they raise questions of Union law, even when the validity, interpretation or infringement of a European intellectual property title is at stake<sup>37</sup>. This definition of judicial competences reflects the principle of assignment<sup>38</sup>, according to which any competence not assigned to the Union in the treaties belongs to the Member States<sup>39</sup>.

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<sup>36</sup> See opinion 1/91 of 14 December 1991 (Coll. p. I-6079): in point 40 of the aforesaid opinion, the Court confirms that the conclusion of an international agreement providing for a judicial system such as that of the EEA Court is “in principle, compatible with Community law”; in point 70 of that same opinion, the Court also states that “an international agreement which provides for a judicial system having a competent court for interpreting its provisions is not, in principle, incompatible with Community law”.

<sup>37</sup> That is the case, for example, with regard to disputes between individuals over Community trade marks; see articles 91 to 103 of Council Regulation (EC) no. 40/94, of 20 December 1993, on the Community trade mark (OJ L 11, p. 1), and in particular article 96 of the aforesaid Regulation, concerning counterclaims for revocation or for invalidity.

<sup>38</sup> Article 5, paragraphs 1 and 2, TEU and article 19, paragraph 3, TEU.

<sup>39</sup> Articles 5, paragraph 2, TEU and 4, paragraph 1, TEU.

64. Given that the Union courts are not competent to hear disputes between individuals, the creation of the PC as an international body would not be perceived as an infringement of the competences of the European Court of Justice. One cannot take away from the Union judge competence which he does not have.

65. Secondly, article 262 TFEU is not opposed to the creation of the PC as an international body situated outside the institutional scope of the Union. It is true that this provision would allow the Union judge, where appropriate in the form of a specialist tribunal within the meaning of article 257 TFEU, to be assigned some of the powers it is planned to assign to the PC<sup>40</sup>. However, the channel opened by article 262 TFEU is not the only conceivable channel for creating a European patent court. Article 262 TFEU does not aim to establish a monopoly of the Union courts in this field. It does not predetermine the choice of judicial scope which may be established for disputes over European intellectual property titles<sup>41</sup>. As pointed out by several institutions and Member States during the course of the opinion procedure before the Court, article 262 TFEU only provides for a right to extend the competence of the Union judge by including certain disputes between individuals, without requiring the Council to proceed in that way. The Council is free to choose other channels, in this particular case that of creating an international body situated outside the institutional scope of the European Union.

66. Therefore, the establishment of the PC could not be considered to be a way of skirting round article 262 TFEU, all the more so as the PC will actually be a *standardized* judicial system which will cover both the Community patent and the European patent.

67. Thirdly, the creation of the PC does not conflict with article 344 TFEU. This latter provision certainly requires Member States not to submit a dispute concerning the interpretation or application of treaties to a method of settlement other than those provided for by the treaties. However, this provision only concerns disputes between Member States, unlike disputes in which individuals participate<sup>42</sup>. Given that the powers of the future PC will only include disputes between individuals, there is no fear that the agreement contemplated infringes article 344 TFEU<sup>43</sup>.

ii) Administrative proceedings

68. Secondly, one should check whether it would not have been necessary to include in the competences of the future PC a section on administrative proceedings. These proceedings concern in particular appeals

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<sup>40</sup> It should be recalled that the Commission's initial proposal to the Council was specifically to create such a specialist tribunal ("Community patent tribunal") pursuant to articles 229 A EC and 225 A EC, which became articles 262 TFEU and 257 TFEU [see documents CMO(2003) 827 end and COM(2003) 828 end].

<sup>41</sup> See declaration no. 17 concerning article 229 A EC, annexed to the final deed of the intergovernmental conference adopting the Treaty of Nice (OJ 2001, C 80, p. 80): "The Conference considers that article 229 A does not predetermine the choice of judicial scope which may be established for dealing with disputes over the application of acts adopted based on the Treaty establishing the European Community creating Community industrial property titles."

<sup>42</sup> See in this connection the judgment of 30 May 2006, Commission / Ireland (C-459/03, Coll. p. I-4635, point 128); see also opinion 1/91 (mentioned above in note 36, points 35 and 39) where the Court only declared the competence of the EEA Court concerning disputes between Member States and/or "contracting parties" (including those involving the EEA mixed Committee) incompatible with the treaty.

<sup>43</sup> That being the case, it should be noted that the agreement contemplated lacks a judicial system allowing disputes between contracting States to be settled. Consequently, any dispute concerning the aforesaid agreement and involving a State that is a third party to the agreement may be examined by the International Court of Justice (see, by analogy, ICJ press release no. 2009/36 of 22 December 2009 concerning a petition filed by Belgium against Switzerland with regard to a dispute over the interpretation of the Lugano Convention).



against the EPO filed by companies making unsuccessful applications for the granting of patents, as well as appeals filed by third parties unsuccessfully opposing the granting of a patent<sup>44</sup>.

69. We should recall that Community patents will be granted by the EPO according to the applicable rules under the EPC for the granting of European patents<sup>45</sup>. The hearing before the Court showed how this administrative technique may be classified in two different ways:

- The *theory of delegation*: according to the Parliament and the Council, administrative powers will be delegated to the EPO by the European Union; the EPO will grant Community patents instead of and in the place of a European Union agency<sup>46</sup>.
- The *theory of transformation*: according to the Commission, the EPO will not act on behalf of the European Union and will actually only grant a European patent pursuant to the EPC; this European patent will only be transformed in the Union's legal system, to become a Community patent, automatically, solely through the effect of the Community patent regulation.

70. For the purpose of this opinion, it is neither necessary nor advisable to determine which of these two theories carries conviction<sup>47</sup>. Whatever the legal classification of the method of granting of future Community patents (theory of delegation or theory of transformation), it does not pose a problem from the point of view of actual judicial protection<sup>48</sup> or the correct and uniform application of Union law.

71. In fact, the decisions of the EPO concerning patents can only currently be reviewed by the internal chambers of appeal created within the EPO, excluding any judicial appeal before an external court. There is no possibility of the European Court of Justice ensuring the correct and uniform application of Union law to proceedings taking place before the chambers of appeal of the EPO<sup>49</sup>. On this important point, the legal

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<sup>44</sup> Article 106 of the EPC.

<sup>45</sup> Article 2 paragraph 1 of the draft regulation on the Community patent and whereas clauses 2 and 2 *bis* of the aforesaid draft regulation.

<sup>46</sup> It should be recalled that the European Union's accession to the EPC is deemed to allow the European Union to benefit from the experience and administrative structures of the EPO (see whereas clause 2 of the draft regulation on the Community patent) without having to create a new agency along the lines of the Office for Harmonization in the Internal Market (OHIM) which grants the Community patent.

<sup>47</sup> The question of knowing whether a possible delegation of powers to an international body such as the EPO would be compatible with the treaties or not may also be left in abeyance [see in particular in this connection the criteria drawn by the Court in its judgment of 13 June 1958, *Meroni/Haute Autorité*, 9/56, Coll. 1958 p. 9 (40)]. This question cannot be answered in the absence of further information on the scope and procedures of such a delegation.

<sup>48</sup> Article 47, first and second paragraphs, of the Charter of Fundamental Rights of the European Union (see also article 6, paragraph 1, of the European Convention on the Protection of Human Rights and Fundamental Freedoms).

<sup>49</sup> At the moment, these chambers of appeal are not considered to be "national courts" competent for reference of a preliminary question to another court for a ruling [EPO, decision of the Great Chamber of Appeal of 25 November 2008, case G 2/02, *Wisconsin Alumni Research Foundation*, published in *Official Journal of the EPO* no. 5/2009, p. 306 (pp. 317 to 321), available on the following website: [http://archive.epo.org/epo/pubs/oj009/05\\_09/05\\_3069.pdf](http://archive.epo.org/epo/pubs/oj009/05_09/05_3069.pdf)].

situation concerning Community patents is therefore fundamentally different from that concerning Community trade marks<sup>50</sup>.

72. The European Union should not either delegate powers to an international body or transform into its legal system acts issued by an international body without ensuring that effective judicial control exists, exercised by an independent court that is required to observe Union law and is authorized to refer a preliminary question to the Court of Justice for a ruling, where appropriate<sup>51</sup>.

73. These requirements can certainly be satisfied in different ways. A possible extension of the competences of the future PC to include administrative proceedings against decisions of the EPO is just one of the options that may be contemplated. Another option that may be contemplated is the creation of an administrative patent court<sup>52</sup> which should be authorized, unequivocally, to refer to the European Court of Justice for a ruling on a preliminary question. Under the principle of institutional balance, it is not up to the Court to indicate which of these different options should be given preference, within the scope of this opinion.

74. However, according to the information available to the Court within the scope of this opinion, administrative proceedings against decisions of the EPO are not dealt with by any of the different measures currently being studied with regard to patents. Administrative proceedings do not appear to play a role either in the draft agreement setting up the EC or within the scope of the European Union's accession to the EPC.

75. Under these conditions, it should be noted that, in its current state, the draft agreement, read in the light of all the measures contemplated with regard to patents, does not satisfy the requirement of effective judicial control over the granting of patents or the desire for a correct and uniform application of Union law.

iii) Intermediate conclusion

76. In the light of the foregoing considerations, the Advocates-General consider that the creation of the PC as an international court does not conflict with the objections of principle drawn from the provisions of the treaties on the European Union judicial system. However, the decisions of the EPO on patents may form the subject of an effective judicial appeal before an independent court within whose scope a correct and uniform application of Union law will be assured.

b) Observance of Union law by the PC

77. With regard to observance of Union law by the future PC, several intervening parties before the Court assert that the guaranteed contained in the draft agreement in this connection are insufficient. In the light of these criticisms, it is appropriate to examine whether the draft agreement may ensure that Union law is effectively applied by the PC [see sub-section i) below], whether the European Court of Justice can contribute towards a correct and uniform application of Union law in cases falling within the competence of the PC [see

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<sup>50</sup> With regard to Community trade marks, the decisions of the OHIM are certainly first reviewed by the internal chambers of appeal, but a judicial appeal before the Court of the European Union is subsequently opened (article 63 of Regulation no. 40/95), with the possibility of the Court being referred to within the scope of an appeal.

<sup>51</sup> On delegation, see the *Merono/Haute Autorité* judgment (mentioned in note 46, p. 40); with regard to transformation, see the judgment of 3 September 2008, *Kadi and Al Barakaat International Foundation/Council and Commission* (C-402/05 P and C-415/05 P, Coll. p. I-6351, points 284 and 285).

<sup>52</sup> A draft revision of the EPC providing for the transformation of the current chambers of appeal into a "European Patent Court of Appeal" is currently being studied within the European Patent Organization (see the draft proposal concerning the revision of the EPC with a view to the organizational autonomy of the chambers of appeal of the European Patent Office within the European Patent Organization, CA/46/04, available on the EPO website: [http://www.epo.org/patents/law/legislative-initiatives/autonomy\\_fr.html](http://www.epo.org/patents/law/legislative-initiatives/autonomy_fr.html)).

sub-section ii) below] and whether sufficient remedies exist for a possible infringement of Union law by the PC [see sub-section iii) below]. The same applies to the protection of the autonomy of the Union's legal system<sup>53</sup>.

i) Application of Union law and observance of its pre-eminence by the PC

78. The law applicable in legal proceedings before the PC is governed by article 14 *bis*, paragraph 1, of the draft agreement. It should be pointed out that the PC "observes Community law"<sup>54</sup> and also that it "bases its decision", *inter alia*, on "directly applicable Community legislation"<sup>55</sup>.

- Reference to "directly applicable Community legislation"

79. Firstly, it is the reference to "directly applicable Community legislation" [article 14 *bis*, paragraph 1, b), of the draft agreement] that poses problems in this particular case, for two reasons.

80. On the one hand, it is established that Union law does not consist solely of a "legislation", i.e. written rules of *derived law*, but it also contains rules of *primary law*, whether written or not. These rules bear a certain importance in disputes between individuals concerning patents. Fundamental rights<sup>56</sup>, the general principles of Union law<sup>57</sup> and the freedom of movement of goods<sup>58</sup> will simply be mentioned here.

81. On the other hand, the relevant Union law for the settlement of disputes between individuals concerning patents is not composed solely of *directly applicable* legislative provisions. There are numerous principles of Union law that may affect the settlement of such disputes. That is the case in particular with principles establishing the fundamental rights and general principles of Union law. The same applies to the provisions contained in directives<sup>59</sup>, even if such provisions do not have a direct horizontal effect<sup>60</sup>. All these principles

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<sup>53</sup> On the need to preserve the autonomy of the Union's legal system, see opinion 1/91 (mentioned in note 36, point 30) and opinion 1/00 of 18 April 2002 (Coll. p. I-3493, point 11).

<sup>54</sup> Introductory part of article 14 *bis*, paragraph 1, of the draft agreement (for the future, read "Union law" instead of "Community law").

<sup>55</sup> Article 14 *bis*, paragraph 1, b), of the draft agreement.

<sup>56</sup> See, in particular, article 3, paragraph 2, c) and d) and also articles 13, 15, 16 and 17 of the Charter of Fundamental Rights of the European Union, which now has the same legal value as the treaties (article 6, paragraph 1, TEU; see also the judgments of 19 January 2010, *Kücükdeveci*, C-555/07, not yet published in the Collection, point 22, and of 1 July 2010, *Knauf Gips/Commission*, C-408/88 P, not yet published in the Collection, point 91). Article 47 of the Charter of Fundamental Rights may also play a role in legal proceedings before the PC. According to established precedents of the Court, the observance of fundamental rights constitutes a condition of the legality of Community acts and measures incompatible with the observance thereof cannot be admitted in the Community (*Kadi and others/Council and others* judgment, mentioned above in note 51, point 284).

<sup>57</sup> For example, the principle of proportionality and protection of legitimate interests.

<sup>58</sup> Articles 34 TFEU and 35 TFEU. See, *inter alia*, judgments of 14 July 1983, *Merck* (187/80, Coll. 1981, p. 2063) and of 21 September 1999, *BASF* (C-44/98, Coll. P. I-6269). See also article 10 of the draft regulation on the Community patent; this provision governs the Community exhaustion of the rights granted by the Community patent, i.e. a question having strong implications on the freedom of movement of goods.

<sup>59</sup> See, in particular, the provisions of Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions (OJ L 213, p. 13).

and provisions must be taken into account, at least for an interpretation and application of the national legislation and international agreements referred to in article 14 *bis*, paragraph 1, b) and d) of the draft agreement<sup>61</sup>.

82. In its current wording, article 14 *bis*, paragraph 1 b) of the draft agreement therefore risks creating the impression that the future PC will not be required to take into account, in its judgments, either the treaties or the fundamental rights and general principles of Union law, or even the relevant directives on the matter.

83. The European Union would not consent to the creation of a competent international patent court when the rules of operation of that court are at least ambiguous with regard to its obligation to take into account all Union law. In particular, the Union would not elude its obligation to observe the fundamental rights guaranteed by the European legal system by participating in a standardized judicial system in which the application of such rights does not appear to be guaranteed.

84. The observance of all Union law, including the fundamental rights and fundamental values on which the European Union is based, is of significant importance with regard to patents. In fact, although the dispute in this field seems, at first sight, to be a fairly technical matter, it should be noted that it may sometimes give rise to ethical problems of prime importance, particularly in the fields of medicine and biotechnology<sup>62</sup>. Patent law may also have significant implications on the freedom of enterprise and the competition law.

85. It could certainly be asserted that the gaps that have just been noted in article 14 *bis*, paragraph 1 b) of the draft agreement are filled by introductory phrase of that same provision, according to which the PC “shall observe Community law” *quite simply*. However, the Advocates-General consider that the link between the two references to “Community law” – one at the start of article 14 *bis*, paragraph 1 and the other in paragraph 1 b) of that provision, is in turn not without ambiguity.

86. One should therefore not rule out the possibility that the future PC will ignore some of the principles and provisions of Union law mentioned above or that it will not take them into account sufficiently when resolving disputes between individuals concerning patents. This fear is only reinforced by the fact that the provisions of the draft agreement on the training of judges of the future PC<sup>63</sup> do not contain any reference to Union law.

87. That is why it is essential for the scope of the PC’s obligation to apply Union law to be clarified in the agreement contemplated. Along the lines of the Parliament, the Advocates-General consider that such a clarification should include the obligation to comply with all case law of the European Court of Justice, and not just the obligation to follow the preliminary judgments pronounced under article 48 of the agreement contemplated, following reference of a preliminary question from the PC itself for a ruling.

- Lack of any reference to the pre-eminence of Union law

88. Secondly, it should be noted that the provisions on applicable law contained in article 14 *bis*, paragraph 1, of the draft agreement do not mention the pre-eminence of Union law.

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<sup>60</sup> Judgments of 26 February 1986, Marshall (152/84, Coll. P. 723, point 48) of 14 July 1994, Faccini Dori (C-91/92, Coll. 1994, p. I-3325, point 20), and Küçükdeveci (mentioned above in note 56, point 46).

<sup>61</sup> See, in this connection, judgments of 5 October 2004, Pfeiffer and others (C-397/01 to C-403/01, Coll. P. 8835, point 111) of 15 April 2008, Impact (C-268/06, coll. P. I-2483, point 42) and Küçükdeveci (mentioned above in note 56, point 45).

<sup>62</sup> A recent case of the Great Chamber of Recourse of the EPO (judgment mentioned above in note 49) essentially concerned the use of embryos and their destruction. This problem of embryos is also at the heart of a preliminary case, filed by the German Bundesgerichtshof, which is currently pending before our Court (case C-34/10, Brüstle).

<sup>63</sup> Article 14 of the draft agreement.

89. The principle of the pre-eminence of Union law is certainly not contained in a specific provision of the treaties<sup>64</sup>. However, this principle has long been affirmed by the case law of the Court<sup>65</sup>, and the Union would not conclude an agreement that may jeopardize it.

90. It should be stated that it is not the hierarchy between “Community legislation” and international agreements, referred to in article 14 *bis*, paragraph 1, of the draft agreement<sup>66</sup> that poses the problem here. In fact, Union law itself recognizes a higher ranking of the international agreements concluded by the Union compared to other acts of Union institutions<sup>67</sup>.

91. The current wording of article 14 *bis*, paragraph 1, of the draft agreement calls for the following observations, however: firstly, the ranking of the *primary law* of the Union over international agreements and “Community legislation” is not clearly established; secondly, the ranking of Union law over the *national legislation* of the Member States is not clear, the two being mentioned without any distinction in article 14 *bis*, paragraph 1 b) of the draft agreement.

92. In view of the importance that Union law, particularly primary law, may have in disputes between individuals concerning patents<sup>68</sup>, the Advocates-General consider that its ranking must be established without ambiguity in the draft agreement. The determination of this ranking should not be left to the free assessment of the future PC.

- Summary

93. In the light of the foregoing considerations, the Advocates-General consider that the guarantees contained in the draft agreement with a view to ensuring the full application and observance of the pre-eminence of Union law by the PC are not sufficient. Given that Union law and the case law of the Union courts will only be compulsory for the future PC through the agreement contemplated, the provisions thereof must be totally lacking in any ambiguity with regard to the scope of the PC’s obligation to observe Union law. That is not the case with the current state of the draft agreement.

ii) Compatibility of the preliminary system with the judicial system for treaties

94. Anxious to ensure the uniform interpretation and application of Union law in disputes falling within the competence of the PC, the draft agreement establishes a system for reference of a preliminary question to another court for a ruling in its article 48, which provides for the possibility of the PC referring preliminary petitions to the European Court of Justice.

95. Such a preliminary mechanism is an essential element which allows the Court of Justice to contribute towards a correct and uniform application of Union law.

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<sup>64</sup> There is only one declaration on pre-eminence (declaration no. 17, annexed to the final act of the intergovernmental conference adopting the Treaty of Lisbon, OJ 2007, C 306, p. 256).

<sup>65</sup> The pre-eminence of Union law has been recognized in established precedents of the Court since the judgment of 15 July 1964, *Costa/ENEL* (6/64. Coll. 1864, p. 1141); see finally the judgment of 22 June 2010, *Melki and Abdeli* (C-188/10 and C/189/10), not yet published in the Collection, points 52).

<sup>66</sup> Article 14 *bis*, paragraph 1, of the draft agreement mentions “Community legislation” as well as different international agreements and international conventions to which the European Union will be a party, once the new system is in place.

<sup>67</sup> This can be deduced from article 216, paragraph 2, TFEU, according to which “agreements concluded by the Union shall be binding on the Union institutions and the Member States”.

<sup>68</sup> See points 80 to 84 above.

96. Member States participating in this opinion certainly raised doubts over the compatibility of the preliminary system provided for in article 48 of the draft agreement with the judicial system for treaties, however.

97. Firstly, several Member States assert that the preliminary proceedings under article 267 TFEU are not open to courts such as the PC in which non-member States participate, including judges originating from non-member States, and which at least partially sit in non-member States.

98. This objection should be ruled out. According to its wording, article 267 TFEU certainly only contemplates a reference to the Court of Justice by national courts of Member States<sup>69</sup>. This provision will not form the legal basis for petitions for a preliminary ruling which the future PC may address to the Court of Justice. References of preliminary questions made by the CP will be based directly on article 48 of the agreement contemplated. The preliminary competences of the Court of Justice will therefore be extended by the effects of an international agreement and will now include a category of petitions for a preliminary judgment not yet provided for by the treaties.

99. In this connection, it should be noted that the creation of such special preliminary proceedings is not unknown in Union law; we will simply mention here the Luxembourg Protocol<sup>70</sup> which extended the preliminary competences of the Court of Justice to include cases relating to the Brussels Convention<sup>71</sup>.

100. Moreover, it does not appear to be ruled out that an international agreement would vest the Court of Justice with a preliminary competence for the purposes of application of Union law in non-member States. In fact, the Court has already decided that it could be referred to for preliminary questions coming from courts other than those of the Member States, provided that the answers it gives are restricting for the courts to which the case is referred<sup>72</sup>. That is the case here, given that the preliminary judgments pronounced by the European Court of Justice would be restricting for the PC Court of First Instance and for the PC Court of Appeal<sup>73</sup>. Of course, one should also ensure that the preliminary judgments of the Court are applied in their legal and institutional context as defined by all Union law; that is why it is essential to require the PC to observe all Union law (see points 78 to 93 of this position).

101. Secondly, Luxembourg considers that the preliminary mechanism provided for in article 48 of the agreement contemplated is incompatible with article 262 TFEU.

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<sup>69</sup> It will be noted, however, that our case law recognizes that a common court of several Member States, in this case the Benelux Court of Justice, has the right to formulate petitions for a preliminary judgment within the meaning of article 267 TFEU (judgment of 4 November 1997, *Parfums Christian Dior*, C-337/95, Coll. P. I-6013, points 20 to 27). A similar case, relating to the reference of a preliminary question originating from a chamber of appeal of the European schools is current pending before the Great Chamber of the Court (case C-196/09, *Miles and others*).

<sup>70</sup> Protocol concerning the interpretation by the Court of Justice of the Convention of 27 September 1968 concerning judicial competence and the execution of judgments in civil and commercial matters, signed in Luxembourg on 3 June 1971 (OJ 1975, L 204, p. 28).

<sup>71</sup> It should be admitted, however, that such a solution has not been adopted with regard to the Lugano Convention in which not only Member States of the European Union but also non-member States participate.

<sup>72</sup> Opinion 1/00 (mentioned above in note 53, point 33); see also opinion 1/91 (mentioned above in note 36, points 59 and 61 to 65).

<sup>73</sup> See article 48, paragraph 2, of the draft agreement.

102. This objection does not carry conviction either. Article 262 TFEU certainly recommends a system in which the European Court of Justice could be referred to for direct appeals in the field of European intellectual property titles such as the Community patent. As already stated<sup>74</sup>, the application of article 262 TFEU only constitutes a right for the Council. The aforesaid provision does not prohibit the Council from favouring other channels consisting of the creation of a standardized judicial system allowing “indirect” reference to the Court of Justice, through a special preliminary mechanism.

103. Consequently, the preliminary mechanism provided for in article 48 of the draft agreement does not conflict with objections of principle with regard to its compatibility with the judicial system for treaties.

iii) Remedies in the event of infringement of Union law by the PC

104. Certain Member States participating in the opinion consider, however, that the draft agreement does not provide sufficient remedies for the case where the CP infringes its obligation of referring to the Court of Justice preliminarily or, more generally, its obligation to observe Union law. The Parliament has also raised doubts in this connection.

105. The Advocates-General share this point of view.

106. Although the PC Court of Appeal is required to question the Court of Justice preliminarily when a matter of interpretation or validity of Union law is raised before it<sup>75</sup>, no mechanism guarantees observance by the PC Court of Appeal of its obligation of reference and, more broadly, observance by that court of Union law as such.

107. In this connection, the situation in which the future CP will find itself is clearly distinguished from that of the national courts of the Member States of the Union.

108. In fact, when a national court infringes the obligation of reference falling upon it under article 267 TFEU, Union law mainly provides two means of remedying this situation. Firstly, an appeal for omission may be filed against the Member State concerned<sup>76</sup>. Secondly, the aforesaid Member State may be held extracontractually liable<sup>77</sup>. However, the future PC will not be the object of an appeal for omission in the European Union system nor will it be subject to any extracontractual liability according to Union law.

109. Contrary to what the Commission maintains, the possible notice of termination of the agreement establishing the PC in the event of gross and clear infringement of Union law by this international court would not constitute an effective remedy. Notice of termination of an international agreement is a particularly onerous measure having serious consequences, particularly when, as in this particular case, it is an agreement concerning the legal protection of intellectual property rights of individuals. In the opinion of the Advocates-General, it is unrealistic to consider that such a measure can really be contemplated in order to remedy any failings of the PC in individual cases; notice of termination would appear to be totally disproportionate to the aim sought which is not to put an end to the standardized judicial system concerning patents but, on the contrary, to ensure the correct functioning thereof.

110. It is just as unrealistic to assume, along the lines of the Commission, that individuals will file appeals against all the contracting parties to the agreement contemplated in order to bind their collective extracontractual liability for possible infringements of Union law committed by the PC. It is difficult to see

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<sup>74</sup> See points 65 to 66 above.

<sup>75</sup> Article 48, paragraph 1, of the draft agreement.

<sup>76</sup> Articles 258 TFEU to 260 TFEU.

<sup>77</sup> Judgments of 30 September 2003, Köbler (C-224/01, Coll. p. I-10239) and of 13 June 2006, Traghetti del Mediterraneo (C-173/03, Coll. P. I-5177).

which court would hear such collective appeals for damages and under which law, and to a lesser extent what the chances of success would be.

111. The same scepticism is also required of the remedy put forward by the Netherlands: this remedy consists in refusing to execute judgments of the PC in Member States of the European Union if the PC fails to observe Union law. In this connection, it is sufficient to recall that the national judge referred to for a petition for execution is not normally called upon to check the material accuracy of the judgment in question. This judge could at most refuse to execute a judgment of the PC if it were clearly contrary to public order, which may be difficult to establish in all cases of infringement of Union law by the PC.

112. Under these conditions, the introduction of other legal channels to mitigate the possible infringement of Union law and the obligation of reference by the PC is essential.

113. As pointed out by France in particular, a choice of different options would be available in order to guarantee the correct and uniform application of Union law in disputes falling under the competence of the future PC. Consequently, one could consider submitting judgments of the PC Court of Appeal to the control of the European Court of Justice, pursuant to article 262 TFEU. This control could be exercised in different ways: by an appeal on points of law (open to parties to the dispute before the PC Court of Appeal), by an appeal in the interests of the law (open to the Commission and/or to the Member States and/or to the EPO, along the lines of the former article 68, paragraph 3, EC) or even by a re-examination mechanism (along the lines of the provisions of article 256, paragraphs 2 and 3, TFEU).

114. Contrary to what the Commission maintains, the introduction of such additional mechanisms (appeal on points of law, appeal in the interests of the law or re-examination procedure) would not lead to a misinterpretation of the role of the European Court of Justice. The Court of Justice could certainly then be called upon to intervene in two different ways in the same dispute pending before the PC: firstly preliminarily, i.e. under cooperation proceedings, and secondly following an appeal or a petition for re-examination. However, the two types of intervention would not apply simultaneously and would not be combined. They would not necessarily raise the same points of law. Moreover, the preliminary proceedings would remain the rule, while the appeal or re-examination procedures would be the exception; the latter would only arise in the event of infringement of Union law by the PC or following the PC's refusal to apply a preliminary reference or to comply with the preliminary judgment of the Court of Justice.

115. Under the principle of institutional balance, it is certainly not up to the Court to indicate which of these different options constitutes the more appropriate remedy. This falls within the competence of the political authorities of the Union. It need simply be stated, for the purposes of this opinion, that the draft agreement as submitted to the Court is not able to guarantee the correct and uniform application of Union law in disputes falling within the competence of the future PC, since it is limited to introducing a preliminary mechanism without providing for effective remedies in the event of the PC's infringement of its obligation of reference or of Union law in general. The remedies available in the event of the PC's infringement of Union law and in the event of non-observance of its obligation to apply a preliminary reference under article 48 of the draft agreement are therefore not sufficient.

c) Linguistic system faced by the PC

116. Finally, the linguistic system faced by the PC deserves to be examined from the point of view of the rights of defence whose respect is a fundamental principle of Union law<sup>78</sup>. In fact, the obligations imposed by an

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<sup>78</sup> Judgment of 2 October 2003, *Corus UK/Commission* (C-199/99, Coll. P. I-11177, point 19). This principle of respect of the rights of defence is also reflected in article 47, paragraph 2, of the Charter of Fundamental Rights of the European Union ("right to his case receiving a fair hearing") and in article 48 paragraph 2 of the aforesaid Charter.



international agreement would result in affecting the constitutional principles of the treaties, including the principle whereby all acts of the Union must respect fundamental rights<sup>79</sup>.

117. As pointed out by Spain in particular, it is not ruled out that a company may be summoned in law, before a local or regional division of the PC, in a language other than the official language of its country of origin. This aspect was also debated during the hearing before the Court.

118. It should be pointed out in this connection that the linguistic system faced by the PC Court of First Instance depends on the place in which the local or regional division in question is situated.

119. When a dispute is brought before the local division of the PC Court of First Instance established in the defendant's country of origin or before the regional division to which its country of origin belongs, the language of the proceedings is either "the official language or languages" of its country of origin or a language of choice to which its country of origin has given its consent<sup>80</sup>. In such a case, no infringement of the defendant's defence rights should be feared. In fact, the linguistic system applicable to the defendant will have been determined by his country of origin, as is the case, in general, in all disputes brought before the national courts of that country.

120. However, when an action is filed before the local or regional division of the PC Court of First Instance where an infringement or threat of an infringement has occurred or is likely to occur, the linguistic system depends on the country or countries in which the division of the PC Court of First Instance in question is established<sup>81</sup>. In this case, it may therefore happen that a company is assigned to a division of the PC Court of First Instance situated outside its country or its region of origin and, consequently, in a language other than that to which the company is accustomed. Such a situation will only occur when the company in question has exercised commercial activities abroad. It may therefore seem lawful for it then to have to sustain the risk of being summoned in law in the country or region where it has carried out business, and in the language applicable in that country or region.

121. The situation is clearly more delicate, however, when the country where a company must be assigned does not participate in any local or regional division of the PC Court of First Instance. In such a case, the dispute would be brought before the central division of the PC Court of First Instance, and the language of the proceedings would be that of the patent<sup>82</sup>, namely German, English or French<sup>83</sup>. Consequently, a company may be summoned in law in a language in whose choice neither its country of origin nor the country where it carries out its commercial activities has participated. In the absence of any provision in the draft agreement allowing the central division to depart from the rule of the language of the patent<sup>84</sup> or allowing the defendant

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<sup>79</sup> See in this connection the judgment of *Kadi and others / Council among others* (mentioned above in note 51, points 285).

<sup>80</sup> Article 29, paragraphs 1 and 2, and article 15, *bis*, paragraph 1 b) of the draft agreement. We would add that the Commission has just proposed a translation system for the future Community patent whereby the holder of a Community patent may be required to produce a copy of that patent translated into the language of an alleged infringer or into the language of the judicial proceedings when it is not that in which the patent has been granted (see article 4 of the proposal and press release IP/10/870 of 1 July 2010).

<sup>81</sup> Article 29, paragraphs 1 and 2, and article 15 *bis*, paragraph 1 a) of the draft agreement. On the system of translation applicable to the patent in question, see note 80 above.

<sup>82</sup> Article 29, paragraph 5, and article 15 *bis*, paragraph 3 of the draft agreement.

<sup>83</sup> See articles 14 and 70 of the EPC.

<sup>84</sup> The possibility of departure provided for in article 29, paragraph 4, of the draft agreement only applies to local and regional divisions of the PC Court of First Instance.

to obtain translations of procedural documents<sup>85</sup>, this linguistic system appears to be unacceptable with regard to observance of the rights of defence<sup>86</sup>.

122. Within these limits, the Advocates-General consider that the linguistic system faced by the central division of the PC may affect the rights of defence.

### 3. Conclusion

123. In the light of all the foregoing considerations, the Advocates-General consider that the agreement contemplated is, in its current state, incompatible with the treaties. The reasons for this incompatibility can be summarized as follows:

- The guarantees contained in the draft agreement with a view to ensuring the full application and observance of the pre-eminence of Union law by the PC are insufficient (see points 78 to 93 of this position).
- The remedies available in the event of the PC's infringement of Union law and in the event of non-observance of its obligation to effect a preliminary reference pursuant to article 48 paragraph 1 of the draft agreement are insufficient (see points 104 to 115 of this position).
- The linguistic system faced by the central division of the PC may affect the rights of defence (see points 121 and 122 of this position).
- The draft agreement, read in the light of all the measures contemplated concerning patents, does not satisfy the requirement of ensuring effective judicial control and a correct and uniform application of Union law in administrative proceedings concerning the granting of Community patents (see points 68 to 75 of this position).

## VI – Proposed response to the request for an opinion

124. For the reasons stated above, the Advocates-General propose that the Court respond as follows to the request for an opinion submitted by the Council of the European Union:

“In its current state, the agreement contemplated creating a standardized system for the settlement of disputes concerning patents is incompatible with the treaties.”

For the Advocates-General  
*[Signature]*  
Juliane Kokott  
Advocate General

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<sup>85</sup> On the contrary, article 31, paragraph 1, of the draft agreement allows any division of the PC Court of First Instance and the PC Court of Appeal to “ignore”, “to the extent considered appropriate”, the requirements concerning translation. Moreover, the interpretation during hearings before the PC will only be assured “to the extent considered appropriate” (article 31, paragraph 2, of the draft agreement).

<sup>86</sup> If there is certainly no other general principle granting each citizen the right to everything that may affect his interests being drawn up in his language in all circumstances (judgment of 9 September 2003, Kik/OHIM, C-361/01 P, Coll. P. I-8283, point 82), no obligations would be created for the citizen or no documents would be filed against him against which he cannot defend himself, owing to a lack of understanding of the content thereof (see in this connection, with regard to the publication of a Community regulation, the judgment of 11 December 2007, Skoma-Lux, C-161/06, Coll. P. I-10841).