
Mauricio Troncoso

Follow this and additional works at: http://scholarship.law.marquette.edu/iplr

Part of the Intellectual Property Commons

Repository Citation
Available at: http://scholarship.law.marquette.edu/iplr/vol17/iss2/3

This International Intellectual Property Scholars Series is brought to you for free and open access by the Journals at Marquette Law Scholarly Commons. It has been accepted for inclusion in Marquette Intellectual Property Law Review by an authorized administrator of Marquette Law Scholarly Commons. For more information, please contact megan.obrien@marquette.edu.
INTERNATIONAL INTELLECTUAL PROPERTY SCHOLARS SERIES*

EUROPEAN UNION PATENTS: A MISSION IMPOSSIBLE? AN ASSESSMENT OF THE HISTORICAL AND CURRENT APPROACHES

MAURICIO TRONCOSO**

I. INTRODUCTION ........................................................................................................... 233

II. THE FIRST APPROACHES ........................................................................................ 233
    A. Original Design ........................................................................................................ 233
    B. The CPC Amendments and Protocol of Litigation ............................................. 234
    C. The Second Approach of the European Commission ............................................. 235
    D. The Approach of the Paris Conference ................................................................. 235
    E. The Community Patent Regulation Proposal of 2000 ........................................... 236

    A. The Debate after the 2000 Proposal ...................................................................... 237
    B. Article 118 TFUE and its Consequences ............................................................... 239
    C. New Approach: The Enhanced Cooperation ......................................................... 239

---

* The Marquette Intellectual Property Law Review International Intellectual Property Scholars Series features the works of leading national and international scholars whose areas of research include the study of important topics in international intellectual property law and policy. The 2012-2013 Editors of the Marquette Intellectual Property Law Review would like to thank Professor Troncoso for accepting the invitation to publish in this series.

** The author is Associate Professor of Commercial Law at Universidad Autónoma de Madrid. Correspondence regarding this paper should be addressed to: Mauricio Troncoso, Facultad de Derecho, Calle Kelsen 1, E-28049-Madrid (Spain); Email: mauricio.troncoso@uam.es.

1. This article was completed and set to be published by March 10th, 2013; accordingly, it does not address the ECJ Judgment on April 16th 2013, which the author will address in future works. This article is based on a series of lectures held in September and October 2012 at the Academia Sinaca–Institutum Jurisprudentiae, Taiwan; Xiamen University, National University of Singapore, the Hong Kong University, the Shanghai Institute of Foreign Trade, and the Huazhong University of Science and Technology, School of Management. The author is very grateful to Professors Irene Calboli, Anne Cheung, Qing-Yun Jiang, Yahong Li, Tzu-Yi Lin, Kung-Chung Liu, Wee Loon Ng-Loy, Lin Xiuxin, and Xiang Yu for their kindly invitations. He also thanks them and the assistants to the lectures for helpful comments.
D. The Position of the ECJ ..............................................................241
  1. Arguments ...........................................................................241
  2. Consequences ....................................................................243
E. The Reaction of the Opposing Member States ...................244
IV. PROBLEMS OF THE NEW APPROACH: OVERVIEW ............245
    A. An Incomplete Solution ....................................................246
    B. Mistaken Solution ..........................................................247
      1. Powers waived by EU to EPO .........................................248
        a. Control of the Patent Policy .........................................248
        b. Control of EPO Administrative Acts .........................249
      2. Compliance with EU Law ...............................................250
        a. Compliance with Art. 118 TFEU ..................................250
        b. Autonomy of the right...............................................252
        c. The use of the Enhanced cooperation procedure ...........254
          i. The teleological objection: the circumvention of
             Art. 118 of the TFUE ..............................................254
          ii. The procedural objection: the non-fulfilment of the
              requirements established in Art. 20 TEU .................255
      3. The Applicability of Art. 142 of the EPC .......................257
        a. Infringement of This Article .......................................258
        b. Consequences of the Infringement .............................258
        c. How to solve this infringement and whether it is
           possible to reach the goal of having a European Patent
           with Unitary Effect? ....................................................259
      4. Other Criticisms ............................................................260
        a. Fragmentation of Patent Protection in Europe ..............260
        b. Fragmentation in the rules applicable to the European
           Patent with Unitary Effect ..........................................261
        c. Fragmentation of Jurisprudence .................................262
V. CONCLUSION ...........................................................................262
I. INTRODUCTION

One of the hottest issues in Patent Law in Europe is the project to establish a “unique” patent for the European Union. Although its introduction would lead to unquestionable benefits in terms of the reduction of patenting costs (especially those relating to translations, filing, and fees) and legal uncertainty (the establishment of such a patent would simplify protection of inventions throughout the territory of the European Union), the project has run into political and legal obstacles since its inception.2

II. THE FIRST APPROACHES3

A. Original Design4

The original idea was to create a “Community patent,” i.e., a single uniform patent for all Member States of the European Community. This idea was implemented through the Community Patent Convention (CPC) which concluded in 1975.

Two years before, in 1973, the European Patent Convention (EPC) was concluded, the so-called “European patent” was established. The original purpose of the EPC Contracting States (at least, of those that were members of the European Community) was to use similar rules under the CPC.

Why two different Conventions? There were/are countries that are part of the EPC, but not a Member State of the European Communities (and thus, not part of the CPC).

Main differences between both Conventions:
(a) The European patent, once granted, is a bundle of national patents,


each governed by the domestic law of the States, which the holder of
the right has designated (that means that once granted, these are
treated as separate national patents, each of them may be subject to
national translation and validation requirements and must be renewed
individually in each country). The Community patent is (should have
been) a single patent (i.e., when granted, it should have been
automatically valid across all Member States).

(b) The European patent is granted through a centralised procedure before
the European Patent Office (EPO), but the nullity and revocation
procedures and its enforcement fall within the jurisdiction of national
courts. The Community patent application procedure was meant to be
undertaken by the EPO, but the nullity and revocation procedures and
its enforcement were assigned to some kind of centralised jurisdiction
by the CPC and its successive amendments and protocols.

Another main characteristic of the CPC was that upon being granted, the
applicant had to submit translations of the Community patent to all Member
States of the European Community within three months.

This linguistic solution was questioned after the accession to the
Community of countries with small populations, such as Greece, Denmark,
and Portugal. This lack of proportion between the costs for patenting (due to
this linguistic approach) and the geographical scope of protection was
probably the principal reason that prevented countries with small populations
from entering into the CPC.

B. The CPC Amendments and Protocol of Litigation

The CPC was re-negotiated in 1985. In 1989, a new Agreement was
signed and a Protocol on Litigation was added. The 1989 Protocol on
Litigation foresaw a complicated litigation procedure that consisted of two
tiers.

The first tier was integrated by two different kinds of organisms. On one
hand, certain national courts were designated as “patent courts of first
instance,” with the competence to rule on patent invalidity inter partes. On

5. See Texts Established by the Luxembourg Conference on the Community
6. See Agreement Relating To Community Patents 89/695/EEC, 1989 O.J. (L401) 1,
Settlement of Litigation Concerning the Infringement and Validity of Community Patents, 1989 O.J. (L 401) 34–44, available at
7. See Heath, supra note 4, at 13.
the other hand, a special “revocation division” of the EPO, meant to address invalidity estoppel in infringement procedures, was designated with the exclusive competence on *erga omnes* patent invalidity.

The second tier was a “Common Court of Patent Appeals” with exclusive jurisdiction for interpreting the CPC provisions national courts of second instance, which were responsible for granting remedies, such as injunctive relief and damages.

**C. The Second Approach of the European Commission**

Despite all these efforts, the debate continued both at political and academic levels. After eight years of discussions, numerous infringement suits across Europe, and increasing concerns over the importance of patent enforcement, a new impetus was given in order to solve the problems related to European patent litigation.

In this context, the European Commission published a green paper on *Promoting Innovation Through Patents* in June 1997. The purpose of this document was to foster the debate about the best way to implement a future European patent system. In doing so, the Commission decided to abandon the previous proposals and propose a new system modelled after the *European Trademark Regulation.*

**D. The Approach of the Paris Conference**

Two years later, in June 1999, an intergovernmental Conference of the EPC Contracting States took place in Paris. This Conference adopted another approach and defined four possibilities for structuring a European patent enforcement system.

Option one designated specific courts in every country as having jurisdiction over matters relating to patent infringement. Although such courts would themselves have competence regarding invalidity estoppel without needing to refer the case to the EPO, the ruling would only have an
inter partes effect. That is, the patent would not be removed from the register if the court ruled the patent invalid. Patents could only be revoked by a new “revocation division” of the EPO, which would have exclusive jurisdiction over such. In order to obtain a definitive interpretation of Community Law, national courts would be able to refer preliminarily to the European Court of Justice (ECJ) in their interpretation of the CPC. Review of EPO revocation division decisions would also be an ECJ competence.

Option two was to create a centralised Community patent court of second instance, in addition to the specific courts designated in every country. These national courts would have jurisdiction on infringement and invalidity estoppel matters (again, only inter partes) and the centralised Court would have the competence to review all appeals relating to these issues, thus making it comparable to the U.S. Federal Circuit Court of Appeals. The fact that the patent court of second instance would not have jurisdiction on procedural aspects, for example, injunctive relief, level of damages, and so on, would complicate this option to a certain extent. These issues would remain under the jurisdiction of the national courts of second instance.

Option three provided for a deeper degree of harmonization. Once more, specific national courts would be designated as courts of first instance, but this time with a broader competence because they would have jurisdiction on invalidity estoppel issues with an erga omnes effect (i.e., they could nullify a patent, as in the U.S. system). Besides, all questions of procedure could be appealed to a centralised European patent court of second instance, not only those of substantive patent law. Cost savings could be made, and a separate revocation procedure before the EPO could be rendered unnecessary since this system would enable a single procedure to deal with revocation and invalidity. However, fifteen different procedural laws would need to be considered by the patent court of second instance. Such a consideration is most definitely not a simple matter.

Option four was establishing a centralised European patent court. This would be the highest level of harmonization possible, in that such a court would work on its own rules of procedure and remedies, and would also be a court of both first and second instance.


Following up on the green paper, the European Commission published a proposal for a Community patent in August 2000.12 This proposal concerned
both grant and litigation procedures.

Cooperation with the EPO was the mainstay of the grant procedures. For this reason, the Community would sign the EPC and become a member of the European Patent Organization, so the applicant would have to choose the Community as the “designated country” to receive a Community patent. When granted, the patent would automatically be valid across all member states of the European Union (then fifteen, now twenty-seven).

The proposal was novel in the way it solved the language issue: filing of the patent application was necessary in only one of the EPO’s working languages (English, French, or German), while translation of the claims of the patent application only into the EPO’s other two working languages was required with the designation of “Community.” That meant, when granted, the patent gained immediate effect within the Community with no further translation requirements. As a compromise solution, claims could be translated into all national languages upon grant. The translation of the whole patent into other national languages was only necessary in the case of the patentee wishing to initiate infringement proceedings. According to its nature as a single right, a single renewal fee would be paid centrally.

Regarding the enforcement issues, the proposal adopted a highly maximalist approach: all questions of patent infringement and validity would fall under the jurisdiction of Community patent courts of first and second instance (i.e., a Community patent court would have the powers to enforce or invalidate Community patents across the whole EU). Additionally, and extremely relevant from an EU law perspective, it would not be possible to appeal these decisions to the ECJ.

III. 2000–2012: TWELVE YEARS OF NEGOTIATIONS AND DISCUSSIONS

A. The Debate after the 2000 Proposal

Despite being intensively discussed in the following Council meetings, the 2000 Proposal did not achieve the necessary unanimity. Due to various aspects of the draft Community patent, “in particular the language arrangements,” it was concluded on 26 November 2001 that “[d]espite all efforts, it was not possible to reach agreement at this Council meeting.”

A common political approach on the Community patent, adopted by the Council on 3 March 2003, stipulated that claims would need to be translated

---

into all of the official languages of the Member States by patent owners.\footnote{See 2490th Council meeting “Competitiveness (Internal Market, Industry and Research),” Document 6874-03 (Presse 59), Mar. 3, 2003, point 2.3, page 16, available at http://register.consilium.europa.eu/pdf/en/03/st06/st06874.en03.pdf.} This would have entailed considerably higher expenses than the original Commission proposal, and the supply of such a large number of translations would be difficult. Thus, all patent system users rejected this as too expensive and problematic.

However, despite this previous common political approach, the Council failed to reach a political agreement in the subsequent meetings due to the question of the translation regime.

The Commission Communication Enhancing the Patent System in Europe, which confirmed the commitment to establishing a Community patent, was adopted in April 2007, and led to the re-launch of Council discussions. The need to lower translation expenses at the same time as providing patent information in all EU official languages would again be considered.

The year 2008 saw the exploration of these ideas by the member states; the Presidency presented a revised proposal for a Community Patent Regulation based on the original Commission proposal of 2000 for a simplified translation regime. That is, applications for a Community patent could be made in any official EU language. The costs of translating this application into one of the three EPO languages would be reimbursed in cases of applicants from Member States not having a language common with the EPO. Such translation of EU patents and their applications would be carried out by a machine translation system solely to provide patent information and would be without legal effect. However, should a dispute occur, a full translation of the EU patent would be required. These proposals were discussed at length in the Council Working Party on Intellectual Property (Patents) during 2008 and 2009.

The consequences of the Treaty of Lisbon in this field, however, were not limited to the necessity of renaming the patent. On the contrary, the Treaty had a major relevance because it introduced a more specific legal basis for the creation of European intellectual property rights, specifically Article 118 of the Treaty on the Functioning of the European Union (TFEU).16 Thus, in accordance with its first paragraph, measures for the creation of European intellectual property rights are to be established by the European Parliament and the Council acting under ordinary legislative procedure. Article 118.2 TFEU, however, sets out a specific legal basis for the language arrangements for European intellectual property rights, which are to be established under a special legislative procedure by the Council acting unanimously after consulting the European Parliament. Therefore, the translation regime for the EU patent was not included and had to be established by a separate regulation.

A proposal for a Council Regulation on the translation arrangements for the EU patent was thus adopted by the Commission on 30 June 2010.17 The Commission concluded that the translation arrangements outlined in the revised proposal for Community Patent Regulation of 23 May 2008 were the preferred option.

This proposal was discussed with the Member States during the Council’s meetings of the second part of 2010. As a result, some elements for a compromise solution were added. However, although a large majority of Member States supported the Commission’s proposal and the elements for compromise, some delegations remained strongly opposed.

C. New Approach: The Enhanced Cooperation

At the 11 October 2010 Council meeting, several Member States stated that, should the Council be unable to reach a conclusion prior to the end of

---

16. Consolidated Version of the Treaty on the Functioning of the European Union art. 118, 2010 O.J. C 83/47 (stating “In the context of the establishment and functioning of the internal market, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralised Union-wide authorisation, coordination and supervision arrangements. The Council, acting in accordance with a special legislative procedure, shall by means of regulations establish language arrangements for the European intellectual property rights. The Council shall act unanimously after consulting the European Parliament.”).

2010, they would contemplate the option of establishing a unitary patent within the framework of enhanced cooperation.  

No unanimity to proceed with the proposed Council Regulation on the EU patent translation regime could be achieved at the Competitiveness Council meeting on 10 November 2010. The following Competitiveness Council Meeting on 10 December 2010 acknowledged the existence of overwhelming difficulties, preventing a unanimous decision now and in the near future.

In order to solve the linguistic problem, twenty-five Member States (all except Italy and Spain) asked the European Council in early 2011 to authorise the launch of an Enhanced Cooperation Procedure in the area of creating a unitary patent protection applicable in all participating EU Member States. Some weeks later, following the agreement of the European Parliament on 15 February 2011, the European Council authorised the launch of this procedure. On 13 April, proposals were made by the Commission regarding the implementation of such cooperation. Specifically, this cooperation was to be implemented through a mechanism, the so-called “European patent package” or only “patent

---


package” with 3 elements:

(a) a regulation to lay down the procedure for patent holders obtaining European patents with unitary effect providing consistent protection for their invention;

(b) a regulation regarding the translation regime; and

(c) an international agreement to establish a Unified Patent Court.

Provisional agreement on both draft regulations was reached by the Council and the Parliament in December 2011.25

The solution for the final unresolved item regarding the patents package, specifically the seat of the central division of the court of first instance of the unified patent court, was agreed on 28 June 2012 by the government and heads of state of the participating Member States.26

On 10 December 2012, the agreement and its relevant modifications, introduced by the legislators on the entire patent package, were approved by the Council. The European Parliament voted to confirm the institutional agreement on the package at its plenary session the following day.27

D. The Position of the ECJ28

1. Arguments

In the meantime, the ECJ has had the opportunity to declare its position in
In this Opinion, the ECJ stated that the Draft Agreement is not compatible with the provisions of the EU Treaties. The Court supported its Opinion for the following reasons:

(a) The Court observed that, according to the agreement, the European and Community Patent Court lies outside the institutional and judicial framework of the EU, with a separate legal personality in the eyes of international law. It is given exclusive jurisdiction over a considerable number of actions in the patent field. Thus, that jurisdiction is removed from Member State courts, which then retains only those powers lying outside the exclusive jurisdiction of the European and Community Patent Court.

(b) Furthermore, the ECJ stated that, in the course of its duties, the Court referred by the Draft Agreement is obliged to interpret and apply EU law in addition to the envisaged international agreement. Nevertheless, the Court has ruled that an international agreement providing for the establishment of a court with the obligation to interpret, inter alia, provisions of EU law is, in principle, compatible with EU law.

(c) This deprivation is incompatible with EU law because the preliminary rule mechanism is the instrument that allows the ECJ to be closely involved in the correct application and uniform interpretation of EU law and also in the protection of individual rights conferred by it.

(d) The Court calls to mind the principle that a State is pledged to repair any damage caused by a breach of European Union law for which it is responsible. It is not relevant which authority of that State caused the breach. Similarly, if such infringement of EU law is caused by a national court, the Court may be requested to judge whether the Member State in question has fulfilled its obligations.

However, should a European and Community Patent Court decision breach EU law, no infringement proceedings could be taken against it, nor could it lead to financial liability on the part of one or more Member States.

To summarize, the Court holds that the proposed agreement would remove the Member State courts’ power regarding the interpretation and


application of EU law as such powers. It would also confer exclusive jurisdiction to hear a significant number of actions in the Community patent field on international law outside the institutional and judicial framework of the EU. The authority of the Court to respond, by preliminary ruling, to questions referred to by those national courts would also be affected. Consequently, the essential nature of the powers conferred on the EU institutions and the Member States crucial to the character of EU law would be changed by the agreement.

As a result, the conclusion of the Court is that the proposed agreement to create a European and Community Patent Court is not in line with the provisions of EU law.

2. Consequences

As a consequence of this Opinion, the European Authorities have been obliged to modify the Draft of the Agreement to establish a Unified Patent Court in order to solve the objections and prohibitions established by the ECJ in its Opinion.

The basis of this amendment was the previous Draft Agreement on the European and Community Patent Court. In order to make sure it was in line with EU Treaties in response to the opinion 1/09 of the ECJ required modifications were made. The principal ones were as follows: strengthening the Unified Patent Court’s duty to follow EU law and request preliminary rulings, where required, including the implementation of sanctions and excluding the participation of the EU and any non-Member States from the Draft Agreement, thus altering the fundamental nature of the Draft Agreement by establishing a court common to the Member States rather than simply an international court. This court and its new patent jurisdiction will form an integral part of the judicial systems of the Member States party to the agreement. The Commission’s non-paper on Creating a Unified Patent Litigation System-Orientation Debate of 26 May 2011 had already suggested such an approach and was subsequently supported widely at the Competitive Council on 30 May 2011. Confirmation that the general approach to create a common court for the Member States conformed with the Treaties was given by the Council Legal Service on 18 July 2011 when the Friends of the Presidency Group met. However, it stipulated that additional amendments to the document would be required for it to fully comply with secondary Union law.

E. The Reaction of the Opposing Member States

The response of the Italian and Spanish governments was to bring actions for annulment before the ECJ. The actions presented on the 3 June 2011 are still pending.

The main arguments and pleas in law of opposing countries are summarized as follows:

1. Misuse of powers. Enhanced cooperation was used to avoid negotiating with a Member State, imposing on it an opt-out solution, despite integration of all the Member States not being the objective. A special agreement, as provided in Article 142 of the EPC, could have achieved the same aim.

2. Not respecting the EU’s judicial system by failing to provide a system for resolving disputes relating to specific legal rights subject to EU law.

3. Alternatively, in the event that the Court decides that having recourse to enhanced cooperation is in this case appropriate and that establishing substantive rules for legal rights subject to EU law without providing for a suitable system for dispute resolution, Spain and Italy claim that the criteria stipulated for enhanced cooperation are not fulfilled as follows:

   3.1 Infringement of Article 20(1) TEU. Enhanced cooperation in this instance is not the final option and does not achieve the aims laid out in the TEU. In addition, reference is made to areas that are not within the sphere of enhanced cooperation since they fall within the EU’s exclusive competence.

   3.2 Infringement of Article 326 TFEU. The principle of non-discrimination is, in this case, infringed by enhanced cooperation; the internal market and economic, social and territorial cohesion are weakened, resulting in discrimination in trade and distortion of competition between Member States.

   3.3 Infringement of Article 327 TFEU. The rights of countries not taking part in enhanced cooperation are not respected.

---


IV. PROBLEMS OF THE NEW APPROACH: OVERVIEW

As we have seen, the New Approach is a mechanism (frequently called European Patent Package) comprised of three elements because the Decision of the European Council of 10 March 2011 authorising the launch of the Enhanced cooperation procedure has been implemented by:

(a) The Regulation of Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, also called Regulation on the European Patent with Unitary Effect (hereinafter “Unitary Patent Protection Regulation or UPP Regulation”);35

(b) The Regulation of Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection with regard to the Applicable Translation Arrangements;36 and

(c) The Agreement on a Unified Patent Court (hereinafter “UPCt Agreement”), creating a court competent for litigation on infringements and revocation of European patents with unitary effect and European patents.37

In spite of the auto-congratulating statements of the EU authorities, the solution that is finally being implemented is quite disappointing, not only from an economic perspective (it will miss its major goal, namely to foster innovation in Europe) but also from a legal one.38 However, even with these deficiencies, the first two elements of this approach have been recently approved by the European Parliament on 11 December 2012 and were adopted on 17 December 2012. But, it is also true that the actions for


annulment brought by Spain and Italy are still pending before the ECJ.\textsuperscript{39} That means that, although the Advocate General in his Opinion has proposed that the Court dismiss the actions, it is still possible that the ECJ would find that the \textit{UPP Regulation} does not comply with the EU Law.\textsuperscript{40} In this case, if not the whole project for a unitary patent, at least a major part of it would be declared void.

This approach is: (a) an incomplete solution, and (b) a mistaken solution. Therefore, it is possible to identify two different kinds of problems and also to express two different kinds of criticism.

\textbf{A. An Incomplete Solution}

The \textit{UPP Regulation} has very important deficiencies concerning substantive patent law. These deficiencies were already presented in the initial draft.\textsuperscript{41} Thus, although it contained a small subset of substantive patent provisions (article 6 defined what constituted a direct infringement to a unitary patent; article 7 regulated what constituted an indirect infringement to a unitary patent; article 8 introduced limitations to rights conferred by a unitary patent; and article 9 established the exhaustion of the rights conferred by a unitary patent), the authors pointed out some essential provisions that were missing: (1) conditions on patentability; (2) rights of prior use; (3) general research exception; (4) compulsory licenses; (5) transfer of rights; (6) rights \textit{in rem}; (7) treatment in execution and insolvency; (8) \textit{erga omnes} effect of restrictive contractual licensing; and (9), date of third-party effects of patent transactions.\textsuperscript{42} Moreover, art. 10 of the draft provided the exclusive application of national law to these issues. This will lead to a fragmentation in the rules applicable to the unitary patent and at the end will introduce the possibility of discriminatory cases.\textsuperscript{43}


\textsuperscript{42} See Hilty, supra note 39, at 2-3.

\textsuperscript{43} See infra, Part IV B 4. b.
But what seemed almost impossible has happened: the small subset of substantive patent provisions, articles 6–9 of the draft UPP Regulation, was deleted during the legislative process.

This is a very important deficiency because the European patent with unitary effect, as regulated in EU law, should have an autonomous character.44

B. Mistaken Solution

To understand most of the criticism we are going to express in this second group, it is necessary to consider two facts.

First, the change of “legal instrument” or “legislative way” and the decision to use the Enhanced Cooperation Procedure has, as a consequence, that, instead of creating a real Unitary Patent (i.e., a new IP right applicable to the whole EU, as is for example, the case of the Community Trademark), the Member States participating in this procedure and the Commission have chosen a less ambitious alternative: to establish (rectius, to use, because the “new right” is not really new; it already exists) another mechanism, the existing European Patent, and attach to it a “new effect” (but again, the effect of the UPP Regulation is certainly not new, but a merely broader geographical scope, the territories of all Member States participating in this procedure as a whole). In other words, instead of creating a new right, this change will only enlarge the geographical scope of an existing right, which will not only be the territory of one country, but of all EU Members States participating in this process.

In relation to this issue, it has been pointed out45 that the change in the title from the original name of Community or Unitary Patent to European Patent with Unitary Effect demonstrates two important aspects of this right. On one hand, the entire EU territory is no longer protected, thus considering it to be an EU patent would not be exact. On the other hand, and more importantly, the procedure for realizing that right was altered; in the previous approaches, this EU patent was independent of national rights and was a classic type of right created form a group of national patents having identical scope, both territorial and substantive.

Second, as a consequence of this shift to Enhance Cooperation Procedure and its use as vehicle for the European Patent, the power of the EPO has also changed. This change of approach also has a consequence in relation with the substantive features of the patent. Thus, in the previous approaches these features were more or less agreed: (a) the patentability were to be governed by the rules applicable under the EPC, whereas (b) the post-grant life of the

44. See infra, Part IV B 3. b.
45. See Jaeger, supra note 34, at 6.
patent (i.e., its effect) was to be governed by an EU Regulation, which covered important rules, such as the scope of the right to (prevent) use, the limitation of patent effects (including exhaustion or prior use), and property aspects (including licensing). On the contrary, in the new approach, the application of the EPC has been extended to cover (at least some of) the post-grant life (as in other European Patents).

That means that the position of the EPO will also shift from merely administrative, to a new and real Unitary Patent, whose effect was governed by the EU in all previous projects, to administrate and govern, at least in part, this European Patent as it governs other European Patents. In other words, this shift creates an increase of empowerment in the EPO.

1. Powers waived by EU to EPO

This empowerment of the EPO could be criticised from both political, as in the sense of public policy making, and legal points of view.

a. Control of the Patent Policy

For some authors, one of the major concerns of the Enhanced Cooperation approach is that, due to the change of the legislative process and the shift from a real Unitary Patent to a mere European Patent with Unitary Effect, the EU has relinquished its powers to define a patent policy. Instead, these powers are bestowed upon the EPO, a non-EU organization. This change goes in the opposite direction of earlier unsuccessful attempts to introduce a real Community or Unitary patent. Thus, the CPC of 1975, the Agreement Relating to Community Patents of December 15, 1989, and the Community Patent Regulation Proposal of 2000, were all designed to place the control of the European patent system, including the EPO, under the jurisdiction of the EU. For this reason, it has been said that this approach is a waiver of sovereignty for the EU in the field of innovation.

46. Id. at 2–3.
47. See UPP Preamble at (5), (17), (18); Art. 2, letters (b) and (c) in connexion with Art. 3; and Art. 9 UPP Regulation.
48. See Sedrati-Dinet, supra note 34, at 1.
49. See Lamping, supra note 33, at 924 (stating correctly that the Commission has not been able, in two decades of projects and proposals, to establish a patent system that could be attractive enough for the enterprises and foster innovation and technological progress. Now it shifts powers to the EPO, on whose governance and policy it has no direct influence).
50. See Sedrati-Dinet, supra note 34, at 2 (quoting the opinion of Professor Jean-Christophe Galloux about what was then a mere proposal).
b. Control of EPO Administrative Acts

Besides this “political” or “public-policy” criticism, it is also possible to formulate another major concern, this one from a legal point of view, about the position assigned to the EPO under the Enhanced Cooperation Approach.

As the literature has extensively explained, if the EPO is responsible for administering and applying an EU regulation (the UPP Regulation), the acts, like those of the other public administrations, would have to be subjected to some kind of review by the EU courts. Against this, it is not possible to maintain that the internal review procedure by the EPO Boards of Appeal have already fulfilled this function.

While the internal review procedure is considered adequate to meet the EPC Contracting States’ own constitutional requirements for judicial review, there are two reasons why this procedure was not considered sufficient from the perspective of EU law.

First, unlike on a national basis, the EU courts’ control is not only required to protect individual rights by making sure of a fair judicial review according to Art. 6 European Convention of Human Rights and Art. 47 Charter of Fundamental Rights of the European Union, it is also required to

51. See Jaeger, supra note 34, at 8–10.
52. See id. at 9–10. Right from the beginning of the patent application, the EPO will consider whether the applicant wishes to have their patent benefit from unitary effect. Given that unitary effect must be requested in the patent application, the EU regulation is already applied by the EPO in the examination process (e.g., when congruence of territorial and substantive scope is examined). Moreover, grant, limitations, licenses, statements on licensing transfers of the patent, etc., are recorded in a register by the EPO. Therefore, under the EU regulation, any related EPO decisions have a direct effect on the EU law-based right. This also applies to a variety of other tasks that the EPO will perform connected to the European patent with unitary effect, for example, collecting fees, application, renewal, or publishing translations.

53. This concern was already expressed by the Advocate General Kokott in her Statement of Position presented on 2 July 2010, for Opinion 1/09 (referred to the Draft Agreement on the Creation of a European and Community Patent Court) (Statement available at http://patlit.googlegroups.com/web/OPINION+1_09+(8744551_1).pdf?gda=v50wMV1AAACy9MXLZszq_Hkegb9eDL25L7o_fclRtpZyK_D5djV_madgbqB2RRReUx8vN3a9YN-0NnOwSNnD939rUnpZKveL22muqCMnECKmVxZj4leqP1HHcwbz-gobncSjMyE&gsc=90inChYAAAA9RNgM1oldi6DSQ6neXbSHM9KFkvR1kwtn4g5T1-szg), who in paragraph 72 indicates:

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.

protect the independence of EU law in the sense of Art. 19(1) of the TEU. Similar to the relationship between the ECJ and the national courts under Art. 267 of the TFEU, the concern of independence relates to the enforcement of the EU courts’ monopoly regarding the interpretation of EU law, rather than relating to the possibility of an insufficient judicial character of the EPO Boards of Appeal.

Second, concerns exist from the perspective of EU law regarding the judicial nature of the EPO Boards of Appeal. Indeed, the ECJ has maintained that the Boards of Appeal of the OHIM’s (Office for Harmonization of the Internal Market, the EU’s own trademark and designs office) lack of independence from the administrative branch of the Office. The belief is that the boards were simply a functional continuation of the tasks performed by the administrative branch and therefore could not be regarded as courts from an EU law point of view. Although they would certainly be requiring a more in-depth examination of the EPO organizational structure, the EPO’s boards would also be affected by this concern at least *prima facie*.

To summarize, it is therefore crucial that the EPO acts, relating to the application of EU law, be reviewed in some way by an EU court. And that this review has to consider the principles of EU law relating to the protection of both public and individual concerns, the EU law’s autonomy, principles of legality, rule of law, and completeness of the system of remedies.

As it has been correctly stated, the EPO is an international body and as such is not bound by EU law.54 Nevertheless, the EU is about to delegate to the EPO the grant of European patents *with unitary effect*. Such a delegation of powers needs a review by an independent EU court, but this review does not exist (and worse, it is not easy to establish).55 So, the second criticism is clear: there is lack of judicial control of EPO administrative acts.

2. Compliance with EU Law

As some authors have pointed out,56 important issues must be raised with regard to this question.

a. Compliance with Art. 118 TFEU

The first concern is the legal nature of the title established by the *UPP Regulation*. Although its preamble refers to Art. 118 of the TFEU as its legal basis, it is possible to doubt if this is true. In fact, as we already know, Art.

55. See Jaeger, *supra* note 2, at 834, for a possible solution of this problem.
56. See Jaeger, *supra* note 34, at 4–8, for a general view; see also and Sedrati-Dinet, *supra* note 34, at 5–13.
118.1 of the TFEU gives competence to the EU “for the creation of European Intellectual Property Rights” (emphasis added). It is not necessary to point out that “to create” means to cause something to happen or exist; thus, we could only use the word “create” to make reference to something that was not previously in existence—something new.

What the UPP Regulation introduces is something else. Instead of creating a new European IP right (a real Community or Unitary Patent), it chooses a more limited way to reach its goal of establishing unitary patent protection for the countries participating in the Enhanced cooperation procedure. The UPP Regulation achieves its target through using a pre-existing institution or right, the European Patent, and introducing the possibility of adding a so-called unitary effect (see Art. 3 of the UPP Regulation). In other words, the UPP Regulation opts for another instrument (the use of the existing IP right, the European patent) for which Art. 118 of the TFEU gives no authorization, instead of choosing a legal instrument, like the creation of a real Unitary patent, for which it has competence.

The adoption of this instrument also has a side-effect. As it has been correctly pointed out, the unitary effect being attached to the European Patent seems only as an accessory feature and hides the legal nature of this right. So, the doctrine questioned the legal character of the European Patent with Unitary Effect. Is it based on EU Law, like any right created through an EU Regulation or in International Law, as usual patents granted by the EPO or is it even a new sui generis right? At first glance, it would seem possible that the correct option is the last one because the European Patent with Unitary Effect is apparently based, not only in international law as the usual patent granted by the EPO, but also in EU law with regard to the so called “Unitary Effect”. However, due to the need to insert this right into a legal framework (to complete its content and interpret it among other things), it is necessary to choose one of the other two options. Between these, we agree with other authors that the consideration of “it” as an EU Law is appropriate.

57. See supra note 16.

58. See Hilty, supra note 38, at 5 (affirming that, when the UPP Regulation was still a proposal, that “[t]his approach [was] not covered by the scope and purpose of Art. 118(1) of the TFEU”).


60. See HILTY, supra note 38, at 4–5. Hilty maintains that “the unitary effect concerns the substance of the right of exclusivity. In this regard, only EU law can guarantee an autonomous and supranational character and a complete and coherent system of legal protection for individuals”.
According to this conception, it has been said that this right appears to simply be a European bundle patent effective in the twenty-five Member States participating in the Enhanced Cooperation Procedure. In fact, it is a real European Union right. Upon registration, the unitary effect of this right would occur throughout all of these countries. Furthermore, these *European Patents with Unitary Effect* shall have a unitary character (i.e., they shall give uniform protection and have the same effect in every participating Member State); limitation, transfer, revocation, or lapse can only occur across all these countries. Hence, following this point of view, the content of this right does not differ from the content that the first proposal of a Community Patent Regulation assigned to the Community Patent. Further, the key characteristics of the *European Patent with Unitary Effect* does not differ in any respect from those of the Community Trademark or the Community Design which have unitary character, equal protection, and uniform effect in every participating Member State. Ultimately, according to this perspective, what is decisive is that the basis of the legal nature of this patent protection is a legal act of the Union, which leaves national legislation behind and confirms protection on a European law basis. There is no legal importance (*falsa demonstration non nocet*) in the fact that there is a difference in terminology between the *European Patent with Unitary Effect* and a traditional European title like the *Community Trademark* or *Design*. This is just a case of confusing labelling.

In conclusion, the *UPP Regulation* does not comply with Art. 118 of the TFEU. As we will explain below in detail, this is an infringement of Art. 118.

**b. Autonomy of the right**

It has been accurately highlighted that if the *European Patent with Unitary Effect* is an EU law right, the consequence is that it should be governed exclusively by EU law. In other words, it should have an autonomous character.

Certainly, it is important to stress two matters. First, this feature is not

---

Similarly, quoting Ullrich, *supra* note 60, at 44:

Either way, the drafters of the UPP Regulation got it wrong, just as wrong as they got the entire idea of a European patent muting from a bundle of separate internationally uniform national rights into such a bundle hold together by a “unitary effect”, and yet remains the same “European patent” or “bundle” of (national?) patents. The truth is that the unitary effect transforms and unites the separate rights into one right of European Union law.


prevented in any way by the using of the Enhanced Cooperation Procedure. Second, this characteristic does not avoid the possibility of delegating the granting of this right to a non-EU entity, such as the EPO. To put it another way, the nature of the Enhanced Cooperation Procedure and its relationship with the EPO does not represent obstacles to the autonomous character of this right.

The feature of autonomous character, common to all rights based in EU law, appears in the preceding proposals to establish a Community or Unitary Patent, from the CPC of 1975 to the last draft of the Regulation on a Community Patent of 2009. Even the ECJ mentioned it in its Opinion 1/09. Thus, it is not a surprise that the Commission, in its Explanatory Memorandum of the Proposal for a Council Decision authorising enhanced cooperation in the area of the creation of unitary patent protection of December 14, 2010, expressly acknowledged this autonomous character. However, for some unknown reasons, neither the multiple drafts, nor the approved text of the UPP Regulation mentioned this feature. So, there is a

64. See Ullrich, supra note 59, at 46.
65. Sedrati-Dinet, supra note 34, at 8 (pointing out that "nevertheless the provisions of the EPC which carry out such a delegation of powers, shall be contemplated as included in EU law, and, as such, are subject to the same rules as if unitary patents were granted by an EU agency. This is a sine qua non condition for the ECJ to ensure that rights granted according to EU law are fully compliant with the legal and judicial framework of the EU.").
66. See Ullrich, supra note 59, at 46.
67. Proposal for a Council Regulation on the Community patent-General approach, Document 16113/09, Nov. 27, 2009, available at http://register.consilium.europa.eu/pdf/en/09/st16/st16113-ad01_en09.pdf: “The EU patent shall have an autonomous character. Subject to paragraph 4, it shall be subject only to this Regulation and to the general principles of EU law. The provisions of this Regulation shall be, without prejudice to the application of EU competition law or the law of Member States with regard to criminal liability, unfair competition and mergers.”
   The Commission proposed, inter alia, the creation of an integrated system for the European patent and the future Community patent. The latter would be granted by the EPO pursuant to the provisions of the EPC. It would have a unitary and autonomous character, producing equal effect throughout the European Union, and could be granted, transferred, declared invalid or lapse only in respect of the whole of that territorial area.
lack of autonomy.

c. The use of the Enhanced cooperation procedure

Last, but not least, it is necessary to refer to the special “legal way” or “legislative process” in which it has finally been employed to go ahead with this project.

As the doctrine has accurately and extensively demonstrated, the use of the Enhanced Cooperation Procedure with regard to unitary patent protection is in conflict with existing EU Treaties in a number of different ways. First, it is in opposition with the grounds of “differentiated integration”. Second, it removes the protection offered by the requirement of unanimity with regard to language arrangements. Third, it relates to an area of exclusive competence of the EU. Fourth, it removes the need for openness within the system, thus exerting a prejudicial effect on those members who choose not to participate. Fifth, the cohesion of the internal market will be weakened, resulting in discrimination against non-participating countries and the distortion of competition. Finally, this procedure cannot be considered as a last resort for solving a linguistic political discrepancy.

Out of all of these criticisms, it is especially convenient to stress two objections to the use of the Enhanced Cooperation Procedure in this case: a teleological objection and a procedural objection.

i. The teleological objection: the circumvention of Art. 118 of the TFUE

There is no doubt that the Enhanced Cooperation Procedure has been employed in this case only to avoid the application of Art. 118 of the TFEU. This evasion constitutes a scholastic example of fraud of law. This general principle of law, common to all legal systems, forbids the possibility to use a norm as an instrument to avoid the application of another norm. What makes this a unique case is that, unlike almost all the examples of fraud of law where the individuals are those who try the evasion of a norm, here the legislative power of EU itself is committing a fraud of law! More incredible is the fact

---

70. See Lamping, supra note 61 passim (including a summary of the criticism at p. 924, with references to other parts of his in-depth study).

71. See also Jaeger, supra note 34, at. 4–6 (regarding the problems of the Enhanced cooperation procedure).

72. See Jaeger, supra note 34, at 5. After indicating that “EC is injected some potential for an effective circumvention of the legislative procedures and (particularly) unanimity requirements otherwise stipulated in the TFEU in cases of simple disagreements over policy choices in the Council,” Jaeger expressly asserts that the use of the “EC in this case entrenches the language rules chosen by the majority against the will of a minority and with the intention of overcoming the unanimity requirements foreseen for this matter in Art. 118 (2) TFEU.” See also Sedrati-Dinet, supra note 34, at 17.
that the UPP Regulation is not allegedly, but rather expressly (see the Legal Basis mentioned in its Preamble and 2nd Recital) based on Art. 118 of the TFEU.\textsuperscript{73} In other words, the Fraud of Law Act pretends to be based in the same norm that it pursues to circumvent!\textsuperscript{74}

ii. The procedural objection: the non-fulfilment of the requirements established in Art. 20 TEU

Besides this “not-very-lawful” purpose, there are serious doubts about the possibility to use the Enhance Cooperation Procedure in this case because it seems that the requisites to activate this procedure, established in Art. 20 of the TEU,\textsuperscript{75} were not fulfilled. This could mean that, even if Art. 118 of the


\textsuperscript{74} Certainly, the mockery is even bigger in relation to the second regulation of the so-called “patent package,” Regulation No 1260/2012, December 17, 2012, implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements. And it is so, because this regulation refers in its Preamble to Art. 118 of the TFEU as its legal basis, and, more specifically in its 3rd Recital, declares the necessity to establish translation systems in accordance with Art. 118.2 of TFEU. This article contains the requirement of unanimity between all EU Member States to decide about the language regimen of all EU IP rights. So, it is obvious that this requirement is not fulfilled, per definition, by the regulation because only the Member States that have participated in the Enhance Cooperation Procedure and agreed with it. For this reason, it is sarcastic to pretend that a regulation adopted after a procedure, in which not all EU Member States have participated, is based in an article that can only be applied if there is unanimity of all EU Member States. This sarcasm already appeared in the first draft version; see id. at 1 and 5, (making reference to the “Legal elements of the Proposal,” said “Article 118 (2) TFEU provides for a specific legal basis to establish language arrangements applicable to European intellectual property rights providing uniform protection throughout the Union by means of regulations adopted by a special legislative procedure with the Council acting unanimously after consulting the European Parliament.”).

\textsuperscript{75} Art. 20 of the TEU foresees:

1. Member States which wish to establish enhanced cooperation between themselves within the framework of the Union’s non-exclusive competences may make use of its institutions and exercise those competences by applying the relevant provisions of the Treaties, subject to the limits and in accordance with the detailed arrangements laid down in this Article and in Articles 326 to 334 of the Treaty on the Functioning of the European Union. Enhanced cooperation shall aim to further the objectives of the Union, protect its interests and reinforce its integration process. Such cooperation shall be open at any time to all Member States, in accordance with Article 328 of the Treaty on the Functioning of the European Union.
TFEU did not exist, the whole procedure would be declared contrary to the principles of EU law.

In this regard, the doctrine has emphasized the problems to match this case with the aims of this procedure. Article 20.2 of the TEU clearly shows that the Enhanced Cooperation Procedure will be used as a “last resort” in cases where attempts by Member States to reach a compromise, within a reasonable timescale, have failed. Where do the causes of this failure lie? Is it only in cases where there is a difference in the integration possibilities between Member States (lack of integration possibilities), or does it also encompass a difference in the willingness of those states to find a compromising solution to existing problems (lack of integration willingness)?

A number of problems may be created if the second interpretation is adopted. The Enhanced Cooperation may be used by interested countries to circumvent the legislative process and especially the unanimity requirements stipulated in the TFEU. Thus, member states might use this procedure to avoid addressing simple disagreements on policy choice or overcoming disputes that are minor in nature and not insurmountable. For this reason, such an interpretation might endanger the EU institutional balance.

Similarly, Art. 20.1 of the TEU states that the interests of those countries that do not participate, including their potential to participate in the future, should not be adversely affected by cooperation between other member states. One might argue that, in this case, the objections put forward by Spain and Italy against the legislation have already led to negative discrimination. The effect of the language limitations being forced upon the two countries will be to permanently exclude them from future participation in the process unless they agree to comply with the terms and conditions they have already argued against.

Furthermore, the territorial scope of patent protection will be limited to

2. The decision authorising enhanced cooperation shall be adopted by the Council as a last resort, when it has established that the objectives of such cooperation cannot be attained within a reasonable period by the Union as a whole, and provided that at least nine Member States participate in it. The Council shall act in accordance with the procedure laid down in Article 329 of the Treaty on the Functioning of the European Union.

3. All members of the Council may participate in its deliberations, but only members of the Council representing the Member States participating in enhanced cooperation shall take part in the vote. The voting rules are set out in Article 330 of the Treaty on the Functioning of the European Union.

4. Acts adopted in the framework of enhanced cooperation shall bind only participating Member States. They shall not be regarded as part of the acquis which has to be accepted by candidate States for accession to the Union.

76. See Jaeger, supra note 34, at 5–6.
those countries that have embraced the concept of Enhanced Cooperation. This will lead to division within the internal market and unfair discrimination against those Member States who have chosen not to participate in the process. These countries will become increasingly marginalised in terms of their ability to compete within the internal market and their level of innovation.

In the case of Spain and Italy, the use of the Enhanced Cooperation Procedure will result in the exclusion of both from the legislative process of patent provision. It will diminish their prospects of a future introduction of this patent protection within their own borders and will have a negative impact in terms of their economic positions within the internal market. They might argue that the introduction of a unitary patent protection system would result in a widening of divisions within the internal market and a reduction in their ability to perform within that market.

As it has been accurately pointed out:

[I]n the present case Enhanced Cooperation is being used exclusively as a secessionist means of applying pressure with the aim of avoiding further negotiations on the translation arrangement. This form of “repressive dominance” is a clear misuse, or even abuse, of the concept of flexibility and violates the principles of loyalty and solidarity that must be taken into account in any cooperation between the Union and the Member States.  

3. The Applicability of Art. 142 of the EPC

The UPP Regulation has flaws, not only from the point of view of the EU Law, but also from the perspective of International Public Law. Specifically, the flaws stem from the (non-fulfilment) of the requirements of Art. 142 of the EPC, whose first paragraph establish that “[a]ny group of Contracting States, which has provided by a special agreement that a European patent granted for those States has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those States.” (emphasis added). Consequently, to reach the goal of unitary patent protection, it is necessary to have an agreement between the EPC contracting states. 

77. See Lamping, supra note 61, at 910.
78. See Sedrati-Dinet, supra note 34, at 10–13.
79. By 1 March 2013, there were 38 EPC Contracting States (the EU Member States plus 11 more countries). A list of EPC Contracting States is available at http://www.epo.org/about-us/organisation/member-states.html.
The UPP Regulation has pretended to fulfill this requirement by considering that “[t]his Regulation constitutes a special agreement within the meaning of Article 142 of the EPC” (see Art. 1.2), but, in our opinion, this approach constitutes an attempt to circumvent this norm and as such an infringement of it. 80

a. Infringement of This Article

In our opinion, it is clear that a regulation of the EU is not an agreement. According to Art. 288 of the TFEU, a regulation is a legal act of the European Union, an international body, and not an act of its Member States. 81 In other words, using scholastic terminology is a unilateral act, not a bilateral or multilateral one, and a unilateral act cannot, as a matter of principle, be an agreement because you need more than one part to form an agreement. Therefore, as it has been graphically asserted, considering the UPP Regulation as an agreement within the meaning of Art. 142 of the EPC is a truthful “legal fiction.” 82

b. Consequences of the Infringement

The failure to meet the requirements of Art. 142 of the EPC has a very serious consequence on the system designed by the “Patent Package.” It prevents the desired effect of the UPP Regulation, which is to establish a European Patent that has a unitary effect in all the participating Member States. Without this unitary effect, the whole UPP Regulation is meaningless. This result is reached because the existence of the unitary effect (i.e., the fact that a European Patent has a unitary character throughout the territories of

80. See Ullrich, supra note 59, at 47 n.151.

81. Sedrati-Dinet, supra note 34, at 11. (quoting R. Sampdedro “The European patent with unitary effect: Gateway to a European Union patent?–Perspectives from ‘Non-member States’ (Spain, Italy”).

82. See Ullrich, supra note 59, at 47 n.151. However, the position of this author is not absolutely clear because, on one hand, the author indicates that Art. 1.2 UPP Regulation most probably reflects the will of the States participating in the Enhance cooperation procedure, and asks himself if this intention matters or if, on the contrary, what matters is the text of Art. 142 EPC, which is a rule of an international convention. Id. at 47 n.151. In other words, he asks if the interests of these countries are most important or those of the architects of the EPC and all its Contracting States (so it seems to have denied this identification). But, on the other hand, he seems to accept that the UPP Regulation could be considered a special agreement in the meaning of Art. 142 EPC, when he says:

Art. 142 EPC does not have an effect of its own, but presupposes an enabling “agreement” by EPC Contracting States (or, for that matter, a “joint” regulation, see Art.1, 2nd sent. Proposed UPP Regulation), and it is based on the assumption of a “joint” grant. Thus, Art. 142 EPC assumes that the unitary effect is inherent in that joint grant precisely because of the enabling agreement/Regulation made by the group.

Id. at 44 n.144.
some EPC Contract States) is a question governed exclusively by the EPC, i.e., by rules of International Public law, and not by EU Law. This means that the existence of this effect will depend solely on meeting the requirements of the rule that governs it (Art. 142 of the EPC), and that the EU law has no influence on this question because this issue is not governed by its rules. Hence, if those conditions are not fulfilled, as seems it has happened in the present case, there is no possibility that a European Patent would have a unitary effect, being perfectly irrelevant with what an EU regulation says about this83 (as it would be the same if the national law of any of the Contracting States said something on this issue). Why? Because neither the EU nor the Contracting States have jurisdiction to regulate this issue.

In summation, taking into consideration that an EU regulation is not a special agreement within the meaning of Art. 142 of the EPC, there will be no unitary effect, while there would not be a real special agreement between EPC Contracting States, being absolutely irrelevant the statements that could be made by EU or national laws. So the existence of this European Patent, rectius, the existence of this unitary effect, could be denied at any time by the courts of any country in which they want to be enforced.84

c. How to solve this infringement and whether it is possible to reach the goal of having a European Patent with Unitary Effect?

Although it seems unquestionable that Art. 142 of the EPC was originally intended to create a link with the CPC, we do not share the opinion of some authors that the possibility of using this article was blocked when the EU took control of the project with the purpose of creating its own patent system,85

83. Ullrich seems to keep a contradictory position about this question. On one hand, see Ullrich, supra note 59, at 47 n.151, where holds a position opposite of ours because, while talking about the meaning of Art. 142 EPC, he maintains that “[t]he question seems to be trivial, given that the UPP Regulation guarantees the unitary effect as required by Art.142 EPC.” But, on the other hand, see also Hans Ullrich, Select from within the system: The European patent with unitary effect 42 n.168 (Max Planck Institute for Intellectual Property and Competition Law Research Paper No. 12-11), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2159672, where Ullrich, talking of the assimilation by Art. 1.2 UPP Regulation from this Regulation to an agreement within the meaning of Art. 142, says “[t]he problem of this qualification, however, is not one that can be solved unilaterally by an EU regulation. It is one of the interpretation and application of the EPC. As such, it concerns all Contracting States of the EPC.”

84. In our opinion, this decision, neither could be considered contrary to EU law, nor required that the national courts had to refer the matter to the ECJ for a preliminary ruling. And that is because, as we have already explained, this is not an EU law question, but whether or not the requirements of Art. 142 EPC are met, an issue on which the ECJ has no competence, as it is not its function to decide if a national regulation or judicial or administrative decision meet the requirements of a provision contained in an International Treaty in which the EU is not a party.

85. See Ullrich, supra note 59, at 47 n.151. This author considers that to overcome this problem, the EU had to become a member of the EPO, which requires an amendment of Art. 166
resulting in it being blocked by Art. 118 of the TFEU. To defend this position, it has been said that, provided that the competence of creating a unitary patent shall be considered an exclusive competence of the EU, “Member States have no power to conclude an international agreement as specified by Art. 142 of the EPC, to create such a unitary patent.”

In our view, this is a mistaken opinion, because it wrongly understands that the route of Art. 142 of the EPC “brings to the same place” (i.e., has the same consequence: creating the Unitary Patent) than the one of Art. 118 of the TFEU. But this is simply not true. Therefore, we believe that the use of Art. 142 EPC is still possible and its route is not blocked, meaning it is still possible to add a Unitary Character to a European Patent. This, however, requires fulfilling the requirements of Art. 142 and therefore creating a true special agreement between a group of EPC Contracting States.

In sum, the goal of having Unitary Patent Protection, pursued by the EU and the states participating in the Enhance Cooperation Procedure, can only be reached through a special agreement among these states.

4. Other Criticisms

The Unitary Patent Package will add complexity to the patent system in Europe, because, instead of consolidating a unique or uniform patent law in Europe, it will add fragmentation: (a) of patent protection in the EU; (b) in the rules applicable to the European Patent with Unitary Effect; and (c) in the jurisprudence on patent law in Europe.

a. Fragmentation of Patent Protection in Europe

This fragmentation will happen on both territorial and substantive levels. First, the geographical scope of the European Patent with Unitary Effect will

EPC. In his opinion, one of the reasons why there was an attempt by interested parties to reduce the language issue by introducing enhanced cooperation was the belief that it might reopen the “route” of Art. 142 EPC. A major benefit of which would be the avoidance of a time consuming revision conference of the EPC and the risk of complications that this might incur.

86. See Lamping, supra note 62, at 911–912; see also Ullrich, Select from within the System: The European Patent and Unitary Effect, supra note 84, at 37.

87. Sedrati-Dinet, supra note 34, at 12.

88. See also Jaeger, supra note 34, at 23, who, speaking about this approach when it was still a Proposal, has considered that:

A patent with unitary effect of the kind currently envisaged by the Commission and the Council could probably be realized with less pain in the context of the EPC, e.g. as a special agreement in the meaning of Art. 142 EPC. It is hard to see why the conclusion of an Art. 142 EPC-type agreement by some states willing to create a unitary patent right would require any EU involvement at all, unless the nature of the right created thereby goes beyond the nature of EPC law.

89. See Hilty, supra note 38, at 1–4.
not cover the entire area of the internal market. It is limited to those EU Member States who have agreed to the Enhanced Cooperation Process. Additionally, it will only be workable in those countries that have ratified the UPCt Agreement. As the entry into force of this norm requires, inter alia, the ratification of only thirteen States (see Art. 89 UPCt Agreement), with there being no need for the other signatory States to ratify it, that means not all these ratifications will necessarily happen in the near future. This will create divisions within the internal market in direct opposition to one of the major objectives of the EU—that of cohesion. Moreover, there will be an increase of patent holders’ concerns because there will be a lack of patent protection and an endangerment of innovation in some major markets such as Italy and Spain. Thus, there will be a necessity that the European Patent with Unitary Effect be flanked by national patents.

Second, there will also be a fragmentation at a substantive level, because the Unitary Patent Package will lead to a system of overlapping patent protection in Europe. In this sense, there will be four layers of patents: (1) National patents granted by the respective national patent office; (2) National patents granted by the EPO (European patents) within the system of the UPCt Agreement; (3) National patents granted by the EPO (European patents) that are not subject to the UPCt (these will include cases of transitional opt-out by patents proprietors, non-ratifications of the UPCt by Member States and patents of non-EU Contracting States); and (4) European Patents with Unitary Effect.

These alternatives will co-exist alongside each other due to diverse factors: (a) the possibility that the Member States ratify or not the UPCt Agreement; (b) the possibility that the patent applicant chooses between a national patent or a European one; and (c) the possibility that patent proprietor opts out of the UPCt system.

b. Fragmentation in the rules applicable to the European Patent with Unitary Effect

As we have already indicated, Art. 7 of the UPP Regulation provides the exclusive application of national law to many important issues related to the European Patent with Unitary Effect. Considering all European Patents with Unitary Effect as a whole, it will lead to fragmentation in the rules applicable to these patents.

In this regard, the doctrine has accurately pointed out that, for a specific European Patent with Unitary Effect, only one national law will apply throughout all Member States participating in the Enhanced Cooperation Procedure. This will lead to European Patents with Unitary Effect being subjected to different national laws. As a result, 25 different sets of patent
rules could apply and the potential to create uniformity would be lost. While some reference to national law is inevitable in the implementation of patent property rules, the UPP Regulation misses the chance to create a minimum level of uniformity and transparency for market actors.

Moreover, the application of different national laws will open the door to the possibility of discrimination cases. Thus, if an applicant had his/her/its residence, principal place of business, or place of business in a Member State participating in the Enhanced Cooperation Procedure, the patent will be subject to the law of this country, i.e., his/her/its domestic law (see Art. 7.1 of the UPP Regulation). However, if this is not the case, the patent will be subject to German law—a foreign law (see art. 7.3 UPP Regulation).

c. Fragmentation of Jurisprudence

The fragmentation on the level of the substantive law will be reflected in the growth of a number of courts that will be able to administer patent law within Europe. These bodies would include, first, the UPCT, itself, in the administration of European Patents with Unitary Effect and/or (normal) European patents for those Member States where the UPCT had been ratified. Second, the ECJ which will receive preliminary references from the UPCT regarding infringements of European Patents with Unitary Effect. Third, National Courts of: (a) EU Member States who have failed to ratify the UPCT Agreement; or (b) EU States that have chosen not to participate in the Enhanced cooperation procedure; and (c) all EPO Contracting States that are not EU Members. Fourth, the EPO’s Boards of Appeal for European Patents. Fifth, national courts or the administrative organisms in the administering of nationally-granted patents.

Each of these bodies may place a different interpretation on similar principles of patent law, place different levels of importance upon certain aspects of patent administration, and apply different layers of substantive patent law. The UPCT Agreement fails to offer any method of consolidation and instead creates yet another level of enforcement to add to those which already exist.

V. CONCLUSION

It is true that, even with the explained deficiencies, the UPP Regulation was approved by the European Parliament on 11 December 2012 and adopted by EU Council on 17 December 2012. However, it is also true that the actions for annulment brought by Spain (Case C-274/11, Spain v. Council)\(^\text{90}^\)
and Italy (Case C-295/11, Italy v. Council)\textsuperscript{91} are still pending before the ECJ. That means, and we hope, it is still possible that the Court would find that this regulation does not comply with EU law. In that case, if not the whole project, at least a major part of the project for unitary patent protection would be declared void.\textsuperscript{92}

\begin{footnotesize}
\textsuperscript{91} See Italy v. Council of the European Union (Case C-295/11).
\textsuperscript{92} See Jaeger, supra note 34, at 6 (asserting that “the relevance of the success or lack of success of an implementation of patent protection via EC for a future patent court comes down to one sentence: If the patent cannot be implemented, there will be no new court.”).
\end{footnotesize}