Olé! –Spanish lawsuits against Regulations No. 1257/2012 and No. 1260/2012

Spain is filing a claim against two European Regulations (Regulation (EU) No. 1257/2012 and (EU) No. 1260/2012) which form part of a regulatory package to create a European patent with unitary effect. Recently, the motions filed in proceedings C-146/13 and C-147/13 and a rather poorly translated summary of the claims were published by the Court of Justice of the European Union (CJEU). In summary, Spain is pleading the following:

No legal basis and primacy of European law

As expected, Spain is claiming that the requirements of the European enabling clause for the provision of Regulation (EU) No. 1257/2012 and Regulation (EU) No. 1260/2012 have not been complied with. Also, as could already be foreseen, Spain is claiming that the primacy of European law has not been observed. For example, these regulations stipulate that they should only apply when the Agreement on a Unified Patent Court, an additional international convention, comes into force. Spain regards this link as inadmissible.

May the (executive) force be with the European Patent Office (EPO)?

In this regard, particular attention should be given to an objection raised by Spain which has hitherto not been widely discussed. Spain argues that it is not correct to let the European Patent Office, as it was planned, carry out any administrative work to do with the European patent with unitary effect.

This objection may appear strange at first glance as the European Patent Office has the word "Europe" in its title. However, the EPO is not a European body or organisation but an independent, international body. It was originally part of the European patent organisation by way of a treaty between a number of states to which the European Union, however, does not belong. Unlike the Office for Harmonisation in the Internal Market which is responsible at Community level for trademarks and registered designs and ironically does not have the word "Europe" in its title, there is no direct organisational link between the EPO and the European Union.

The planned outsourcing of administrative work allegedly breaches Article 291 (2) of the Treaty on the Functioning of the European Union (TFEU) (1.) or at least the principles created by the Court of Justice of the European Union during the *Meroni judgment (2.)*.

To these concerns in detail:

1. In its first objection Spain states that the European Commission (or the Council) would have to be conferred “implementing powers” relating to the European patent with unitary effect. In other words: In the eyes of the Kingdom of Spain, the European lawmaker was obliged to grant the Commission the competence to set up European-wide “guidelines” for the execution of the Regulations (EU) No. 1257/2012 and (EU) No. 1260/2012 in these regulations. But, this wasn’t done. For this reason, the chosen mechanism for assigning tasks to the EPO to carry out these Regulations is alleged to be wrong.

   However, Spain's view presupposes this is a special case. Only where "uniform conditions for implementing legally binding Union acts are needed" is the Commission or the Council responsible for these. Otherwise, administrative tasks are to be carried out by the Member States pursuant to Article 291 (1) TFEU without the Commission’s guidance. The regulations which are being contested presume this. Accordingly, these legal acts contain no provision, granting competence to the European Commission and stating e.g. in Article 9 of Regulation (EU) No. 1257/2012:

   > *"(1) The participating Member States shall […] give the EPO the following tasks, to be carried out in accordance with the internal rules of the EPO: […]".*

   For the Court of Justice of the European Union it will be decisive whether the administrative duties of the European patent with unitary effect will require uniform conditions. It is not unlikely that Spain will be unsuccessful with this objection. There are no signs of a threat of inhomogeneous handling of this matter in the participating member states. Thus it is likely that the court will deny the need for uniform conditions.

2. In its second objection, the statement of claim refers to a judgement of the European Court of Justice dating back to 1958. In this judgment, the court stipulated the conditions under which administrative powers of the European Union could be transferred to third parties. According to the CJEU, two requirements must be fulfilled:

   - The transfer must relate to clearly defined executive powers **and**
   - Exercise of these powers must be monitored by the European Union and be under judicial control.

   First, the CJEU will have to clarify whether these judicially defined principles can be applied to the regulations on a European patent with unitary effect at all. Outcome: uncertain. On the one hand, the *Meroni judgment* dealt with a rather different situation -

conferring administrative tasks by a European executive body (the Commission, back then known as the High Authority) to a private law organisation. On the other hand, the crucial parts of the judgment are worded in such a way that the structure selected for the European patent with unitary effect could be included.

If the judgment is held applicable, the court will have to verify whether the principles mentioned above are complied with. The EPO will not be granted scope for any decision-making worth mentioning with regard to the regulations which are being contested. Thus the first criterion is probably fulfilled. However, the second obstacle may be more difficult to overcome. The decisions which the EPO has to make regarding the administrative tasks (such as Article 9 (3) of Regulation (EU) No. 1257/2012) will be taken by the Unified Patent Court which will be created in this context. This court is conceived as a national court in each participating Member State. However, the Unified Patent Court is subject to the control of the ECJ. We will see if the court deems this indirect monitoring to be sufficient.

But - why is Spain concerned at all?

Spain's objections originate from the official languages of the yet-to-be unitary patent system, a position also partially shared by Italy. The Spanish Government is mainly concerned about the consequences for SMEs of not needing Spanish translations of the patents with unitary effects. Not only would the cost of the translations into any of the official languages reduce the number of patents filed in Spain, but Spanish patentees would also be easier prey for groundless claims from foreign patent trolls. Spain's reluctance is also based on the key role that mandatory Spanish translations play in facilitating access to technical knowledge by Latin-American countries. On the other hand, it is undeniable that from a European point of view Spanish enterprises file a relatively insignificant number of patents. Also, Spanish tech SMEs are used to working in environments where English is the *lingua franca*, so abstaining from this reinforced cooperation process could end up causing greater harm than it endeavours to avoid.

Summary

Ultimately, looking at the claim one feels rather like Heinrich Faust: "And here, poor fool, I stand once more, no wiser than I was before". Translated into legal language, this means: it is still not possible to predict the outcome. However, one thing is clear: in the current proceedings, the situation differs from the previous judgment. The current lawsuit will have to deal with the specific composition of the European patent with unitary effect in detail. Thus, the

CJEU will have to put its cards on the table. It remains to be seen whether the first signs pro "unitary patent" were only a flash in the pan or whether the way ahead will finally be cleared.

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