

# The European Patent Reform – Prof. Tilmann, the old Roman god Janus and the requirements of Article 118(1) TFEU

*Rechtsanwalt Dr. Ingve Björn Stjerna, LL.M., Certified Specialist for Intellectual Property Law, Düsseldorf*

*Office translation of the original German language document, the article reflects the personal opinion of the author.*

**While the preparations for implementing the “unitary patent package” are advancing, intensive efforts are made to convince the users of the new system. However, risks remain. Apart from numerous European patents being opted-out of the new system, problems could also be caused by the Spanish nullity actions against the Regulations on the “unitary patent” and the respective language regime which are pending at the European Court of Justice. At the beginning of 2014, Prof. Winfried Tilmann, one of the forerunners of the “unitary patent” system, has commented on these actions in a very unusual manner. This statement, which, as it seems, has at least been supported by the German Federal Ministry of Justice, and the view he presented on the requirements of the legal basis for the “unitary patent” Regulation, Art. 118(1) TFEU, will be the subject of this article.**

## **I. Prof. Tilmann’s tireless commitment to the “unitary patent” package**

Prof. *Winfried Tilmann* is a Rechtsanwalt and Professor at Heidelberg University. He is one of the founding members of Hogan Lovells, a leading German law firm in the patent litigation field, where, after his withdrawal from the partnership due to retirement, he is now an Of Counsel. Before starting his career as a Rechtsanwalt in 1979, he was a judge at the Mannheim Regional Court and he was working in the German Federal Ministry of Justice.

In the introduction of the honorary publication (“Festschrift”) on the occasion of his 65<sup>th</sup> birthday in 2003, Prof. *Tilmann* is said to be an “influential legal policymaker”. As such, he has been campaigning for the “unitary patent” project from the outset, with an unusual intensity and an unwavering affection, he is one of its figureheads. Often assuming the position of a supposedly neutral observer, he praised the “patent package” in numerous presentations, statements and articles through all stages of the legislative proceedings, defending it against any criticism and rejecting doubts mostly as unjustified and exaggerated. As a member of the Drafting Committee, he is playing a major role in the creation of the Rules of Procedure for the Unified Patent Court.

His commitment is continuing also in the current implementation phase. Most recently, Prof. *Tilmann* was increasing his efforts to persuade entitled persons not to make use of their right to opt-out of the jurisdiction of the Unified Patent Court, warning against the alleged dangers of such opt-out in his article “The Transitional Period of

the Agreement on a Unified Patent Court” which was published in Germany<sup>1</sup> and the United Kingdom<sup>2</sup>. With similar dedication, he committed himself to defending the “unitary patent” Regulations against the respective actions pending at the European Court of Justice (CJEU) at the beginning of this year. These latter activities shall be given a more detailed consideration hereinafter.

## **II. Prof. Tilmann’s public assessment of the Spanish complaint in matter C-146/13**

Despite all the preparations and measures started for the implementation of the “unitary patent” system, it is important not to lose sight of the two Spanish nullity actions currently pending at the CJEU against the “unitary patent” Regulation (Regulation No 1257/12, docket no C-146/13) and the Regulation on the respective language regime (Regulation No 1260/12, docket no C-147/13). The outcome of these proceedings will be highly relevant for the implementation of the “unitary patent” system. Eventually, the political protagonists have probably felt a certain degree of discomfort with further advancing the implementation of the system while, at the same time, the legality of a major part of it, the two Regulations, remains to be decided on by the CJEU.

### **1. The article in EIPR 2014, 4 ff.**

At the beginning of 2014, Prof. *Tilmann* chose a very unusual measure of supporting the “unitary patent package” against these actions. In an article for the “European Intellectual Property Review” in January 2014, he exercised a detailed analysis and assessment of the Spanish writ of summons in matter C-146/13 – which, of course, is not publicly accessible – and of the arguments brought forward therein.<sup>3</sup> He concluded that the Spanish action contained no sustainable arguments at all and that, therefore, it would not be necessary to suspend the further implementation of the international Agreement on the Unified Patent Court until the decisions of the CJEU:<sup>4</sup>

*“Spain does not appear to present any valid arguments for its requests. Therefore action C-146/13 does not provide any reason why the preparatory work on the implementation of the UPC Agreement, or the ratifica-*

<sup>1</sup> Mitt 2014, 58 ff.

<sup>2</sup> JIPLP, online publication on 25/04/2014.

<sup>3</sup> Cf. *Tilmann*, “Spain’s action against the EU patent package”, EIPR 2014, 4 ff.

<sup>4</sup> *ibid.*, p. 8.

*tion process of the participating Member States regarding the UPC Agreement should be postponed or slowed. Of course, the final word belongs to the court.”*

This conclusion is meant to apply to matter C-147/13 as well.<sup>5</sup>

Regardless of the contents of this article, such an approach is certainly very unusual when it comes to exercising due respect for the pending proceedings and the court’s decision making process. At least from a German perspective, the detailed and public assessment of a confidential procedural document like the Spanish writ of summons whilst the respective dispute is still pending is an exceptional incident. It cannot be expected that the court will welcome the pressure exerted on it by this.

## **2. Has the article been “commissioned” by the German Federal Ministry of Justice?**

Upon my written enquiry to him, whether the Spanish writ of summons reviewed by him had been publicized, Prof. *Tilmann* referred me to the German Federal Ministry of Justice (BMJ), as the submissions were given to him confidentially. Upon my expressed incomprehension about his public discussion despite the pending proceedings and the mentioned confidentiality, he remarked:

*“Mein Aufsatz dient als Beitrag im Verfahren. Der EuGH nimmt ja keine amicus curiae letters an. Einen früheren in einer anderen Sache hatte er zurückgesandt. Dass ich die mir zu diesem Zweck vertraulich gegebenen Unterlagen nicht weitergeben kann, bitte ich zu verstehen.”*

In English translation:

*“My essay is a contribution to the proceedings. The CJEU does no longer accept amicus curiae letters. An earlier one in a different matter was returned by them. I ask it to be understood that I cannot pass on the documents which were given to me confidentially for this purpose.”*

I had never asked to be given the documents, however, this statement raised further questions as it sounds as if the BMJ would divulge to third persons documents from pending proceedings at the CJEU, so that these persons can try to influence these proceedings towards the politically desired outcome.

Therefore, I contacted by e-mail the persons responsible for the “unitary patent” at the BMJ, *Stefan Walz* and *Johannes Karcher*. Mr *Karcher* is also the “coordinator” of the “Legal Framework” working group of the Preparatory Committee for the Unified Patent Court, which, amongst others, is responsible for finalising the Rules of Procedure which were drafted, amongst others, also by Prof. *Tilmann*. Forwarding my correspondence with Prof. *Tilmann*, I asked them whether my understanding was correct that the BMJ has provided to Prof. *Tilmann* the writ of summons from proceedings C-146/13 for the purpose of comment.

Prof. *Tilmann*, who received a copy of my request, explained that this was a misunderstanding. He stated that the documents were provided to him confidentially for his information and not for the purpose of commenting, this had been solely his decision. The words “for this purpose” in his statement reproduced above would not relate to a contribution to the proceedings, but to a purpose chosen by himself. This purpose was not explained further. I asked for his permission to publicise my correspondence with him as to allow interested persons to make up their own mind. He expressly opposed this.

For the BMJ, Mr *Walz* commented, meaningfully answering my question as follows:

*“Das BMJ hat die spanische Klageschrift aus dem Verfahren C-146/13 Herrn Prof. Tilmann nicht zum Zweck einer veröffentlichten Kommentierung zur Verfügung gestellt.”*

In English translation:

*“The BMJ did not provide the Spanish writ of summons from proceedings C-146/13 to Prof. Tilmann for the purpose of a published comment.”*

An Amicus Curiae Letter is usually not published, the fact that the documents were forwarded to Prof. *Tilmann* for the purpose of comment was not disputed. My request for permission to publicise this statement remained unanswered. However, the public interest in the subject “unitary patent” and the background demands at least the publication of the above mentioned citations.

My e-mails to Prof. *Tilmann* and Mr *Walz* are accessible at [www.stjerna.de](http://www.stjerna.de), other contents are blackened. The unredacted correspondence is accessible at [www.stjerna.de](http://www.stjerna.de).

## **3. Prof. Tilmann’s work for the German Federal Ministry of Justice**

In this context, I remembered a letter which I had seen on the IPKat blog some time ago and in which Hogan Lovells had informed the European Scrutiny Committee of the UK House of Commons that the views presented by Prof. *Tilmann* in its examination “The Unified Patent Court: help or hindrance?” were his personal ones and not those of Hogan Lovells.<sup>6</sup> Incidentally, it had also been remarked in that letter that, apart from his position as an Of Counsel in the firm, he was an advisor to the German Ministry of Justice. It is important to note here that in his numerous statements on the “unitary patent”, Prof. *Tilmann* is usually indicating to act in his capacity as Rechtsanwalt and/or University Professor which attributes to his arguments a more objective connotation. If he is also acting as an advisor to the BMJ, this should be disclosed already due to the impact this fact has with regard to the interpretation and evaluation of his statements.

<sup>6</sup> The letter and a more detailed explanation on the underlying circumstances can be accessed on the IPKat blog at [bit.ly/2QA1YIb](http://bit.ly/2QA1YIb).

<sup>5</sup> *ibid.*, p. 4.

Therefore, in April 2014, I contacted Prof. *Tilmann*, asking him whether he would still exercise the advisory role mentioned in said letter. He replied that, apart from his membership of the Drafting Committee for the Rules of Procedure of the Patent Court, he had “*keine Funktion*” (“no function”). My question when his mentioned advisory role had ended remained unanswered.

Therefore, I again approached Mr *Walz* and Mr *Karcher* at the BMJ, asking for confirmation that Prof. *Tilmann* is no longer active as an advisor to the BMJ and – if so – when his advisory role had ended. Mr *Walz* replied that there was no formal status as a “Berater des BMJ” (“advisor to the BMJ”), but, however, that the BMJ sought advice from “*numerous practitioners from the patent community*” (translation from German). He confirmed that Prof. *Tilmann* belongs to this group, foremost due to his function in the Drafting Committee for the Rules of Procedure.

This answer is consistent with the information received from Prof. *Tilmann* insofar as this advisory role is not a “function”. The fact that said activities as an advisor appear to be still ongoing may explain why my second question to Prof. *Tilmann* was not answered. If the BMJ admits to forward for comment documents from pending court proceedings to Prof. *Tilmann*, who is acting as an advisor to the BMJ, the question arises whether the Ministry probably commissions such statements also on other aspects of the “unitary patent” as to influence the public opinion through such practitioner statements.

My e-mails to Prof. *Tilmann* and Mr *Walz* are accessible at [www.stjerna.de](http://www.stjerna.de), other contents are blackened. The unredacted correspondence is accessible at [www.stjerna.de](http://www.stjerna.de).

#### 4. Interim conclusion

These events do seamlessly fit in the row of peculiarities which have up to now accompanied the creation of the “unitary patent” and the court system<sup>7</sup> and which can be expected not to be suitable to foster the users’ trust in this new system. Despite the hope and trust that the CJEU will certainly know how to correctly deal with and evaluate the article by Prof. *Tilmann* and his positions set out therein, the backgrounds of this publication show the doubtful means which are still used to force through the “unitary patent” system at almost any cost.

### III. Prof. *Tilmann*’s position on the requirements of Article 118(1) TFEU

Furthermore, also Prof. *Tilmann*’s positioning as regards one of the decisive aspects in proceedings C-146/13, namely whether the “unitary patent” Regulation fulfills the requirements to rely on Art. 118(1) TFEU as the legal base, is rather astonishing as his latest view on this does

not seem to be fully consistent with his earlier line of argumentation.

#### 1. The dispute about former Articles 6 to 8 and their relevance for the legal basis

The background of this issue is formed by the well-known dispute about the former Art. 6 to 8 of the initial proposal for a “unitary patent” Regulation, in which, originally, the rights from a “unitary patent” and its limitations were defined. At its summit on 28 and 29/06/2012, the European Council, which is composed of Heads of State and Government of the EU Member States, suggested, at the request of the British Prime Minister *Cameron*, the deletion of these three articles from the “unitary patent” Regulation.<sup>8</sup> This was fiercely resisted by the European Parliament which had always considered the retention of these three articles as indispensable for the Regulation to be validly based on Art. 118(1) TFEU.

In November 2012, Parliament and Council agreed on a “compromise proposal” of the Cyprus Presidency and the Regulations were adopted accordingly in December 2012.<sup>9</sup> As is well known, this “compromise” included the deletion of Art. 6 to 8 from the “unitary patent” Regulation and the introduction of a new Art. 5, according to which the entitled person is conferred (only) the right “*to prevent any third party from committing acts against which that patent provides protection (...), subject to applicable limitations*” (Art. 5(1) of Regulation No 1257/12), thus granting to it a cease and desist claim. For the determination of said “acts” and “limitations”, however, reference is made to the national law (Art. 5(3) of Regulation No 1257/12), meaning especially the international Agreement on the Unified Patent Court (afterwards “Court Agreement”).

Whether this reference to the contents of an international Agreement is sufficient for the Regulation to rely on Art. 118(1) TFEU as a legal basis or whether this additionally requires that the material contents and limitations of the rights from the “unitary patent” are defined in the Regulation itself, is still controversial. The latter position is also shared by Spain in its nullity action against the “unitary patent” Regulation, objecting – inter alia – the lack of a legal basis.

The summit of the European Council in June 2012 with the request for a deletion of Art. 6 to 8 represents a turning point in the debate about the issue of legal basis. Before the summit and thereafter, Prof. *Tilmann* participated intensively in the discussion about the relevance of these Articles for Art. 118(1) TFEU. However, his most recent position does not seem to be fully consistent with what he had argued until the European Council summit. The positions taken by him will afterwards be contrasted with each other.

<sup>7</sup> Cf. *Stjerna*, The European Patent Reform – The sub-suboptimal compromise of the EU Parliament, accessible at [www.stjerna.de/suboptimal-compromise/?lang=en](http://www.stjerna.de/suboptimal-compromise/?lang=en), and Law-making in camera, accessible at [www.stjerna.de/intransparency-proceedings/?lang=en](http://www.stjerna.de/intransparency-proceedings/?lang=en).

<sup>8</sup> Cf. *Stjerna*, The European Patent Reform – Failed for now, accessible at [www.stjerna.de/failed-for-now/?lang=en](http://www.stjerna.de/failed-for-now/?lang=en).

<sup>9</sup> Cf. *Stjerna*, The sub-sub-suboptimal compromise of the EU Parliament (fn. 7),

## 2. The current position

Prof. *Tilmann*'s most recent position was that the "compromise" as finally adopted fully satisfies the requirements of Art. 118(1) TFEU. A positive definition of the acts against which the "unitary patent" provides protection as well as the respective limitations in the Regulation itself would not be necessary. Instead, the reference to the national law, especially the Court Agreement, would be sufficient for Art. 118(1) TFEU, as it had an "incorporating" character, causing the referenced contents to be drawn into the Regulation.

### a) The debate in the Legal Affairs Committee of the European Parliament on 5 November 2013

For the first time since the adoption of the "patent package" by the European Parliament on 11/12/2012, the topic "unitary patent" was discussed in its Legal Affairs Committee on 05/11/2013 in a "state of play" debate.<sup>10</sup>

In this debate, in his function as a member of the Drafting Committee for the Rules of Procedure, also Prof. *Tilmann* was heard and, at the beginning of his speech, thanked the Legal Affairs Committee members for the "compromise" found in November 2012 (translated from German):<sup>11</sup>

*"The fact that we are here today is largely owed to your strong resistance last year which prevented the creation of a Regulation without a claim for an injunction and thus one without a legal base in Union law. You have developed here Art. 5 of the Regulation which, in my opinion, is an injunction claim fully rooted in Union law and all of us hope that this position will be shared by the European Court of Justice in relation to the two actions of Spain pending there against the two Regulations, Union patent and translation regime."*

Shortly after the adoption of the Regulations, Prof. *Tilmann* has put forward this position, namely that the adopted "compromise" fulfills the requirements of Art. 118(1) TFEU, in a number of articles in more detail.

### b) European Intellectual Property Review 2014, p. 4 ff.

In his mentioned article in the "European Intellectual Property Review" from January 2014, he states (emphasis added):<sup>12</sup>

*"In fact, the Regulation does provide for uniform protection. It has been common opinion since 1976 (first Luxembourg Conference) and from 2003 on (when the Commission took the wheel) that the Union would have to use the granting (and opposition) procedure of the EPO as a basis for the EU patent. The Lisbon architects of Art. 118 TFEU were aware of this. In the field of pa-*

*tents a 'European IP title' (Art. 118(1) TFEU; not 'EU IP title') could only be a European patent granted by the EPO and endowed with a unitary effect by Union law. Art. 3 and 5 of the Regulation provide such unitary effect: Art. 3(2) relates to limitation, transfer and revocation; Art. 5(1) and (2) relate to uniform protection. Only a part of the legal requirements for uniform protection (the definition of the acts against which the uniform protection is to be applied) is defined by Art. 5(3) in the way of an incorporating referral by referring to the relevant part ('acts') of Art. 25 and 26 UPCA via the national law for EU patents in the state defined by Art. 7. The same method is used regarding the limitations.*

*The applied method of using external definitions by way of an incorporating referral is an acknowledged legal method, and it does not change the character of Art. 5 as an EU law article concerning its whole content (including the content incorporated by the referral). It is not an international law-type referral to the applicability of a rule of a different legal system.*

*Art. 64(1) EPC uses the same method by incorporating national rules into the international protection it provides. Art. 142(1) EPC allows a group of Member States to substitute the contents of this referral (national protection rules) for the contents of common protection rules, and Art. 5 provides such common protection rule in the form of EU law which, if seen from the international law side of the EPC, has the qualification of a special agreement under Art. 142(1) EPC."*

### c) VPP-Rundbrief 2/2013, p. 56 ff.

A similar statement of Prof. *Tilmann* can be found in an article published in June 2013 in VPP-Rundbrief 2/2013, the German Association of Intellectual Property Experts' circular, on p. 56 (translated from German, emphasis added):

*"Critical questions are asked here from the academic side: Do we have an "intellectual property right" in the sense of Art. 118(1) TFEU at all? Does the Regulation really provide a "uniform protection" or is this not only caused through the Patent Court Agreement? Spain has asked these questions in its new action. The answer is that the EPC was known at the time when Art. 118 TFEU was created. It was known that, on the patent area, Art. 118(1) TFEU could only tie in with the grant of European patents. Yes, but in reality, uniform protection is defined in the Court Agreement only, says Spain.*

*This leads us to Art. 5 and 7 of the Patent Regulation and to the complicated compromise reached between Parliament and Council after the deletion of the famous Art. 6-8 from the Regulation. Art. 5(1) and (2) grant a uniform cease and desist claim under Union law. However, for the acts addressed by this claim and for the limitations of this claim, paragraph 3 of Art. 5 refers, via Art. 7 and the national law of the member state of*

<sup>10</sup> A video recording of the meeting is accessible at [bit.ly/3jrAhha](http://bit.ly/3jrAhha); a verbatim protocol of all speeches in their original language as well as a German and English [afterwards "protocol EN"] translation thereof is available at [www.stjerna.de/requirements-118-1-tfeu/?lang=en](http://www.stjerna.de/requirements-118-1-tfeu/?lang=en).

<sup>11</sup> Protocol EN, para. 89, from 16:23:47 of the recording.

<sup>12</sup> EIPR 2014, 4 (5).

*residence, to the Court Agreement and the definitions in its Art. 25-27. In both cases (in relation to the acts as well as the limitations), this is an incorporating reference, causing the definitions in Art. 25-27 to become part of the Union law. This is possible under Union law and causes the CJEU to be competent for the interpretation of Art. 25-27 of the Court Agreement.*

#### **d) Journal of Intellectual Property Law & Practice 2013, p. 78 ff.**

Prof. *Tilmann* has also explained the “compromise” on Art. 6 to 8 in April 2013 in an article for the “Journal of Intellectual Property Law & Practice”.<sup>13</sup> In it, he says (emphasis added):<sup>14</sup>

*“A common basis for many of the compromise proposals ventured from September to November 2012 between the Commission, the Parliament and the Council was that the Patent Regulation include a rule directly or indirectly referring to the Unified Court Agreement. An indirect referral would be a reference to the national law of the Member State where the patent is ‘rooted’ (ie the national law of which is to be applied under Art. 10 of the Patent Regulation, the law of the seat of the patentee).*

*Though not explicitly mentioned, the Court Agreement – as being part of the national law – would be covered by such a reference. The idea amounts to the type of referral used in Art. 64(1) of the EPC. This is not an international private law referral which would render the national law and the Court Agreement directly applicable. Art. 2(2) and 64(1) of the EPC refer to national law in order to describe what they intend to regulate. Literally speaking, they draw the contents of the rules referred to into EPC law. The same legal technique was to be used by the suggested compromise. The legal effect would be that the rules referred to would become unitary law by referral. The CJEU would then have the power to interpret the rules of the Agreement or of the relevant national law.”*

He continues (emphasis added).<sup>15</sup>

*“From a legal point of view, the compromise has characteristics which need explaining. The unitary effect commences only after the grant of the European patent. The patentee must register his wish to acquire, for his European patent, a unitary effect with the EPO. At that point of time Art. 5 starts having effect with regard to Art. 64 EPC and its referral to “national law”. Art. 5 guides that referral by defining which state’s national law is to be applied: the national law which Art. 10 of the EU Patent Regulation prescribes for transactions relating to the patent and similar acts (in this case, the Art. 10 state).*

*Included into this referral is the Court Agreement which is part of the national law of each participating Member State. The referral of Art. 5 is limited to the cease and desist claim. Rules governing the scope and the limitations of such a claim for unitary patents can only be found in the Agreement (Art. 14f-i). No other part of the national law of any Article 10 state is applicable under the referral of Article 5.”*

Very instructive with regard to the arising problem is his following statement (emphasis added):<sup>16</sup>

*“Art. 5 confers a “right” on the patentee (paragraph 1) which is uniform for the territory of the participating Member States (paragraph 2). The conferral of a “right” without stating against which acts this right may be used and without stating which limitations to apply to it would not be a right but only a principle or the announcement that such right is regulated somewhere else. A claim cannot be divided (or split or bifurcated) between the granting of a right (to be conferred on the right-owner in one legal body) and rules describing what that right gives to its owner (in another legal body). For these reasons, the referral in Art. 5(3) must be understood as an “incorporating referral”, meaning that Art. 14f-i UPCA are integral parts of the rule in Article 5 and thus belong, for unitary patents, to the Union law.”*

After all, Prof. *Tilmann* deems the “compromise solution” workable in relation to Art. 118(1) TFEU if the reference in Art. 5(3) Regulation No 1257/12 is understood as an “incorporating referral”.

#### **3. The earlier position**

However, until the European Council summit in June 2012 he had argued a little differently, warning against deleting Articles 6 to 8 from the “unitary patent” Regulation and regulating their contents outside of it, e. g. in the Court Agreement, as this could mean that Art. 118(1) TFEU could no longer be used as a legal basis.

#### **a) ERA Forum 2012, p. 87 ff.**

Prof. *Tilmann* addressed this problem in his essay “Moving towards completing the European Patent System: an Overview of the draft Agreement on a Unified Patent Court”<sup>17</sup> from February 2012. Under the sub-heading “The Art. 118(1) TFEU problem”, he comments:<sup>18</sup>

*“The amended Union Patent Regulation, in creating a “European Patent with unitary effect” (Art. 3(2)), will have two legal functions – or two faces, like the old Roman god Janus. One face is turned towards Art. 142 of the European Patent Convention, for which the Regulation functionally is a so-called “special agreement” of a group of European Patent Convention member states providing for, in the words of Art. 142(1) of the European Patent Convention, a “unitary character”*

<sup>13</sup> JIPLP 2013, 78 ff.

<sup>14</sup> *ibid.*, p. 79,

<sup>15</sup> *ibid.*, p. 80.

<sup>16</sup> *ibid.*, p. 81.

<sup>17</sup> ERA Forum 2012, 87 ff.

<sup>18</sup> *ibid.*, p. 93.

of the European Patent designating all group members. The other face is turned towards Art. 118(1) TFEU.”

He goes on to explain (emphasis added):<sup>19</sup>

*“The Union Patent Regulation provides for such “uniform protection” – the third element of the “unitary effect” – not only verbally, in Art. 3(2) second sentence, but also in fact: by granting to the owner of a block patent with its European Patent Convention-type unitary character an autonomous claim under European Union law to an injunction against direct and indirect infringement, in addition to imposing limitations on that claim.”*

*In doing so, the Regulation makes use of Art. 118 TFEU. And that is the second legal function of the Regulation – the second face of the god Janus, now turned to Art. 118 TFEU. This article, inserted by the Lisbon Treaty, provides the legal basis for (I quote) “measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights”. In order to be based on Art. 118 TFEU and in order to create “European intellectual property rights” within the meaning of that Article, the Regulation must contain (as it does) at least one sanction, one measure to provide “uniform protection”, the claim to an injunction. The Regulation cannot leave the uniform protection to the Agreement. That would mean risking a decision of the European Court of Justice that the Regulation is not valid because it is wrongly based on Art. 118 TFEU. The Regulation would be devoid of “uniform protection”, therefore there would be no “European intellectual property right” within the meaning of Art. 118(1) TFEU. The European Union legislator cannot risk such a consequence.*

*Thus we see that the “unitary effect” of which the Regulation speaks consists of three elements: two European Patent Convention elements (viz., block revocations and block transactions) and one European Union law element (“uniform protection” in the form of an injunction claim and its limitations).”*

As to the aspect of the CJEU’s involvement which formed the background for the dispute about Art. 6 to 8, Prof. Tilman states (emphasis added):<sup>20</sup>

*“This small degree of involvement on the part of the European Court of Justice is unavoidable, because, as already noted, Art. 118 TFEU may be used as a legal basis for the Regulation only if the Regulation contains a minimum level of “uniform protection”. A tacit referral to national protective rules is not the same as providing uniform protection in the Regulation. Merely to say, in Art. 3(2), “uniform protection”, is not the same as providing it.”*

And (emphasis added):<sup>21</sup>

*“Against this legal background the articulated demand, which has spread like an epidemic, of user associations to transfer Art. 6 to 8 of the Regulation into the Unified Patent Court Agreement in order to “avoid the European Court of Justice” must be criticised as being legally unfounded, widely exaggerated and politically unwise. The Union legislator cannot, with open eyes, risk creating a Regulation without following the requirements of the only available basis in Union law (Art. 118(1) TFEU). The Legal Services have warned against this. How would the Union institutions defend such an act (if the Articles were transferred) before the European Court of Justice, which would be aware of these warnings and of the only reason for the transfer (to avoid it)?”*

#### **b) Statement for the House of Commons European Scrutiny Committee**

In January 2012, in a written statement titled “The battle about Art. 6-8 of the Union-Patent-Regulation”, Prof. Tilman commented on the requirements of Art. 118(1) TFEU in the course of an examination conducted by the UK House of Commons European Scrutiny Committee on the subject “The Unified Patent Court: help or hindrance?”, briefly mentioned above already.<sup>22</sup>

In section “The Article 118 TFEU-Argument”, he explains (emphasis added):

*“17. Only at a late stage of the discussion, the requirements of Art. 118 TFEU, the basis for the Union Patent Regulation, became part of the discussion and noticed by the “opposition”. Actually, the risk and burden of referral-questions to the ECJ concerning the detailed requirements of Art. 6–8 of the Regulation had to be weighed against the danger, that the Regulation would lose its legal base in Union law, if these Articles (and Art. 9) were transferred to the UPC Agreement.*

*18. Art. 118 TFEU defines the “European intellectual property right” and the “measures” creating such right by the effect of a “uniform protection”. From this wording it seems to follow that the Regulation cannot be based on Art. 118 TFEU, if it does not contain at least one “measure” (claim, sanction) for “protecting” the Union Patent in a “uniform” way. The uniformity of the EPC granting and revoking-rules has nothing to do with “protection rules”. The scope-of-protection-rule of Art. 69 EPC (plus Protocol thereto) applies already to European Patents. Art. 3(2) of the draft-Regulation apparently is intended to add protection for the European Patents with unitary effect.*

*19. This was the view of the Judicial Services of the Commission, of the Legal Committee of the Parliament and of the great majority in the Council.”*

<sup>19</sup> *ibid.*, p. 94.

<sup>20</sup> *ibid.*, p. 96.

<sup>21</sup> *ibid.*, p. 97.

<sup>22</sup> The article is accessible at [bit.ly/3jhpndJ](http://bit.ly/3jhpndJ) or as a part of volume II of the Committee’s report accessible at [bit.ly/3hAgMSZ](http://bit.ly/3hAgMSZ), p. 12.

In respect of the opinion by Prof. *Kraßer* “Effects of an inclusion of regulations concerning the content and limits of the patent holder's rights to prohibit in an EU regulation for the creation of unitary European patent protection”, according to which it could be sufficient to create an intellectual property right by Union law to fulfill the requirements of Art. 118(1) TFEU<sup>23</sup>, he sets out:<sup>24</sup>

*“24. This argument would run further against the wording of and the effet utile intended by Art. 118 TFEU. From the wording of that rule it follows clearly that the “measure” by which the European industrial property right” is “created” must in itself contain and through itself provide for a “uniform protection.”*

(...)

*26. Therefore, the interpretation Attorney General Vilalón as well as the ECJ have given to the concept of EU-wide “protection” under Art. 102 CTM-Reg. in the case 235/09 (DHL v Chronopost) will be the most likely interpretation of “uniform protection” under Art. 118 TFEU: safeguarding the unitary right by a court order and the enforcement of that order. This means for an EP with unitary effect: substituting the national protection, to which Art. 64 EPC is referring, by a protection rule on the Union law level.”*

If this should not be taken into account, there could be problems in a potential legal dispute before the CJEU (emphasis added).<sup>25</sup>

*“28. (...) There was, at least, a serious risk, that the view of the Judicial Service of the Commission, the Legal Committee and the majority in the Council was correct and would be shared also by the ECJ. Any defendant in a Union Patent case before the Unified Patent Court would have argued in this direction, and the UPC would have had to refer this question to the ECJ. There would have been a high risk that the Regulation would be declared null and void because wrongly based on Art. 118 TFEU.*

*29. The ECJ, already alarmed about the danger of not being included in the process of interpreting Union law (Opinion 1/09) in cases before the Patent Court as designed before March 2011, certainly would have noticed the fervent attempts of the “opposition” to leave him out of the patent-cases before the newly constructed UPC. Therefore, a referral to him on Art. 118 TFEU would have to be argued before him in a very difficult atmosphere. And it would be known to the ECJ that the EU legislator saw this risk and, then, acted “with eyes shut”. Surely, the Union legislator should not have run that risk.”*

These statements sound more as if Art. 118(1) TFEU could be used as a legal basis for the “unitary patent” Regulation only if, apart from creating at least one sanction, also the

acts in relation to which this sanction is granted as well as the respective limitations are defined in this Regulation and that a reference to external legal sources will not be enough.

#### IV. Conclusion

Of course, the question what the requirements of Art. 118(1) TFEU are can be answered in different ways, as it can already be seen in the variety of positions which renowned experts have taken on this issue. However, it seems that, in a figurative sense, the metaphor of the “two faces of old Roman god Janus” used by Prof. *Tilmann*<sup>26</sup> can also be applied to his own reasoning as he appears to answer, at different times of the legislative proceedings, the same question in different ways.

While until the summit of the European Council in June 2012, he seems to have been of the opinion that it is essential to have Art. 6 to 8 in the “unitary patent” Regulation to rely on Art. 118(1) TFEU as its legal basis and having them in external legal sources like the Court Agreement was deemed insufficient, this view appears to have shifted to the opposite recently. However, the resolution of the problem might not be as easy as this change of mind.

In the passage from his article in the “Journal of Intellectual Property Law & Practice” cited above on p. 5, Prof. *Tilmann* himself describes the core of the problem when he says that the conferral of a right in a legal instrument without the exact definition of the requirements and limitations of this right in that same legal instrument would merely be a principle or the announcement of such right being regulated elsewhere and that a claim could not be divided into the granting of a right in one legal body and the definition of this same right in a different legal body.<sup>27</sup> This seems identical to the position of those holding that, after the removal of Articles 6 to 8 from the Regulation, Art. 118(1) TFEU could no longer be used as a legal basis. However, Prof. *Tilmann* avoids this consequence by attributing to the reference in Art. 5(3) of Regulation No 1257/12 said “incorporating effect”, which would cause these referenced external contents to become attributable to the “unitary patent” Regulation as if they were set out positively therein. In 2012, in his mentioned article in “ERA Forum”, p. 96, he had argued that a “tacit referral” to national law would not be the same as providing uniform protection in the Regulation and would thus not be sufficient<sup>28</sup> – is such a referral suddenly perfectly acceptable due to the fact that it is made explicitly now?

It is not without reason that the European Parliament’s Legal Service, which had deemed the presence of Art. 6 to 8 in the “unitary patent” Regulation inevitable in their legal opinion of 09/07/2012<sup>29</sup>, against the background of Art. 118(1) TFEU, strongly advised to have substantive

<sup>23</sup> Opinion, p. 9, no. 3.

<sup>24</sup> *ibid.*, emphasis added.

<sup>25</sup> *ibid.*

<sup>26</sup> Cf. above p. 6.

<sup>27</sup> *JIPLP* 2013, 78 (81).

<sup>28</sup> Cf. above, p. 6.

<sup>29</sup> Opinion SJ-0462/12, accessible at [xup.in/dl.12771791](http://xup.in/dl.12771791).

rules defining uniform protection in the Regulation itself.<sup>30</sup> In the Legal Affairs Committee meeting on 11/10/2012, the Legal Service's representative, *Ulrich Rösslein*, said (translated from German).<sup>31</sup>

*"At this point in time, we can merely say that the situation has remained the same that it was prior to the summer. This means, I can again refer to our position as communicated during the presentation of our opinion to the Committee. From our view, a deletion of Art. 6 to 8 would mean the omission of an essential element of the Regulation, namely a substantive regulation of the unitary protection of the patent in the Union.*

*We are still of the opinion that this aspect should be regulated by the Union legislator itself within the Union law, i. e. in the Regulation. Otherwise, from our position, the danger exists that the Regulation would not be compatible with the primary law, especially with the proposed legal base of Art. 118 TFEU as chosen by the Commission, so that there is a risk that the Regulation could be nullified by the Court of Justice."*

Accordingly, in its statement on the "compromise" in the Legal Affairs Committee meeting on 26/11/2012, the Legal Service took a rather skeptical position on the question whether it satisfies the requirements of Art. 118(1) TFEU.<sup>32</sup> Its representative *Ulrich Rösslein* explained (translated from German).<sup>33</sup>

*"As to the Regulation's compatibility with the legal basis of Art. 118(1) of the Treaty, the Legal Service clearly considers the actual compromise proposal as an improvement over the initial idea to delete Art. 6 to 8 from the Regulation text completely and without replacement. Now, with the compromise proposal, the Regulation would at least again contain a regulation of material patent protection which, from our view, is inevitable to adopt the Regulation on the basis of Art. 118. We had indicated this already in our opinion of last summer.*

*However, it also has to be said that the compromise text does by no means allay all legal concerns. Especially the aspect that, in terms of the contents and limitations of patent protection, reference is made to an international agreement, the agreement for the patent court, to us still appears to be problematic. The original compromise proposal and the result initially achieved in the trilogue, namely to govern this aspect in the Regulation itself, in its Art. 6 to 8, is, in our view, the legally more reliable solution."*

It goes without saying that this theory of an "incorporating referral" is an attempt to square the circle by, on the one

hand, deleting Art. 6 to 8 from the "unitary patent" Regulation in accordance with the request of the European Council, especially Great Britain, while, on the other, trying to read the contents of these deleted provisions back into the Regulation by way of the mentioned referral, as to be able to use Art. 118(1) TFEU as the legal basis.

In addition, the supporters of this "solution" frequently emphasize that upon accepting this construction, the CJEU would gain the competence for the interpretation of the material patent law in relation to the "unitary patent", the avoidance of which, as is well known, had been the motivation underlying the European Council's request for a deletion of Art. 6 to 8. It is not difficult to recognize the inherent offer of a "quid pro quo" to the court.

That politics would need the support of the CJEU had already been underlined by the member of the European Parliament *Luigi Berlinguer* (S&D group) in the Legal Affairs Committee meeting on 19/11/2012, in which the "compromise proposal" was discussed in camera.<sup>34</sup> He commented (translated from Italian):<sup>35</sup>

*"I recognize that the found solution causes astonishment, because it is truly very imaginative as it adds to Community law, through the intergovernmental Agreement, a component of private international law which we could hardly understand if it was found in a university paper. This is true. But if we in Europe always only followed academic guidelines, we would accomplish nothing. In the past, Europe acted with legal boldness, boldness and *Salti mortali*, which subsequently legally solidified since our Court of Justice helps us to solidify these boldnesses."*

It will be interesting to see how the CJEU will deal with this "Salto Mortale" called "incorporating referral" and whether they will really regard it sufficient for Art. 118(1) TFEU that, on the one hand, the required material contents were removed from the Regulation, but are said to have afterwards been reincorporated into it through a reference to external legal sources, especially the Court Agreement, as if they would never have been deleted there.

The decision of the court might be expected still in 2014.

\* \* \*

For possibilities to support my work on the European patent reform please visit [www.stjerna.de/contact/?lang=en](http://www.stjerna.de/contact/?lang=en). Many thanks!

<sup>30</sup> A video recording of the meeting is accessible at [bit.ly/31w3sJB](http://bit.ly/31w3sJB); a verbatim protocol [afterwards "verbatim protocol EN"] for all public meetings of the European Parliament and its Legal Affairs Committee on the "unitary patent package" is available via [www.stjerna.de/new-problems/?lang=en](http://www.stjerna.de/new-problems/?lang=en).

<sup>31</sup> Verbatim protocol EN, para. 880 f., rec. 11:13:40 ff.

<sup>32</sup> A video recording is accessible at [bit.ly/31qWwW7](http://bit.ly/31qWwW7).

<sup>33</sup> Verbatim protocol EN, para. 1090 f., rec. 15:48:34 ff.

<sup>34</sup> An audio recording of the meeting can be downloaded at [www.stjerna.de/patfiles/JURI\\_Meeting\\_OR\\_2012-11-19.mp3](http://www.stjerna.de/patfiles/JURI_Meeting_OR_2012-11-19.mp3).

<sup>35</sup> Verbatim protocol EN, para. 1026.