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## INTERIM LEGAL OPINION

**Subject:** Possible **conclusion of the European Patent Litigation Agreement** by the **Member States** - overlap between that agreement and the *acquis communautaire*

### I. Introduction

- 1 By its resolution of 12 October 2006 on future patent policy in Europe, the European Parliament requested the Legal Service to provide an interim opinion on EU-related aspects of the possible conclusion of the European Patent Litigation Agreement by the Member States in the light of overlaps between that agreement and the *acquis communautaire* and to clarify legislative competences in this field<sup>1</sup>
- 2 The President of the European Parliament, MI Josep BORRELL FONTELLES, by a letter to the Jurisconsult of 9 November 2006 (annex II), confirmed that request and indicated that the legal opinion should be addressed to the Committee on Legal Affairs, which is responsible for intellectual property matters in accordance with Annex VI of the Parliament's Rules of Procedure.

### II. Analysis

- A *The European Patent system and the draft Agreement on the establishment of a European patent litigation system*
- 3 Currently, in Europe, including the European Union, patents may be obtained both through national patent systems and the European Patent system, based on the Convention on the Grant of European Patents, signed in Munich in 1973 (hereinafter "the Munich Convention")

<sup>1</sup> P6\_TA-PROV(2006)0416, annex 1

4. The Munich Convention is not part of Community law; instead it constitutes an independent system of international law that provides for a centralized procedure for the granting of a European patent in one or more of the Contracting States. Twenty-six ED Member States are currently members of the European Patent Organisation, created by the Munich Convention. Malta has been invited to accede to the Convention<sup>2</sup>.
5. The European Patent Office is charged with granting European patents on the basis of a single European patent application and through a centralized grant procedure<sup>3</sup>. Although the Munich Convention enshrines certain provisions which are applicable to a European patent in its post-grant phase," once granted a European patent operates as a series of national patents for those States in which patent protection was sought<sup>5</sup>. Thus, the enforcement of European patents is governed by national law and only national authorities deal with disputes arising from a European patent."
6. In 1999 the Member States of the European Patent Organisation set up a Working Party on Litigation with the mandate to draw up an optional agreement on an integrated judicial system for the settlement of litigation concerning European patents. Currently, almost complete agreement amongst Member States of that Organisation has been reached on a draft Agreement on the establishment of a European patent litigation system, generally referred to as the "European Patent Litigation Agreement" or "EPLA".<sup>7</sup>
7. The draft EPLA provides for the establishment of a European Patent Judiciary to settle litigation concerning the infringement and validity of European patents. The organs of the European Patent Judiciary are the European Patent

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<sup>2</sup> The European Patent Organisation currently has thirty-one Member States, including Iceland, Liechtenstein, Monaco, Switzerland and Turkey. Information available at the European Patent Office website: <http://www.european-patent-office.org/epo/members.htm>

<sup>3</sup> One of the tasks of the European Patent Office is to deal with international applications under the Patent Cooperation Treaty, signed in Washington on 19 June 1970, designating the Contracting States of the Munich Convention for protection. Such applications are treated as European patent applications. Thus, a European Patent can be obtained either by making a direct application to that Office under the European Patent Convention, called a *Euro-direct* application, or via a Patent Cooperation Treaty application, called a *Euro-PCI* application.

<sup>4</sup> The aforesaid provisions govern the term of protection (Article 63), the scope of protection (Articles 64 and 69) and set out the grounds for national revocation (Article 138 EPC). Article 99 allows third parties to file an opposition against a European patent with the European Patent Office within nine months of the date of grant of that patent.

<sup>5</sup> Article 2(2) of the Convention on the Grant of European Patents states as follows: "*[t]he European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless otherwise provided in this Convention.*"

<sup>6</sup> For instance, Article 64(3) of the Convention on the Grant of European Patents provides that any infringement of a European patent shall be dealt with by national law.

<sup>7</sup> Assessment of the impact of the European Patent Litigation Agreement (EPLA) on litigation of European patents, February 2006, p. 4, available at [http://www.european-patent-office.org/epo/eplajpdf/impact\\_assessment\\_2006\\_02\\_vI.pdf](http://www.european-patent-office.org/epo/eplajpdf/impact_assessment_2006_02_vI.pdf)

Court and the Administrative Committee. The European Patent COUIt comprises the Court of First Instance, the Court of Appeal and a Registry <sup>8</sup>

- 8 The chaft comprises seven parts, which are preceded by a preamble Part I deals with general and institutional provisions, Part II lays down financial provisions for the European Patent Judiciary, Part III regulates substantive patent law, jurisdiction and effect of decisions, Part IV concerns procedure before the European Patent Court, Part V governs procedural remedies, Part Va deals with Facultative Advisory Council and Part VI sets out transitional and final provisions.
- 9 Provisions laid down in Part III grant jurisdiction to the European Patent COUIt over disputes regarding European patents effective in one or more of the Contracting States
10. Article 38 (I) provides that those Contracting States which are also party to the Brussels Convention" as amended by the Conventions on the Accession to that Convention of the States acceding to the European Communities and the Lugano Convention<sup>10</sup> designate the European Patent COUIt as their national COUIt within the meaning of those Conventions In case there is a conflict between those Conventions and the present agreement, the former shall prevail.!
- 11 Article 39 (I) of the draft agreement envisages that those Contracting States which are also Member States of the European Community and bound by Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters< (hereinafter "the Brussels Regulation") designate the European Patent Court as their national COUIt within the meaning of that Regulation In case there is a conflict between that Regulation and the present agreement, the former shall prevail <sup>13</sup>
12. Article 43 of the draft EPLA concerns the effect of decisions of the European Patent Court Pursuant to Article 43(1), decisions of that Court shall be regarded, in any Contracting State, as decisions of a national court of that State.

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<sup>8</sup> Article 3. The text of the draft EPLA is available at

<http://www.european-patent-office.org/eipo/epla/pdf/ewI0510.pdf>

<sup>9</sup> 1968 Brussels Convention on jurisdiction and the enforcement of judgments in civil and commercial matters, OJ L 299 of 31 December 1972, p 32 - 42.

<sup>10</sup> 88/592/EEC: Conventiou on jurisdiction and the enforcement of judgments in civil and commercial matters - Done at lugano on 16 September 1988, OJ 1 319 of 25 November 1988, p 9-48

<sup>11</sup> Article 38(3)

<sup>12</sup> **all** 12 of 16 January 2001, p 1 - 23 Corrigendum OIL 307 of 24 November 2001, p. 28. That regulation replaced, as between all the Member States apart from Denmark, the Brussels Convention as amended by the Conventions on the Accession to that Convention of the States **acceding to the European Communities,**

<sup>13</sup> Article 39(2) in conjunction with Article 38(3)

13. As regards the jurisdiction of national courts, Article 45(1) stipulates that the national courts of any Contracting State shall retain jurisdiction to order such provisional and protective measures as are provided for by their national law. Article 46(1) specifies that those courts shall retain jurisdiction in respect of the provisional seizure of goods as security for any damages, compensation, costs or any other payment resulting from proceedings before the European Patent Court
- 14 Part IV of the draft EPLA lays down measures, procedures and remedies for the enforcement of European patents. It includes, *inter alia*, a list of means of giving and obtaining evidence, deals with the production of evidence by another party, the protection of confidential information, provisional and protective measures, the power of the European Patent Court to order measures, securities, sanctions and fines laid down in the EPLA, and provides for the right to information.

*B The competence of Member States to conclude the envisaged Agreement on the establishment of a European patent litigation system*

I) General principles governing the division of competence between Member States and the Community

*(a) The ERTA doctrine*

- 15 At the outset, it should be noted that the competence of Member States to enter into the envisaged EPLA may not be separated from the issue of the existence of a Community competence to conclude that agreement, which may limit or exclude Member States competence. Where the Community's competence is exclusive, the Member States may not conclude such an agreement
- 16 The Court has found that where common rules have been adopted, the Member States no longer have the right, acting individually or even collectively, to undertake obligations with non-member countries which affect those rules. In such a case, the Community has exclusive competence to conclude international agreements.<sup>14</sup>
- 17 Moreover, even where there is no contradiction between Community rules and an international agreement which concerns an area covered to a large extent by Community harmonization rules, the commitments arising from the agreement are capable in principle of affecting the relevant Community rules<sup>15</sup>

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<sup>14</sup>The so-called 'ERTA doctrine' originated in the Court's judgment in Case 221/70 *Commission v Council*, also referred to as "*the ERTA case*," [1971] ECR 263, paragraphs 17 and 18 and since then has been reconfirmed in a number of cases, most recently in Opinion 1/03 of the Court of 7 February 2006 - Competence of the Community to conclude the new Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, [2006] ECR I-1145, in particular paragraph 116

<sup>15</sup> Opinion 2/91 of 19 March 1993 - Convention N° 170 of the International Labour Organization concerning safety in the use of chemicals at work [1993] ECR I-1061, paragraphs 25 and 26

18 Consequently, Member States may not undertake such commitments outside the Community framework; such action would in principle contravene their obligations under Article 10 EC, and in particular the requirement to abstain from any measure which could jeopardise the attainment of the objectives of the Treaty

*(b) External Community competence as regards intellectual property litigation*

19. As regards the area the EPLA intends to regulate, its preamble states that the rationale behind the adoption of that instrument is:

*" to promote the uniform application and interpretation of European patent law, to improve the enforcement of European patents and to enhance legal certainty by setting up a European Patent Judiciary to settle litigation concerning the infringement and validity of European patents effective in one or more of the Contracting States "*

20. Thus, the draft EPLA aims to lay down rules in areas in which the Community has adopted internal rules, notably Directive 2004/48/EC on the approximation of laws on the enforcement of intellectual property rights to ensure the proper functioning of Internal Market<sup>16</sup> and the Brussels Regulation on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.<sup>17</sup>

21. While the EC Treaty does not expressly authorize the Community to act externally, the Court has already confirmed the existence of an implied Community competence to conclude an international agreement on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters<sup>18</sup>

22 The Court has also ruled that the Community is competent to harmonize national measures on the enforcement of intellectual property rights in so far as they *"directly affect the establishment or functioning of the common market "*,<sup>19</sup>

23. Thus, it may be inferred from the Court's case law that the Community has implied competence to enter into international agreements governing the enforcement of intellectual property rights.

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<sup>16</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157 of 30 April 2004, p 45 -86 Corrigendum OJ L 195 of 2 June 2004, p.16-25.

<sup>17</sup> Cited above, Section 11 A

<sup>18</sup> Opinion 1/03 on the competence of the Community to conclude a new Lugano Convention, referred to above, paragraph 134 In that case the Court noted that the actual existence of that competence is not at stake but only whether it is exclusive or shared. In this respect the Court considered sufficient to note that the Community had already adopted internal rules in the area concerned, notably the Brussels Regulation.

<sup>19</sup> Opinion 1/94 of the Court of 15 November 1994 - Competence of the Community to conclude international agreements concerning services and the protection of intellectual property - Article 228 (6) of the EC Treaty [1994] ECR I-5267, paragraph 104.

(c) Character of the Community's external competence

24. Given that the Community is vested with the authority to act externally in the policy areas concerned, it is necessary to assess whether there exist circumstances which would render such competence exclusive, i.e. whether the conclusion of the EPLA would affect the relevant Community rules.
- 25 To that end the COUIt has established that in carrying out such assessment, the emphasis should be placed on securing the uniform and consistent application of the Community rules and the proper functioning of the system which they establish in order to preserve the full effectiveness of Community law <sup>20</sup>

2) The effect of the EPLA on Directive 2004/48

26. The Directive obliges Member States to provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights <sup>21</sup> It covers such issues as the production and preservation of evidence, the right to information, provisional and precautionary measures, and measures resulting from a decision on the merits of the case
- 27 Generally, the scope of the Directive covers any infringement of intellectual property rights as provided for by Community law and/or by the national law of the Member State concerned.<sup>f</sup> That Directive applies to patent rights by virtue of Article 1, which provides that the term "intellectual property rights" includes industrial property rights. <sup>23</sup>

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<sup>20</sup> Opinion 1/03, paragraph 133, see also paragraph 128 In that Opinion the Court summarized previous case law regarding the application of the ERTA doctrine and clarified the circumstances under which the Community's external competence becomes exclusive by virtue of the effect of an international agreement on Community rules It held that "[t]he purpose of the exclusive competence of the Community is primarily to preserve the effectiveness of Community law and the proper functioning of the systems established by its rules, independently of any limits laid down by the provision of the Treaty on which the institutions base the adoption of such rules" (paragraph 131)

<sup>21</sup> Article 3(1)

<sup>22</sup> Article 2(1).

<sup>23</sup> Pursuant to Article I(2) and Section 5 of Part II of the Agreement on Trade-Related Aspects of Intellectual Property Rights, the term "intellectual property" refers, *inter alia*, to patents That Agreement is set out in Annex I C to the Agreement establishing the World Trade Organisation and approved on behalf of the Community, as regards matters within its competence, by Council Decision 94/800/EC of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994), OJ L 336 of 23 December 1994, p. I See also Statement by the Commission concerning Article 2 of Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights (2005/295/EC), OJ L 94 of 13 April 2005, p. 37, which provides, *inter alia*, that "[t]he Commission considers that at least the following intellectual property rights are covered by the scope of the Directive patent rights "

28. As noted above, the enforcement of European patents is in principle a matter governed by national law. Directive 2004/48 provides for a minimum degree of harmonization, i.e. Member States may adopt measures which are more favorable to the right holders<sup>24</sup>
29. It could be argued, given the material scope of the Directive and the detailed provisions it lays down on certain matters, that the Community has an exclusive competence to conclude the given agreement on the basis that the area concerned is covered to a large extent by Community rules<sup>25</sup>
30. Even if exclusive competence could not be claimed on this ground, it is nevertheless essential to assess whether the envisaged agreement is capable of affecting a uniform and consistent application of the relevant Community rules and the proper functioning of the system which they establish in order to preserve the full effectiveness of Community law<sup>26</sup>
31. In this respect it should be noted that Directive 2004/48 was adopted, *inter alia*, to remedy the situation referred to in its preamble:

*"[t]he disparities between the systems of the Member States as regards the means of enforcing intellectual property rights are prejudicial to the proper functioning of the Internal Market and make it impossible to ensure that intellectual property rights enjoy an equivalent level of protection throughout the Community. This situation does not promote free movement within the internal market or create an environment conducive to healthy competition."<sup>27</sup>*

32. The EPLA would establish a unified European patent enforcement system among the Contracting States
33. Part IV of the draft EPLA is the counterpart of Directive 2004/48 as it concerns measures, procedures and remedies for the enforcement of European patents. This governs a number of matters which are already governed by the Directive; in some cases the EPLA would lay down rules which are different from those provided in Directive 2004/48/EC, and therefore the agreement would ineluctably affect the obligations of the Member States in this area
34. Thus, both the draft EPLA and Directive 2004/48 lay down rules *inter alia*:
- to determine persons entitled to apply for the application of the measures, procedures and remedies (Article 4 of the Directive, Article 51 of the draft EPLA);
  - to regulate the production of evidence by another party (Article 6 of the Directive, Article 54 of the draft EPLA; the former refers to evidence in the control of "the opposing party");

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<sup>24</sup> Article 2(1)

<sup>25</sup> See Opinion 2/91, cited above, paragraph 25

<sup>26</sup> Opinion 1/03, paragraph 128

<sup>27</sup> **Recital 8**

- to provide for the protection of confidential information (Article 6 of the Directive, Article 54a of the draft EPLA);
- to give the claimant the right to information (Article 8 of the Directive, Article 68 of the draft EPLA; the latter gives such right to the "injured party");
- to deal with provisional and precautionary measures (Articles 7 and 9 of the Directive, Chapter III, Part IV of the draft EPLA) and measures resulting from a decision on the merits of the case (Articles 10, 11 and 12 of Directive, several provisions in Chapter II, Part IV of the draft EPLA) and
- to set out requirements as regards the awarding of damages (Article 13 of the Directive, Articles 64 and 65 of the draft EPLA)

35. As regards the "general obligation" the Directive imposes on the Member States, Article 3(1) requires that the measures they adopt to ensure the enforcement of patent rights must be "*fair and equitable and not unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays*" No such requirement would be imposed by the EPLA. Instead, Article 59 merely provides that "*the details of proceedings before the European Patent Court*" shall be laid down in the Rules of Procedure of that Court. The rules concerning the cost of proceedings before the EPC are similarly left open, except for the apparently absolute requirement that court fees be paid in advance, on pain of exclusion from any participation in the proceedings<sup>28</sup>

36. Article 3(2) of the Directive requires that enforcement measures, procedures and remedies be "*effective, proportionate and dissuasive*", and, as befits an internal market measure, that they be "*applied in such a measure as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse*". None of these obligations is to be found in the EPLA; in particular the EPC is under no obligation to take account of the obligation not to create trade barriers which would, furthermore, only apply as between some of the contracting parties.

37. Similarly, Article 6(2) of the Directive requires the Member States to ensure the competent judicial authorities are empowered to order in certain circumstances "*the communication of banking, financial or commercial documents under the control of the opposing party*". No such power is accorded the EPC as the EPLA currently stands.

38. Further, while Article 68 of EPLA provides for a right of information in general terms for the benefit of the injured party on the circumstances of the infringement, this does not cover all the items specified in Article 8(2) of the Directive, for example, the requirement that the infringer divulge "*information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question*". Equally, Article 8(3) of the Directive provides that that Article shall apply without prejudice to other statutory provisions, which, *inter alia*, grant the rightholder

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<sup>28</sup> Article 57(1) and (2), EPLA

right to receive fuller information, govern the use in civil or criminal proceedings of the information communicated pursuant to this Article and govern responsibility for misuse of the right to information. Article 68 of the draft EPLA does not contain corresponding provisions.

39 Therefore, both the existence of provisions in EPLA governing matters regulated by Directive 2004/48 and the disparities between these are "*prejudicial to the proper functioning of the Internal Market and make it impossible to ensure that intellectual property rights enjoy an equivalent level of protection throughout the Community*"<sup>n</sup>

### 3) The effect of the EPLA on the Brussels Regulation

#### (a) Rules on jurisdiction

40 The Brussels Regulation establishes a general scheme for determining jurisdiction and regulating the recognition and enforcement of judgments applicable in the Community in civil and commercial matters.<sup>29</sup> It follows from the generality of Article I(1) and the absence of any exclusion that this provision covers all patent disputes, whether concerning registration, validity, infringement or the revocation of a patent, or damages or compensation in respect of patent protection.

41 The circumstances which justified the adoption of that Regulation are explained in its preamble:

*"[certain] differences between national rules governing jurisdiction and recognition of judgments hamper the sound operation of the internal market ..."*<sup>30</sup>

42. The Court has already held that the Brussels Regulation would be affected by a new Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, which would, in essence, extend the provisions of the Brussels Regulation to the members of the European Free Trade Association. Notwithstanding the similarity of their terms and objectives, the Court concluded that the Convention would affect the uniform and consistent application of the existing Community rules and therefore that the conclusion of such Convention falls entirely within the sphere of exclusive competence of the European Community.<sup>31</sup>

43 In the present case it is necessary to analyse the nature and content of provisions of both the draft EPLA and the Brussels Regulation in order to assess whether the former is capable of affecting the latter.

44 It should be noted at the outset that Article 71 of the Brussels Regulation, which provides that this Regulation shall not affect any conventions to which Member States are parties, and which in relation to particular matters govern

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<sup>29</sup> Opinion 1103, paragraph 10

<sup>30</sup> Recital 2

<sup>31</sup> Opinion 1/03, in particular paragraphs 168 and 172

jurisdiction or the recognition or enforcement of judgments, does not apply in the current case, as it only applies to conventions in force as of 22 December 2000

45. Rules on jurisdiction laid down in the Brussels Regulation are based on the principle that claims may always be brought before the courts of the Member State of the European Community where the defendant is domiciled. Y save where another court has exclusive jurisdiction

46 Article 22(4) of the Brussels Regulation confers exclusive jurisdiction on the courts of each Member State of the European Community over proceedings relating to the registration and validity of any European patent granted for that State. This is a choice of law rule which attributes jurisdiction in respect of certain types of patent litigation to a particular national court. It follows from the Court's case law that this provision applies to proceedings which raise questions of registration and validity incidentally as well as directly <sup>33</sup>

47 Rules on jurisdiction laid down in Chapter II of Part III of the draft EPLA provide that the Court of First Instance will have civil jurisdiction as regards European patents in respect of:

infringement actions and declarations of non-infringement;"  
actions or counterclaims for revocation"  
actions for damages or compensation in respect of the  
protection conferred by a published European patent  
application."  
any other action concerning a European patent if the parties  
have so agreed <sup>37</sup>

48 The jurisdiction of the Court of First Instance of the EPLA will be exclusive for revocation actions and actions against a defendant domiciled in one of the Contracting States <sup>38</sup>

49 Thus, it follows that rules of jurisdiction set out in the draft EPLA grant jurisdiction to the European Patent Court over matters which, pursuant to the Brussels Regulation, fall within the competence of national courts of the Member States of the European Community

50 Assuming that the Member States of the European Community enter into the envisaged EPLA on their own accord, they will designate the European Patent Court as their national Court within the meaning of the Brussels Regulation (see Section II.A. above).

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<sup>32</sup> Article 2(1)

<sup>33</sup> See, Case C-4/03 *Gesellschaft für Antriebstechnik mbH & Co KG v Lamellen und Kupplungsbau Beteiligungs KG*, judgment of 13 July 2006, paragraph 15 and Case 288/82 *Ferdinand M. J.J. Duijnste v Lodewijk Goderbauer* [1983] ECR 3663, paragraph 24

<sup>34</sup> Article 41 (I)(a)

<sup>35</sup> Article 41(1)(b)

<sup>36</sup> Article 41(1)(c)

<sup>37</sup> Article 41(1)(d)

<sup>38</sup> Article 41(3)

51. In this respect it should be pointed out that the very fact that the Member States designate that Court as their national court for the purposes of the Brussels Regulation is capable of compromising the requirement of the uniform and consistent application of the Community Rules and the proper functioning of the system which they establish
52. This conclusion follows notwithstanding Article 41(2) of EPLA, which stipulates that the European Patent Court shall take account of the Brussels Regulation<sup>39</sup> and Article 39(2), which, in conjunction with Article 38(3), provides that in case of conflict, the Brussels Regulation shall prevail over EPLA, as the Brussels Regulation would not be binding on that Court in the same way as it binds national courts pursuant to Article 249 EC<sup>40</sup>
53. In particular, the European Patent Court will not be obliged to comply with the rules of interpretation of the Brussels Regulation which have been laid down by the Court of Justice in the same way as a national court is obliged, by virtue of Article 10 EC<sup>41</sup>
54. Thus, for example, there is no clear obligation on the European Patent Court to interpret narrowly exceptions to the rule that the defendant should be sued in the state of his domicile<sup>42</sup>. Similarly, it need not give the provisions of the Regulation a uniform and consistent meaning as required by the case law of the Court of Justice<sup>43</sup> or prefer a teleological approach to the literal meaning of its provisions where this advances the overall aims of the Regulation or reinforces the presumed intention of the particular provision.<sup>44</sup>
55. It follows from the foregoing that EPLA would affect the uniform and consistent application of the rules of jurisdiction set out in the Brussels Regulation and the proper functioning of the system which they establish

*(b) Rules on the recognition and enforcement of judgments*

56. Article 43 of EPLA stipulates that decisions of the European Patent Court shall be regarded, in any Contracting State, as decisions of a national court of that State.

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<sup>39</sup> From that provision, as it is currently drafted, it may also be inferred that the Rules of Procedure of that Court, not the Court itself, shall take account of the Brussels Regulation

<sup>40</sup> Article 249 EC Treaty provides that a regulation "shall be binding in its entirety and directly applicable in all Member States"

<sup>41</sup> See generally MN. Shuilleabhain, "Regulation (EC) 44/2001 (Brussels I) relevant case-law of the European Court of Justice," presentation at ERA Seminar on private international law, 9 and 10 November 2006, Treir

<sup>42</sup> Case 189/87 *Athanasios Kalfelis v Bankhaus Schroder, Munchmeyer, Hengst and Co and others* [1988] ECR 5565, paragraph 19

<sup>43</sup> Case 29/76 *LTU Lufttransportunternehmen GmbH & Co KG v Eurocontrol* [1976] ECR 1541

<sup>44</sup> Case 201/82 *Gerling Konzern Spezial Kreditversicherungs-AG and others v Amministrazione del Tesoro della Stato* [1983] ECR 2503

- 57 However, the Court of Justice has ruled that the principle that a judgment given in a Contracting State of an international agreement is to be automatically recognized in the other Contracting States affects the Community rules, since it enlarges the scope of recognition of judicial decisions without any special procedure being required<sup>45</sup> In particular, this increases the number of cases in which judgments delivered by courts of countries not members to the Community, whose jurisdiction does not arise from the application of the provisions of the Brussels Regulation, will be recognized
58. The Court has held that the Community rules on the recognition and enforcement of judgments are indissociable from those on the jurisdiction of courts, with which they form a unified and coherent system."
- 59 Furthermore, provisions regarding the recognition of judgments of the European Patent Court would be applicable only to the EPLA Contracting States and, accordingly, those Member States of the European Community which are not Contracting States to EPLA would not be bound by those rules in accordance with Article 32 of the Brussels Regulation. This means that judgments which without EPLA would be enforced throughout the Community would not be so enforced if some Member States accede to EPLA
- 60 Such a legal situation would obviously compromise the aims of the Brussels Regulation, in particular the free movement of judgments in civil and commercial matters

*(c) Disconnection clause*

- 61 Article 39(2), in conjunction with Article 38(3), of the draft EPLA contains so-called "disconnection clause," which provides that in case of conflict, the Brussels Regulation shall prevail over EPLA
- 62 In this regard the Court has held that such a clause does not constitute a guarantee that the Community rules are not affected by the provisions of the agreement but, on the contrary, may provide an indication that those rules are affected<sup>47</sup>
- 4) The compatibility of EPLA with Article 292 of the EC Treaty
- 63 Article 292 EC imposes on the Member States of the European Community an obligation to respect the exclusive nature of the Court's jurisdiction to resolve disputes concerning the interpretation and application of provisions of Community law<sup>48</sup>

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<sup>45</sup> Opinion 1/03, paragraph 170

<sup>46</sup> Opinion 1/03, paragraph 172

<sup>47</sup> *Ibid*, paragraph 130

<sup>48</sup> Case C- 459/03 *Commission v Ireland* [2006] ECR I-4635, paragraph 152

64. Article 98 of the draft EPLA states that any dispute between Contracting States concerning the interpretation or application of EPLA which is not settled by negotiation shall be submitted to the Administrative Committee. If an agreement is not reached before that body, the dispute may be submitted to the International Court of Justice.
65. It follows that a dispute concerning legal issues pertaining to both the Community law and international law created by EPLA (such as, for instance, a dispute concerning States' obligations as regards the recognition of judgments in European patent cases, which are governed both by the Brussels Regulation and Article 43 of EPLA) can be brought to the Court of Justice and in the fora established by Article 98 of EPLA.
66. Therefore, a Member State of the Community which complied with Article 43 of EPLA would *prima facie* be acting in breach of Article 292 EC.

### III. Conclusions

67. In the light of the foregoing the Legal Service reaches the following interim conclusions:
- 1) The purpose of the Agreement on the establishment of a European patent litigation system ("EPLA") is to set up the European Patent Judiciary to settle litigation concerning the infringement and validity of European patents.
  - 2) Where common rules have been adopted, the Member States of the European Community no longer have the right, acting individually or even collectively, to undertake obligations with non-member countries which affect those rules.
  - 3) Directive 2004/48/EC harmonizes national legislation on the enforcement of intellectual property rights. Not only would EPLA govern matters already dealt with by this Directive, but there are also contradictions between the two instruments on a number of matters.
  - 4) EPLA aims to lay down rules in certain areas governed by Regulation 44/2001 concerning jurisdiction and the recognition and enforcement of judgments. Notwithstanding the specific provisions of EPLA governing its relations with that Regulation, the conclusion of EPLA would affect the uniform and consistent application of the Community rules on jurisdiction and the recognition and the enforcement of judgments in civil and commercial matters.
  - 5) Compliance with Article 98 of EPLA would *prima facie* constitute a breach of Article 292 EC Treaty.

6) It follows that the Community's competence is exclusive for the matters governed by EPLA and Member States therefore are not entitled on their own to conclude that Agreement



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Kieran BRADLEY



Inita KLA VINA



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**Seen:** Christian PENNERA  
The Jurisconsult