

# The European Patent Reform – The Gordon/Pascoe Opinion and the UPCA’s incompatibility with Union law

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

**Allegedly for an independent assessment of “Brexit” vote implications for a potential ratification of the Agreement on a Unified Patent Court (“UPCA”) by the UK, three associations interested in this ratification commissioned the barristers Gordon and Pascoe to prepare a legal opinion on several related questions. The Opinion, which widely appears to develop legally far-fetched results in support of desired results, assumes almost self-evidently that the Unified Patent Court is not a court common to the Contracting Member States of the UPCA. Since the political approach for ensuring the UPCA’s compatibility with Union law after Opinion 1/09 was always based on the opposite understanding, it supports the voices arguing that the Agreement violates Union law and demanding it to be submitted to CJEU scrutiny as to create legal certainty for the users. Such scrutiny could be initiated in the German ratification proceedings.**

## I. The Gordon/Pascoe Opinion

The “Brexit” vote has caused significant turmoil also in relation to the UPCA. Allegedly for an independent clarification of several questions relating to its ratification by the UK, the IP Federation, the Chartered Institute of Patent Attorneys (“CIPA”) and the Intellectual Property Law Association (“IPLA”) – i. e. predominantly associations of legal practitioners from patent law – instructed the barristers Richard Gordon QC<sup>1</sup> and Tom Pascoe<sup>2</sup> with the preparation of a respective legal opinion.

The Opinion titled “Re the Effect Of ‘Brexit’ on the Unitary Patent Regulation and the Unified Patent Court Agreement” (afterwards “Gordon/Pascoe Opinion”) has been circulated by its initiators on 16/09/2016. It contains answers to eight questions and sub-questions on the impact of the “Brexit” vote on a participation of the UK in the European patent reform.

## II. The underlying parameters

An assessment of the Opinion needs to bear in mind some more general aspects.

### 1. The initiators of the Opinion

Already very insightful is a look at the bodies which have commissioned the Opinion.

The IP Federation<sup>3</sup> predominantly consists of companies from the British major industry the business activities of which frequently involve aspects of intellectual property law. It currently has 39 members, the biggest part of which comes from the chemistry/pharma sector.

CIPA<sup>4</sup> is the governing body of British patent attorneys with currently around 3,500 members. Having initially been a staunch opponent of the European patent reform and the Unified Patent Court (“UPC”),<sup>5</sup> it has evolved into a proponent especially after the UPC central division for the economically important fields Life Sciences and Chemistry were domiciled in London, as they demanded.<sup>6</sup>

The IPLA<sup>7</sup>, previously known as “Patent Solicitors Association”, represents the interests of law firms practicing in intellectual property law in England and Wales. It currently has 66 members, amongst those being Simmons & Simmons, Hogan Lovells, Bristows and Bird & Bird and thus the firms of ardent proponents of the patent reform. It is known that the majority of the legal profession is strongly in favor of the UPC as the immense costs of its proceedings promise a significant business opportunity.

The Secretary of IPLA, Rowan Freeland, who – like Kevin Mooney who is deeply involved in the UPC preparations – is a solicitor at Simmons & Simmons in London, described the motivation underlying the commissioned opinion on the website of his firm as follows:<sup>8</sup>

*“There has been a great deal of speculation over the future of the Unified Patent Court following the result of the UK Brexit referendum. A key issue for policy-makers, industry and the professions is whether the UK could continue to participate in the new court after leaving the EU. I was keen that we should get an Opinion on this question from Counsel who had no personal stake in the future of the UPC and who could provide objective advice on the issues.”*

The fact that all the initiators of the Opinion are supporters of the UPCA is something to remember.

<sup>3</sup> [www.ipfederation.com](http://www.ipfederation.com).

<sup>4</sup> [www.cipa.org.uk](http://www.cipa.org.uk).

<sup>5</sup> “The Unified Patent Court: help or hindrance?”, Vol. I, Ev 39 ff, para. 55 ff., accessible at [bit.ly/3hxmlnZ](http://bit.ly/3hxmlnZ).

<sup>6</sup> Help or hindrance (fn. 5), para. 57.

<sup>7</sup> [www.ipla.org.uk](http://www.ipla.org.uk).

<sup>8</sup> “Firm Leads on Obtaining Legal Opinion on Post-Brexit Unitary Patent Court Membership for the UK” (26/09/2016), accessible at [archive.is/fUbW2](http://archive.is/fUbW2).

<sup>1</sup> Cf. [archive.ph/wSynI](http://archive.ph/wSynI).

<sup>2</sup> Cf. [archive.ph/Uy2zj](http://archive.ph/Uy2zj).

## 2. No disclosure of the instructions

Further, it is worth noting that the appointed barristers have apparently been given extensive written instructions for the preparation of their Opinion. These seem to cover at least 17 pages<sup>9</sup> and thus nearly half the volume of the Opinion. Although the Opinion repeatedly references the instruction document,<sup>10</sup> it has not yet been disclosed.

Upon an inquiry sent to the commissioning associations in the middle of December 2016 asking for the disclosure of the instructions, Mr *Freeland* replied at the beginning of January 2017:

*“It was decided when the Opinion was obtained that we would share the Instructions only with those for whom the Opinion was obtained (including the UK Government), although the Opinion itself was not so restricted. The organisations responsible for obtaining the Opinion have confirmed that they see no reason to alter this policy.”*

While this attitude would not seem unusual until the finalisation of the Opinion, maintaining it even afterwards rather indicates that there is something to hide. Without knowledge of the instructions, the value of the Opinion is limited since the initiators may have defined distinctive guidelines for the barristers, thereby directing their findings in a certain direction. For instance, it may have been specified which documents are to be taken into account for the assessment and which ones are not. The general practice for preparing such an opinion would usually be setting out at its beginning the factual situation and the respective instructions as to inform the reader about the conditions underlying the assessment. The fact that the instructions shall be kept confidential permanently certainly does not increase the persuasive power of the results reached.

## 3. Interference by the initiators?

More questions are raised by the PDF file as which the Opinion has been circulated. Its name is “Gordon and Pascoe Advice - UPCA (34448129\_1).PDF” and it is currently offered for download by several British law firms.<sup>11</sup> The file’s metadata imply that it has been created at Simmons & Simmons, the firm of Mr *Mooney* and Mr *Freeland*.

Upon a respective inquiry to the initiators of the Opinion, Mr *Freeland* finally confirmed that the PDF file had been generated at Simmons & Simmons. He explained that the firm had been “the contact point for the instructions” to Mr *Gordon* and Mr *Pascoe* and was in charge of circulating the Opinion to “those who had paid for it”. He stated that he had received the Opinion from the barristers and then circulated it.

It is also noteworthy that while the Opinion dates from Monday, 12/09/2016,<sup>12</sup> the PDF file was generated and circulated on Friday, 16/09/2016. Mr *Freeland* confirmed to have received the Opinion from its authors on 12/09/2016. When asked about what has been done with it during the following four days until its publication, he stated that it had been considered on 16/09/2016 by the “organisations who had contributed to the instructions” which led to Mr *Pascoe* making minor changes, covering “four or five words in total, as I recall”. The document was afterwards sent to Mr *Freeland* again who then circulated it.

Without wanting to evaluate these events in more detail, it can be summarized that the preparation of the Opinion was overseen by Simmons & Simmons and thus by the firm of a major contributor to the patent reform from the legal profession.<sup>13</sup> Again, this is something to remember for the objectivity of the assessment.

## III. The results of the Opinion

A first striking aspect of the Opinion is that the results given at its beginning are not consistent with the conclusions listed the end. Apart from the latter covering only five of eight questions, there are also textual differences. The wording of the questions and the corresponding answers is afterwards reproduced,<sup>14</sup> the contents of said conclusions<sup>15</sup> are added in brackets:

*“a. Question 1a: Can the UK continue to be part of the Unitary Patent? – The UK may only continue to participate in the unitary patent by entering into a new international agreement with the participating EU Member States. The permissibility of such an agreement under EU law would turn upon essentially the same matters as the legality of the UK’s continuing participation in the UPCA.*

*[a. The UK may only continue to participate in the unitary patent by entering into an international agreement with the EU and Member States. The legality of such an agreement would depend on the same matters as the legality of the UK’s continued participation in the UPCA.]*

*b. Question 1b: Can the UK continue to participate in the UPCA? – It is legally possible for the UK to continue to participate in the UPCA after ‘Brexit’ (although the CJEU’s reasoning in Opinion 1/09 is opaque and there is therefore a risk that the CJEU would find otherwise).*

*[b. On balance, we consider that it would be constitutionally possible for the UK to continue to participate in the UPCA after ‘Brexit’, so long as it signs up to all*

<sup>9</sup> Gordon/Pascoe Opinion, accessible at e. g. [bit.ly/2SUH8aT](http://bit.ly/2SUH8aT), paras. 51 and 52, referencing p. 17 of the “Instructions”.

<sup>10</sup> Gordon/Pascoe Opinion, fn. 15, 24, 46 to 48, 51 and 52.

<sup>11</sup> Fn. 9 and [www.simmons-simmons.com](http://www.simmons-simmons.com) ([bit.ly/3tJtV1i](http://bit.ly/3tJtV1i)); [www.bristowsupc.com](http://www.bristowsupc.com) ([bit.ly/33MYbOq](http://bit.ly/33MYbOq)).

<sup>12</sup> Gordon/Pascoe Opinion, p. 39.

<sup>13</sup> Cf. their communication “Firm Leads on Obtaining Legal Opinion on Post-Brexit Unitary Patent Court Membership for the UK” (fn. 8).

<sup>14</sup> Gordon/Pascoe Opinion, paras. 4.a to h.

<sup>15</sup> Gordon/Pascoe Opinion, paras. 134.a to e.

of the provisions of the Agreement which protect EU constitutional principles. However, there is a risk that the CJEU would reach the opposite conclusion.]

*c. Question 1c: Can the UK continue to host the Life Sciences/Chemistry section of the central division? – Provided that it is legally possible for the UK to continue to participate in the UPCA, there is no reason why it cannot continue to host a section of the central division.*

*d. Question 2: What changes would have to be made to the UPCA? – A number of amendments would have to be made to the Agreement, which we set out in detail below.*

*e. Question 3: What would the UK have to sign up to? – The UK's continued participation in the UPCA would require it to submit to EU law in its entirety as regards proceedings before the UPC. It would also need to sign up to an appropriate jurisdiction and enforcement regime (such as the Lugano Convention).*

*f. Question 4: Does it matter whether the UK joins the EEA? – Our advice does not depend upon whether the UK joins the EEA.*

*[c. Our advice does not depend on whether the UK joins the EEA.]*

*g. Question 5: Is it possible or desirable to obtain an opinion from the CJEU? – It would only be possible to obtain a pre-emptive opinion from the CJEU on the legality of the UPCA if the Union became a party to the Agreement.*

*[d. It would only be possible to obtain a pre-emptive opinion from the CJEU on the legality of the UPCA if the Union became a party to the Agreement.]*

*h. Question 6: What would be the consequences of 'Brexit' if the UK ratifies the UPCA without amendment? – If the UK ratified the UPCA, without amendment, and subsequently left the EU, any divisions of the UPC in the UK would have to cease operating. The transitional consequences of this are matters of detail to be negotiated as part of the UK's exit negotiations.*

*[e. UK divisions of the UPC would have to cease operating if the UK ratified the UPCA, without amendment, and subsequently left the EU. In those circumstances, it would be necessary to adopt detailed transitional provisions in order to protect accrued rights and to regulate the position of litigants with pending proceedings.]”*

#### **IV. The contents of the Opinion**

As the discrepancies in the results indicate, the Opinion is far from clear. Its weaknesses in methodology as well as in argumentation cause the impression that it seeks to present a legal reasoning for a desired result.

#### **1. General remarks**

Already the sheer mass of vague formulations used especially when it comes to the understanding attributed to CJEU Opinion 1/09 like, for instance, “*the Court is not intending to say*”,<sup>16</sup> “*that would prove too much*”<sup>17</sup> or “*the better analysis is*”<sup>18</sup> indicates that the authors themselves appear not to have been too convinced of their own explanations thus preferring an obscure wording over clear formulations.

Moreover, the Opinion suffers from a lack of understanding as to the correlations and the history of the European patent reform. The statements on the role of the EPO and on the relevance of the EPC in relation to Union law<sup>19</sup> are doubtful, as well as the repeatedly created incorrect impression that the CJEU did comment on the UPCA.<sup>20</sup>

#### **2. Incorrect assumptions**

The contents of the Opinion are not convincing either. At crucial points, the argumentation repeatedly relies on assumptions which are as general as they are doubtful. Authorities opposing the apparently desired results are simply ignored, based on general considerations.

For instance, as regards Council document 10630/11 and the Commission “Non-Paper” titled “Solutions for a Unified Patent Litigation System - The Way Forward after the Opinion 1/09 of the CJEU” contained in it, on which the political negotiations and the adoption of the UPCA relied after Opinion 1/09, it is simply stated that no reasons were given for its conclusion that non-EU States would have to be excluded from participating in the Agreement, so that it would “*not take matters any further*”,<sup>21</sup> i. e. it can be disregarded. However, the allegedly missing reasons are provided directly before said conclusion on p. 5 f. of the document. Likewise, no regard is paid to the fact that the recently surfaced “Note to Ms Margot Fröhlinger”<sup>22</sup> of the Commission Legal Service, from which said “Non-Paper” was derived, vividly shows that said approach was due to political requirements. The fact that the authors simply ignore these as they would not “*take matters any further*” does not strengthen the persuasiveness of their Opinion.

CJEU Opinion 1/09 is being dealt with in a similar manner. Passages which contradict the authors’ concept from

<sup>16</sup> Gordon/Pascoe Opinion, para. 100.

<sup>17</sup> Gordon/Pascoe Opinion, para. 59.

<sup>18</sup> Gordon/Pascoe Opinion, para. 70, p. 23.

<sup>19</sup> Gordon/Pascoe Opinion, para. 69.

<sup>20</sup> Gordon/Pascoe Opinion, e. g. paras. 72, 82, 102.

<sup>21</sup> Gordon/Pascoe Opinion, fn. 8.

<sup>22</sup> Note to Ms Margot Fröhlinger “Possible solution for the European and EU Patent Court (EEUPC) replying to the concerns raised by the Court of Justice of the EU (CJEU) in its Opinion 1/09”, accessible at [xup.in/dl.42923784](http://xup.in/dl.42923784); cf. *Stjerna*, The European Patent Reform – Squaring the circle after the ‘Brexit’ vote, cipher III.2.a), p. 4 f., accessible at [www.stjerna.de/brexit/?lang=en](http://www.stjerna.de/brexit/?lang=en).

the outset are simply ignored as “opaque”, including the conclusion in para. 89 of the Opinion.<sup>23</sup>

In this way, the facts are arranged as needed in order to develop the required results.

### 3. CJEU Opinion 1/09

An essential obstacle for a UPCA participation of a UK not belonging to the EU (any longer) is CJEU Opinion 1/09 which rejected the initial draft Agreement for the creation of a European patent judiciary as incompatible with Union law. As described, the political operators understood Opinion 1/09 as excluding a UPCA participation for countries not being an EU member.<sup>24</sup> After the “Brexit” vote this understanding was suddenly doubted especially by lawyers from the “Expert Panel” of the UPC Preparatory Committee, based on not too convincing reasons.<sup>25</sup> The Gordon/Pascoe Opinion strives to provide a legal fundament for their positions while avoiding having to deal with the core findings of Opinion 1/09.

#### a) Starting point

In the explanations on the question “Can the UK participate in the UPCA?” (question 1b) it is alleged in a section titled “The proper interpretation of the CJEU’s Opinion 1/09” that apart from the aforementioned “official” political understanding there had been a competing approach allowing also non-members to the EU to partake in the UPCA as long as they submitted to sufficient guarantees to secure the supremacy and the uniformity of Union law.<sup>26</sup> That this latter theory first surfaced in an article<sup>27</sup> published by Prof. *Tilmann* in July 2016 immediately after the “Brexit” vote, is, of course, not mentioned.

Before, Prof. *Tilmann* had always taken the former position. His position was that after Opinion 1/09, the patent judiciary could be created as a court under international law as long as it was not placed outside the institutional and legal framework of the EU.<sup>28</sup> From the fact that in his Opinion<sup>29</sup> the CJEU strongly objected to the national courts’ deprivation of competences by the Patent Court, he deduced the following:<sup>30</sup>

*“It seems to be the element of an ‘international court which is outside the institutional and judicial framework of the European Union’ (Nr. 89) which, by the Court, is seen as a ‘deprivation’. (...) This is to be read, as I see it, in that way that an international court agreement is ‘within the judicial system of the EU’, if it*

*is ‘common to a number of Member States’ (i.e. only EU states participating).”*

This brought him to the conclusion:<sup>31</sup>

*“It is the non EU-states participation in the Agreement which, in the opinion of the Court, would make the difference: The centralised court could not be seen as one being ‘within the judicial system of the EU’ being subject to its ‘mechanisms’.”*

This doubtful starting point for describing the allegedly “correct understanding” of Opinion 1/09 shows that the Opinion’s primary focus is on providing a technical legitimation for a contradictory and questionable legal design.

#### b) “The proper interpretation of Opinion 1/09”

In their Opinion, Mr *Gordon* and Mr *Pascoe* share the position now adopted by Prof. *Tilmann*, because this was “the better interpretation”.<sup>32</sup> In their opinion, the core statement in para. 89 of Opinion 1/09 in which, amongst others, it was objected that the Patent Court would be placed outside the institutional and judicial framework of the Union, is “somewhat ambiguous”<sup>33</sup> and “correctly” was to be understood as follows:<sup>34</sup>

*“In summary, we therefore consider that the correct interpretation of Opinion 1/09 is that Member States may enter into an international agreement (between themselves or with non-Member States) which surrenders their national courts’ jurisdiction to decide disputes which raise questions of EU law, such as the UPCA. However, they may only do so where appropriate safeguards are in place to protect EU constitutional principles. The question of whether or not there are appropriate safeguards in place is a question of EU law.”*

In support of their line of argumentation it is claimed that (only) this interpretation was consistent with the earlier CJEU Opinions 1/91, 1/92 and 1/00,<sup>35</sup> i. e. with decisions being up to 20 years older than Opinion 1/09. Vice versa, however, newer CJEU decisions, e. g. its Opinion 2/13 on the accession of the EU to the ECHR of 18/12/2014, confirming the approach set out in Opinion 1/09 and thus contradicting the position advanced in the Gordon/Pascoe Opinion go unmentioned.

In Opinion 2/13, after describing the essential elements of the EU legal order,<sup>36</sup> the CJEU once again emphasized the importance of its cooperation with the national courts of the Member States as to securing the full application and uniform interpretation of Union law (emphasis added):<sup>37</sup>

*“In order to ensure that the specific characteristics and the autonomy of that legal order are preserved, the*

<sup>23</sup> Gordon/Pascoe Opinion, paras. 4.b, 97, 102.

<sup>24</sup> *Stjerna* (fn. 22), Ziffer III., p. 4 ff.

<sup>25</sup> *Stjerna* (fn. 22), Ziffer II., p. 1 ff.

<sup>26</sup> Gordon/Pascoe Opinion, para. 51.

<sup>27</sup> GRUR 2016, 753 ff.

<sup>28</sup> *Tilmann*, “More Hope for the European Patent Court”, para. 3, accessible at [archive.md/i5ONV](http://archive.md/i5ONV); cf. also *id.*, GRUR Int 2011, 499 (paras 4., 15.).

<sup>29</sup> CJEU, Opinion 1/09, paras. 79 f., 89, accessible at [bit.ly/33Jb9g3](http://bit.ly/33Jb9g3).

<sup>30</sup> *Tilmann*, “EUCJ-Opinion 1/09 – Analysis and Consequences”, para. 18, accessible at [archive.md/i5ONV](http://archive.md/i5ONV).

<sup>31</sup> *Tilmann*, EUCJ-Opinion 1/09 (fn. 30), para. 23.

<sup>32</sup> Gordon/Pascoe Opinion, para. 52.

<sup>33</sup> Gordon/Pascoe Opinion, para. 55.

<sup>34</sup> Gordon/Pascoe Opinion, para. 71.

<sup>35</sup> Gordon/Pascoe Opinion, paras. 60 to 70.

<sup>36</sup> CJEU, Opinion 2/13, paras. 163 to 173, accessible at [bit.ly/3bsBzH7](http://bit.ly/3bsBzH7).

<sup>37</sup> CJEU, Opinion 2/13 (fn. 36), paras. 174 bis 176.

*Treaties have established a judicial system intended to ensure consistency and uniformity in the interpretation of EU law.*

*In that context, it is for the national courts and tribunals and for the Court of Justice to ensure the full application of EU law in all Member States and to ensure judicial protection of an individual's rights under that law (Opinion 1/09, EU:C:2011:123, paragraph 68 and the case-law cited).*

*In particular, the judicial system as thus conceived has as its keystone the preliminary ruling procedure provided for in Article 267 TFEU, which, by setting up a dialogue between one court and another, specifically between the Court of Justice and the courts and tribunals of the Member States, has the object of securing uniform interpretation of EU law (see, to that effect, judgment in *van Gend & Loos*, EU:C:1963:1, p. 12), thereby serving to ensure its consistency, its full effect and its autonomy as well as, ultimately, the particular nature of the law established by the Treaties (see, to that effect, Opinion 1/09, EU:C:2011:123, paragraphs 67 and 83)."*

Another newer judgment confirms this understanding.<sup>38</sup>

It is also stressed in an article by CJEU judge *Allan Rosas* who one of the judges handing down Opinion 1/09. He describes its core statement as follows (emphasis added).<sup>39</sup>

*"The added value of Opinion 1/09 lies undoubtedly in its emphasis of the essential role played by national courts as integral parts of the Union judicial system. Just as the tasks of the Union Courts cannot be transferred to non-EU bodies, the national courts of the EU Member States have a constitutional mandate which cannot, in principle, be outsourced. Both Union Courts and national courts fulfil a 'duty entrusted to them both' of ensuring that in the interpretation and application of the Treaties the law is observed."*

One can simply declare unwelcome findings of Opinion 1/09 unclear in order to avoid having to deal with them. However, the most recent CJEU case law clearly shows that they are not disposable. A legal assessment closing its eyes to this is lacking relevance.

### **c) The UPCA violates Union law**

Mr *Gordon* and Mr *Pascoe* even go one step further to show the pretended correctness of their understanding. They argue that, without relying on their interpretation of Opinion 1/09, the UPCA was incompatible with Union law. They seem not to be aware of the fact that this is indeed the position of several commentators<sup>40</sup>.

The authors explain (emphasis added).<sup>41</sup>

*"Third, if the effect of Opinion 1/09 were that courts outside the Union legal order may not be granted jurisdiction to decide disputes which raise questions of EU law, that would prove too much. On such an interpretation, the UPCA in its current form (between EU Member States) would be unlawful. That is because the UPCA itself is not Union legislation and does not create a court which is part of the Union legal order. The UPC, as the product of an international agreement, is an international tribunal. This is clear from the designation of the Court as an international organisation in the Protocol on Privileges and Immunities of the Unified Patent Court. It is also clear from the fact that the UPCA imposes various obligations upon the UPC which are already incumbent on national courts (e.g. respecting the supremacy of EU law and making references to the CJEU). If the UPC were truly part of the Union legal order, it would already be subject to these obligations without them needing to be spelled out in the Agreement. Whilst Article 1 of the UPCA and Article 71a of the Brussels Regulation designate the UPC as a "court common to a number of Member States", we do not consider that such secondary legislation is capable of converting the UPC's fundamental status as an international court into that of a court which is part of the national legal order."*

This line of argumentation is surprising. It may be consistent with the required understanding of Opinion 1/09 ("This is consistent with our preferred interpretation of Opinion 1/09.")<sup>42</sup>, but it is not legally founded. Any reference to the UPCA could support this argumentation only if the CJEU had confirmed its compatibility with Union law. So far this is not the case.

Those wondering in this context about which meaning the authors have attributed to the Benelux Court of Justice mentioned in Opinion 1/09<sup>43</sup> do get an answer. This is explained as follows:<sup>44</sup>

*"However, in our view the answer to this argument is that the Court is not intending to say at [82] that a tribunal such as the Benelux Court, which is integrated into the participating Member States' national legal systems, is the only means of lawfully granting jurisdiction to an international tribunal. It is simply observing that, whereas the Benelux Court, as a court within the Union legal order, is already subject to the obligations of national courts imposed by the Treaties, the UPC must be subject to additional scrutiny because it is not subject to those obligations."*

May the reader decide whether he deems that convincing.

<sup>38</sup> CJEU, case C-583/11 P, judgment of 03/10/2013, paras. 90, 99, accessible at [bit.ly/3uPJxlp](http://bit.ly/3uPJxlp).

<sup>39</sup> *Rosas*, "The National Judge as EU Judge: Opinion 1/09", in: *Pascal Cardonel*, Constitutionalising the EU judicial system (2012), p. 105 (121, second para.).

<sup>40</sup> Beyond the known papers by *Jaeger* cf. e. g. *Mylly*, A Constitutional Perspective, in: *Pila/Wadlow*, The Unitary EU Patent

System (2015), S. 77 (79); also *Baratta*, Legal issues of economic integration 2011, 297 (319); *Peers*, *EuConst* 2011, 229 (260).

<sup>41</sup> *Gordon/Pascoe* Opinion, para. 59.

<sup>42</sup> *Gordon/Pascoe* Opinion, para. 64.

<sup>43</sup> CJEU, Opinion 1/09, para. 82, accessible at [bit.ly/33Jb9g3](http://bit.ly/33Jb9g3).

<sup>44</sup> *Gordon/Pascoe* Opinion, para. 100.

En passant, the Gordon/Pascoe Opinion also confirms the position of those regarding the UPCA as incompatible with Union law already due to the fact that the UPC differs from the Benelux Court of Justice in decisive aspects, so that – contrary to the opposite statement in Art. 1(2) UPCA – it is not “a court common to the Contracting Member States”.<sup>45</sup> The authors explain (emphasis added).<sup>46</sup>

*“(…), we do not consider that the UPC’s designation as a ‘Court common to the Contracting Member States’ is necessary to ensure compliance with the CJEU’s Opinion 1/09 (indeed, it is something of a legal fiction because the UPC is clearly an international tribunal, not a national court within the Union legal order). Nonetheless, we anticipate that this amendment may be controversial because it would superficially appear to represent a reversal of the Commission’s solution for bringing the UPCA into line with Opinion 1/09.”*

While the aspects mentioned by Mr Gordon and Mr Pascoe are unsuited to support their interpretation of Opinion 1/09 in a legally viable manner, their understanding of the UPC as a court outside of the Union legal order (and the resulting consequences for the UPCA) remains unaffected. Hence, the Gordon/Pascoe Opinion does contain a highly relevant statement, although not the one primarily desired.

#### **d) Requirements for compatibility with Union law according to Gordon/Pascoe**

Based on their understanding of Opinion 1/09, the authors determine three conditions which the CJEU allegedly defined for the UPCA’s compatibility with Union law: “Respect” for the supremacy of Union law, the possibility of claiming damages and/or instituting proceedings for violations of Union law and “uniformity” through preliminary rulings.<sup>47</sup> These ostensible three “requirements” are subsequently repeated whenever the opportunity arises.<sup>48</sup>

However, even these requirements are not used consistently in the Opinion. For example, the authors’ answer to the question which obligations the UK would have to accept for a continuing participation in the UPCA after a “Brexit” is (emphasis added).<sup>49</sup>

*“The UK’s continued participation in the UPCA would require it to submit to EU law in its entirety as regards proceedings before the UPC.”*

It is explained that “as regards the functions of the UPC” the application of EU law would have to be accepted in its entirety, “in particular” said three requirements.<sup>50</sup>

Elsewhere, with regard to how the UPCA could be aligned with Union law after Opinion 1/09, it is stated.<sup>51</sup>

*“It follows in our opinion that the Court’s concerns are capable of being met by putting in place sufficient safeguards to ensure that the UPC is subject to the same obligations, in terms of the supremacy and uniformity of EU law, as national courts.”*

In other words, it is deemed necessary to subject the UPC to the same obligations as to the principles of supremacy and – now also – uniformity of Union law like the national courts. In the conclusions listed at the end of the Opinion, however, then again it is argued:<sup>52</sup>

*“On balance, we consider that it would be constitutionally possible for the UK to continue to participate in the UPCA after ‘Brexit’, so long as it signs up to all of the provisions of the Agreement which protect EU constitutional principles.”*

As to complete the confusion, elsewhere in the Opinion it is claimed as regards Art. 1 UPCA which – as described – seeks to create a resemblance of the UPC with the Benelux Court of Justice by at least declaring that it had the same obligations under Union law as a national court.<sup>53</sup>

*“As we explain below, we consider that this new provision was essentially a cosmetic addition and did not have any material effect on the legality of the UPCA.”*

A compelling line of argumentation surely looks different.

#### **e) Reservation on the viability of the asserted interpretation of Opinion 1/09**

It does not come as a surprise that at the end of the explanations on the allegedly “correct understanding” of Opinion 1/09 a clear reservation is made, admitting that the CJEU could well reject it:<sup>54</sup>

*“However, the CJEU’s reasoning in Opinion 1/09 is, undoubtedly, opaque, and there is a risk that the Court may, in a future opinion, interpret it as precluding the participation of non-Member States. There is some textual support for this view in the Opinion.”*

It does indeed not seem remote that the CJEU would not share the understanding attributed to its Opinion 1/09 in the Gordon/Pascoe Opinion.

#### **4. Evaluation by the initiators**

Especially the initiators from the legal sphere received the Opinion almost euphorically.

Rowan Freeland, Secretary of IPLA, stated:<sup>55</sup>

*“Their Opinion is admirably clear in its analysis, and helps set the agenda for the political debate.”*

CIPA’s reaction was a little more reserved.<sup>56</sup>

<sup>45</sup> E. g. Jaeger, “All Back To Square One?”, p. 15, accessible at [archive.md/BJfcM](https://archive.md/BJfcM); also de Visscher, GRUR Int 2012, 214 (219).

<sup>46</sup> Gordon/Pascoe Opinion, para. 106, p. 31, final para.

<sup>47</sup> Gordon/Pascoe Opinion, para. 72.

<sup>48</sup> Gordon/Pascoe Opinion, paras. 91, 92, 94, 101, 103, 121.

<sup>49</sup> Gordon/Pascoe Opinion, para. 4.e.

<sup>50</sup> Gordon/Pascoe Opinion, paras. 4.e and 121.

<sup>51</sup> Gordon/Pascoe Opinion, para. 58.

<sup>52</sup> Gordon/Pascoe Opinion, para. 134.b.

<sup>53</sup> Gordon/Pascoe Opinion, para. 15.a.

<sup>54</sup> Gordon/Pascoe Opinion, para. 97.

<sup>55</sup> Above fn. 8.

<sup>56</sup> “Legal opinion on the UK’s participation in the UPC after Brexit” (19/09/2016), accessible at [archive.md/cq6qA](https://archive.md/cq6qA).

*“CIPA President Tony Rollins said: ‘There is now a legal path to securing our continued participation in the Unified Patent Court and the Unitary Patent following Brexit, although this will take some time. We are pleased that Counsel’s Opinion supports our position, but more work needs to be done before the UK can ratify the UPC Agreement.’”*

The IP Federation did not comment on the Opinion, as far as can be seen.

## 5. Interim summary

The Gordon/Pascoe Opinion is not convincing. It seems to be dedicated to justifying desired results instead of providing a legally founded analysis.

It appears that its predominant purpose is to serve as placebo of the commissioning associations for the UK government in order to push the desired ratification and the related acceptance of new Union law obligations regardless of the “Brexit” vote. Should the UK indeed ratify the UPCA on this doubtful basis, it will cause a significant legal uncertainty especially for the British industry. As a consequence, it would not be surprising if the British users would stay away from the new system until the possibility of the UK’s participation in the UPCA even after leaving the EU has been legally secured.

Simply fulfilling the named three requirements – guaranteeing the supremacy of Union law, the possibility of claiming damages and/or initiating infringement proceedings in case of Union law violations as well as guaranteeing preliminary reference proceedings in the sense of Art. 267 TFEU – may well not be enough for the CJEU to accept the UPCA as compatible with Union law. This is due to the fact that, as is known, part of the latter is a whole range of further principles<sup>57</sup> the observance of which is not optional. This especially includes the principle of legality and the principle of completeness of remedies and procedures in relation to the interpretation and application of Union law through the model of cooperation between the CJEU and the national courts of the Member States set out in Art. 19 TEU and Art. 267 TFEU.<sup>58</sup> Insofar, the assumption of the Gordon/Pascoe Opinion, the CJEU could judge the UPCA to be compatible with Union law if only it guaranteed the supremacy of Union law while disregarding other equally important principles, and especially while one of the core objections of Opinion 1/09, the obstruction of the cooperation between the CJEU and the national courts remains unchanged, is hardly convincing.

Ultimately, the Gordon/Pascoe Opinion is what it can be expected to be with regard to the underlying parameters. It is a courtesy expertise suited to be used to foster certain interests. In the interest of the users, however, it would have been desirable to have a truly objective assessment of the realistic legal options by independent experts instead.

<sup>57</sup> E. g. Jaeger, “Reset and Go: The Unitary Patent System Post-Brexit”, p. 22, accessible at [bit.ly/3eR3kvc](http://bit.ly/3eR3kvc).

<sup>58</sup> Jaeger, Reset and Go (fn. 57), p. 21, fourth para.

## V. Announcement of the UK government as regards UPCA ratification

On 28/11/2016, in a press statement titled “UK signals green light to Unified Patent Court Agreement”, the British government announced its intentions as to UPCA ratification:<sup>59</sup>

*“The UK government has confirmed it is proceeding with preparations to ratify the Unified Patent Court Agreement.”*

Apparently with a view to potential objections to this plan resulting from the “Brexit” vote, it was added:

*“The UPC itself is not an EU institution, it is an international patent court.”*

The fact that the formal position of the UPC as an international organisation (Art. 4(1) UPCA) does not mean that it will not have any obligations from Union law, this already follows from CJEU Opinion 1/09.

Warning voices came from unexpected directions. It seems to be dawning on the IP Federation that a quick UPCA ratification by the UK in the absence of any reliable knowledge about the legal situation in case of its withdrawal from the EU would exert its members and the British industry as a whole to serious legal uncertainty and they requested respective activities:<sup>60</sup>

*“It is noted that the Unified Patent Court Agreement does not provide any mechanism for what happens if a contracting state ceases to be part of the EU. The IP Federation therefore recognises that the forthcoming withdrawal of the UK from the EU in 2019 leads to uncertainty for industry over what will happen to the UK part of Unitary Patents and to ongoing litigation at the UPC covering the UK. (...)”*

*Given that the clock is now ticking for the commencement of the UP and UPC, the IP Federation calls on both the UK and the other contracting states to commence work on the legal framework that will be needed for both of these options as soon as possible.”*

The necessity of a legally reliable solution for the UK’s continued participation in the UPCA even after a withdrawal from the EU has even been stressed by an association of legal practitioners, namely by the European Patent Lawyers Association (“EPLAW”). Welcoming the announcement of the UK government, they nonetheless underlined the importance of a legally sound exit scenario:<sup>61</sup>

*“It is now hoped that the UK and Germany and all the other signatory states will conclude the ratification process as soon as possible, without unnecessary de-*

<sup>59</sup> Accessible at [archive.md/aEvtv](http://archive.md/aEvtv).

<sup>60</sup> “The IP Federation responds to the announcement that the UK will ratify the UPCA” (02/12/2016), accessible at [archive.md/G9f5M](http://archive.md/G9f5M).

<sup>61</sup> “Statement by the Board of EPLAW - An important step towards the establishment of the Unified Patent Court” (30/11/2016), accessible at [archive.li/ido3X](http://archive.li/ido3X).

*lay, but most importantly without compromising legal certainty. In doing so, all measures should be taken to ensure that UK will be able to remain part of the UPC following the envisaged exit from the European Union. This is critical to providing businesses with certainty about the new system as they return to planning for its introduction.*"

While the UK's most recent signature of the Protocol on Privileges and Immunities of the UPC was praised as evidence that it truly intends to ratify the UPCA, it remains to be seen whether such ratification will really happen without having the faintest idea whether and how a continued participation can be guaranteed with the necessary degree of legal certainty in case of a withdrawal from the EU. It will be interesting to see whether a solution will be found which is suitable to satisfy the users' well-founded interest in having legal certainty.

## VI. Outlook

Once again, the situation has become entangled. Certain individuals are doing their best to push the European patent reform through at any cost. Nonetheless, continuing with the approach of "eyes closed and go for it" is likely to navigate the project only into a more and more hopeless situation. The leeway to save it from failure is visibly becoming smaller and smaller.

Even the Gordon/Pascoe Opinion and its initiators share the position that the actual designation of the UPC as a court common to the Contracting Member States is nothing than mere fiction, so that the political approach relied on so far does not work any longer. This presumed argument for a continuing UK participation in the UPCA predominantly means that the latter is incompatible with Union law, thus removing the foundation of this question for continued UK participation, at least when based on the political understanding held until now.

Prof. Jaeger rightly commented on the most recent, almost desperate attempts to abandon the prevailing political understanding of CJEU Opinion 1/09 in order to enable a UPCA participation of the UK even post-"Brexit":<sup>62</sup>

*"It is not surprising that commentators friendly of the political compromise incorporated by the Unitary Patent Package despite its extensive legal and functional flaws quickly jumped to its rescue. The proposals developed vary in terms of sophistication and self-assessed likelihood of success. What they have in common is, in particular, a new reading of Opinion 1/09 and an abandonment of the former (Commission-initiated) fiction that access to the UPC had to be restricted to EU Member States and that the UPC was indeed a court of the member states in the sense of Art. 267 TFEU, similar to the BENELUX Court.*

*The UPC, of course, never was anything like that in terms of its tasks and structural setup. The Brexit vote forced proponents of the system to acknowledge this,*

*change their perspectives and abandon the legally convenient fiction: If the UK is to stay onboard the UPC and Unitary Patent at all, it would inevitably do so as a non-EU state."*

Independent commentators have explained repeatedly and in detail how the UPCA could be designed in a manner compatible with Union law while at the same time allowing the participation of non-EU countries like the UK after a withdrawal from the EU.<sup>63</sup> Apparently due to the time required for implementing the necessary changes this seems not to be seen as an option so far, since the patent reform has hitherto, for unknown reasons, been dealt with as a highly urgent project in which any delays were to be avoided even if they could be used to strengthen the legal certainty and practical suitability of the new system.

The Gordon/Pascoe Opinion has demonstrated the UPCA's doubtful compatibility with Union law. Despite the "Brexit" issue and the follow-up problems, the first priority should now be having the CJEU review the Agreement for its legality instead of pushing its entry into force. In case of a negative outcome of such review, no further considerations about the implications of a "Brexit" would be needed insofar. In the opposite case, the CJEU would be put in the position to also clarify the possibility of the UK to partake in the UPCA after a withdrawal from the EU and the respective conditions.

As regards the options for invoking the CJEU in relation to the UPCA, it is often stated that, referring to Art. 218(11) TFEU, requesting a new CJEU Opinion was not possible since the EU no longer is a party to the UPCA. However, such Opinion is not the only possible way for subjecting the UPCA to CJEU scrutiny. The German ratification proceedings comprise several options for bringing the ratification legislation before the German Constitutional Court ("BVerfG") for a constitutional law review in which the CJEU would be invoked as regards Union law questions by way of a request for a preliminary ruling.

Apart from the earlier described<sup>64</sup> general possibility of each affected holder of a fundamental right to subject legislation approving an international Agreement to a review for its compatibility with the German Constitution ("Grundgesetz") by the BVerfG through a constitutional complaint, also the German Federal government, a Federal state government or one fourth of the German Parliament can initiate such constitutional law review. This is possible by way of a so-called "abstract judicial review procedure" ("abstraktes Normenkontrollverfahren"),<sup>65</sup> when the applicant deems legislation to be incompatible with the German Constitution. In case of legislation approving an international Agreement such procedure is applicable even before

<sup>62</sup> Jaeger, Reset and Go (fn. 57), p. 27, no. 5.

<sup>63</sup> Jaeger, Reset and Go (fn. 57), p. 23 ff. (w. f. r.).

<sup>64</sup> Stjerna, The European Patent Reform – Compatible with Constitutional Law? cipher V., p. 5 f., accessible at [www.stjerna.de/compatibility-german-constitution/?lang=en](http://www.stjerna.de/compatibility-german-constitution/?lang=en).

<sup>65</sup> Art. 93 I no. 2 GG, §§ 13 no. 6, 76 ff. BVerfGG.



its entry into force.<sup>66</sup> A violation of the German Constitution could be seen especially in the intended ratification of an international Agreement contradicting Union law and thus establishing an obligation for Germany under international law which is in violation of the EU Treaties. Before making a decision the BVerfG would, according to its frequent practice,<sup>67</sup> suspend the proceedings and request a preliminary ruling from the CJEU on the Union law issues in question, before deciding the dispute on this basis.

This would allow a CJEU review of the UPCA independent of Art. 218(11) TFEU. In a similar case, the delay caused by such procedure amounted to approx. 1½ years<sup>68</sup> which is the investment required to be made for obtaining legal certainty.

Having regard to the actual majority situation in the German Parliament where the opposition only has 127 of 630 seats, i. e. roughly 20 percent, and noting that the Federal states have recently adopted the draft legislation on approving the UPCA without objections albeit procedurally flawed<sup>69</sup>, a request for judicial review would need to come from the Federal government. It could thus achieve clarity on the UPCA's compatibility with Union law and obtain the urgently needed legal certainty for the users.

However, as the Federal government showed little interest in the legal viability of the UPCA so far, it is not to be expected that this option will be made use of. This regardless of the obligation attributed to all German state authorities by the BVerfG<sup>70</sup> to make sure that a transfer of sovereign rights takes place only in accordance with the requirements specified in the German Constitution. As a consequence, it will be up to private applicants to initiate a review of the approval legislation on the UPCA by the BVerfG. Since the UPCA's compatibility with the German Constitution seems to have been considered only to a very limited extent yet – if at all –, there are a number of arguments for a successful constitutional law challenge.

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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!

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<sup>66</sup> BVerfGE 36, 1 (15).

<sup>67</sup> Most recently BVerfG, docket no. 2 BvR 2728/13 et al., judgment of 21/06/2016, para. 154 (w. f. r), 156 – OMT II, accessible at [bit.ly/3tOTvSw](http://bit.ly/3tOTvSw).

<sup>68</sup> BVerfG, docket no. 2 BvR 2728/13 et al., decision of 14/01/2014 – OMT; CJEU, case C-62/14, judgment of 16/06/2015 – Gauweiler, accessible at [bit.ly/3uQAxfK](http://bit.ly/3uQAxfK).

<sup>69</sup> Cf. [www.stjerna.de/restart/?lang=en](http://www.stjerna.de/restart/?lang=en).

<sup>70</sup> Most recently BVerfG – OMT II (fn. 67), para. 164.