Chapter 14

Liability for infringement of EU law

Phillip Johnson[1]

Introduction

The history of the Unitary patent (and the Community patent before it) has been marred in ambiguity[2] with its mix between intergovernmental and supranationalism[3] and the conflicting aims to keep the patent system institutionally separate from the European Union but also functionally linked to it.[4] So it was not surprising that when the Court of Justice considered the project in Opinion 1/09 *Creation of a unified patent litigation system*[5] it concluded that the Unified Patent Court (UPC) has to be 'a court of a Member State' or a court common to member states to be consistent with EU law.[6] In common with domestic courts[7] in the EU, there is an express obligation on the UPC to cooperate with the Court of Justice of the European Union to ensure the correct application and uniform interpretation of EU law.[8] This means that the UPC is subject to the same obligations under EU law as any national court[9] and that in case of any conflict its rules must give way to the supremacy of EU law.[10] The opening question must be, therefore, with its competence limited to patents[11] how much EU law is there which the UPC must apply and interpret?

The extent of EU law before the UPC

[1] I would like to thank Dr Sara Drake for her helpful comments on an earlier version of this chapter.

[2] There were still doubts that the agreement would ever come into force as late as 2021: see Sara Fallah, Alexander Koller and Michael Stadler "The UPCA's Path to Entry into Force between Delayed and Withdrawn Ratifications – Dead-end Street or Bumps in the Road?" (2021) 70 GRUR Int 662.

[3] For a history see Justine Pila "The European Patent: An Old and Vexing Problem" (2013) 62 ICLQ 917 and *Roughton, Johnson and Cook on the Law of Patents* (5th Ed Butterworths 2022), [24.121]-[24.127].

[4] Tuomas Mylly "A Constitutional Perspective" in Justine Pila and Christopher Wadlow, *The Unitary EU Patent System* (Bloomsbury 2015), p 78 at 79; also see Matthias Eck "Europäisches Einheitspatent und Einheitspatentgericht – Grund zum Feiern?" (2014) GRUR Int 114 at 115 and 117.

[5] [2011] ECR I-1137.

[6] Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [82 and 89]; and see Art 71a(2) of Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcements in civil and commercial matters [2012] L351/1 (Brussels Regulation (Recast) (Art 71a was inserted by Regulation (EU) No 542/2014 regarding the rules to be applied with respect to the Unified Patent Court and Benelux Court of Justice [2014] OJ L163/1); also see European Commission Legal Service, Creating a Unified Patent Litigation System – Orientation Debate, 23 May 2011, Doc PI 50 COUR 27, Annex.

[7] The obligation in the Treaty on the Functioning of the European Union, arts 4(3) is on the Member States, but as an authority of a Member State the court must likewise discharge this duty.

[8] UPCA, art 21 (and art 1); Treaty on the European Union, arts 4(3) and 19; Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [84]; C-379/98 *Preussen Elektra v Schleswag* [2001] ECR I-2099, [38]; C-35/ 99 *Arduino und Compagnia* [2002] ECR I-1529, [24]; C-379/98 *Rheinmühlen v Einfuhr- und Vorratsstelle Getreide* [2001] ECR I-2099, [38].

[9] UPCA, art 1.

[10] UPCA, art 20 (called 'primacy' in the UPC).

[11] UPCA, art 32.

The starting point for answering this question is straightforward.[12] The Unitary Patent Regulation,[13] the Translation Regulation,[14] the Enforcement Directive,[15] the Biotechnology Directive,[16] the SPC Regulations,[17] the relevant provisions of the Brussels (Recast) Regulation[18] and certain other instruments which are relevant to exceptions[19] are all EU law which must be applied by the court. From this point it becomes increasingly contentious and uncertain. The first uncertainty is whether the infringement provisions (which were moved from the draft Unitary Patent Regulation[20] to articles 25 to 27 of the UPCA) are incorporated by reference into the Unitary Patent Regulation[21] and thereby bringing patent infringement within EU law.[22] These provisions were removed from the Regulation ostensibly to keep infringement outside the scope of EU law and away from the Court of Justice.[23] But if the Court of Justice takes the view infringement is within its purview then how far does this go? It is unlikely that the Court of Justice determining an autonomous meaning for what amounts to the "making" of the patented product would be profound, but if the Court took the view that the scope of protection[24] was part of infringement then issues such as the approach to claim interpretation and the extent to which the patent extends to equivalents might be within EU

[12] Some have even suggested that patents fall entirely within EU law: Roberto Romandini and Alexander Klicznik "The territoriality principle and transnational use of patented inventions - the wider reach of a unitary patent and the role of the CJEU" (2013) 44 IIC 524 at 537-8.
[13] Regulation (EU) No 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection [2012] OJ L361/1.
[14] Regulation (EU) No 1260/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements [2012] OJ L361/89.
[15] Directive 2004/48/EC on the enforcement of intellectual property rights [2004] OJ L195/16.
[16] Directive 98/44/EC on the legal protection of biotechnological inventions [1998] OJ L213/13.
[17] Regulation (EC) No 469/2009 concerning the supplementary protection certificate for medicinal products [2009] OJ L152/1; Regulation (EC) No 1610/96 concerning the creation of a supplementary protection certificate for plant protection products [1996] OJ L198/30.
[18] Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcements in civil and commercial matters, art 71a to 71d.
[19] The the following instruments are also relevant to UPCA, art 27: Directive 2001/82/EC on the Community code relating to veterinary medicinal products [2001] OJ L311/1; Directive 2001/83/EC on the Community code relating to medicinal products for human use [2001] OJ L311/67; Regulation (EC) No 2100/94 on Community plant variety rights [1994] OJ L 227/1; and Directive 2009/24/EC on the legal protection of computer programs [2009] OJ L111/16.
[20] Proposal for a Regulation implementing enhanced cooperation in the area of the creation of unitary patent protection COM (2011) 215, art 6 to 8.
[21] The following argue that the provisions are so incorporated: Jochen Pagenberg 'Unitary patent and Unified Court — What lies ahead?" (2013) 8 JIPLP 480 at 481; Winfried Tilmann 'The compromise on the uniform protection for EU patents' (2013) 8 JIPLP 78 at 80; Winfried Tilmann and Clemens Plassmann, *Unified Patent Protection in Europe: A Commentary* (Oxford 2018), pp 136-8, 455; also see Chris Wadlow ''Hamlet without the prince': Can the Unitary Patent Regulation strut its stuff without Articles 6–8?' (2013) 8 JIPLP 207. Some take the view without comment that the aim to exclude infringement was successful: Luke McDonagh, *The European Patent: An Old and Vexing Problem* (Elgar 2016), p 88-9.
[22] Any preliminary reference to the Court of Justice would be a referefmid-20nce under Regulation (EU) No 1257/2012 implementing enhanced cooperation in the area of the creation of unitary patent protection, art 5 rather than the UCPA itself: see Romandini and Klicznik "The territoriality principle and transnational use of patented inventions" at 537-8.
[23] See for instance, Tuomas Mylly "A Constitutional Perspective" at 77-8; Jans Smits and William Bull "The Europeanization of Patent Law: Towards a Competitive Model" and Jan Brinkof and Ansgar Ohly "Towards a Unified Patent Court in Europe" both in Ansgar Ohly and Justine Pila (Eds), *The Europeanization of Intellectual Property Law: Towards a European Legal Methodology* (Oxford 2013), respectively p 39 at 52 and p 199 at 201.
[24] EPC, art 69 and Protocol on Interpretation; also see Maximilian Haedicke "Rechtsfindung, Rechtsfortbildung und Rechtskontrolle im Einheitlichen Patentsystem" (2013) GRUR Int 609 at 610-11.

law. And its approach to this question in the context of patents and supplementary protection certifications has not been a shining example of clarity.[25]

While it is usually said that patentability is outside the scope of EU law[26] the Biotechnology Directive provides rules on *ordre public*, morality and an exclusion for animal and plant varieties[27] and so these rules, rather than those in the EPC,[28] are within EU law. But the Directive also provides that "inventions which are new, which involve an inventive step and which are susceptible of industrial application shall be patentable even if they concern a product consisting of or containing biological material…"[29] So is the meaning of 'new', 'inventive step' and 'industrial application'[30] in this context a question involving the interpretation of EU law? And if the Court of Justice determines an EU meaning for inventive step in relation biotechnology it would be strange if the UPC adopted something different for other areas of technology. Going further, Article 13 of the Enforcement Directive requires the courts to order the "infringer" to pay the "injured party" for damages caused by an "infringing activity"; will an interpretation of "infringer" make the rules of joint liability for patent infringement[31] a matter of EU law; will it determine which "injured party" can obtain damages;[32] and, at an extreme, would the Court of Justice give a meaning to "infringing activity"?

In addition to EU instruments relating to patents there are also international agreements concerning patents which fall to be interpreted by the Court of Justice, rather than UPC or national courts. Some are clearly within its remit, such as the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPS).[33] But does it go further? There are obligations under the European Economic Area Agreement[34] requiring EU Member States[35] to be a party (and so comply) with various industrial property conventions including the Paris Convention on the Protection of Industrial Property and the Budapest Treaty on the

[25] See Sir Robin Jacob 'What single reform?" in Gustavo Ghidini and Valeria Falce (Ed), *Reforming Intellectual Property* (Elgar 2022), 141 at 146-150; by mid-2023 there have been 44 judgments following preliminary references in relation to the two supplementary protection regulations.

[26] Winfried Tilmann and Clemens Plassmann, *Unified Patent Protection in Europe: A Commentary*, p 455; McDonagh, *The European Patent: An Old and Vexing Problem*, p 88-9.

[27] Directive 98/44/EC on the legal protection of biotechnological inventions, art 4(1) and 6.

[28] EPC, r 26 to 34.

[29] While the suggestion that this could have such a profound effect seems implausible, it must be remembered that the extent of harmonisation by Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10, art 2 to 4 was likewise unforeseen: see discussion in Sheldon Halpern and Phillip Johnson, *Harmonising Copyright Law and Dealing with Dissonance: A Framework for Convergence of US and EU Law* (Elgar 2014), pp 115-9.

[30] The case is even stronger for industrial application: Directive 98/44/EC on the legal protection of biotechnological inventions, art 5(3); although very few cases are likely to turn on whether an invention is industrially applicable.

[31] The Court of Justice has declined determining rules for accessory liability for trade marks but has started to sketch them out for copyright infringement: see Richard Arnold "Intermediary Liability and Trade Mark Infringement: A Common Law Perspective" in Giancarlo Frosio (Ed), *Oxford Handbook of Online Intermediaries Liability* (Oxford 2020), p 404 at 410-11.

[32] Particularly, in line with Directive 2004/48/EC on the enforcement of intellectual property rights, art 4.

[33] C-414/11 *Daiichi Sankyo Co*, EU:C:2013:520, [60-62]; also see the argument that there is a very broad competence in relation to patents based on TRIPS by Angelos Dimopoulos and Petroula Vantsiouri "Of TRIPS and Traps: The Interpretative Jurisdiction of the Court of Justice of the European Union over Patent Law" (2014) 39 European LR 210.

[34] EEA Agreement, Protocol 28, art 5.

[35] And the other parties to the agreement, namely Norway, Iceland and Liechtenstein.

International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, and there are Partnership/Free Trade Agreements[36] which also require adherence to the Patent Law Treaty and the European Patent Convention.[37] In *Commission v Ireland,*[38] the Court of Justice considered that Ireland's failure to adhere to the Berne Convention as required by the EEA Agreement was a breach of EU law. This related to ratification only. But it is possible that it might go further with it being a matter for the Court of Justice to consider whether domestic law (and so that of the UPC) complies with the rules under those Conventions. As can be seen the central scope of EU law which must be applied by the UPC is clear, but the edges are very fuzzy indeed. This scope whether bright or blurred presents a critical issue for this discussion.

It is critical because the UPC must apply all EU law and give it primacy;[39] a failure to do so would open the court to sanction. In Member States the requirements of supremacy means that EU law has to be applied in preference to conflicting domestic law,[40] but for the UPC there is no existing jurisprudence as it starts from a clean slate and so the issue is really whether it should apply (and the weight it should give) to the other prescribed sources of law.[41] These begin with EU law, then there is the UPCA itself, followed by the European Patent Convention and other international agreements applicable to patents[42] and it ends with national law. Thus, the primacy of EU law will have effect if any of the subordinate sources of law are not compliant or there is new EU jurisprudence which conflicts with existing UPC law.

A corollary of the primacy obligation is that the UPC must refer to the Court of Justice any unresolved question of EU law.[43] In fact, while any division of the UPC will have a discretion to refer a question to the Court of Justice, only the Court of Appeal has a mandatory obligation to do so[44] as it is the court of last instance.[45] It *must* make a preliminary reference where any matter of EU law is unclear unless one of the three *Cilfit*[46] criteria apply, namely, first, the question is not relevant to the case before the UPC, secondly, the question is materially identical to a question which has already been the subject of a reference (*acte éclairé*), or,

[36] Eg Stabilisation and Association Agreement between the European Communities and the Republic of Albania [2009] OJ L 107/166, art 73 and Annex V(2) (Paris Convention, Budapest Convention, PCT, PLT and EPC); Economic Partnership Agreement between the CARIFORUM States and the European Community [2008] OJ L/289/I/3, art 147A(1) (Budapest Convention, PCT and PLT).
[37] There is a risk of circulatory here if the Court of Justice has to apply the European Patent Convention along with the European Patent Office case law, and the EPO does the same.
[38] C-13/00 *Commission v Ireland* [2002] ECR I-2955, [20].
[39] UPCA, art 20.
[40] For a broad discussion: Karen Alter, *Establishing the Supremacy of European Law: The Making of an International Rule of Law in Europe* (Oxford 2001).
[41] Set out in UPCA, art 24.
[42] Subject of course to compliance not being an issue of EU law.
[43] Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [83 and 84]. However, a possible issue for the UPC in that it is removed from the law of Member States and this might present a tension as to whether it is able to refer questions to the Court of Justice: see C-196/09 *Paul Miles v European Schools* [2011] ECR I-5105, [37-46] and Joachim Gruber "Das Einheitliche Patentgericht: vorlagebefugt kraft eines völkerrechtlichen Vertrags?" (2015) GRUR 323.
[44] Under UPCA, art 21 by way of the application of TFEU, art 267(3).
[45] Technically, the obligation falls on courts 'whose decisions there is no judicial remedy under national law': TFEU, art 267(3); C-99/00 *Lyckeskog* [2002] ECR I-4839, [16]; C-210/06 *Cartesio Oktató és Szolgáltató bt* [2008] ECR I-9641, [79].
[46] Case 283/81 *Cilfit* [1982] ECR 3415.

thirdly, the answer to the question is so obvious it leaves no room for doubt (*acte clair*).[47] If the court concludes one of these exceptions apply, the parties cannot compel a reference[48] as it is purely for the court to decide whether to refer or not[49] albeit where a court refuses to refer a matter it must give reasons why one of the *Cilfit* conditions applies.[50] And once a reference has been made, the Court of Justice does not review whether the reference is necessary.[51] As can be seen the obligations on the UPC are well established in EU law as are the sanctions for not complying with those rules.

Compelling compliance

In Opinion 1/09 *Creation of a unified patent litigation system*[52] the Court of Justice made it clear that any court would have to comply with the duties usually imposed on national courts.[53] Thus making UPC judges 'agents of compliance'[54] in respect of EU law.[55] Accordingly, the Opinion made it clear that the UPC, like national courts, must be subject to the possibility of infraction[56]proceedings[57] for not complying with EU law.[58] Likewise, there has to be a mechanism for individuals to recover damages for any breach of EU law committed by the UPC in accordance with the *Köbler* decision.[59] This creates a 'dual vigilance' model with both individual and institutional redress.[60] This is why the UPCA includes rules that subject

[47] Case 283/81 *Cilfit* [1982] ECR 3415, [10, 14 and 16]; also see C-561/19 *Consorzio Italian Management v Catania Multiservizi*, EU:2021:799, [66]

[48] Case 93/78 *Lothar Mattheus v Deogo Fruchtimport und Tiefkühlkost* [1978] ECR 2203, [5]; The duty on the UPC of sincere cooperation (Art 4(3) TEU) does not oblige it to overturn a final decision of the Court of Appeal where a reference should have been made: C-234/04 *Kapferer v Schlank & Schick GmbH* [2006] ECR I-2585, [24]; C-2/08 *Amministrazione dell'Economia e delle Finanze v Fallimento Olimpiclub* [2009] ECR I-7501, [22-23].

[49] C-317, 318, 319 and 320/08 *Rosalba Alassini v Telecom Italia SpA* [2010] ECR I-2213, [25]; Case 83/78 *Pigs Marketing Board v Redmond* [1978] ECR 2347, [25]; C-83/ 91 *Meilicke v ADV/ORGA* [1992] ECR I-4871, [23]; C-495/03 *Intermodal Transports v Staatssecretaris van Financiën* [2005] ECR I-8151, [37]; C-160/14 *Ferreira da Silva e Brito v Estado português*, EU:C:2015:565, [40].

[50] C-561/19 *Consorzio Italian Management v Catania Multiservizi*, EU:2021:799, [51].

[51] C-466/07 *Klarenberg v Ferrotron Technologies GmbH* [2009] ECR I-803, [26 to 28]; C-415/93 *Union Royale Belge des Sociétés de Football Association ASBL v Bosman* [1995] ECR I-4921, [59]; C-380/01 *Schneider v Bundesminister für Justiz* [2004] ECR I-1389, [21].

[52] [2011] ECR I-1137.

[53] Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [85].

[54] Zsófia Varga, *The Effectiveness of the Köbler Liability in National Courts* (Hart 2020), p 6.

[55] See C-2/88 *Zwartveld* [1990] ECR I-3367, [18] ("…the judicial authorities of the Member States, who are responsible for ensuring that Community Law is applied and respected in the national legal system"); Koen Lenaerts "The Rule of Law and the Coherence of the Judicial System of European Law" (2007) 44 CMLRev 1625 at 1659; André Nollkaemper "The Role of National Courts in Inducing Compliance with International and European Law – A Comparison" in Marise Cremona (ed), *Compliance and Enforcement of EU Law* (Oxford 2012), 157 at 157-8; John Temple Lang "The Duties of National Courts under Community Constitutional Law" (1997) 22 European LR 3 at 3.

[56] These type of proceedings are commonly called infringement proceedings, but the lesser used name 'infraction' proceedings is used to avoid confusion with patent infringement.

[57] TFEU, art 258 to 260; also see Melanie Smith, *Centralised Enforcement and Good Governance in the EU* (Routledge 2009)

[58] Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [87]; C-129/00 *Commission v Italy* [2003] ECR I-14637, [29, 30 and 32].

[59] C-224/01 *Köbler v Republik Österreich* [2003] ECR I-10239; Opinion 1/09 *Creation of a unified patent litigation system* [2011] ECR I-1137, [86].

[60] Bernhard Hofstötter *Non-Compliance of National Courts: Remedies in European Community Law and Beyond* (Asser 2005), p 187.

Contracting Member States to infraction proceedings before the Court of Justice[61] and allow for *Köbler* damages claims.[62]

'Infraction' proceedings

There are two types of proceedings which can be brought in the Court of Justice against Member States where they have not complied with EU law (commonly called 'infraction' or 'infringement' proceedings[63]), which exist to maximise compliance with EU law.[64] The first, and most common, are infraction proceedings brought by the European Commission. These exist not only to ensure compliance with EU law, but also to iron out any differing interpretations of EU law, and to act as a warning to other Member States.[65] Secondly, infraction proceedings can be brought by other Member States all of whom 'are equally interested—just like the [EU] institutions—in ensuring sustained compliance with the Treaties by their peers'.[66] These two sorts of proceedings are equally available to address breaches of EU law by the UPC. So the Commission can bring infractions proceedings against all the Contracting States (jointly or individually) for any breach by the UPC.[67] Likewise, any Member State (and not just Contracting Member States) can bring infraction proceedings for any such breach.[68]

Köbler liability

The Court of Justice has recognised that any damage an individual suffers due to national courts of last resort not satisfying their EU obligations is recoverable: so called *Köbler* liability.[69] By way of background, in 1991, the Court of Justice held in *Francovich*[70] that where a Member State fails to implement or give effect to EU law[71] that state could be liable in damages. To establish such a claim the claimant needs to establish (1) the EU rule infringed was intended to confer rights on individuals; (2) the breach was sufficiently serious (or manifest);[72] and (3) there was a direct causal link between the breach of the obligation resting on the UPC and the damage sustained by the injured party. The judgment in *Köbler* made it clear that a *Francovich*

---

[61] UPCA, art 23.

[62] UPCA, art 22. A claim should either be brought in the courts of the Contracting Member State where the claimant is established or domiciled or, if this does not apply, the courts of the seat of the Court of Justice: art 22(2).

[63] These are also called enforcement actions or Commission supervision. To avoid any confusion, the term 'infraction' proceedings will be used here.

[64] Stine Andersen, *The Enforcement of EU Law: The Role of the European Commission* (Oxford 2012), p 67.

[65] Francis Snyder, "General Course in Constitutional Law of the European Union" (1995) VI (Bk 1) Collected Courses of the Academy of European Law 41 at 84.

[66] Dimitry Kochenov, 'The Acquis and Its Principles: The Enforcement of the "Law" versus the Enforcement of "Values" in the EU' in András Jakab and Dimitry Kochenov (eds), *The Enforcement of EU Law and Values: Ensuring Member States' Compliance* (Oxford 2017), p 9 at 20; but member states are still not very interested as the small number of cases brought demonstrates. For a summary of the four cases up until 2017 see Graham Butler, "The Court of Justice as an inter-state court" (2017) 6 *Yearbook of European Law* 179 at 189-192 (there are currently further cases pending before the Court of Justice).

[67] UPCA, art 23 and TFEU, art 258.

[68] UPCA, art 23 and TFEU, art 259.

[69] The four cases dealing with principle are discussed in Varga, *The Effectiveness of the Köbler Liability in National Courts*, p 8-13.

[70] C-479/93 *Francovich v Italian Republic* [1995] ECR I-3843; further developed in C-46/93 *Brasserie du pêcheur v Bundesrepublik Deutschland* [1996] ECR I-1029.

[71] C-479/93 *Francovich v Italian Republic* [1995] ECR I-3843 (this applied only to Directives), but it was made of more general application in C-178/94 *Dillenkofer v Bundesrepublik* [1996] ECR I-4845..

[72] This is often a difficult thing to establish, see for instance *Cooper v Attorney-General* [2010] EWCA Civ 464.

claim could be made against a Member State where the decision or order of its highest national court is an infringement of EU law.[73] Such an assessment being based on more or less the same basis as other breaches by Member States.[74] In effect, the judgment acknowledged that the courts of Member States play a key role in giving effect to EU law.[75]

The *Köbler* doctrine raises many difficult issues, but for the purposes of this discussion these will be side-stepped and the examination will look only at the effect of this rule. Indeed, two of the three elements will usually be satisfied in relation to patent disputes before the court. This is because it would be difficult to see how a party to proceedings before the UPC would not be individually concerned in the outcome (as they either had to pay damages, did not receive a remedy or lost their patent wholly or in part), and the causation element may be relevant to the assessment of damages but in many cases this too will be straightforward.

The difficult threshold is that the failure must be "manifest", a standard which was stricter for judicial acts from that of other failures of member states.[76] It requires an assessment of the degree of clarity and precision of the rule infringed, whether the infringement was intentional, whether the error of law was excusable or inexcusable, and the failure to make a preliminary reference to the Court of Justice.[77] So, for instance, where there is a clear decision of the Court of Justice which the UPC failed to follow, or it failed to seek further clarification, the breach is likely to be manifest.[78] There is one final imitation, namely that claims can only be made in relation to the court of last instance, for the UPC that is the Court of Appeal.[79]

Ways in which the UPC can breach EU law

There are a handful of instances when a court might infringe EU law and so face either infraction proceedings or a *Köbler* claim.[80] First, liability might attach if the court fails to apply

[73] C-224/01 *Köbler v Republik Österreich* [2003] ECR I-10239, [50]; also see C-173/03 *Traghetti del Mediterraneo v Repubblica italiana* [2006] ECR I-5177, [44-45]; C-168/15 *Tomášová v Slovenská republika*, EU:C:2016:602, [22]; C-620/17 *Hochtief Solutions Magyarországi Fióktelepe v Törvényszék,* EU:C:2019:630, [35].

[74] C-224/01 *Köbler v Republik Österreich* [2003] ECR I-10239, [51-52].

[75] Varga, *The Effectiveness of the Köbler Liability in National Courts*, p 1 and 17; Michal Bobek "The Effect of EU Law in the National Legal System" in Catherine Barnard and Steve Peers (ed), *European Union Law* (3rd Ed OUP 2020), p 156 ("the courts…become de facto EU institutions when acting *within the scope of EU law*"); Maartje de Visser "The Concept of Concurrent Liability and its Relationship with the Principles of Effectiveness: A One Way Ticket into Oblivion" (2004) 11 Maastricht J of European and Comparative Law 47 at 61-2; John Temple Lang "The Duties of National Courts under Community Constitutional Law" at 3; Koen Lenaerts, Ignace Maselis and Kathleen Gutman, *EU Procedural Law* (Oxford 2014), 3 ("national courts are in effect the 'lynchpin' of the judicial system") and 13-4; Tobias Lock "Is Private Enforcement of EU Law Through State Liability a Myth? An Assessment 20 Years after Francovich" (2012) 49 CMLRev 1675 at 1675.

[76] Hofstötter *Non-Compliance of National Courts: Remedies in European Community Law and Beyond*, p 128 (the standard from C-46/93 and C-48/93 *Brasserie du Pêcheur v Germany* [1996] ECR I-1029 not being applied).

[77] C-224/01 *Köbler v Republik Österreich* [2003] ECR I-10239, [53 to 56]; C-173/03 *Traghetti del Mediterraneo v Repubblica italiana* [2006] ECR I-5177, [43]

[78] Varga, *The Effectiveness of the Köbler Liability in National Courts,* p 34 and 41; Takas Tridimas, "State Liability for Judicial Acts Remedies Unlimited?" (2005) in Paul Demaret, Inge Govaere and Dominik Hanf (eds), *European Legal Dynamics: Revised and Updated Edition of 30 Years of European Legal Studies at the College of Europe* (Lang 2007), p 146 at 155; Claus Classen "Case C-224/01 *Gerhard Köbler v Republik Österreich*, Judgment of 30 September 2003, Full Court" (2004) 41 CMLRev 813 at 820.

[79] See UPCA, art 22(1); also see C-168/15 *Tomášová v Slovenská republika*, EU:C:2016:602, [20]

[80] However, others suggest it can arise in more limited circumstances: 'if as a result of insufficiently clear national law either national courts adopt a universal interpretation of national law which is contrary to EU law or in a given Member State in the EU context differing judicial decisions emerge.': Maciej Taborowski "Infringement Proceedings and Non-Compliant National Courts" (2012) 49 CMLRev 1061 at 1086-7.

an EU rule which has direct effect. Secondly, the court applies a rule in the UPCA (or other subordinate source of law[81]) which is incompatible with EU law. Thirdly, the court applies rules in a way which is contrary to EU law usually by misinterpreting the rule. Finally, the court fails to make a preliminary reference to the Court of Justice under Article 21 when it should have done so.[82] Each of these grounds will be now be sketched out.

Failure to give direct effect to an EU law

A rule of EU law is only directly effective where it is clear, sufficiently precise and unconditional.[83] As the UPC is not a Member State, it is unclear what happens when a particular EU instrument is applicable to the dispute under the choice of law rules[84] but is not "implemented". For instance, in relation to EU Regulations, the Court might have to consider the TTBE[85] in a licensing/infringement dispute. This would be quite straightforward as the Regulation is directly applicable and so would be directly applied by the court (and it is presumed it will be applied in the language of the proceedings[86]). But what about Directives? The Biotechnology Directive is probably directly effective[87] and while one aspect is implemented in the UPC[88] the majority is not; it is possible that most of the remainder of the Directive would be applied by reference to the EPC.[89] But what about the rule in Article 9 of the Directive relating to products consisting of genetic information?[90] This rule is not in the EPC, but it still needs to be given effect. Will the UPC just treat the Directive like a Regulation? Or will it fail to give it direct effect? And if so, would litigants have a remedy?

Incompatible rules

Since at least the *Simmenthal* judgment[91] in 1978, it has been established that domestic courts should disapply their own national law where it conflicts with EU law. Thus, the UPC is obliged of its own motion to not apply any rule - whether in the UPCA, the EPC or any national law - which conflicts with EU law.[92] The room for the disapplication of incompatible rules before the UPC itself is small as there are so few rules set out in the UCPA and Procedural rules. But

---

[81] See UPCA, art 24.
[82] See Tridimas, "State Liability for Judicial Acts Remedies Unlimited?" at 155 (as modified for UPC).
[83] This originated in Case 26/62 *Van Gend en Loos v Administratie der Belastingen* [1963] ECR 3.
[84] UPCA, art 24(2).
[85] Commission Regulation (EU) No 316/2014 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of technology transfer agreements [2014] OJ L 93/17.
[86] See UPCA, arts 49 and 50.
[87] However, for the purpose of infraction or *Köbler* proceedings, it might need a positive decision from the Court of Justice to confirm this before the UPC could be criticised: Varga, *The Effectiveness of the Köbler Liability in National Courts,* p 26.
[88] UPCA, art 27(l) gives effect to Directive 98/44/EC on the legal protection of biotechnological inventions, art 10.
[89] EPC, rr 26 to 34.
[90] See C-428/08 *Monsanto v Cefetra* [2010] ECR I-6765 and the diverging view of its effect in EU Commission, *Final Report of the Expert Group on the Development and Implications of Patent Law in the Field of Biotechnology and Genetic Engineering* (17 May 2016).
[91] Case 106/77 *Amministrazione delle finanze dello Stato v Simmenthal* [1978] ECR 629, [21 and 24]; C-112/13 *A*, EU:C:2014:2195, [36]; C-617/10 *Akerberg Frannson*, EU:C:2013:105, [45]; C-258/98 *Carra* [2000] ECR I-4217, [16]; C-188/10 *Melki and Adbeli* [2010] ECR I-5667, [43].
[92] Michael Dougan "Primacy and the Remedy of Disapplication" (2019) 56 CMLRev 1459 at 1460-71; Takis Tridimas "Black, White and Shades of Grey: Horizontality of Directives Revisited" (2001) 21 Yearbook of European Law 327 at 350; C-188/10 *Melki and Adbeli* [2010] ECR I-5667, [43]; C-112/13 *A*, EU:C:2014:2195, [36]; there is some uncertainty as to whether the EU law must also be directly effective: Varga, *The Effectiveness of the Köbler Liability in National Courts,* p 26-7.

the most likely point of tension would be between the Enforcement Directive[93] and the remedies and enforcement measure set out in the UCPA.[94] This is because the wording of the UPCA is in places slightly different from that in the Directive (such as in relation to damages[95]) and this may (following elucidative judgments from the Court of Justice) lead to incompatibility. Indeed, there are already some tensions. For instance, there is a rule in Article 14 of the Enforcement Directive for ensuring "that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this." According to the Court of Justice in *United Video Properties*[96] scaled costs regime are permissible provided they reflect the real market prices of lawyers fees. If the fees scale in UPC[97] does not reflect market rates[98] then any costs award would be breaching an EU law and, it is possible, the balance of the fees could be collected in an action before the court of a Contracting Member State.

In addition to conflicts with Directives, there is the possibility that a decision, order or procedural rule is found to be contrary to the Charter of Fundamental Rights.[99] For instance, an injunctive order to prevent infringement may be too broad and so incompatible with articles 16 and 17 of the Charter. Likewise, Article 47 which governs the right to an effective remedy and to a fair trial may be engaged by a particular procedural rule.[100] A simple example would be if the proceedings before the court eventually becomes beset with long delays.[101]

Failure to give conforming interpretation

Courts in Member States are obliged to interpret domestic law in accordance with EU law as far as is possible;[102] this is usually called indirect effect.[103] This 'interpretative obligation'[104] would apply to any provision of UPCA, EPC or domestic law in respect of which EU law might be relevant. Accordingly, if the UPC fails to interpret these laws in accordance with EU norms it may face infraction proceedings or be liable for damages for any harm caused.[105] For a damages claim, the breach must be manifest and so it is likely that only where there is clear

---

[93] Directive 2004/48/EC on the enforcement of intellectual property rights.

[94] UPCA, arts 59-63, 68 and 69.

[95] Directive 2004/48/EC on the enforcement of intellectual property rights, art 13 cf UPCA, art 68.

[96] C-57/15 *United Video Properties*, EU:C:2016:611; also see C-531/20 *NovaText GmbH v Ruprecht-Karls-Universität Heidelberg*, EU:C:2022:316.

[97] UPCA, art 69(1) ("up to a ceiling set in accordance with the Rules of Procedure"); Rules of Procedure (adopted 8 July 2022), r 152.

[98] See *Roughton, Johnson and Cook on Patents* (5th Ed, Butterworths 2022), [15.78-15.80]; Phillip Johnson "How High is My Costs Ceiling?" (2016) 11 JIPLP 885.

[99] The Charter extends to "implementations" of EU law (Charter, art 51(1)) and from C-199/11 *Europese Gemeenschap v Otis NV*, EU:C:2012:684, [45 et seq] it appears that the Charter would apply to all the proceedings before the UPC (as remedies are harmonised); also see Mylly "A Constitutional Perspective", p 87-9.

[100] Varga, *The Effectiveness of the Köbler Liability in National Courts,* p 80.

[101] It will clearly be relevant if proceedings were unduly long: T-577/14 *EU v Gascogne e.a,* EU:T:2017:1, [78-81] (upheld on appeal C-138/17, EU:C:2018:1032, [30-32]); T-479/14 *Kendrion NV v EU,* EU:T:2017:48, [121-135] (upheld on appeal C-150/17, EU:C:2018:1014, [111-112]).

[102] Unless to do so would be *contra legem*: C-105/03 *Pupino* [2005] ECR I-5285, [47]; C-26/13 *Kásler v OTP Jelzálogbank Zrt*, EU:C:2014:282, [65].

[103] The origins of this rule are Case 14/83 *Von Colson v Land Nordrhein-Westfalen* [1984] ECR 1891, [28]; C-106/89 *Marleasing v Comercial Internacional de Alimentación* [1990] ECR I-4135, [8]; for a full statement of the rule see C-441/14 *DI*, EU:C:2016:278, [35-37].

[104] Sara Drake "Twenty Years after Von Colson: The Impact of 'Indirect Effect' on the Protection of the Individual's Community Rights" (2005) 30 European LR 329.

[105] Tridimas, "State Liability for Judicial Acts Remedies Unlimited?", p 155.

jurisprudence from the Court of Justice setting out the meaning and then the UPC takes a different meaning would it be actionable. For instance, applying the Enlarged Board's decision in *WARF*[106] on the patentability of inventions involving embryonic stem cell without any reference to the decisions of the Court of Justice in *Brüstle*[107] and *International Stem Cell.*[108] Even this question is tricky as the answer may vary between Contracting State as some countries joined the European Patent Convention before joining the European Union and these may be able to argue that the earlier convention permits a derogation from EU law.[109]

Failure to request a preliminary reference

As has already been discussed, the Court of Appeal like 'any national court' of last instance has the same obligation to make a preliminary reference to the Court of Justice unless one of the *Cilfit* exceptions applies.[110] It had been suggested that a successful sanction being imposed for such a failure is impossible.[111] However, the Court of Justice in infraction proceedings against France (*Commission v France*[112]) concluded there was an actionable failure to refer. It arose because the French court departed from a Court of Justice decision on the grounds the judgment had been based on a different scheme in another member state. The Court of Justice concluded that as the French Court was wrong on EU law it was reasonable to conclude that the answer to the question could not have been *acte clair* and so there should have been a reference. It may be a collateral challenge could also be made not because of the failure to make a reference but rather due to the failure to *explain* why no reference was made.[113]

In combination this might suggest a much stricter obligation to refer than really exists because in reality the *Cilfit* exceptions leave much discretion to the court.[114] The UPC may decide that the result of any preliminary reference would not be determinative for their judgment[115] negating the need for a reference.[116] Similarly the fact there are differing views between the UPC and the law of member states does not necessitate a referral,[117] and clearly only certain aspects of the provisions before the UPC could lead to differing views between it and domestic courts. In any event, if the law the UPC applies is manifestly incompatible with declared EU

[106] G 2/06 *Use of embryos/WARF* [2009] OJ EPO 306.
[107] C-34/10 *Oliver Brüstle v Greenpeace* [2011] ECR I-9821.
[108] C-364/13 *International Stem Cell Corpn*, EU:2014:2451.
[109] Mylly "A Constitutional Perspective" at 89; also see Hofstötter *Non-Compliance of National Courts: Remedies in European Community Law and Beyond* at 135-6.
[110] UPCA, art 21.
[111] Winfried Tilmann and Clemens Plassmann, *Unified Patent Protection in Europe: A Commentary* at 457.
[112] C-416/17 *Commission v France*, EU:C:2018:811; also see C-160/14 *Ferrenia da Silva E Brito v Estado português,* EU:C:2015:565, [45].
[113] C-561/19 *Consorzio Italian Management v Catania Multiservizi*, EU:2021:799, [66]; Classen 'Case C-224/01 *Gerhard Köbler v Republik Österreich*' at 820-1; however Varga, *The Effectiveness of the Köbler Liability in National Courts,* p 37 takes the view these are two distinct obligations.
[114] Varga, *The Effectiveness of the Köbler Liability in National Courts* at 44.
[115] As to this test see C-136/12 *Consiglio nazionale dei geologi v Autorità garante della concorrenza e del mercato*, EU:C:2013:489, [25]; C-160/14 *Ferrenia da Silva E Brito v Estado português,* EU:C:2015:565, [37 and 45]. It is also not possible to make a reference *after* a judgment has been handed down: Case 338/85 *Pardini v Ministero del commercio con l'estero* [1988] ECR 2041; C-159/90 *Society for the Protection of Unborn Children v Grogan* [1991] ECR I-4685; C-148/10 *DHL International* [2011] ECR I-9543, [29].
[116] No reference was made in *Eli Lilly & Co v Human Genome Sciences Inc* [2011] UKSC 51, [2012] RPC 6 when industrial application was considered in a biotechnology case reaching the UK Supreme Court (albeit with a priority date before the coming into force of the Directive), but the court concluded the Directive was of little assistance (at [36]).
[117] C-160/14 *Ferrenia da Silva E Brito v Estado português,* EU:C:2015:565, [41].

law then it does not matter whether a preliminary reference was made or not. That application is itself actionable if it is manifest. So it is only where the law applied out turns out to be wrong that the failure to refer the question to the Court of Justice turns into a serious breach.[118]

How real is the risk?

The picture painted so far is of a court facing a potential avalanche of challenges. However, unless sanctions against the UPC are approached very differently from sanctions imposed on existing domestic courts this will surely not be the case. It has been rare indeed for domestic courts in Member States to be sanctioned. So are there reasons to see difference? First, it is said that national courts and even the Court of Justice tend to avoid blaming the judiciary for breaches of EU law.[119] Even if this is true, it may not apply to the UPC as the politics are quite different. *Köbler* claims are usually started before courts of first instance who in turn are likely to be reticent about criticising let alone awarding damages against higher courts and, if it reaches the highest court, it would lead to criticising one's close peers. The Court of Justice wants to minimise criticism of national courts to retain their enthusiastic cooperation[120] whether in infraction or *Köbler* referrals. Yet the UPC is an 'other' and as cases could be brought in many different courts across the Contacting Member States. It may well be that some countries are more willing to find fault than others. Furthermore, the UPC is a close analogue to being an EU institution and the Court of Justice is always much more willing to criticise institutions of the EU than it is domestic institutions. This would suggest against any deference towards the UPC.

Secondly, Member States have been reluctant to bring infraction proceedings against their peers,[121] but things might be different in relation to breaches by the UPC. It is clear that the Spanish are unhappy with the UPC and they have challenged the legality of its creation twice[122] and other countries are still less than enthusiastic about the project.[123] So if a reasonable opportunity arose it may well be some Member States are inclined to challenge the approach of the UPC. Furthermore, infraction proceedings are rare between Member States because they have significant political ramifications going beyond the dispute itself thereby souring relations or encouraging possible tit-for-tat challenges. This does not apply to the UPC as any politics will be neatly confined and despite liability resting with Contracting Member States it is not the activities of those states being criticised. As has already been suggested, a challenge to the

---

[118] Varga, *The Effectiveness of the Köbler Liability in National Courts* at 44.
[119] Varga, *The Effectiveness of the Köbler Liability in National Courts* at 62-3; Georgios Anagnostraras "The Principles of State Liability for Judicial Breaches: The Impact of European Community Law" (2001) 7 European Public Law 281 at 298-299.
[120] See Hofstötter, *Non-Compliance of National Courts: Remedies in European Community Law and Beyond*, p 187; Jan Komárek "Federal Elements in the Community Judicial System: Building Coherence in the Community Legal Order" (2005) 42 CMLRev 9 at 25 who explain this for the approach in C-129/00 *Commission v Italy* [2003] ECR I-14637.
[121] Under TFEU, art 259.
[122] C-274/11 and C-295/11 *Spain v European Council; Italy v European Council,* EU:C:2013:240; C-146/13 *Spain v Council of Europe,* EU:C:2015:298.
[123] Anna Wszołek, "Still Unifying? The Future of the Unified Patent Court" (2021) 52 IIC 1143.

activities of the UPC is much closer to an action against the EU institutions; these are frequently[124] brought before the Court of Justice.[125]

Thirdly, *Köbler* claims were for a long time described are 'largely theoretical'[126] and the case itself suggests such claims would be 'exceptional'.[127] Even now there have been only five successful claims before domestic courts.[128] However, as Peter Wattel suggests "[i]f the pecuniary stakes are high enough, disappointed litigants will try to re-open their lost cases via the *Köbler* liability".[129] Patent litigation can involve disputes over millions of Euros and in a few cases even billions.[130] If when the "final judgment" is handed down the legal fees are already in the millions of Euros the parties are hardly lightly to hold back if some of the costs and losses can be recovered through a *Köbler* claim. Furthermore, the merging of legal cultures into a new court will inevitably lead to teething problems[131] and the Enforcement Directive and Charter of Fundamental Rights will be something to which parties may resort to try to restore what they see as the "right" outcome for the case.

Conclusion

The UPCA included various safety valves to ensure it was compatible with EU law. It is widely assumed that they will have little if any practical relevance. This may well be right. However, the moulds that have formed dealing with sanctions on errant domestic courts in Member States do not fit tightly to the UPC. Its supranational competence and jurisdiction makes it a much wider target and so more likely to face infraction and *Köbler* proceedings. Yet even if this is true it is still a very small chance made slightly bigger. But everything about the UPC is new and maybe with novelty comes the reinvention of more robust sanctions on courts for not applying EU law.

---

[124] In 2022, there were 37 direct actions; in 2021, 30; in 2020, 37 and in 2019, 41 resolved by the Court of Justice: Court of Justice, The Year in Review (2020, 2021, 2022): Annual Report (EU 2021, 2022, 2023), p 59, 73, 27 respectively.

[125] Snyder, "General Course in Constitutional Law of the European Union" at 84 and Francis Snyder "The Effectiveness of European Community Law: Institutions, Processes, Tools and Techniques" (1993) 56 MLR 19 at 27-31.

[126] Varga, *The Effectiveness of the Köbler Liability in National* Courts at 2; also see Björn Beutler "State Liability for Breaches of Community Law by National Courts: Is the Requirement of a Manifest Infringement of the Applicable an Insurmountable Obstacle" (2009) 46 CMLRev 773 at 804 ("Yet the requirement of a manifest infringement must neither in theory nor in practice be understood as an insurmountable obstacle"); Marc Loth "Who Has the Last Word? On Judicial Lawmaking in European Private Law" (2017) 25 European Review of Private Law 45 at 49 ("emergency provision…hardly meant to be used"); Dimitra Nassimpian "…And We Keep on Meeting: (De) Fragmenting State Liability" (2007) 32 European LR 819 at 826 ("if the conditions set by the Court were in reality so high as to make it virtually impossible to reach the threshold, is…*Kobler*... 'token jurisprudence'"); Morten Broberg "National Courts of Last Instance Failing to Make a Preliminary Reference: The (Possible) Consequences Flowing Therefrom" (2016) 22 European Public Law 243 at 250 ("it will probably be a rare occurrence"); Peter Wattel "Köbler, CILFIT and Welthgrove: We Can't Go on Meeting Like This" (2004) 41 CMLRev 177 at 182 (explaining why most errors should not lead to liability).

[127] C-224/01 *Köbler v Republik Österreich* [2003] ECR I-10239, [53].

[128] See Varga, *The Effectiveness of the Köbler Liability in National Courts at* 53.

[129] Wattel "Köbler, CILFIT and Welthgrove: We Can't Go on Meeting Like This" at 182.

[130] The highest value patents may well opt out of the system until it has stablished (at which point such claims are probably less likely); as to the opt out see: UPCA, art 83(3).

[131] Many of the issues raised in Michal Bobek "The New European Judges and the Limits of the Possible" in A. Lazowski, *The Application of EU Law in the New Member States* (Asser 2010), p 127 and the role of EU law in new member states would equally to the UPC, particularly where cases are heard by judges with less national experience of patent matters.