

# HASTENING HARMONIZATION IN EUROPEAN UNION PATENT LAW THROUGH A PRELIMINARY REFERENCE POWER

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**Abstract:** The European Union has struggled for decades to establish a streamlined method of uniform patent protection. Its current solution involves both a European Patent of Unitary Effect and the implementation of the Unified Patent Court to adjudicate patent claims. The current proposal, however, does not eliminate the two other routes to patent protection that currently exist: national patent grants and classical European patents. The existence of three possible routes to patent protection could lead to increased fragmentation in the way patents are interpreted across the European Union. Creating a more unified system entails both ensuring that the substantive patent law contained in the Unified Patent Court Agreement is binding on member states, and giving the newly formed Unified Patent Court a preliminary reference power to interpret the substantive provisions of the Unified Patent Court Agreement.

## INTRODUCTION

The first formal patent system was established in Venice, Italy in 1474.<sup>1</sup> Many European states followed Venice's example as a means of encouraging inventors to relocate to their countries.<sup>2</sup> Through the trade of goods, the desire to protect intellectual property through patent grants slowly spread across Europe.<sup>3</sup> Despite the early efforts of Europeans to protect the rights of inventors to their inventions, Europe now lags behind the world in terms of having a simple, efficient, and economical way to protect

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<sup>1</sup> L.R. Bradford, *Inventing Patents: A Story of Legal and Technical Transfer*, 118 W. VA. L. REV. 267, 268 (2016).

<sup>2</sup> *See id.*

<sup>3</sup> *Id.* at 268–70; ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 4–5 (LexisNexis Law Sch. Publ'g Advisory Bd. ed., 6th ed. 2013).

patent rights across the European Union (EU).<sup>4</sup> Inventors who wish to patent their work in Europe face numerous hurdles such as multiple translation requirements, fee requirements, and inconsistent litigation outcomes in different states, often on the same set of facts.<sup>5</sup>

In an effort to address this issue, the EU has recently undertaken a number of patent reforms.<sup>6</sup> Through agreements between fellow member states, Europe may finally have a system through which a single patent grants protection across nearly all member states.<sup>7</sup> Additionally, through the establishment of a Unified Patent Court (UPC), member states hope to increase consistency and predictability in the area of patent litigation, whereby one court system handles the majority of cases involving infringement and validity disputes.<sup>8</sup>

Part I of this Note examines the history surrounding Europe's attempts to harmonize the patent process, and the EU's recent effort to create both a new European Patent of Unitary Effect (EPUE) and a UPC system. Part II analyzes the legal history and recent developments within the realm of patent law harmonization in the EU. Part III argues that the substantive provisions of the Unified Patent Court Agreement (UPC Agreement) should apply at the national level, and further, that the newly created UPC should possess the ability to receive and respond to preliminary references.

## I. BACKGROUND

### A. *History of European Harmonization Efforts*

Prior to 1977, the administration and litigation of patent disputes was considered an area exclusive to the states.<sup>9</sup> During this period, states held sole control of the grant of patents to inventors and were singularly responsible for hearing cases involving patent infringement.<sup>10</sup> Under this system, an inventor seeking patent protection was required to file with the national patent office of the state in which they sought protection.<sup>11</sup> If granted, the inventor had

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<sup>4</sup> See Kevin P. Mahne, *A Unitary Patent and Unified Patent Court for the European Union: An Analysis of Europe's Long Standing Attempt to Create a Supranational Patent System*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 162, 164, 167-68 (2012).

<sup>5</sup> *Id.* at 164, 168; Patrick Coyle, Note, *Uniform Patent Litigation in the European Union: An Analysis of the Viability of Recent Proposals at Unifying the European Patent Litigation System*, 11 WASH. U. GLOBAL STUD. L. REV. 171, 180 (2012).

<sup>6</sup> Mahne, *supra* note 4, at 165.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 189.

<sup>9</sup> *Id.* at 166, 173.

<sup>10</sup> *Id.* at 166-67.

<sup>11</sup> *Id.* at 166.

protection of his intellectual property right in that state alone.<sup>12</sup> In cases of patent infringement, the national courts of the state in which the patent was held would hear the case.<sup>13</sup>

One of the earliest attempts to harmonize patent rights for inventors occurred at the Paris Convention of 1884.<sup>14</sup> Out of the convention arose the notion that a foreign inventor should receive the same patent benefits afforded to a national of a particular state.<sup>15</sup> As commerce became increasingly international in nature, inventors seeking protection outside of their nation state would file independent applications with each nation in which they sought protection.<sup>16</sup> In addition to patent applications, infringement suits were filed in the state courts where the infringing activity occurred.<sup>17</sup>

### *B. The European Patent Office*

In a continued effort to streamline the process across Europe, the next harmonization attempt resulted in the European Patent Convention (EPC), which came into force in 1977.<sup>18</sup> Through this treaty, member states formed the European Patent Office (EPO).<sup>19</sup> In addition to establishing the EPO, the EPC sought to unify the requirements and methods used in the grant of a patent.<sup>20</sup> Pursuant to the EPC, the EPO was tasked with the administration of the new European patent.<sup>21</sup> Under this system, inventors now have two choices in protecting their intellectual property rights.<sup>22</sup> They can continue to file for patents in each state in which they seek protection, or file a single application for a patent with the EPO.<sup>23</sup> If an inventor files with the EPO, the EPO serves as a central processing center and determines whether the invention meets the criteria for grant of a patent.<sup>24</sup> A classical European patent does not automatically grant protection in all European

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<sup>12</sup> *See id.*

<sup>13</sup> *Id.* at 167.

<sup>14</sup> *Id.* at 169–70.

<sup>15</sup> *Id.* at 170.

<sup>16</sup> *See* Agreement on a Unified Patent Court, 2013 O.J. (C 175) 1; Mahne, *supra* note 4, at 166.

<sup>17</sup> Mahne, *supra* note 4, at 167.

<sup>18</sup> *See id.* at 173.

<sup>19</sup> Convention on the Grant of European Patents art. 4, Oct. 5, 1973, 1065 U.N.T.S. 199, 259; Mahne, *supra* note 4, at 174.

<sup>20</sup> *See* Convention on the Grant of European Patents, *supra* note 19, arts. 52–70.

<sup>21</sup> Convention on the Grant of European Patents, *supra* note 19, art. 4.

<sup>22</sup> Mahne, *supra* note 4, at 166–67.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 167.

member states.<sup>25</sup> Rather, after the EPO grants a patent, the inventor must then file that patent within each state in which they seek protection.<sup>26</sup> Many states require that this filing be done in the national language of the state and charge additional processing fees.<sup>27</sup> As a result, translation and administrative fees make this an expensive process for the holder of a classical European patent.<sup>28</sup>

Although the EPO is responsible for processing patent applications, it does not handle infringement actions based on the patents it grants.<sup>29</sup> Matters of infringement must be litigated in the nation state in which the infringing activity occurs.<sup>30</sup> Additionally, challenges to the validity of a patent may also be brought at a national level.<sup>31</sup> The authority of national courts to hear cases of validity and infringement leads to inconsistent results among states and uncertainty when an inventor seeks to protect her intellectual property rights.<sup>32</sup>

### C. The European Patent of Unitary Effect

Recognizing the continued fragmentation of the European patent system, the EU utilized enhanced cooperation to pass two regulations in December 2012, which created a EPUE and a translation regime for the EPUE.<sup>33</sup> Enhanced cooperation allows EU states to form treaties amongst themselves in areas where the Treaty on the Functioning of the European Union (TFEU) would otherwise require unanimity.<sup>34</sup> Enhanced cooperation was necessary because Spain and Italy resisted attempts to harmonize the patent process due to a disagreement over the translation requirements for

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<sup>25</sup> Stacey J. Farmer & Martin Grund, *Revision of the European Patent Convention & Potential Impact on European Patent Practice*, 36 AIPLA Q.J. 419, 423 (2008); see Frank Peterreins & John Pegram, *How the EU's New Unitary Patent System Will Work*, LAW360 (Dec. 19, 2012, 1:24 PM), <http://www.law360.com/articles/401415/how-the-eu-s-new-unitary-patent-system-will-work> [<https://perma.cc/J56L-SGH8>].

<sup>26</sup> See Kevin Casey, *The European Patent "Situation,"* 9 DEL. L. REV. 107, 108 (2007).

<sup>27</sup> Peterreins & Pegram, *supra* note 25.

<sup>28</sup> See Case C-147/13, *Spain v. Council*, 2015 E.C.R. 299 ¶¶ 35–36.

<sup>29</sup> Mahne, *supra* note 4, at 167.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*; Coyle, *supra* note 5, at 180.

<sup>32</sup> Fiona Nicolson et al., *Europe's New Patent Regime—Preparing the Ground*, 50 LES NOUVELLES 63, 64 (2015).

<sup>33</sup> Council Regulation 1260/2012 of Dec. 17, 2012, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection with Regard to the Applicable Translation Arrangements, 2012 O.J. (L 361) 89, 89, 92; Council Regulation 1257/2012 of Dec. 17, 2012, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, 2012 O.J. (L 361) 1, 1.

<sup>34</sup> Mahne, *supra* note 4, at 184–85.

the EPUE.<sup>35</sup> The EPUE allows an inventor to file an application with the EPO and, if granted, automatically gives the inventor protection in all nations that are members of the Unified Patent Court Agreement (UPC Agreement).<sup>36</sup> The EPUE does not replace the classical European patent, however, nor does it replace the nation states' patent powers.<sup>37</sup> Therefore, once the EPUE comes into force, an inventor will have three possible routes to securing patent protection in Europe.<sup>38</sup>

#### *D. The Unified Patent Court*

In addition to the two regulations creating the EPUE and its translation scheme, in February 2013 twenty-five EU member states signed the UPC Agreement—a treaty that committed the signing states to create a Unified Patent Court.<sup>39</sup> This attempts to resolve the uncertainty created by the current system in which national courts hear all patent disputes.<sup>40</sup> In order to come into effect, the UPC Agreement must be ratified by at least thirteen member states of the EU.<sup>41</sup> Of those thirteen, France, Germany, and the United Kingdom (U.K.)—the “most patent intensive” states—must all ratify the agreement.<sup>42</sup> Once ratified, the UPC would have exclusive jurisdiction to hear matters related to the new EPUE.<sup>43</sup> Additionally, it may also hear matters related to classical European patents.<sup>44</sup> This jurisdiction, however, is optional.<sup>45</sup> The UPC Agreement allows patent applicants for the classical European patent to opt out of UPC jurisdiction for a transitional period of

<sup>35</sup> *Id.* at 164–65, 184–85; Mauro Paiano & Ann Critchell-Ward, *The Harmonization of Intellectual Property Rights Throughout the European Union*, 224 N.J. LAW. MAG. 36, 37 (2003).

<sup>36</sup> See James Tumbridge, *Unified Patent Court: Harmonising Patent Law Throughout Europe*, 15 BUS. L. INT'L 55, 63–64 (2014); Peterreins & Pegram, *supra* note 25.

<sup>37</sup> THE SELECT COMM. & THE PREPARATORY COMM., ADMIN. COUNCIL OF THE EUROPEAN PATENT ORG., AN ENHANCED EUROPEAN PATENT SYSTEM 1, 9 (2014), <https://www.unified-patent-court.org/sites/default/files/enhanced-european-patent-system.pdf> [<https://perma.cc/CGU5-UEN7>].

<sup>38</sup> See *id.* The European Patent of Unitary Effect is conditioned to enter into force upon the entry into force of the Unified Patent Court Agreement (UPC Agreement). See Council Regulation 1257/2012, *supra* note 33, art. 18.

<sup>39</sup> See THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 2; Peterreins & Pegram, *supra* note 25.

<sup>40</sup> Mahne, *supra* note 4, at 187, 189; Nicolson et al., *supra* note 32, at 64; Coyle, *supra* note 5, at 180.

<sup>41</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 19.

<sup>42</sup> *Id.* If the United Kingdom does not participate in the UPC Agreement due to Brexit, the UPC Agreement requires the next most patent intensive country to ratify. See Agreement on a Unified Patent Court, *supra* note 16, art. 89; discussion *infra* Section II.D.

<sup>43</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 9.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

seven years.<sup>46</sup> During that time, nationally-granted patents will continue to be litigated in national courts.<sup>47</sup>

The UPC will consist of three major bodies: a Court of First Instance, a Court of Appeals, and a registry.<sup>48</sup> The Court of First Instance will have three initial locations: a central court in Paris and two subdivisions in London and Munich.<sup>49</sup> The court in Paris is expected to hear cases involving all technologies.<sup>50</sup> The London court will hear cases on technologies specifically surrounding chemistry, human necessities, and metallurgy.<sup>51</sup> The Munich court is slated to handle technologies surrounding mechanical engineering, lighting, heating, weapons, and blasting.<sup>52</sup> Cases in these courts will be heard by a panel of three judges—two legally qualified judges who are nationals of different states and one technically qualified judge.<sup>53</sup>

In addition to establishing the central and regional courts of first instance, under the UPC Agreement member states are permitted to establish their own local divisions.<sup>54</sup> Cases in these local courts will be heard by a panel of three judges.<sup>55</sup> The composition of the panel is determined by both the location of the court and the nationality of the parties involved.<sup>56</sup> In jurisdictions where the number of cases heard is under fifty per year, the panel will have one judge of the same nationality of the party and two judges of

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<sup>46</sup> *Id.*; Nicolson et al., *supra* note 32, at 64.

<sup>47</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 11.

<sup>48</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 6.

<sup>49</sup> *Id.* art. 7; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 12.

<sup>50</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 7; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 12.

<sup>51</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 7; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 12. While the current UPC Agreement specifies London as one location for the Court of First Instance, it remains unclear whether and how Brexit will impact this choice. See *Would Brexit Mean the End of the Unitary Patent and the Unified Patent Court?*, HGF INTELL. PROP. SPECIALISTS (May 2016), <http://www.hgf.com/updates/blog/2016/05/would-brexit-mean-the-end-of-the-unitary-patent-and-the-unified-patent-court/> [<https://perma.cc/LSP4-KXHJ>]; discussion *infra* Section II.D. Some commentators believe the UK's decision to ratify the UPC Agreement will allow them to safeguard the London location, while others believe Milan may be a more suitable location for the life sciences division of the court. See Jane Croft, *Milan Challenges London for Patent Court*, FIN. TIMES (Sept. 27, 2016), <https://www.ft.com/content/9199ea86-80c8-11e6-8e50-8ec15fb462f4/> [<https://perma.cc/RPZ9-HARH>]; *UK to Ratify UPC; Lawyers Cautiously Welcome Decision*, WORLD INTELL. PROP. REV. (Nov. 28, 2016), <http://www.worldipreview.com/news/uk-to-ratify-upc-lawyers-welcome-decision-12654> [<https://perma.cc/RVC8-QQ3S>].

<sup>52</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 7; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 12.

<sup>53</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 8.

<sup>54</sup> *Id.* art. 7.

<sup>55</sup> *Id.* art. 8.

<sup>56</sup> *Id.*

differing nationality.<sup>57</sup> In jurisdictions where more than fifty patent cases are heard per year, the panel will have two judges who are nationals of the country involved and one of a differing nationality.<sup>58</sup> The panels will be arranged so that at least one judge is not of the nationality involved in the suit.<sup>59</sup> At the appellate level, the judicial panel will be comprised of five judges.<sup>60</sup> These five judges will include three judges who are nationals of differing contracting member states and two judges who are technically trained in the science being litigated.<sup>61</sup>

The unique composition of the judging panels on the new Courts of First Instance and Court of Appeals demonstrate the desire for the uniform and competent application of law to the patents at issue.<sup>62</sup> This aspiration to unify and thereby harmonize patent law across the EU is reflected in the history surrounding previous efforts to harmonize patent procurement.<sup>63</sup> The history of previous harmonization efforts is therefore helpful to further contextualize the current formulation of the documents that establish the UPC and the EPUE.<sup>64</sup>

## II. DISCUSSION

### A. *European Patent Convention*

The EPC helped shape the current harmonization efforts underway in Europe.<sup>65</sup> Concluded in 1973, the EPC operates as a treaty separate from the EU.<sup>66</sup> EPC membership is now comprised of all EU states and an additional eleven non-EU members.<sup>67</sup> The treaty establishes the classical European patent.<sup>68</sup> Under its framework, once a European patent is granted, the applicant receives a bundle of patents that must be validated in the states in

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<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* art. 9.

<sup>61</sup> *Id.*

<sup>62</sup> See *The Structure of the Unified Patent Court*, FRKELLY (Jan. 21, 2015), <http://frkelly.com/structure-unified-patent-court/> [<https://perma.cc/W3F2-7VHM>].

<sup>63</sup> See *id.*; Coyle, *supra* note 5, at 172.

<sup>64</sup> See Coyle, *supra* note 5, at 172.

<sup>65</sup> See *Convention on the Grant of European Patents*, *supra* note 19, art. 142 (allowing for the creation of a patent with unitary character); Mahne, *supra* note 4, at 169; Tumbridge, *supra* note 36, at 55; Coyle, *supra* note 5, at 172.

<sup>66</sup> Farmer & Grund, *supra* note 25, at 422, 424; Mauricio Troncoso, *European Union Patents: A Mission Impossible? An Assessment of the Historical and Current Approaches*, 17 MARQ. INTEL. PROP. L. REV. 231, 233 (2013).

<sup>67</sup> Mahne, *supra* note 4, at 169.

<sup>68</sup> *Convention on the Grant of European Patents*, *supra* note 19, art. 2.

which the applicant seeks protection.<sup>69</sup> It requires member states to give a validated European patent, within their borders, the same rights and privileges as a national patent.<sup>70</sup> As such, issues surrounding enforcement and litigation of the patent are reserved to the national courts of the state in which the patent is held.<sup>71</sup>

In addition to the creation of the classical European patent, the EPC creates the EPO.<sup>72</sup> The EPO is tasked with the duty of processing applications for the European patent.<sup>73</sup> Additionally, the EPC sets the official languages of the EPO and those of European patent applications.<sup>74</sup> An applicant for a European patent must file in one of the three official languages of the EPO: English, French, or German.<sup>75</sup> If an applicant files in any other language, she must provide, in a timely fashion, a translation of her patent into one of the official languages of the EPO.<sup>76</sup> Should the EPO grant the applicant a European patent, the patent must then be validated in each country in which the applicant seeks patent protection.<sup>77</sup> Often, these countries require that the applicant translate the patent into the official language of the state when validating it.<sup>78</sup> A patentee seeking to validate their patent across the entirety of the EU faces a cost of approximately €32,000.<sup>79</sup>

The EPC also establishes the substantive law governing the EPO's grant of the European patent.<sup>80</sup> While this law governs the grant of a patent by the EPO, the treaty does not require member states to harmonize their patent laws.<sup>81</sup> The EPC stipulates that the EPO may award a European patent in the field of technology if the invention is "new, involve[s] an inventive step and [is] susceptible to industrial application."<sup>82</sup> Subsequent articles further define the areas of novelty and industrial application.<sup>83</sup> Fi-

<sup>69</sup> Troncoso, *supra* note 66, at 233–34.

<sup>70</sup> Convention on the Grant of European Patents, *supra* note 19, art. 2.

<sup>71</sup> Troncoso, *supra* note 66, at 234.

<sup>72</sup> Convention on the Grant of European Patents, *supra* note 19, art. 4; Mahne, *supra* note 4, at 174.

<sup>73</sup> Convention on the Grant of European Patents, *supra* note 19, art. 4.

<sup>74</sup> *Id.* art. 14.

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> Troncoso, *supra* note 66, at 233–34; Peterreins & Pegram, *supra* note 25.

<sup>78</sup> Troncoso, *supra* note 66, at 234; Peterreins & Pegram, *supra* note 25.

<sup>79</sup> EUR. ECON., ECONOMIC ANALYSIS OF THE UNITARY PATENT AND UNIFIED PATENT COURT I, 12 (2014), [http://documents.epo.org/projects/babylon/eponot.nsf/0/E788F9A9A95E6F79C1257CC90055031D/\\$File/economic\\_analysis\\_up\\_and\\_upc\\_04\\_2014\\_en.pdf](http://documents.epo.org/projects/babylon/eponot.nsf/0/E788F9A9A95E6F79C1257CC90055031D/$File/economic_analysis_up_and_upc_04_2014_en.pdf) [<https://perma.cc/2TMX-A8ED>].

<sup>80</sup> See Convention on the Grant of European Patents, *supra* note 19, arts. 52–70.

<sup>81</sup> Mahne, *supra* note 4, at 174.

<sup>82</sup> Convention on the Grant of European Patents, *supra* note 19, art. 52.

<sup>83</sup> See *id.* arts. 54, 57.



nally, Article 142 of the EPC encourages members to join to form a unitary patent that would have immediate effect across all member states.<sup>84</sup> Following the completion of the EPC, the Community Patent Convention was formed as an attempt to create a unitary patent within the EU.<sup>85</sup> Efforts failed, largely due to disagreements over the document's translation requirement.<sup>86</sup> In 1999, the EU made further progress towards harmonization of the patent system when discussions at the Paris Conference sparked a renewed interest in patent harmonization and an examination of the various methods to achieve that aim.<sup>87</sup>

### *B. A Bundle of Regulations*

The EU is working towards further standardization of intellectual property rights through its establishment of the EPUE and its translation requirements, and the UPC.<sup>88</sup> The TFEU requires that all decisions regarding intellectual property translation rights be unanimous.<sup>89</sup> Spain and Italy, however, objected to the proposed translation scheme, which would largely mirror the translation requirements in the EPC.<sup>90</sup> In an effort to continue progress, the European Council (the Council) voted to permit enhanced cooperation in the area of unitary patent protection.<sup>91</sup> Enhanced cooperation allows for member states of the EU to coordinate amongst themselves and bypass the unanimity requirement.<sup>92</sup>

#### 1. Spain and Italy Challenge Enhanced Cooperation

Following the Council's decision to implement enhanced cooperation, Spain and Italy filed suit with the European Court of Justice (ECJ).<sup>93</sup> In

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<sup>84</sup> *Id.* art. 142.

<sup>85</sup> Mahne, *supra* note 4, at 175; Troncoso, *supra* note 66, at 233; Coyle, *supra* note 5, at 175–76.

<sup>86</sup> See Troncoso, *supra* note 66, at 234.

<sup>87</sup> See *id.* at 235–36.

<sup>88</sup> Agreement on a Unified Patent Court, *supra* note 16, at 1; Council Regulation 1257/2012, *supra* note 33, at 1; Council Regulation 1260/2012, *supra* note 33, at 89; Peterreins & Pegram, *supra* note 25.

<sup>89</sup> Consolidated Version of the Treaty on the Functioning of the European Union art. 118, Oct. 26, 2012, 2012 O.J. (C 326) 47 [hereinafter TFEU].

<sup>90</sup> Convention on the Grant of European Patents, *supra* note 19, art. 14; Council Regulation 1260/2012, *supra* note 33, art. 3; Mahne, *supra* note 4, at 164–65.

<sup>91</sup> Council Decision 2011/167 of Mar. 10, 2011, Authorising Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, 2011 O.J. (L 76) 53, 53.

<sup>92</sup> Mahne, *supra* note 4, at 184–85.

<sup>93</sup> Joined Cases C-274/11 & C-295/11, Spain & Italy v. Council, 2013 E.C.R. 240 ¶ 1; Peterreins & Pegram, *supra* note 25. The European Court of Justice (ECJ) adjudicates questions regarding European Union (EU) law. Yvonne N. Gierczyk, Comment, *The Evolution of the European*

*Spain and Italy v. Council*, Spain and Italy raised five claims against the Council, including that the Council lacked the ability to enact enhanced cooperation, that the use of enhanced cooperation was a misuse of Council powers, that the Council breached the requirement that enhanced cooperation be used only as a last resort, and that the Council violated multiple articles of the founding treaties of the EU and showed a disrespect towards the judiciary.<sup>94</sup>

Spain first argued that the Council could not give to member states a power that it holds exclusive to itself.<sup>95</sup> In response to this argument, the ECJ observed that Article 118 TFEU referenced an internal market, and that previous case law supported the proposition that the internal market is a shared power between member states and the Council.<sup>96</sup> Therefore, the court held that the Council did have the power to delegate to member states the ability to establish a harmonized patent system.<sup>97</sup>

Italy and Spain also argued that enhanced cooperation was a misuse of power that kept them from negotiations and circumvented the unanimity required by Article 118 TFEU.<sup>98</sup> The court disagreed, holding that Article 20(2) of the Treaty on European Union (TEU) allows for enhanced cooperation if the EU as a whole is unable to reach its goals unanimously in a reasonable amount of time.<sup>99</sup> Additionally, Spain and Italy argued that enhanced cooperation should only be used as an option of last resort.<sup>100</sup> The court nevertheless observed that the current developments had been in progress for the preceding ten years, and subsequently found that the Council was justified in determining it had reached a place of last resort.<sup>101</sup>

Additionally, arguments were raised that the decision to use enhanced cooperation constituted infringement of Article 20(1) TEU<sup>102</sup> and Articles

*Legal System: The European Court of Justice's Role in the Harmonization of Law*, 12 ILSA J. INT'L & COMP. L. 153, 156 (2005).

<sup>94</sup> 2013 E.C.R. ¶ 9. Because this was a joint opinion from two consolidated cases brought independently by Spain and Italy, some arguments were raised by a single party while others were raised by both. *Id.* ¶¶ 7–9.

<sup>95</sup> *Id.* ¶ 10.

<sup>96</sup> *Id.* ¶¶ 19–21, 25. Article 118 states that, “in the context of the establishment and functioning of the internal market, the European Parliament and the Council . . . shall establish measures for the creation of European intellectual property rights . . .” TFEU art. 118.

<sup>97</sup> 2013 E.C.R. ¶¶ 25–26.

<sup>98</sup> *Id.* ¶¶ 27–29.

<sup>99</sup> *Id.* ¶¶ 36–37.

<sup>100</sup> *Id.* ¶ 42.

<sup>101</sup> *Id.* ¶¶ 55–56, 59.

<sup>102</sup> The relevant portion of this article states, “Enhanced cooperation shall aim to further the objectives of the Union, protect its interests and reinforce its integration process.” Consolidated Version of the Treaty on European Union art. 20(1), Oct. 26, 2012, 2012 O.J. (C 326) 27–28 [hereinafter TEU].

118, 326,<sup>103</sup> and 327<sup>104</sup> TFEU.<sup>105</sup> Regarding Article 20(1), Spain and Italy argued that enhanced cooperation would not lead to increased levels of integration, but rather, would damage uniformity.<sup>106</sup> The court rejected this argument, recognizing that the proposed system envisioned uniform protection across all member states as opposed to the current system of national protection.<sup>107</sup> It further reasoned that greater uniformity did promote integration and was therefore in accord with Article 20(1).<sup>108</sup>

Italy then argued that Article 118 requires “Union-wide” protection and that enhanced cooperation therefore violates Article 118 by allowing certain member states to participate and not others.<sup>109</sup> The court rejected this argument, recognizing that Article 118—when read in conjunction with Article 20(4) TEU—contemplates the permissible use of enhanced cooperation to further unify the EU patent system.<sup>110</sup> Spain and Italy further argued that enhanced cooperation would undermine the internal market, and therefore violate Article 326.<sup>111</sup> The court rejected this argument, recognizing again that since the action flowed through the use of enhanced cooperation, enhanced cooperation would actually serve to strengthen the internal market.<sup>112</sup> Additionally, Spain argued that enhanced cooperation did not respect Spain and Italy’s rights—in violation of Article 327 TFEU—due to the language arrangements adopted by the Council.<sup>113</sup> The court again rejected this argument, recognizing that nothing in the use of enhanced cooperation prejudiced the rights of Italy and Spain.<sup>114</sup>

Spain finally argued that the regulation showed a disregard for the European judicial system because the regulation failed to articulate what the court system would look like.<sup>115</sup> The court found this unpersuasive and held that the Council was not required to provide information about the

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<sup>103</sup> The relevant portion of this article states, “Such [enhanced] cooperation shall not undermine the internal market or economic, social and territorial cohesion.” TFEU art. 326.

<sup>104</sup> Article 327 states, “Any enhanced cooperation shall respect the competences, rights and obligations of those Member States which do not participate in it. Those Member States shall not impede its implementation by the participating Member States.” TFEU art. 327.

<sup>105</sup> *Spain & Italy*, 2013 E.C.R. ¶¶ 7–9.

<sup>106</sup> *Id.* ¶ 60.

<sup>107</sup> *Id.* ¶ 62.

<sup>108</sup> *See id.* ¶ 63.

<sup>109</sup> *Id.* ¶ 64.

<sup>110</sup> *Id.* ¶ 68.

<sup>111</sup> *Id.* ¶¶ 70–71.

<sup>112</sup> *Id.* ¶ 75.

<sup>113</sup> *Id.* ¶ 79.

<sup>114</sup> *Id.* ¶¶ 82, 85–86.

<sup>115</sup> *Id.* ¶ 87.

proposed system in its regulation.<sup>116</sup> Therefore, the court dismissed all of the challenges that Spain and Italy brought against the Council.<sup>117</sup>

## 2. Regulations Passed Through Enhanced Cooperation

Following the decision supporting the Council's authorization of enhanced cooperation, the Council passed two regulations in 2012.<sup>118</sup> The first, Regulation 1257/2012, established the EPUE.<sup>119</sup> It also created the unitary character of the EPUE, whereby a EPUE grants immediate patent protection amongst all members of the enhanced cooperation agreement.<sup>120</sup> The EPUE, however, does not replace classical European patents or national patents.<sup>121</sup> Furthermore, Regulation 1257/2012 emphasizes that applicants retain the option to seek a national patent, a European patent, or an EPUE.<sup>122</sup> Finally, this regulation ties its entry into force to the ratification of the UPC Agreement, stating the necessity of the UPC for the proper functioning of the EPUE.<sup>123</sup>

The second regulation, Regulation 1260/2012, established the translation regime of the newly created EPUE.<sup>124</sup> In the preamble to this regulation, the Council emphasized the importance of the new EPUE for small and medium sized enterprises.<sup>125</sup> It stated that the translation scheme should "stimulate innovation and should, in particular, benefit small and medium-sized enterprises (SMEs)."<sup>126</sup> Furthermore, the translation scheme should "facilitate access to European patents of unitary effect, in particular for SMEs."<sup>127</sup> The regulation stipulates that so long as an applicant files in one of the three official languages of the EPO, no further translation requirement exists.<sup>128</sup> Additionally, the patent holder must translate the patent into the language of the alleged infringer upon their request.<sup>129</sup> It further directs courts to take into account whether the infringement stemmed from a small or medium sized enterprise when determining damages.<sup>130</sup> The regulation

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<sup>116</sup> *Id.* ¶ 92.

<sup>117</sup> *Id.* ¶¶ 26, 41, 59, 86, 93.

<sup>118</sup> *Id.* ¶ 94; Council Regulation 1260/2012, *supra* note 33, art. 1; Council Regulation 1257/2012, *supra* note 33, art. 1.

<sup>119</sup> Council Regulation 1257/2012, *supra* note 33, art. 3.

<sup>120</sup> *Id.* at 2, art. 3; Peterreins & Pegram, *supra* note 25.

<sup>121</sup> Council Regulation 1257/2012, *supra* note 33, at 4.

<sup>122</sup> *Id.*

<sup>123</sup> *Id.* at 3, art. 18.

<sup>124</sup> Council Regulation 1260/2012, *supra* note 33, art. 1.

<sup>125</sup> *Id.* at 89–90.

<sup>126</sup> *Id.* at 89.

<sup>127</sup> *Id.* at 90.

<sup>128</sup> *Id.* art. 3.

<sup>129</sup> *Id.* art. 4.

<sup>130</sup> *Id.*

also links its entry into force with the ratification of the UPC Agreement.<sup>131</sup> After the second regulation was passed, Spain again sought to block the action through litigation before the ECJ.<sup>132</sup>

### 3. Spain Challenges the Translation Regime

Following the enactment of EU Regulations 1257/2012 and 1260/2012, Spain filed an action with the ECJ arguing that Regulation 1260/2012 amounted to language discrimination, and raised five pleas against the Council.<sup>133</sup> In *Spain v. Council*, Spain argued specifically that the enhanced cooperation agreement amounted to a violation of Article 2 TEU, which requires the EU to respect linguistic diversity.<sup>134</sup> The court found that prior case law supported the idea that linguistic diversity does not require all matters of the EU to always be available in all languages.<sup>135</sup> Rather, the benefit created by the lack of linguistic diversity must be proportional to the harm created by it.<sup>136</sup> The court held that the desire to reduce costs so that small and medium sized enterprises could enter the market was a sufficient benefit to permit the regulation.<sup>137</sup> It dismissed the language discrimination claim and all remaining claims, allowing the regulation to stand.<sup>138</sup>

#### *C. The European Court of Justice, the European and Community Patents Court, and Subsequent Modifications*

The current UPC Agreement is the result of modifications to a previous agreement, the European and Community Patents Court.<sup>139</sup> The European and Community Patents Court agreement proposed an international court system that would give signing member states a common court of appeals similar to the U.S. Court of Appeals for the Federal Circuit.<sup>140</sup> It also notably eliminated national courts' jurisdiction over many patent issues.<sup>141</sup> Furthermore, the agreement stipulated the new court would draw upon community law, the EPC, and international agreements as its sources of

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<sup>131</sup> *Id.* art. 7.

<sup>132</sup> See Case C-147/13, *Spain v. Council*, 2015 E.C.R. 299 ¶ 1.

<sup>133</sup> See *id.* ¶ 21.

<sup>134</sup> *Id.* ¶ 22; TEU art. 3(3).

<sup>135</sup> *Spain*, 2015 E.C.R. ¶ 31.

<sup>136</sup> *Id.* ¶ 33.

<sup>137</sup> *Id.* ¶¶ 34–37.

<sup>138</sup> *Id.* ¶¶ 48, 64, 75, 89, 96.

<sup>139</sup> Troncoso, *supra* note 66, at 243.

<sup>140</sup> Casey, *supra* note 26, at 108–09. The Court of Appeals for the Federal Circuit is a specialized federal court of national jurisdiction that specifically hears patent cases among other specialties. *Id.* at 109.

<sup>141</sup> Case C-1/09, Opinion Pursuant to Article 218(11) TFEU, 2011 E.C.R. I-01137 ¶ 72.

law.<sup>142</sup> Prior to signing the European and Community Patents Court agreement, the Council sought an advisory opinion from the ECJ as to the validity of the agreement.<sup>143</sup>

The ECJ observed that the proposed court was different from other courts established by international agreements.<sup>144</sup> International courts typically resolve disputes surrounding the treaty at issue, and do not impact the national courts of the members involved.<sup>145</sup> The proposed court, however, would replace the national courts in patent disputes and become the sole communicator with the ECJ on the application of EU law.<sup>146</sup> The opinion further stated that although the ECJ does not hear the facts of cases, member states are not at liberty to relinquish their jurisdiction to resolve disputes to an international court.<sup>147</sup> In doing so, the court reasoned that the national courts would neglect their duty to ensure the proper application of EU law.<sup>148</sup> Therefore, given its concerns about whether the international court would be able to ensure uniform application of EU law, the ECJ found the proposed agreement inconsistent with existing treaties on the functioning of the EU.<sup>149</sup>

In light of the ruling regarding the validity of the European and Community Patents Court by the ECJ, modifications were necessary in order to establish a court that would not violate EU treaties.<sup>150</sup> In particular, the drafters of the UPC Agreement increased the court's duty to EU law and excluded the participation of any states that were members of the EPC but not members of the EU.<sup>151</sup> Therefore, the court no longer has its international character, but rather, has become a court common to the member states of the EU.<sup>152</sup>

The revised UPC Agreement specifically requires that the UPC follow and respect the primacy of EU law.<sup>153</sup> It further notes that the court's creation was fostered by a desire to allow small and medium sized enterprises to

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<sup>142</sup> *Id.* ¶ 9.

<sup>143</sup> *Id.* ¶ 1.

<sup>144</sup> *Id.* ¶¶ 77–78.

<sup>145</sup> *Id.* ¶ 77.

<sup>146</sup> *Id.* ¶¶ 78–79.

<sup>147</sup> *Id.* ¶ 80.

<sup>148</sup> *Id.* ¶ 80; Troncoso, *supra* note 66, at 242–43.

<sup>149</sup> Opinion Pursuant to Article 218(11) TFEU, 2011 E.C.R. ¶¶ 84, 89; Mahne, *supra* note 4, at 165.

<sup>150</sup> Mahne, *supra* note 4, at 165, 186; Troncoso, *supra* note 66, at 243.

<sup>151</sup> Troncoso, *supra* note 66, at 243.

<sup>152</sup> *Id.*; Peterreins & Pegram, *supra* note 25.

<sup>153</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 20; *see* Mahne, *supra* note 4, at 187.

defend themselves against an increasingly fragmented market.<sup>154</sup> In order to accomplish this aim, the court will handle issues arising under the classical European patents as well as the newly created EPUE.<sup>155</sup> The UPC Agreement also reiterates that the UPC is bound by the rulings of the ECJ.<sup>156</sup>

The UPC Agreement also mandates that the court's decisions be based on EU Regulations 1257/2012 and 1260/2012, the UPC Agreement itself, the EPC, applicable international agreements, and national law.<sup>157</sup> It defines the rights that the patent confers on a patent holder.<sup>158</sup> It also defines the structure of the court system and the reach of its decisions.<sup>159</sup> Under the UPC Agreement, decisions on an EPUE will have an effect on the patent across all member states, but decisions based on a classical European patent will only have effect in the states where the patent has effect.<sup>160</sup>

#### *D. The Impact of Brexit on the Unified Patent Court*

On June 23, 2016, the citizens of the U.K. voted to leave the EU in a move known colloquially as Brexit.<sup>161</sup> Following the Brexit vote, the Chairmen of the UPC Preparatory Committee indicated that preparations for the UPC would continue.<sup>162</sup> Then in November 2016, the U.K. indicated that they intend to ratify the UPC agreement while they are still a member state of the EU.<sup>163</sup> Should the U.K. ratify the UPC Agreement prior to their departure from the EU, the court could become operational by the second half of 2017.<sup>164</sup> It remains unclear, however, whether the U.K. will be

<sup>154</sup> Agreement on a Unified Patent Court, *supra* note 16, at 3.

<sup>155</sup> *Id.* art. 1; Peterreins & Pegram, *supra* note 25.

<sup>156</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 21.

<sup>157</sup> *Id.* art. 24.

<sup>158</sup> *Id.* arts. 25–26.

<sup>159</sup> *Id.* arts. 6, 34.

<sup>160</sup> *Id.* art. 34; Mahne, *supra* note 4, at 187.

<sup>161</sup> Dan Altman et al., *Is Brexit an IP Exit?*, JD SUPRA BUS. ADVISOR (July 15, 2016), <http://www.jdsupra.com/legalnews/is-brexite-an-ip-exit-34727/> [<https://perma.cc/C2CT-SR2Z>].

<sup>162</sup> Leela Barham, *European Pharma and the Unified Patent Court*, 36 PHARMACEUTICAL EXECUTIVE Aug. 1, 2016, at 37; *17th Preparatory Committee—30 June 2016*, UNIFIED PATENT COURT (July 1, 2016), <https://www.unified-patent-court.org/news/17th-preparatory-committee-30-june-2016/> [<https://perma.cc/SL9L-N4NS>]; *Communication from the Chairmen of the UPC Preparatory Committee and the EPO Select Committee Dealing with the Unitary Patent*, UNIFIED PATENT COURT (June 30, 2016), [https://www.unified-patent-court.org/sites/default/files/communication\\_from\\_the\\_chairmen.pdf](https://www.unified-patent-court.org/sites/default/files/communication_from_the_chairmen.pdf) [<https://perma.cc/8F2K-28VT>].

<sup>163</sup> *EPO President Welcomes UK Decision to Ratify UPC Agreement*, EUR. PAT. OFF., (Nov. 29, 2016) <https://www.epo.org/news-issues/news/2016/20161129.html> [<https://perma.cc/9LBH-GEBB>]; *UK to Ratify UPC*, *supra* note 51; *Update on UPC Ratifications—UK Signals Green Light*, UNIFIED PATENT COURT (Nov. 28, 2016), <https://www.unified-patent-court.org/news/update-upc-ratifications-uk-signals-green-light/> [<https://perma.cc/2EZE-8TGS>].

<sup>164</sup> *UK to Ratify UPC*, *supra* note 51.

permitted to continue to participate in the UPC after leaving the EU.<sup>165</sup> Some legal commentators have suggested that amendments to the UPC Agreement or specific terms agreed to in the exit agreement with the EU could determine whether the U.K. may continue to participate in the UPC.<sup>166</sup>

### III. ANALYSIS

Although the UPC and EPUE have been presented as a means of unifying EU patent law, they could in fact lead to further fragmentation and disorder within the European patent system.<sup>167</sup> While a fragmented system may have its benefits in allowing for flexibility and corporate strategy, failure to implement further modifications to the patent system will likely lead to increased disharmony.<sup>168</sup>

#### A. Fragmentation Under the Proposed System

The current design of the proposed UPC and the EPUE effectively creates a system in which forum shopping and increased fragmentation are possible.<sup>169</sup> Under the proposed system, a patent applicant can choose to file either at the national level or with the EPO.<sup>170</sup> If the applicant decides to file with the EPO she will then have the choice of either seeking a classical European patent or an EPUE.<sup>171</sup> The UPC will eventually have exclusive jurisdiction over EPUEs, however, during a seven-year transitional period, the UPC will share jurisdiction with national courts over classical European patents.<sup>172</sup> Furthermore, a European patent holder will have the ability to opt out of the jurisdiction of the UPC.<sup>173</sup> These choices lead to two systems

<sup>165</sup> *Id.*; Barham, *supra* note 162; Winfried Tilmann, *The Future of the UPC After Brexit*, HOGAN LOVELLS, <http://www.theunitarypatent.com/the-unitary-patent-regulation-and-upc-agreement-after-brexite> [https://perma.cc/8LXY-UTBQ].

<sup>166</sup> Peter C. Leung, *U.K.'s Exit Muddle May Help EU Unified Patent Court*, BLOOMBERG BNA: INTELL. PROP. BLOG (Sept. 6, 2016), <http://www.bna.com/uks-exit-muddle-b73014447235/> [https://perma.cc/MLC6-RF2Z]; Tilmann, *supra* note 165; *UK to Ratify UPC*, *supra* note 51.

<sup>167</sup> See Claire Bennett, *Forum Shopping and the UPC—The New Dimension to Litigation in Europe*, 29 WORLD INTELL. PROP. REP. 42 (2015); David Medina, Comment, *How the Unitary Patent Will Fragment European Patent Law*, 47 ARIZ. ST. L.J. 319, 339–40 (2015).

<sup>168</sup> See Bennett, *supra* note 167; Medina, *supra* note 167, at 339–40.

<sup>169</sup> See Bennett, *supra* note 167; Medina, *supra* note 167, at 339–40.

<sup>170</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 2–3; EUR. ECON., *supra* note 79, at 2–3.

<sup>171</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 4–5.

<sup>172</sup> Agreement on a Unified Patent Court, *supra* note 16, at arts. 3, 83; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 9, 16.

<sup>173</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 83; Richard Pinckney, *Understanding the Transitional Provisions of the Agreement on the Unified Patent Court*, 37 EUROPEAN



of obtaining and then defending patent rights.<sup>174</sup> If an applicant chooses an EPUE, or decides not to opt out of the classical European patent, the patent will fall under the jurisdiction of the UPC.<sup>175</sup> An applicant who chooses to opt out or file at the national level will fall under the jurisdiction of the national courts applying national law.<sup>176</sup>

This system promotes further fragmentation and forum shopping rather than increased harmony across the EU.<sup>177</sup> Larger corporations seem apprehensive as to the legal uncertainties the UPC Agreement creates.<sup>178</sup> Additionally, some experts have suggested that corporations should consider opting out of the UPC's jurisdiction or seek national patent protection.<sup>179</sup> Given the resources at a larger corporation's disposal, the increased cost of pursuing either of those two options is unlikely to affect the decision regarding how to file its patent application.<sup>180</sup> Small and medium enterprises (SMEs) appear more optimistic about the UPC, which may encourage them to pursue an EPUE.<sup>181</sup> This would relegate them to the exclusive jurisdiction of the UPC.<sup>182</sup> Therefore, at its worst, the proposed model could potentially create two systems whereby larger, more sophisticated corporations are able to use the national systems to their advantage, while SMEs more frequently must rely on the competence of the UPC because of the patenting option they chose.<sup>183</sup>

The opt-out provision further complicates matters due to uncertainty regarding its application.<sup>184</sup> The preparatory committee for the UPC has articulated that applicants who opt out of the jurisdiction of the UPC will be

INTELL. PROP. REV. 268, 270 (2015); THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 16.

<sup>174</sup> See Bennett, *supra* note 167; Medina, *supra* note 167, at 338.

<sup>175</sup> THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 10–11, 16; Peterreins & Pegram, *supra* note 25.

<sup>176</sup> See THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 16; Bennett, *supra* note 167; Peterreins & Pegram, *supra* note 25.

<sup>177</sup> See Bennett, *supra* note 167; Medina, *supra* note 167, at 339–40, 342.

<sup>178</sup> See EUR. ECON., *supra* note 79, at 61, 89.

<sup>179</sup> Bennett, *supra* note 167; Tumbridge, *supra* note 36, at 63–65; Peterreins & Pegram, *supra* note 25.

<sup>180</sup> See Tumbridge, *supra* note 36, at 63–64; Peterreins & Pegram, *supra* note 25; cf. John B. Campbell Jr., Note, *What's the Deal Now? A Business Perspective Analysis of the U.S. Patent System and Recent Changes to the Patent Laws*, 10 TEX. INTELL. PROP. L.J. 293, 312 (2002) (arguing that large corporations can use their resources as a strategy to find technology in pending patent applications of small businesses).

<sup>181</sup> See EUR. ECON., *supra* note 79, at 37, 61.

<sup>182</sup> See THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 10–11.

<sup>183</sup> See EUR. ECON., *supra* note 79, at 61; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 10–11; Bennett, *supra* note 167; Tumbridge, *supra* note 36, at 63–65; Campbell, *supra* note 180, at 312; Peterreins & Pegram, *supra* note 25.

<sup>184</sup> See Pinckney, *supra* note 173, at 275.

subject to the national laws of the country in which the litigation is brought.<sup>185</sup> Nevertheless, it is unclear whether opting out will last only for the transitional seven-year period, or through the life of the patent.<sup>186</sup> Further, it is unclear which law governs in the event that a patentee opts back in to the jurisdiction of the UPC after originally opting out.<sup>187</sup> This creates confusion for the patent holder and potential infringers alike because a patent that was previously protected under the national patent laws would then be subject to the UPC's set of patent laws.<sup>188</sup>

These inconsistencies exist because the UPC Agreement has failed to coordinate patent laws among its member states.<sup>189</sup> In short, the UPC Agreement does not go far enough in ensuring that members harmonize their patent laws so that a single set of principles applies across all member states.<sup>190</sup>

### *B. UPC Agreement as a Vehicle to Harmonize Member States' Patent Law*

During drafting, lawmakers chose to place the substantive patent law for the newly created EPUE and UPC in the UPC Agreement rather than in the regulations establishing the EPUE.<sup>191</sup> This choice reflected concerns that placing it in the regulations establishing the EPUE would give the ECJ jurisdiction to hear preliminary references from the UPC.<sup>192</sup> At the time the regulation was considered, the ECJ was experiencing extreme delays in judgments due to increased judicial authority.<sup>193</sup> The decision to move the substantive law to the UPC Agreement has raised questions as to which laws should apply to member states.<sup>194</sup> This is particularly important when a national court decides a case involving a classical European patent during

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<sup>185</sup> *Id.* at 274. The preparatory committee has the responsibility of laying the groundwork for the newly formed Unified Patent Court. *See* Tumbridge, *supra* note 36, at 58.

<sup>186</sup> *See* Pinckney, *supra* note 173, at 271, 275.

<sup>187</sup> *See id.* at 274; Letter from Nicholas Forwood, Judge, Court of Justice of the European Union, to Chairman of the Preparatory Committee (Mar. 19, 2014), [http://www.ipfederation.com/document\\_download.php?id=2346](http://www.ipfederation.com/document_download.php?id=2346) [<https://perma.cc/QW5L-DPRW>].

<sup>188</sup> Letter from Nicholas Forwood, *supra* note 187; Pinckney, *supra* note 173, at 274.

<sup>189</sup> *See* Michael Crowley, Note, *Restoring Order in European Patent Law: A Proposal for the Reintroduction of the Substantive Patent Provisions of the Unitary Patent Package into EU Law*, 4 N.Y.U. J. INTELL. PROP. & ENT. L. 197, 204–05 (2015); Medina, *supra* note 167, at 339–40.

<sup>190</sup> *See* Crowley, *supra* note 189, at 204–05; Medina, *supra* note 167, at 339–40.

<sup>191</sup> Crowley, *supra* note 189, at 198–99.

<sup>192</sup> *Id.* at 199.

<sup>193</sup> *Id.* at 218 & n.117. The Treaty of Lisbon expanded the jurisdiction of the ECJ, giving it the authority to handle cases in the areas of freedom and security. *See id.*; Court of Justice of the European Communities Press Release 104/09, *The Treaty of Lisbon and the Court of Justice of the European Union* (Nov. 30, 2009).

<sup>194</sup> *See* Pinckney, *supra* note 173, at 274.

the transitional phase, and when a patentee has opted out of the UPC's jurisdiction.<sup>195</sup> The preparatory committee has suggested that a European patent that has been opted out should be adjudicated under the national laws of the state hearing the suit.<sup>196</sup> This, however, contradicts both traditional applications of treaty law established by the Vienna Convention and the actions certain potential signatories to the UPC Agreement have taken.<sup>197</sup>

The UPC Agreement is silent on which law applies to a European patent when a patentee opts out, and on which law governs litigation in national courts during the transitional period.<sup>198</sup> Further, applying national patent law while a patent is opted out could result in exposure to two different sets of law, as national laws apply while the patent is opted out, and the substantive law of the UPC Agreement applies if the patentee opts back in.<sup>199</sup> In order to truly move towards harmonization of the European patent system, national courts hearing decisions on European patents should apply the substantive law contained within the UPC Agreement.<sup>200</sup> This comports with traditional notions surrounding the primacy of treaty law and also corresponds to current actions by potential signatories to the UPC Agreement.<sup>201</sup>

The Vienna Convention establishes that when a treaty is in force, it is binding upon the signatories.<sup>202</sup> Furthermore, the internal law of a country may not be used as a means to avoid performance of the terms of the treaty.<sup>203</sup> Because the UPC Agreement is a treaty, the substantive patent law within the treaty should become binding upon those states once they have become a party to the UPC Agreement.<sup>204</sup> Additionally, the actions of potential signatories to the document further support the view that the substantive

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<sup>195</sup> *See id.*

<sup>196</sup> *Id.*

<sup>197</sup> *See id.*; Vienna Convention on the Law of Treaties art. 26–27, May 23, 1969, 1155 U.N.T.S. 331; UK INTELLECTUAL PROP. OFFICE, TECHNICAL REVIEW AND CALL FOR EVIDENCE ON SECONDARY LEGISLATION IMPLEMENTING THE AGREEMENT ON A UNIFIED PATENT COURT AND EU REGULATIONS ESTABLISHING THE UNITARY PATENT ¶ 24 (2014), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318769/Consultation\\_Technical\\_Review\\_Unified\\_Patents\\_Court.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318769/Consultation_Technical_Review_Unified_Patents_Court.pdf) [<https://perma.cc/7TQP-VAAN>].

<sup>198</sup> *See* Agreement on a Unified Patent Court, *supra* note 16, art. 83; Pinckney, *supra* note 173, at 275.

<sup>199</sup> *See* Pinckney, *supra* note 173, at 274; Letter from Nicholas Forwood, *supra* note 187.

<sup>200</sup> *See* Pinckney, *supra* note 173, at 276; Letter from Nicholas Forwood, *supra* note 187.

<sup>201</sup> *See* Vienna Convention on the Law of Treaties, *supra* note 197, arts. 26–27; UK INTELLECTUAL PROP. OFFICE, *supra* note 197, ¶ 24.

<sup>202</sup> Vienna Convention on the Law of Treaties, *supra* note 197, art. 26.

<sup>203</sup> *Id.* art. 27.

<sup>204</sup> *See id.* at arts. 26–27; Peterreins & Pegram, *supra* note 25.

law of the UPC Agreement should be applied within national courts.<sup>205</sup> In evaluating the UPC Agreement, the U.K. Intellectual Property Office compared the language of the UPC Agreement to the U.K.'s current Patent Act and articulated the ways in which the act would need to be amended in order to comport with the new UPC Agreement.<sup>206</sup> This practice highlights the notion that the substantive law of the UPC Agreement should become national law upon signing.<sup>207</sup>

Customary practices amongst countries further support the notion that treaty law is binding upon its signatories.<sup>208</sup> For example, prior to signing the Uruguay Round Agreement, the United States calculated a patent's term as seventeen years from the date on which the patent was issued.<sup>209</sup> The Uruguay Round Agreement, however, mandated a patent term of twenty years from the date on which the patent was filed.<sup>210</sup> In order to comply with the treaty language, the United States adopted the Uruguay Round Agreement Act, which changed the way patent terms were calculated in the United States.<sup>211</sup> This example illustrates the practice of harmonizing state laws to comply with treaty expectations.<sup>212</sup>

Requiring the primacy of the UPC Agreement's substantive laws would promote the harmonization of EU patent law by ensuring that all European patents, whether litigated before the UPC or in a national court, are governed under consistent law.<sup>213</sup> Furthermore, it prevents citizens from creating exceptions to the power of applicable treaty law based on whether they opted out of the jurisdiction of the UPC.<sup>214</sup> To further ensure the uni-

<sup>205</sup> See Vienna Convention on the Law of Treaties, *supra* note 197, arts. 26–27; UK INTELLECTUAL PROPERTY OFFICE, *supra* note 197, ¶ 24.

<sup>206</sup> See UK INTELLECTUAL PROPERTY OFFICE, *supra* note 197, ¶ 24.

<sup>207</sup> See *id.*; Pinckney, *supra* note 173, at 274.

<sup>208</sup> See MICHAEL JOHN GARCIA, CONG. RESEARCH SERV., RL32528, INT'L LAW AND AGREEMENTS: THEIR EFFECT UPON U.S. LAW 12–13 (2015); Michelle S. Marks, *The Impact of the Patent Term Provisions of the 1994 Uruguay Round Agreements Act on the Drug Price Competitions and Patent Term Restoration Act*, 51 FOOD & DRUG L.J. 445, 446 (1996).

<sup>209</sup> See Marks, *supra* note 208, at 445. The Uruguay Round was a series of negotiations on trade, including intellectual property rights, that occurred under the General Agreement on Tariff and Trade, the precursor to the World Trade Organization. See *The Uruguay Round*, WORLD TRADE ORG., [http://www.wto.org/English/thewto\\_e/whatis\\_e/tif\\_e/fact5\\_e.htm](http://www.wto.org/English/thewto_e/whatis_e/tif_e/fact5_e.htm) [https://perma.cc/MYJ6-7VDT].

<sup>210</sup> Marrakesh Agreement Establishing the World Trade Organization, Annex 1C Agreement on Trade-Related Aspects of Intellectual Property Rights art. 33, Apr. 15, 1994, 1867 U.N.T.S. 3.

<sup>211</sup> See Uruguay Round Agreements Act, Pub. L. No. 103-465, § 532, 108 Stat. 4809, 4984 (1994); Marks, *supra* note 208, at 446. A change to the way the United States calculated term limits had not occurred since 1861. Marks, *supra* note 208, at 445.

<sup>212</sup> See § 532, 108 Stat. at 4984; Marks, *supra* note 208, at 446.

<sup>213</sup> See Pinckney, *supra* note 173, at 274, 276; Letter from Nicholas Forwood, *supra* note 187.

<sup>214</sup> See Pinckney, *supra* note 173, at 274, 276; Letter from Nicholas Forwood, *supra* note 187.

form application of the substantive law contained in the UPC Agreement, a mechanism must exist through which this uniformity can be promoted.<sup>215</sup>

### *C. The Promotion of Uniformity Through the Preliminary Reference*

The UPC derives its authority from the UPC Agreement and is therefore comparatively similar to other courts established by treaty, such as the ECJ.<sup>216</sup> Nonetheless, the UPC lacks the ability to receive preliminary references and to issue advisory opinions.<sup>217</sup> In the wake of Brexit, commentators have suggested that a delayed implementation of the UPC may allow for amendments to the UPC Agreement.<sup>218</sup> Amending the UPC Agreement to empower national courts to send preliminary references to the UPC would allow national courts to apply UPC substantive law in a similar manner.<sup>219</sup>

#### 1. The ECJ as a Model for Preliminary References

The ECJ was established by international treaty to help harmonize EU law across the member states.<sup>220</sup> Article 234 of the Treaty Establishing the European Community grants the ECJ power to issue preliminary rulings.<sup>221</sup> Although not utilized in the United States, the preliminary reference procedure is a feature of the EU court system.<sup>222</sup> A preliminary reference is issued when a national court has a question regarding the application of EU law to a particular case.<sup>223</sup> The national court stays the case at hand and submits the question to the ECJ.<sup>224</sup> The ECJ then examines the question and issues

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<sup>215</sup> See Letter from Nicholas Forwood, *supra* note 187 (citing a concern that national courts could provide inconsistent rulings without a preliminary reference process).

<sup>216</sup> See Agreement on a Unified Patent Court, *supra* note 16, art. 1; Christoph Cordes, *The Unitary Patent and the Unified Patent Court*, 49 LES NOUVELLES 184, 185 (2014); Gierczyk, *supra* note 93, at 156; Peterreins & Pegram, *supra* note 25.

<sup>217</sup> Pinckney, *supra* note 173, at 274.

<sup>218</sup> See Leung, *supra* note 166; Tilmann, *supra* note 165.

<sup>219</sup> Cf. Alicia Farrell Miller, Note, *The Preliminary Reference Procedure of the Court of Justice of the European Communities: A Model for the ICJ?*, 32 HASTINGS INT'L & COMP. L. REV. 669, 687 (2009) (arguing the preliminary reference procedure for the ECJ allowed for more uniform decision-making among member states).

<sup>220</sup> Gierczyk, *supra* note 93, at 156.

<sup>221</sup> Miller, *supra* note 219, at 672.

<sup>222</sup> See Matthew T. King, Comment, *Towards a Practical Convergence: The Dynamic Uses of Judicial Advice in United States Federal Courts and the Court of Justice of the European Communities*, 63 U. PITT. L. REV. 703, 720 (2002).

<sup>223</sup> Gierczyk, *supra* note 93, at 158–59.

<sup>224</sup> See Miller, *supra* note 219, at 673. A member state's court must submit a preliminary reference if it seeks to invalidate community law or if it cannot provide a remedy. See *id.* at 674–75. It may also refer discretionary preliminary references if an interpretation of EU law is required to properly render a verdict on an issue raised at trial. See *id.*

its interpretation of the relevant law.<sup>225</sup> The national court then uses the answer in order to render a verdict.<sup>226</sup> Because the ECJ does not handle specific facts of cases when rendering a preliminary ruling, it looks solely at the proposed question in the context of EU law.<sup>227</sup> This allows the national court to retain its sovereignty in deciding cases while simultaneously ensuring that a uniform interpretation of EU law is applied in national courts.<sup>228</sup>

A preliminary ruling binds the national court that submitted the question to the interpretation provided by the ECJ.<sup>229</sup> Furthermore, in deciding subsequent cases, the national courts of other member states must first look to preliminary rulings that touch upon that particular issue.<sup>230</sup> They may then choose to either apply the ruling to their case, or issue another question to the ECJ.<sup>231</sup> In this way, the preliminary ruling affects all member states of the EU by generating case law that aids in consistent interpretation and application of EU law.<sup>232</sup>

The ECJ's power to issue preliminary judgments is the result of the fear that member states without guidance could construe EU laws in different ways.<sup>233</sup> Over time, without a means to correct these varying interpretations, EU law would be weakened by a lack of synchronization.<sup>234</sup> Preliminary rulings have indeed contributed to the harmonization of EU law.<sup>235</sup> The European Commission has recognized that the ECJ's preliminary reference power has been an important means of ensuring consistent application of EU law through the "dialogue" that occurs between the national courts and the ECJ.<sup>236</sup> Additionally, increased referrals from the national courts increase existing jurisprudence, which further harmonizes the understanding of EU law.<sup>237</sup>

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<sup>225</sup> Gierczyk, *supra* note 93, at 158.

<sup>226</sup> *Id.* at 158–59.

<sup>227</sup> *Id.* at 159.

<sup>228</sup> *See id.*; Miller, *supra* note 219, at 687.

<sup>229</sup> Gierczyk, *supra* note 93, at 158; Miller, *supra* note 219, at 675–76.

<sup>230</sup> Gierczyk, *supra* note 93, at 160.

<sup>231</sup> Miller, *supra* note 219, at 676.

<sup>232</sup> *See* Gierczyk, *supra* note 93, at 155; King, *supra* note 222, at 723.

<sup>233</sup> *See* King, *supra* note 222, at 723.

<sup>234</sup> *See id.*; Gierczyk, *supra* note 93, at 155.

<sup>235</sup> Gierczyk, *supra* note 93, at 155.

<sup>236</sup> *See* King, *supra* note 222, at 726 ("The preliminary ruling procedure is undoubtedly the keystone of the Community's legal order. Forty years' experience have shown that it is the most effective means of securing the uniform application of Community law throughout the Union and that it is an exceptional factor for integration owing to the simple, direct dialogue which it establishes with national courts.") (quoting *Additional Commission Contribution to the Intergovernmental Conference on Institutional Reform: Reform of the Community Courts*, at 3–4, COM (2000) 109 final (Jan. 3, 2000)).

<sup>237</sup> *See* Miller, *supra* note 219, at 686–87.

## 2. Lessons from the ECJ

Assigning a preliminary reference power to the UPC could facilitate the coordination of patent law across member states.<sup>238</sup> Similarities between the UPC and ECJ suggest that such a preliminary reference procedure could be beneficial.<sup>239</sup> Both the ECJ and UPC are the result of international agreements that aim to ensure the harmonization of disparate systems of law.<sup>240</sup>

Using the ECJ as a model for the UPC could greatly increase the ability of the UPC to standardize the legal interpretations of patent laws among member states.<sup>241</sup> Restructuring the UPC Court of Appeals in a way that grants it power to receive preliminary references from national courts could also facilitate uniform application of UPC law within national courts.<sup>242</sup> A national court with a question regarding the interpretation of the substantive law found in the UPC Agreement could submit a preliminary reference to the UPC Court of Appeals in a manner procedurally similar to that of the ECJ.<sup>243</sup> The court of appeals could then analyze the relevant substantive law of the UPC Agreement and return a ruling to the nation state to apply in the case at hand.<sup>244</sup> Ideally, this would produce an outcome similar to the increased harmonization of EU law under the preliminary reference system of the ECJ.<sup>245</sup> Preliminary rulings would then bind not only the national court that submitted the question, but also subsequent national courts' rulings on the same issue.<sup>246</sup>

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<sup>238</sup> See *id.* at 687; King, *supra* note 222, at 723; Letter from Nicholas Forwood, *supra* note 187.

<sup>239</sup> See Cordes, *supra* note 216, at 185; Gierczyk, *supra* note 93, at 156; Miller, *supra* note 219, at 687.

<sup>240</sup> See Cordes, *supra* note 216, at 185; Gierczyk, *supra* note 93, at 156; King, *supra* note 222, at 723; Medina, *supra* note 167, at 339–40; Letter from Nicholas Forwood, *supra* note 187.

<sup>241</sup> See Gierczyk, *supra* note 93, at 155; Miller, *supra* note 219, at 687.

<sup>242</sup> See Gierczyk, *supra* note 93, at 155; Miller, *supra* note 219, at 687.

<sup>243</sup> See Miller, *supra* note 219, at 687 (suggesting a procedure like the preliminary reference could be used in other international court systems); *cf.* Gierczyk, *supra* note 93, at 158–59 (explaining the process of submitting a preliminary reference to the ECJ).

<sup>244</sup> See Miller, *supra* note 219, at 687; *cf.* Gierczyk, *supra* note 93, at 158–59 (explaining the process through which the ECJ decides a question of law and returns it to the national court to apply).

<sup>245</sup> See Gierczyk, *supra* note 93, at 155; Miller, *supra* note 219, at 687.

<sup>246</sup> See Miller, *supra* note 219, at 687; *cf.* Gierczyk, *supra* note 93, at 160 (explaining that the ECJ's opinion becomes binding on subsequent cases analyzing a similar issue); Miller, *supra* note 219, at 675–76 (explaining that the ruling of the ECJ binds the national court that submitted the question, along with those handling issues of a similar nature).

### D. Benefits of the Proposed Regime

Concerns regarding the uncertainty, efficiency, and quality of decisions of the UPC could all be addressed through the introduction of a preliminary reference system.<sup>247</sup> Efficiency was a predominant reason why the substantive laws were placed in the UPC Agreement, as this eliminated the possibility that national courts would submit questions to an already backlogged ECJ.<sup>248</sup> Moving these provisions to the UPC Agreement, however, did not provide an adequate means of ensuring uniform interpretation and application by national courts.<sup>249</sup> Giving the UPC preliminary reference power would encourage uniform interpretations of the UPC Agreement provisions, while also ensuring that decisions will be rendered efficiently.<sup>250</sup>

During the initial years of the UPC, the Court of Appeals will likely have a lighter caseload while waiting for appeals from the courts of first instance.<sup>251</sup> Throughout this time period, preliminary references to the Court of Appeals would not become backlogged due to the limited jurisdiction of the court.<sup>252</sup> Additionally, allowing the Court of Appeals to issue preliminary rulings at the earliest stage of the system's implementation would guarantee that essential questions requiring interpretation of the UPC Agreement are resolved as early as possible.<sup>253</sup> Given the anticipated light caseload during the initial transition period, the UPC would have the capacity to issue preliminary references more efficiently than the ECJ.<sup>254</sup> Additionally, the power to issue preliminary references would enable the UPC to build case law during the transition period.<sup>255</sup> An increased body of case

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<sup>247</sup> See Crowley, *supra* note 189, at 218; Medina, *supra* note 167, at 338–40; Miller, *supra* note 219, at 687.

<sup>248</sup> Crowley, *supra* note 189, at 198–99, 218.

<sup>249</sup> See *id.* at 204–05; Letter from Nicholas Forwood, *supra* note 187.

<sup>250</sup> See Miller, *supra* note 219, at 686–87; Letter from Nicholas Forwood, *supra* note 187.

<sup>251</sup> See DIRECTORATE GEN. INTERNAL MKT. AND SERVS., STUDY ON THE CASELOAD AND FINANCING OF THE UNIFIED PATENT COURT 66–69 (2011) [https://www.unitary-patent.eu/sites/www.unitary-patent.eu/files/upc\\_draft\\_study\\_caseload\\_financing\\_commission\\_dg-internal\\_2011\\_11\\_07.pdf](https://www.unitary-patent.eu/sites/www.unitary-patent.eu/files/upc_draft_study_caseload_financing_commission_dg-internal_2011_11_07.pdf) [<https://perma.cc/W4QT-SJEC>]; Crowley, *supra* note 189, at 204; Lorna Brazell, *A Unified Patent Court for Europe—Dreams and Realities*, OSBORNE CLARKE (Apr. 1, 2016, 4:11 PM) <http://www.osborneclarke.com/connected-insights/publications/unified-patent-court-europe-dreams-and-realities> [<https://perma.cc/E649-USTT>].

<sup>252</sup> See Crowley, *supra* note 189, at 204, 218 (suggesting the ECJ's expanded jurisdiction led to a backlog of cases).

<sup>253</sup> See Cordes, *supra* note 216, at 191; Miller, *supra* note 219, at 686–87.

<sup>254</sup> See Cordes, *supra* note 216, at 191; Miller, *supra* note 219, at 687.

<sup>255</sup> Miller, *supra* note 219, at 687–88 (arguing the preliminary reference procedure and the principles of legal supremacy and direct effect together created a body of ECJ case law); *cf.* Gierczyk, *supra* note 93, at 160–62 (suggesting preliminary ruling precedent helped develop ECJ case law).



law would help to hasten the uniformity of UPC rulings.<sup>256</sup> Increased uniformity would likely encourage larger corporations to make the transition to the UPC system, since one of the greatest concerns of larger corporations has been the uncertainty the new system creates.<sup>257</sup>

Furthermore, a preliminary reference procedure would ensure that in the event a patentee opts back in to the UPC system, the patent would receive the same interpretation of applicable law.<sup>258</sup> During the transition period it is possible that a patentee will choose to opt out of the jurisdiction of the UPC.<sup>259</sup> This would leave interpretations of the UPC provisions to the national courts.<sup>260</sup> Should a patentee opt back in, however, the patent would return to the exclusive jurisdiction of the UPC.<sup>261</sup> The preliminary reference procedure could therefore be employed by national courts when applying substantive patent laws to the opted-out patents.<sup>262</sup> The UPC's analysis of the treaty language would then be applied by the national courts in rendering a judgment on an opted-out patent.<sup>263</sup> This would promote a more harmonious situation should the patentee opt-in and the patents return to the jurisdiction of the UPC, because the interpretations of relevant law would largely be the same.<sup>264</sup>

The Court of Appeals for the UPC will be comprised of judges trained specifically in the area of patent law.<sup>265</sup> The training will occur under the framework of the provisions of the agreement that establishes the court.<sup>266</sup> The Court of Appeals is tasked with interpreting the UPC Agreement when deciding cases on appeal.<sup>267</sup> Given this power to interpret the substantive

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<sup>256</sup> See Crowley, *supra* note 189, at 223–24; Gierczyk, *supra* note 93, at 157.

<sup>257</sup> See EUR. ECON., *supra* note 79, at 61; Crowley, *supra* note 189, at 224; King, *supra* note 222, at 723; Miller, *supra* note 219, at 687.

<sup>258</sup> See Pinckney, *supra* note 173, at 274; Letter from Nicholas Forwood, *supra* note 187; *cf.* King, *supra* note 222, at 723 (arguing that the ECJ has provided the benefit of legal harmony).

<sup>259</sup> Peterreins & Pegram, *supra* note 25.

<sup>260</sup> *Id.*; Pinckney, *supra* note 173, at 274.

<sup>261</sup> See Pinckney, *supra* note 173, at 274; Letter from Nicholas Forwood, *supra* note 187.

<sup>262</sup> See Letter from Nicholas Forwood, *supra* note 187; *cf.* King, *supra* note 222, at 723 (arguing the ECJ has allowed for the creation of a common understanding of Community law in member states).

<sup>263</sup> *Cf.* Gierczyk, *supra* note 93, at 157 (arguing the preliminary reference procedure allowed a common understanding of the treaty language to form).

<sup>264</sup> See Pinckney, *supra* note 173, at 274; Letter from Nicholas Forwood, *supra* note 187; *cf.* Gierczyk, *supra* note 93, at 160 (arguing that rulings of the ECJ apply in situations where similar legal questions are raised).

<sup>265</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 19; Crowley, *supra* note 189, at 222.

<sup>266</sup> Agreement on a Unified Patent Court, *supra* note 16, art. 19.

<sup>267</sup> *Id.* arts. 9, 24, 73; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 18.

patent law in the UPC Agreement, the Court of Appeals effectively becomes the authority on the meaning of the UPC Agreement.<sup>268</sup> This expertise provides a strong justification for providing the Court of Appeals with the competence to receive preliminary references from national courts.<sup>269</sup>

Finally, allowing the court to receive preliminary references would also address the forum shopping issue that persists under the current framework.<sup>270</sup> Just as the use of preliminary references by the ECJ helped to harmonize EU law over time, a preliminary reference system by the UPC would help to clarify the understandings of the substantive patent law promulgated by the agreement.<sup>271</sup> As nation states begin to apply a consistent interpretation of the law, the perceived advantages of litigating a case in the UPC or national courts should start to diminish, decreasing litigants' incentive to engage in forum shopping.<sup>272</sup> Granting the UPC the power to receive and respond to preliminary references would therefore provide an efficient method of harmonizing the substantive law in the UPC Agreement and decreasing the prevalence of forum shopping.<sup>273</sup>

## CONCLUSION

The EU has long sought to further harmonize the processes through which patentees procure and enforce patents. Although the EPC and EPO have positively contributed to the harmonization efforts, further action is required. In the latest rounds of legislation and treaty negotiations, it has become clear that the EPUE and the UPC present the next steps in creating a harmonized patent system across Europe.

Deficiencies in the drafting of the UPC Agreement and its subsequent interpretation across the EU have impeded this progress. In order to truly work towards harmonization of the patent laws across member states, the UPC Agreement should require that signing states adopt the substantive patent law contained within the Agreement as part of their domestic law.

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<sup>268</sup> See Agreement on a Unified Patent Court, *supra* note 16, arts. 9, 24, 73; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 18; cf. Gierczyk, *supra* note 93, at 157 (stating that the ECJ allowed for uniform application of EU laws by becoming the authority on EU treaty law).

<sup>269</sup> See Agreement on a Unified Patent Court, *supra* note 16, arts. 9, 24, 73; THE SELECT COMM. & THE PREPARATORY COMM., *supra* note 37, at 18; Miller, *supra* note 219, at 687.

<sup>270</sup> See Mary Garvey Algero, *In Defense of Forum Shopping: A Realistic Look at Selecting a Venue*, 78 NEB. L. REV. 79, 111 (1999); Bennett, *supra* note 167.

<sup>271</sup> See King, *supra* note 222, at 723; Miller, *supra* note 219, at 687.

<sup>272</sup> See Algero, *supra* note 270, at 111; Bennett, *supra* note 167; King, *supra* note 222, at 723.

<sup>273</sup> See Algero, *supra* note 270, at 111; Bennett, *supra* note 167; Crowley, *supra* note 189, at 223–24; King, *supra* note 222, at 723.

This will ensure that patents litigated at the national level receive the same treatment as those litigated through the newly formed UPC.

Additionally, the UPC should be granted a preliminary reference power in order to ensure that state courts deciding cases under the language of the UPC Agreement apply a more uniform interpretation. An ability to issue preliminary references would also discourage forum shopping by eliminating the advantages that occur through disparate interpretations of the substantive patent provisions. An increasingly harmonized EU patent law is necessary for improved innovation across the EU, but the current legal efforts to stimulate such change do not go far enough to bring that vision into reality.