

**R v COMPTROLLER OF PATENTS, DESIGNS AND
TRADE MARKS EX P. LENZING AG**

**LENZING AG v (1) COURTAULDS FIBRES LTD
(2) COURTAULDS PLC**

High Court of Justice, Queen's Bench Division (Crown Office List)
and Chancery Division (Patents Court)

Jacob J

20 December 1996

Patents – European Patent Office revoking patent – Revocation recorded on UK register of Patents – Whether patentee could challenge in national court decision to revoke patent by Comptroller of Patents and European Patent Office – Patents Act 1977, Part II s. 77(4)(A) – European Patent Convention

Facts

In 1989 the plaintiff applied for a patent in the European Patent Office ('EPO') for a process for making cotton-like fabric from wood, and the patent was granted in 1992 which took effect in the UK as a European patent (UK). Opposition was entered in the EPO by, inter alia, the second defendant who believed that the patent represented a major threat to their investment in new plant in the UK. In 1996 the EPO Board of Appeal revoked the patent and the decision to revoke was duly communicated to the comptroller who caused an entry to that effect to be made in the UK register of patents. The communication had taken the form of information on a tape or disc which the comptroller simply ran to alter the electronically kept register.

The plaintiff claimed that the decision of the EPO Board of Appeal to revoke the patent was tainted by a serious procedural injustice and that the decision of the board should be regarded as a nullity. It sought judicial review of the decision to revoke and of the comptroller's decision to mark the UK register of patents with the revocation. Alternatively the plaintiffs invoked the jurisdiction of the Patents Court to order rectification of the register entry under s. 34 of the Patents Act 1977 and a writ for patent infringement was served on the defendants. The defendants sought an order dismissing the plaintiff's claim for infringement on the ground that the patent had been revoked.

It was common ground that the European Patent Convention 1973 (EPC) was implemented in the UK by Part II of the Patents Act 1977 which provided in s. 77(4)(A), as inserted by para. 21 of sched. 5 to the Copyright, Design and Patents Act 1988, that where a European patent was revoked in accordance with the Convention the patent was to be treated as having been revoked under the 1977 Act. The plaintiff contended that Parliament had only required a European patent (UK) to be treated as revoked if the revocation had been in accordance with the Convention and therefore the 1977 Act invited and required an inquiry into any purported revocation to see whether it really was in accordance with the EPC. Accordingly it was open to the plaintiff as patentee to rebut the prima facie conclusion that the patent had been revoked by showing that the tribunal ordering the revocation had not acted in accordance with the Convention.

The plaintiff further relied on Art. 32 of the Agreement on Trade Related Aspects of Intellectual Property Rights ('TRIPS') which provides that: "An opportunity for judicial review of any decision to revoke or forfeit a patent shall be available." The plaintiff argued that the Board of Appeal failed to satisfy Art. 32 and that since the Community had signed TRIPS the plaintiff had a directly effective right to judicial review by the Patents Court as a matter of Community law.

Held

1. All Parliament had required in the 1977 Act was proof that the EPO had, acting in purported exercise of its powers under the Convention, revoked a European patent. Once that was shown then English law automatically treated the European patent and the European patent (UK) as revoked. The comptroller in making the entry in the register was acting in a purely administrative capacity just recording what had been done. (See post p. 250D–F.)
2. The UK had agreed with other member states of the EPC that the final arbiter of revocation under the new legal system was the EPO Board of Appeal. Other states would be justly entitled to complain if the UK were to ignore such a final decision. (See post p. 251C–D.)
3. The EPO was clearly recognised on the plane of international law. The 1977 Act caused its decisions to be recognised here as a matter of national law. The EPO's decisions remained decisions taken at international level and accordingly the UK courts were not entitled to review them. (See post p. 252D–F.)
4. The World Trade Organisation Agreement and TRIPS were not capable of having direct effect as a matter of Community law and that point was so evident that it fell within the *acte claire* doctrine. (*International Fruit* (Joined Cases 21 to 24/74) [1972] ECR 1219, applied.) In any event even if some of the provisions of TRIPS were potentially capable of having direct effect, Art. 32 was not sufficiently clear and precise to do so and that point was also sufficiently clear to fall within the *acte claire* doctrine. (See post p. 259E–F and p. 260G–H.)
5. The members at the EPO Board of Appeal were independent in their judicial function and that independence was guaranteed by the EPC itself. Therefore the Boards of Appeal did provide judicial review within Art. 32 of TRIPS. (See post p. 261E–G.)

The patents proceedings for infringement and the applications of judicial review and rectification of the register were dismissed.

Legislation cited

Patents Act 1949

Patents Act 1977, ss. 32, 34, 74(4)A, 77 to 83, 86, 87, 91(1)(a), 130

European Patent Convention 1973, Arts 1 to 5, 8, 10, 11, 15, 19, 21, 23, 24, 75 to 79, 89(1), 99 to 114, 127, 135(1)(b)

Rules of Procedure of the European Patent Office Board of Appeal, Art. 11

World Trade Organisation Agreement, Art. XIV(1) XIV(4)

Rules of the Supreme Court, Ord. 53

International Organisations Act 1968

Companies Act 1985, Part XXI

European Communities Act 1972, s. 2

Agreement on Trade Related Aspects of Intellectual Property Rights, Arts 1(1), 32, 62(5)

- A General Agreement on Trade and Tariffs 1947, Arts 1, 4, 5, 7(1), 19, 21, 22, Annex 2 OJ
 1/1983,7 as amended by OJ 9/1989,361
 Service Regulations, Art. 41(3)
 EC Treaty, Art. 177
 Council Decision 94/800/EEC

Cases referred to

- } Adam and another v Cape Industries plc and another [1990] Ch 433
 Arab Monetary Fund v Hasham and others (No. 3) [1990] 3 WLR 139
 Aumac Ltd Patent [1995] FSR 501
 Corbiau v Administration des Contributions du Grand-Duché de Luxembourg (Case C-24/92)
 [1993] 1 ECR 1277
 Casa Fleischhandels-GmbH v Bundesanstalt für Landwirtschaftliche Marktordnung (Case
 215/88) [1989] ECR 2789
) Sol CILFIT and Lanificio di Gavardo Spa v Ministry of Health (Case 283/81) [1982] ECR 3415
 International Fruit CONV, Koog Rotterdam NV, Velleman en Tas NV and Jan van den
 Brink's Im- en Exporthandel NV v Produktschap voor Groenten en Fruit (Joined Cases 21
 to 24/72) [1972] ECR 1219.
 Johnston v Chief Constable of the Royal Ulster Constabulary (Case 222/84) [1986] ECR 1651
 Merrell Dow Pharmaceuticals Inc and another v HN Norton & Co Ltd and others [1996]
 RPC 76
) Pemberton v Hughes [1899] 1 Ch 781
 R v International Stock Exchange of the UK and the Republic of Ireland Ltd ex p. Else (1982)
 Ltd and another [1993] QB 534
 International Tin Council, In Re [1987] 1 Ch 419

Peter Prescott QC, Mark Hoskins and John Hornby, solicitor, (instructed by Clifford Chance)
 for the applicants/plaintiff.

-) Simon Thorley QC, David-Lloyd Jones and Andrew Waugh (instructed by Simmons &
 Simmons) for the respondents/defendants.
 Richard Arnold (instructed by the Treasury Solicitor) for the Comptroller of Patents, Designs
 and Trade Marks.

JACOB J:

Introduction

-) An Austrian company, Lenzing AG, apply for a variety of forms of relief arising out
 of allegations that a European Patent Office Board of Appeal (BoA) mishandled an
 opposition to their patent and wrongly ordered or, as Lenzing say, purported to
 order, that it be revoked. They seek judicial review of the BoA's decision and judicial
 review of the decision of the Comptroller-General of the British Patent Office to mark
 the UK Register of Patents with an entry to the effect that their patent has been
 revoked. Those are proceedings in the Crown Office of the High Court. By way of
 alternative attack Lenzing invoke the jurisdiction of the Patents Court to order
 rectification of the entry in the Register of Patents. Also in the Patents Court
 Lenzing's principal (but not only) commercial adversaries, Courtaulds (Fibres) Ltd
 and other Courtaulds' companies, seek an order dismissing Lenzing's claim for
 infringement of the patent concerned on the ground that the patent has been revoked.
) Lenzing resist that, contending that the revocation of their patent is a nullity.
 Courtaulds also seek an order for costs in respect of their petition for revocation.

It is first necessary to explain the legal framework of the problem. Until 1978, a patent for an invention in the United Kingdom could only be obtained by application to the UK Patent Office. The procedures for this were laid down in the Patents Act 1949 and the rules made pursuant to the rule-making power conferred by the Act. Ultimately any decision adverse to an applicant could be the subject of appeal to the Patents Court. Patents in other countries had to be obtained by applications to the national patent office of each country concerned. This was widely regarded as wasteful. It meant, for instance, that if you wanted a patent in n European countries, you had to apply in n different national patent offices. Each of these would (or might since some did not) search the prior art to see whether the invention was new. Further each country had its own, distinct, substantive laws of validity and infringement.

Accordingly, in 1973 a number of European countries entered into the European Patent Convention (EPC). This set up the European Patent Office (EPO) in Munich. The Patents Act 1977 was passed, as its recital says, "to give effect to certain international conventions" of which the EPC was one. I described the broad effect of the position prevailing after the 1977 Act came into force (mid-1978) in *Aumac Ltd Patent*¹ as follows:

"One can obtain a patent in this country by one of two routes. One can simply apply to the British Patent Office who will process the application and if all goes well grant the patent. One can also or alternatively apply to the EPO. This operates as a central processing patent office for the states parties to the EPC. In making one's application there, one must 'designate' the states in which one wants a patent. Once the EPO grants a patent it takes effect in each designated state in the same way as a patent from the national office of that state. A patent granted by the EPO which takes effect here is called a 'European Patent (UK)'. There is provision that one cannot at the same time have a patent granted by a national office and the EPO for the same invention. The EPO patent prevails and the corresponding national patent must be revoked. But this happens only when the EPO grants the patent. Until then one can process an application through the two systems simultaneously. Once the EPO has granted a patent, there is a system of 'opposition' (really revocation) which is operated by the EPO whereby it is possible to apply within 9 months of grant to have the EPO patent revoked. If it is, the revocation works for all designated states – a central 'knock-out' system."

Lenzing's patent has been knocked out centrally. Can they challenge that knock-out at least so far as the UK patent is concerned? That is what I have to decide.

The patent concerned is (or was) No. 0,356,419. Lenzing applied for it in the EPO on 7 August 1989. It is for a process for making cotton-like fabric from wood. Following examination the patent was granted on 16 December 1992. Opposition was entered in the EPO by Courtaulds plc and Akzo Fazer AG within the nine-month period from grant provided for by Art. 89(1) of the EPC. On 6 May 1994 the Opposition Division orally announced its decision, refusing the opposition. It gave its reasons on 4 July 1994. The opponents appealed to the BoA, to which appeals lie pursuant to the provisions of Arts 106–111. Another Courtaulds company (Courtaulds (Fibres) Holdings Ltd) were permitted to join in the appeal. The BoA received written submissions. It held an oral hearing on 3 May 1996. In accordance with its usual practice (a practice often criticised), following an adjournment of an hour or so, it announced its decision. The patent was revoked. Written reasons

1. [1995] FSR 501.

A followed on 12 July 1996. The fact of revocation was recorded on the register of European Patents kept by the EPO. I do not know the precise date of such recordal but it must have been shortly after the decision was given. There is no attempt to attack that entry in these proceedings. The decision was duly communicated to the Comptroller-General of patents who caused an entry to be made in the UK Register of Patents to the effect that the patent was revoked. The communication took the form of the supply of the information on a tape or disc which the Comptroller simply ran to alter the electronically kept register. He did not and did not purport to exercise his discretion.

B Meanwhile proceedings had started in the Patents Court. Courtaulds, believing that the patent represented a major threat to their investment in new plant in the United Kingdom, on 29 September 1994 petitioned to revoke the European patent (UK). This was just after the Opposition Division had upheld the patent. In November Lenzing attacked, serving a writ for infringement. It was duly agreed that both proceedings should run together. Discovery took place and the trial date was set for December 1996. The revocation of the patent intervened. Courtaulds now apply for the action to be dismissed and for their costs of the action and petition.

C Lenzing say that the written reasons for the decision show that there was a serious procedural injustice. In particular they say that the reasons were never put to them, either at the hearing or before, and were not argued by the opponents. They say that there was thereby:

1. a breach of 'natural justice';
2. a breach of Art. 113 of the EPC (that "decisions of the EPO may only be based on grounds or evidence on which the parties concerned have had an opportunity to present their comments"); and
- E 3. a breach of Art. 11 of the Rules of Procedure of the BoA, which empowers the Board "to send with the summons to oral hearing a communication drawing attention to matters which seem to be of especial significance".

F Lenzing further say that the decision was irrational or perverse, misunderstanding and misconstruing both the cited prior art and their patent. And they say that the BoA made up its mind in advance of the hearing and that such was admitted by the Chairman of the Board in a conversation with their patent agent. This makes the procedural misfeasance allegations all the more serious: the claim is that the Board knew in advance of the grounds of its proposed decision, yet deliberately kept it back. Lenzing say that if they had known of the point, they could have answered it or offered suitable amendments to their patent to deal with it.

G Lenzing say the result of the events which they allege is that the decision of the BoA should be regarded as a nullity. They accept that judicial review will not lie against the impugned decision itself (because of the immunity of the EPO from process) but, they say, that does not prevent a collateral attack. They make that attack in three ways:

1. in resisting Courtaulds' applications for the infringement claim to be struck out and for their costs of their petition for revocation;
2. in seeking judicial review of the Comptroller's action in recording on the Register of Patents an entry to the effect that the patent has been revoked;
- H 3. in applying by motion to the Patents Court pursuant to s. 34 of the Patents Act 1977 directly for an order that the register be rectified so as to remove that entry.

Admittedly the procedures in which the question arises are different, but, say A
Lenzing, given the fact that the decision should be regarded as a nullity, all three
procedures (or at least one or other of them) are appropriate. Indeed, it was common
ground that this case does not turn on procedural questions.

Courtauld's wish to dispute all of the allegations of fact. The EPO is not in a
position even to go into them – its position is that its BoAs are an international
tribunal over which national courts have no supervisory power. So it is not necessary
or legitimate to go into the facts. The EPO does not appear before me. It has never
been (and could not be) served in accordance with any rule of court, though it has
been given notice of these proceedings. It has immunity from any relevant process for
reasons I will examine later. B

Lenzing further say that if they have no other means of collaterally attacking the
BoA decision, then they have a remedy under European Union law. In relation to that
they seek a reference to the European Court of Justice. The point is based on the C
World Trade Organisation Agreement (WTO) and the agreement annexed thereto as
Annex 1C, the Agreement on Trade-Related Aspects of Intellectual Property Rights
(TRIPS). It is suggested that the EU remedy is for this court to provide a means of
judicial review.

When the application for leave for judicial review and the first hearing of the
motion for rectification came before me it was clear that the case raised issues of
principle, quite apart from involving a substantial dispute on the facts. Going into the
latter would take time and, on one view of the case, would be an impermissible
exercise. The parties agreed that a preliminary point would be appropriate. D
Accordingly the parties (with a little help from me) agreed them.

The Questions E

Agreed Statements of Fact and Law

1. The EPO has granted a European patent designating (inter alia) the United
Kingdom.
2. A Board of Appeal of the EPO reversing the Opposition Division has given a
decision (which Lenzing contend is a nullity) stating that the patent is revoked.
3. An entry has been made in the Register of Patents kept under s. 32 of the Patents
Act 1977 to the effect that the patent has been revoked. F
4. No proceedings lie against the EPO under RSC Ord. 53, or otherwise in the
English courts, in respect of the above.

Questions

- Q1. Does judicial review lie against the Comptroller of the UK Patent Office
wherein it may be declared that the revocation of the patent as a result of that
decision, insofar as it relates to the European patent (UK), is null and void, on the
ground that the decision of the Board of Appeal was in excess of its powers to revoke
a European patent or European patent (UK)? G
- Q2. Does judicial review lie against the Comptroller of the UK Patent Office
wherein he may be required to delete the said entry in the register and/or to record the
European patent (UK) as subsisting, on the ground that the decision of the Board of
Appeal was in excess of its powers to revoke a European patent or European patent
(UK)? H

Q3. Does the Patents Court have power under s. 34 of the Patents Act 1977 to order that the register of patents shall be rectified by the deletion of the said entry and/or by recording the European patent (UK) as subsisting, on the ground that the decision of the BoA was in excess of its powers to revoke a European patent or European patent (UK)?

Q4. If proceedings for infringement of the patent are pending before the Patents Court, and the defendants apply to dismiss the proceedings on the ground that the patent has been revoked in accordance with the decision referred to in 2 above, may the patentee resist the application on the ground that the decision of the BoA was in excess of its powers to revoke a European patent or European patent (UK)?

Q5. If the answer to any of Questions 1–4 above is yes, is any of the following capable of constituting an excess of powers for that purpose:

- (a) A breach of the procedural requirements for the conduct of an appeal from an opposition, laid down by and under the Convention?
- (b) The making of a finding which is not reasonably capable of being supported by the evidentiary materials?
- (c) The making of a finding which is irrational and perverse (i.e. which no reasonable tribunal could have made)?
- (d) A taking into account of plainly irrelevant matters, or a failure to take plainly relevant matters into account?
- (e) “An error of law? Can this include the misconstruction of the claims of the patent? Can this include a misconstruction of a prior art document? Can this include misinterpretation of the Convention or Regulations?”

The European Patent Convention

Both the collateral attack and the EU law point involve some detailed consideration of the EPC, a Convention of which UK courts are required to take judicial notice pursuant to s. 91(1)(a) of the Patents Act 1977.

The recitals to the EPC are short and read as follows:

“The Contracting States,
Desiring to strength co-operation between the States of Europe in respect of the protection of inventions,
Desiring that such protection may be obtained in those States by a single procedure for the grant of patents, and by the establishment of certain standard rules governing patents so granted,
Desiring, for this purpose, to conclude a Convention which establishes a European Patent Organisation and which constitutes a special agreement within the meaning of Art. 19 of the Convention for the Protection of Industrial Property, signed in Paris on 20 March 1883 and last revised on 14 July 1967, and a regional patent treaty within the meaning of Art. 45, paragraph 1, of the Patent Co-operation Treaty of 19 June 1970,
Have agreed on the following provisions:”

The EPC did not form and does not form part of the legal framework of the then European Economic Community (now the European Union). Countries outside the Community can be and are signatories. Switzerland, for instance, was a founder member of the EPC and one of the first countries to ratify it. There are now 17

member states and others (including perhaps some Eastern European countries) are actively thinking of and preparing to join. Thus the EPC is a free-standing international Convention. A

The early provisions of the EPC are important. So far as material I set them out here, together with their titles.

“Part I. General and Institutional Provisions

Chapter I. General Provisions B

Art. 1 *European law for the grant of patents*

A system of law, common to the Contracting States, for the grant of patents for inventions is hereby established.

Art. 2 *European patent*

(1) Patents granted by virtue of this Convention shall be called European patents. The European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless otherwise provided in this Convention. C

Art. 3 *Territorial effect*

The grant of a European patent may be requested for one or more of the Contracting States. D

Art. 4 *European Patent Organisation*

(1) A European Patent Organisation, hereinafter referred to as the Organisation, is established by this Convention. It shall have administrative and financial autonomy.

(2) The organs of the Organisation shall be:

- (a) a European Patent Office;
- (b) an Administrative Council.

(3) The task of the Organisation shall be to grant European patents. This shall be carried out by the European Patent Office supervised by the Administrative Council.” E

Thus, the European Patent Organisation has two limbs, the Administrative Council and the EPO. It is an international body, recognised as such pursuant to the International Organisations Act 1968 and the appropriate statutory instrument made thereunder.² F

“Chapter II. The European Patent Organisation

Art. 5 *Legal Status*

(1) The Organisation shall have legal personality.

(2) In each of the Contracting States the Organisation shall enjoy the most extensive legal capacity accorded to legal persons under the national law of that State, it may in particular acquire or dispose of movable and immovable property and may be a party to legal proceedings. G

...

Art. 8 *Privileges and immunities*

The Protocol on Privileges and Immunities annexed to this Convention shall define the conditions under which the Organisation, the members of the Administrative Council, the H

2. SI 1978/179, as amended by SI 1980/1096.

A employees of the European Patent Office and such other persons specified in that Protocol as take part in the work of the Organisation, shall enjoy, in the territory of each Contracting State, the privileges and immunities necessary for the performance of their duties.”

I pause here to note Art. 3 of this Protocol, the whole of which forms part of the EPC itself by virtue of Art. 8. It reads:

B “Within the scope of its official activities the Organisation shall have immunity from jurisdiction and execution, except:
(a) to the extent that the Organisation shall have expressly waived such immunity in a particular case.”

C The EPO has not waived immunity in this case, and there is no reason why it should have done so. There are a number of other provisions which make it clear that the European Patent Organisation (of which the EPO forms one limb pursuant to Art. 4 of the EPC) and its officials have diplomatic and other immunities in much the same way as other international bodies.

D “Chapter III. The European Patent Office

Art. 10 *Direction*

(1) The EPO shall be directed by the President who shall be responsible for its activities to the Administrative Council.

(2) To this end, the President shall have in particular the following functions and powers:

E ...

(f) he shall exercise supervisory authority over the personnel;

(g) subject to the provisions of Art. 11, he shall appoint and promote the employees;

(h) he shall exercise disciplinary authority over the employees other than those referred to in Art. 11, and may propose disciplinary action to the Administrative Council with regard to employees referred to in Art. 11, paragraphs 2 and 3.

F

Art. 11 *Appointment of senior employees*

(3) The members, including the Chairman, of the Boards of Appeal and of the Enlarged Board of Appeal shall be appointed on a proposal from the President of the EPO. They may be re-appointed by a decision of the Administrative Council after the President of the EPO has been consulted.

G (4) The Administrative Council shall exercise disciplinary authority over the employees referred to in paragraphs 1 to 3.

...

Art. 15 *The Departments charged with the procedure*

For implementing the procedures laid down in this Convention, there shall be set up within the EPO:

H (d) Opposition Divisions;

(f) Boards of Appeal.

...

Art. 19 *Opposition Divisions*

(1) An Opposition Division shall be responsible for the examination of oppositions against any European patent.

A

...

Art. 21 *Boards of Appeal*

(1) The Boards of Appeal shall be responsible for the examination of appeals from the decisions of the ... Opposition Divisions. ...

B

(4) For appeals from a decision of an Opposition Division, a Board of Appeal shall consist of:

(a) two technically qualified members and one legally qualified member, when the decision was taken by an Opposition Division consisting of three members; three technically qualified members and two legally qualified members, when the decision was taken by an Opposition Division consisting of four members or when the Board of Appeal considers that the nature of the appeal so requires.

C

...

Art. 23 *Independence of the members of the Boards*

(1) The members of the Enlarged Board of Appeal and of the Boards of Appeal shall be appointed for a term of five years and may not be removed from office during this term, except if there are serious grounds for such removal and if the Administrative Council, on a proposal from the Enlarged Board of Appeal, takes a decision to this effect.

D

(2) The members of the Boards may not be members of the Receiving Section, Examining Divisions, Opposition Divisions or of the Legal Division.

(3) In their decisions the members of the Boards shall not be bound by any instructions and shall comply only with the provisions of this Convention.

(4) The Rules of Procedure of the Boards of Appeal and the Enlarged Board of Appeal shall be adopted in accordance with the provisions of the Implementing Regulations. They shall be subject to the approval of the Administrative Council.

E

Art. 24 *Exclusion and objection*

(1) Members of the Boards of Appeal or of the Enlarged Board of Appeal may not take part in any appeal if they have any personal interest therein, if they have previously been involved in representatives of one of the parties, or if they participated in the decision under appeal.

(2) If, for one of the reasons mentioned in paragraph 1, or for any other reason, a member of a Board of Appeal or of the Enlarged Board of Appeal considers that he should not take part in any appeal, he shall inform the Board accordingly.

F

(3) Members of a Board of Appeal or of the Enlarged Board of Appeal may be objected to by any party for one of the reasons mentioned in paragraph 1, or if suspected of partiality. An objection shall not be admissible if, while being aware of a reason for objection, the party has taken a procedural step. No objection may be based upon the nationality of members.

G

(4) The Boards of Appeal and the Enlarged Board of Appeal shall decide as to the action to be taken in the cases specified in paragraphs 2 and 3 without the participation of the member concerned. For the purposes of taking this decision the member objected to shall be replaced by his alternate.”

Next there are provisions about the Administrative Council which are unnecessary to recite in detail. It is composed of representatives of each contracting state.

H

Part II of the EPC then deals with substantive patent law – the law which is operated by the EPO. The provisions correspond, for practical purposes, with the

A substantive laws now contained in the national laws of the contracting states. In the case of the United Kingdom this is the Patents Act 1977. Although much of the wording of this Act differs from that in the EPC, our Act provides, at s. 13(7), that:

B “Whereas by a resolution made, on the signature of the Community Patent Convention the governments of the member states of the European Economic Community resolved to adjust their laws relating to patents so as (among other things) to bring those laws into conformity with the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty, it is hereby declared that the following provisions of this Act, that is to say, ss. 1(1) to (4), 2 to 6, 14(3), (5) and (6), 37(5), 54, 60, 69, 72(1) and (2), 74, 82, 83, 100 and 125, are so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Co-operation Treaty have in the territories to which those Conventions apply.”

C Why our draftsman did not simply copy the relevant provisions of the EPC as part of our Act (preferably using the same numbers so that decisions of the EPO and other countries are more readily followed) beats me. He did our law no service by trying to rephrase the relevant provisions of the EPC with what he (though no one else) may have thought was better or more elegant language. Whatever he thought, the result is that we have the same substantive rules for the grant and validity of patents as are provided for in the EPC.

D Part IV of the EPC deals with procedure up to grant. It provides for examination, search and publication of the application, leading to a requirement to refuse or grant, and publication of the specification of the patent as granted. The provision (Art. 99) about refusal or grant reads, so far as is material

E “(1) The Examining Division shall refuse a European patent application if it is of the opinion that such application or the invention to which it relates does not meet the requirements of this Convention, except where a different sanction is provided for by this Convention.

(2) If the Examining Division is of the opinion that the application and the invention to which it relates meet the requirements of this Convention, it shall decide to grant the European patent for the designated Contracting States provided that; [details immaterial].”

F Section 130(7) also mentions two other Treaties. It is not necessary to go into these much. The Patent Co-operation Treaty is a world-wide system whereby you can apply via one patent office for patents in all the countries (or groups of countries) of the signatories – in practice nearly all by now. The Community Patent Convention (CPC) has never entered into force. It provides for a unitary patent for the entire EEC as it then was. A subsidiary argument of Lenzing relates to how the provision for implementation of the CPC was provided for in the Patents Act 1977.

G Going on with the EPC, Part III deals with the procedure for application and fees. I need not go into much detail. Articles 75–77 deal with filing and Art. 78 with formalities. Article 79 deals with the important question of which countries the application is for. It provides:

H “(1) The request for the grant of a European patent shall contain the designation of the Contracting State or States in which protection for the invention is desired.”

Subsequent articles then deal with all the usual things that have to be provided for, such as filing dates, designation of inventor, unity of invention and so on.

Part IV deals with procedure up to grant, covering matters such as examination for formal requirements, search, and full examination of the application. Part V (Arts 99–105) deals with opposition procedure. Part VI (Arts 106–112) deals with appeals procedure. Part VII (Arts 113–134) deals with common provisions. Chapter I of this Part deals with common provisions governing procedure. Article 113(1) is one of the provisions on which Lenzing rely so far as the facts are concerned. A

“The decisions of the EPO may only be based on grounds or evidence on which the parties concerned have had an opportunity to present their comments.” B

The only other provision I should note is Art. 127:

“The EPO shall keep a register, to be known as the Register of European Patents, which shall contain those particulars the registration of which is provided for by this Convention. No entry shall be made in the Register prior to the publication of the European patent application. The Register shall be open to public inspection.” C

By r. 92(1)(r) of the Implementing Regulations made pursuant to the EPC one of the matters to be entered on the register is “the date and purport of the decision on opposition”.

The EPC has four appendices – or Protocols as the language of international calls them. There is the Protocol on Recognition, which deals with jurisdiction and recognition of disputes over the right to the grant of a European Patent. Then there is the Protocol on Privileges and Immunities, which I have already mentioned, a Protocol on Centralisation of the European Patent System and on its Introduction, and the much more commonly referred to Protocol on the Interpretation of Art. 69 of the Convention dealing with the extent of protection. D

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Effect of the EPC in UK Law: the key provisions

It is common ground that the EPC, as such, is an international Treaty, taking effect only in international law. The provisions of our Act which implement it are contained in Part II of the Patents Act 1977, as amended. This contains “Provisions about International Conventions”. Those concerning “European patents and patent applications” are ss. 77–83. The relevant bits of these read: F

“s.77 *Effect of European patent (UK)*

(1) Subject to the provisions of this Act, a European patent (UK) shall, as from the publication of the mention of its grant in the European Patent Bulletin, be treated for the purposes of Parts I and III of this Act as if it were a patent under this Act granted in pursuance of an application made under this Act. . . .

(2) Subsection (1) above shall not affect the operation in relation to a European patent (UK) of any provisions of the EPC relating to the amendment or revocation of such a patent in proceedings before the EPO.” G

I interpolate that the definition section, s. 130, provides:

“‘European Patent Convention’ means the Convention on the Grant of European Patents,
 ‘European patent’ means a patent granted under that Convention,
 ‘European patent (UK)’ means a European patent designating the United Kingdom, . . . H

- A “s. 74(4)A
Where a European patent (UK) is *revoked in accordance with the European Patent Convention*, the patent shall be treated for the purposes of Parts I and III of this Act as having been revoked under this Act.” (emphasis added)

The main argument

- B I have italicised the words on which so much of Lenzing’s argument depends. They say that Parliament only requires a European patent (UK) to be treated as revoked if that revocation is in accordance with the EPC. So the words concerned invite and require an inquiry into any purported revocation to see whether it really was in accordance with the EPC. Or, put slightly differently, if a party here (the Comptroller in making an entry in the register or a defendant to a patent action, e.g. Courtaulds)
- C seeks to rely upon an order of revocation in the EPO it is open to the patentee to rebut the prima facie conclusion that the patent has been revoked by showing that the tribunal ordering revocation (an opposition division or at least a BoA) did not act in accordance with the Convention.

- Lenzing now accept that domestic judicial review proceedings will not lie against the EPO. Originally (by their Form 86A) they sought an order that the decision of the BoA insofar as it purported to revoke their EP(UK) be revoked. An awful muddle
- D therefore follows if they are right in saying that the decision here can be treated as a nullity. The register of European Patents under Art. 127 will continue to record the revocation of the European Patent by the BoA whatever is done to the UK register. And Courtaulds and Akzo, who perfectly properly were parties to the appeal before the EPO will, so far as this country is concerned, in effect be deprived of that appeal. By our law the appeal has not happened, but it has as far as the EPO is concerned. I
- E mention Akzo particularly because they are not parties to the present proceedings and it is doubtful whether they could be made such. More generally anyone who consulted the EPO register and said “the patent is gone for all Europe: I need not bother to look at national registers” would be misled. And even more seriously, anyone who in reliance on the revocation as being final and has made an investment accordingly (either by way of direct investment in plant or R&D or on the stock market) would be adversely affected.

- F Lenzing accept that all that follows from their argument. Nonetheless they boldly submit that Parliament did intend that there could be inquiry by way of collateral attack here into the acts of a Board of Appeal of the EPO and that was intended by Parliament. Further, they say, it would require very strong language indeed for Parliament to exclude an inquiry into the lawfulness of what was done to deprive a party of a UK property right. They say no such language is used here. Thus, it would
- G follow, that the decision of the BoA should be treated in just the same way as that of a domestic tribunal with this limited, but irrelevant limitation, that the decision itself cannot be directly quashed or attacked.

- Courtaulds and the Comptroller say that the whole Lenzing approach is misconceived. They begin by pointing out that the EPC as such is an international Treaty, taking effect in public international law. It establishes by Art. 1 a “system of law common to the Contracting States for the grant of patents”. That follows the recital specifying the states’ desire that there be a “single procedure for the grant of patents”.
- H

It is, I think clear (and Mr Prescott QC for Lenzing did not really contest otherwise) that the “opposition” procedure was and is really regarded so far as the

Convention is concerned as part of the grant process. It is somewhat Pickwickian to describe a post-grant attack on a patent as “opposition” but the word does convey the notion that one is concerned with the early life of the patent. Hence the fact that the attack must be within nine months of grant. The founding fathers of the Convention had to choose between an opposition proper – which would or could have the result that the applicant could be kept out of his monopoly for many years – and this form of “belated opposition”. They chose the latter. We had a similar system under the 1949 Act in addition to true opposition. It is still a patent office jurisdiction, and although, so far as I know there is no explicit decision to that effect, I imagine that the standard applied (other than on questions of law) is to give any benefit of the doubt to the patentee, there being an opportunity later in national courts for a further and better attack on the patent. Be that as it may, I think it is indisputable that under the Convention the contracting states intended that the opposition procedure and result should apply to the European Patent as a whole. That is so as a matter of public international law. And that is what the United Kingdom signed up to in joining the EPC.

Next, say Courtaulds, the activities of the EPO are not governed by English law and are not justiciable in English courts. It is not open to the English courts to consider whether or not the decision was “in excess” of the powers of the BoA. They say that is so even if the BoA had taken a bribe to reach its decision. That may well be a matter which would allow another Board to set the earlier decision aside (as fraud in our courts enables an earlier decision to be set aside) but that is a matter for the new system of law created by the EPC on the international plane.

Thus, say Courtaulds and the Comptroller, all that Parliament has required in the 1977 Act, ss. 77(2) and 74A is proof that the EPO has, acting in purported exercise of its powers under the EPC (of which it, and not national courts, are the judge), revoked a European Patent. Once that is shown, then our law automatically treats the European Patent (and with it the European patent (UK)) as revoked. The Comptroller in making the entry in the register is acting in a purely administrative capacity, just recording what has been done.

I have no doubt that Courtaulds and the Comptroller are right. The EPO is indeed an international organisation only. It is no different in this respect from the International Tin Council (an association of states governed by an international Treaty) whose insolvency led to much litigation here. A galaxy of legal talent, in a variety of ways, sought to find a way of getting at the member states in our courts. Not surprisingly all ways failed. One of the routes was an attempt to bring winding-up proceedings under the Companies Act 1985. Part XXI of the Act concerned the winding-up of “unregistered company”, a term defined by s. 665 as including “any partnership (whether limited or not), any association and any company”. In the argument in *In Re International Tin Council*³ Millett J dealt with the proposition that the English courts had the power to wind up the International Tin Council. He said:⁴

“The remaining question, therefore, is whether Parliament should be taken to have intended, by the general words of s. 665 to confer on the Court jurisdiction to wind up an international organisation established by treaty by sovereign states, including an organisation of which the United Kingdom is itself a member. When the nature and effect

3. [1987] 1 Ch 419.

4. *Ibid.*, at p. 451.

A of a winding-up order are considered, I have no doubt that the answer here also must be in the negative. An affirmative answer to the question would impute to Parliament an intention to confer, by general words only, a jurisdiction incompatible with our constitutional practice and with established principles of international law, and which would be incapable of exercise, in the case of an organisation of which the United Kingdom was a member, without putting the government of the United Kingdom in breach of its treaty obligations. The exercise of the jurisdiction would constitute an interference by the Court with the ability of the executive, albeit in a limited sphere, to conduct its relations with foreign states, a function which under our constitution is reserved to the Royal Prerogative, and with the ability of other sovereign states to conduct their relations with each other. It would alter the status of the organisation charged with the function of administering the provisions of an international treaty and would be incompatible with the independence and international character of the organisation.”

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C I think that is exactly true here. This country has agreed with the other states’ members of the EPC that the final arbiter of revocation under the new legal system is to be the Board of Appeal of the EPO. Other states would be justly entitled to complain if we in this country were to ignore such a final decision. If Lenzing are right, for example, the commercial freedom of action of Akzo-Nobel, a Dutch company, is impeded in this country. That might well concern Holland, the state. Likewise an attack in Germany (and I am told one has been mounted before the constitutional court), if successful, would or might well have the effect of putting Germany in breach of its international obligations to the other contracting states. I think the general words of s. 74A – “in accordance with the EPC” – no more have the effect of enabling our courts to look into the propriety of the actions of the BoA, than the general words of the Companies Act had in *Tin*. The suggested course would be to:

E “hijack an organisation to which [one sovereign state] and other states had given birth and subject it (contrary to the treaty terms) to its own domestic jurisdiction” per Bingham LJ in *Arab Monetary Fund v Hasham and others (No. 3)*.⁵

F One can put the matter another way: the EPO has an internal legal system of its own. This follows inherently as a matter of course from its own structure as an international organisation. And it is made explicit by Art. 1. The position is described succinctly in Schermers and Blokker, *International Institutional Law*:⁶

“Unlike private international organisations, public international organisations are not subject to any national law. Thus, they must create their own internal law. The resulting law is an exclusive part of a separate legal order, which is dependent on the organisation’s own constitution, but independent of any other legal order.”

G Suppose the position were otherwise. Then so far as I can see there would be no limit on collateral attacks on decisions of the BoA. This is reflected in the fifth question posed in this case. A party would be able to say that a Board had gone wrong to the extent of an excess of an exercise of its powers for any of the kinds of reason set forth in that question: procedural misfeasance, error of law (including both

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5. [1990] 3 WLR 139 at 164.

6. 3rd revised edn, 1995, para. 1141.

misinterpretation of the Convention or a misreading of a patent claim or the prior art) acting in the absence of any evidence and so on might all be said to be otherwise than *in accordance with the Convention*. Parliament cannot have intended by those general words such a breach in the “common system of law” created by the Convention. A

Perhaps recognising the full destructive power on the whole European patent system, of a jurisdiction to permit a collateral attack on all the grounds of the fifth question, Mr Prescott devised a more limited class of attack – public policy. He relied on the rule in principle of *Pemberton v Hughes*,⁷ as most recently examined in *Adam and another v Cape Industries plc and another*.⁸ This is the principle that the English court will not recognise and enforce a judgment of a foreign court where the proceedings in that court were in breach of the principles of “natural justice” (the English law term for the right to fair hearing – “due process” as the Americans call it). B

This, I felt, was Mr Prescott’s most attractive argument. Why should the English court (or for that matter any other national court) have to accept a decision of a BoA reached by unfair means? The answer, which I think is clear, is that it would be contrary to the international Treaty even to inquire into the question. Mr Prescott’s appeal to public policy is met by a conflicting policy. The United Kingdom and the other member states have agreed at an international level via the EPC that the BoA is the final arbiter of oppositions. It is the agreed EPO equivalent of the House of Lords, Cour de Cassation, or Bundesgerichtshof. It is not for national courts to query its doings, whether in a direct or collateral attack. C D

Mr Prescott’s final main submission was this: that the EPO was different from other international organisations. Unlike, say the Tin Council, it is a body whose decisions take effect in national law. He said (correctly) that those decisions only take effect by virtue of an Act of Parliament. So the EPO should be regarded as a public body constituted by Act of Parliament, rather like any other UK decision-making tribunal. This is fallacious. The EPO is clearly recognised on the plane of international law. The Patents Act 1977 causes its decisions to be recognised here as a matter of national law. But its decisions remain decisions at the international level so it is no business of our courts to go into them. E

Two Subsidiary Arguments

I believe that what I have said above really deals with the problem. But I should touch upon two subsidiary arguments. F

The CPC argument

Mr Prescott urged that if Parliament meant to exclude investigation by our courts of the position, then one would need the strongest possible words to effect that. I have already dealt with that submission generally. But Mr Prescott sought to reinforce it by saying that in this Act there is indeed an example of such a provision where the Act deals with the CPC. He pointed to ss. 86 and 87 of the Act which provide: G

“86 – (1) All rights, powers, liabilities, obligations and restrictions from time to time created or arising by or under the Community Patent Convention and all remedies and H

7. [1899] 1 Ch 781.

8. [1990] 1 Ch 433.

A procedures from time to time provided for by or under that Convention shall by virtue of this section have legal effect in the United Kingdom and shall be used there, be recognised and available in law and be enforced, allowed and followed accordingly.

B 87 – (1) For the purposes of all legal proceedings, including proceedings before the comptroller, any question as to the meaning or effect of the Community Patent Convention, or as to the validity, meaning and effect of any instrument made under or in implementation of that Convention by any relevant Convention institution shall be treated as a question of law (and if not referred to the relevant Convention court, be for determination as such in accordance with the principles laid down by and any relevant decision of that court)."

C He said these were words of great force, s. 86 being an equivalent of s. 2 of the European Communities Act and s. 87 requiring our courts to be bound by a Convention court.

D I think this argument is misplaced. I do not think the comparison is appropriate. The provisions concerning the EPC and those concerning the CPC are simply different and appropriately necessary provisions. I go further. The proposed Community patent (for the provisions of the Act have not come into force) is a unitary patent for the European Union. Such a patent could only be obtained through the EPO. If the decisions of the EPO or its Boards of Appeal could be regarded as a nullity in one country the whole CPC system could not operate. That is because the CPC is founded on the basis that decisions of the EPO are unitary in character, affecting the European patent concerned as a whole.

The Art. 135(1)(b) argument

E Art. 135(1) provides as follows:

"The central industrial property office of a designated Contracting State shall apply the procedure for the grant of a national patent only at the request of the applicant for or proprietor of a European patent and in the following circumstances:

(a) when the European patent application is deemed to be withdrawn pursuant to Art. 77(5) or Art. 162(4);

F (b) in such other cases as are provided for by the national law in which the European patent application is refused or withdrawn, or the European patent is revoked under this Convention."

G This provision enabled contracting states to include in their laws permission for a national patent application where a European patent was revoked by the EPO. The Comptroller (and the EPO in a letter to the Comptroller) says that this reservation (which has not been implemented anywhere) makes no sense if there was in any event a possibility of judicial review of an EPO decision. Lenzing's argument, it was said, was an attempt to get the court to legislate by saying that a national patent can be granted or treated as in being where the application has been revoked in the EPO contrary to English principles of natural justice. Parliament had the power, and the United Kingdom had permission under the Treaty, so to legislate but did not. It is not for the court to step in.

H I am not particularly impressed by this point. Article 135(1)(b) has nothing to do with potential judicial review. It would enable national legislatures to go much further than provide for a judicial review. It would be possible, for instance, to say that

whenever a patent was revoked or refused by the EPO a national patent office should treat the application as an application before it or the patent as granted. That would be nothing whatever to do with a case based on an allegation that the EPO had gone wrong in its procedures. I do not think the case turns on Art. 135(1)(b) at all. If it were not there, the position would be the same for the reasons I have given above. A

Mr Prescott tried to turn Art. 135(1)(b) in his favour. He pointed to the travaux préparatoires where Art. 135(1)(b) was debated. The German delegation wanted this provision because, it suggested, the German constitutional court might not regard the EPO procedures as sufficiently judicial for the purposes of the constitution. So, he said, the German delegation was pointing out that the German constitution might override the Convention in German law. Thus the contracting states recognised that there might be an attack under national law on a decision of the EPO or one of its tribunals. I think this is beside the point. First the question of the German constitution and its relationship with the EPC is simply (I am glad to say) not a matter before me. Secondly, it simply is irrelevant to say that by the German constitution the workings of the EPO might, for Germany, be reviewed (with consequences for Germany in international law if such review is possible). B C

So the main argument fails. Those who apply for patents in the EPO must accept the results of its findings and its methods of procedure. Whether they can or should be strengthened is a matter for the Administrative Council. I can turn to the TRIPS point. D

The TRIPS Argument

Preliminary

Lenzing's argument consists of the following stages:

1. the WTO entered into force on 1 January 1995 and is binding on all its members;⁹
2. TRIPS forms part of the WTO;
3. the Community is bound by TRIPS as a matter of international law;
4. the Community is bound by TRIPS as a matter of EU law;
5. TRIPS is capable of conferring rights on private parties which can be invoked before national courts, i.e. is of direct effect;
6. Art. 32 of TRIPS is sufficiently precise and unconditional to confer private rights;
7. so a private party can invoke the provision before national courts even if unimplemented by national law;
8. and a national court has a duty to protect the rights conferred on a party by Art. 32;
9. the provisions of the EPC concerning the Boards of Appeal are in breach of Art. 32. E F G

Both Courtaulds and the Comptroller dispute steps 5–9, accepting that steps 1–4 are either right or at least arguable. I do not need to consider the latter further. Steps 7 and 8 are bound up with step 6: if Art. 32 is not sufficiently precise and unconditional, then national courts would not know what to do. So in the result there are really three issues left for argument, 5, 6 and 9. In relation to these the Comptroller and H

9. WTO, Art. XIV(1).

- A Courtauld invites me not only to decide the point, but to hold that the position is *acte claire*. They invited me to refuse a reference to the European Court of Justice on that basis, or alternatively on the basis that it is not necessary to make a reference at this stage. Lenzing asks me to make a reference, but only if I hold that their main argument is wrong, as I have held it is. They suggest that a reference now is the most expeditious way to proceed. I do not understand why that is so only if they are wrong on the main argument but there it is.
- B As to *acte claire*, there was no dispute as to the standard I must apply. Lenzing's skeleton argument conveniently sets out the position as laid down in CILFIT:¹⁰
- (a) The matter must be so obvious as to leave no scope for any reasonable doubt, and
 - (b) the national court must be convinced that the matter is equally obvious to the courts of the other member states and to the European Court of Justice, bearing in mind:
 - (i) the characteristic features of Community law and the particular difficulties to which its interpretation gives rise;
 - (ii) the fact that different language versions are equally authentic;
 - (iii) the fact that legal concepts do not necessarily have the same meaning in Community law and in the laws of the member states;
 - (iv) the fact that every provision of Community law must be placed in its context and interpreted in the light of the provisions of Community law as a whole, regard being had to the objectives thereof and to its state of evolution at the date on which the provision in question is to be applied.

I also remind myself of what Sir Thomas Bingham MR said in *R v International Stock Exchange of the UK and the Republic of Ireland Ltd ex p. Else (1982) Ltd and another*:¹¹

- E " . . . if the facts have been found and the Community law issue is critical to the court's final decision, the appropriate course is ordinarily to refer the issue to the Court of Justice unless the national court can with complete confidence resolve the issue itself. In considering whether it can with complete confidence resolve the issue itself the national court must be fully mindful of the differences between national and Community legislation, of the pitfalls which face a national court venturing into what may be an unfamiliar field, of the need for uniform interpretation throughout the Community and of the great advantages enjoyed by the Court of Justice in construing Community instruments. If the national court has any real doubt, it should ordinarily refer."
- F

- G That could be important here because here it is rightly said that issues of fundamental constitutional importance are raised. On the other hand just because an issue is of fundamental importance does not mean that it is necessarily difficult. Indeed it may be trite.

Is TRIPS capable of having direct effect?

TRIPS forms part of the WTO agreement. That agreement was signed on 15 April 1994 in the name of the Council of the European Union (on which all member states are represented). It was also signed by the individual member states. The Council

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¹⁰. Case 283/81, [1982] ECR 3415.

¹¹. [1993] QB 534.

Decision¹² whereby the WTO Agreement was ratified for the Community contains the following recital: A

“Whereas by its nature, the Agreement establishing the World Trade Organisation including the Annexes thereto, is not susceptible to being directly invoked in Community or Member State Courts.”

So, in the face of the fact that TRIPS (one of the Annexes) is an agreement which all member states explicitly considered (through the recital) not to create direct effect, it is said that the European Court of Justice may nonetheless hold otherwise. I think that is fantastic. F

And it is highly fantastic when one considers that the predecessor of the WTO Agreement, namely the 1947 General Agreement on Trade and Tariffs (GATT) was held by the European Court of Justice not to create directly enforceable rights in *International Fruit CONV, Koog Rotterdam NV, Velleman en Tas NV and Jan van den Brink's Im- en Exporthandel NV v Produktschap voor Groenten en Fruit*.¹³ Lenzing are driven to say that the replacement agreement has the opposite effect even though there is nothing in it which says it is intended to have this effect. It should be remembered that this agreement is not like a Community directive – an instruction within Community law to the individual member states to bring its laws into conformity with the directive. This is a world-wide agreement between states. The criteria in Community law for such an agreement having direct effect can hardly be as strong as in the case of a directive – if only because it would be very odd if there were different results for different nations party to the Treaty, depending whether or not their own laws gave the Treaty direct effect. Why should the Treaty be of direct effect within the national laws of EU States but not (as is accepted to be the case) in the United States? This would produce a lopsided result – something that cannot happen with an EU directive which, if of direct effect, is universally so throughout the Community. C
I
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I think the point really merits no further consideration, but it is only fair that I go into some of the arguments further. First then I think it worthy of note that the language of TRIPS (Art. 1(1)) is not that of a Treaty intended by the signatories to have direct effect: I

“Members shall give effect to the provisions of this Agreement . . . Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” I

And, as I have said it is accepted that other signatories do not consider it to have such effect. I

Next, Lenzing (as they have to) seek to distinguish *International Fruit*. So one must look at the reasoning by which the European Court of Justice (ECJ) held that GATT 1947 did not have direct effect to see whether a reasonable distinction can be made. What the ECJ did was to examine the spirit, general scheme and terms of GATT 1947.¹⁴ It noted that its preamble said that the agreement was: C

“based on the principle of negotiations undertaken on the basis of reciprocal and mutually advantageous arrangements.” F

12. 94/80/EEC. F

13. Joined Cases 21–24/72 [1972] ECR 1219.

14. *Ibid.*, at p. 1227, para. 20.

A The WTO uses exactly the same language in its preamble. (I note in passing that if the provisions of the WTO were of direct effect in some states but not others it would hardly be “reciprocal” – a point not taken by the ECJ in *International Fruit*). Next the ECJ noted that GATT was:

“characterized by the great flexibility of its provisions, in particular those conferring the possibility of derogation, the measures to be taken when confronted with exceptional difficulties and the settlement of conflicts between the contracting parties.”

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It next went into the detail of these matters, noting the various provisions relating to mutual “sympathetic consideration” for consultation, measures covering alleged compliance (which in the end could result in a party withdrawing from the agreement) and the power of a contracting party unilaterally to withdraw or modify concessions.

C Now what Lenzing say here is that things are different under the WTO and particularly TRIPS. First they note that there is a specific requirement (Art. XVI(4) of the WTO) on contracting states that:

“Each Member shall ensure the conformity of its law, regulations and administrative procedures with its obligations as provided in the annexed Agreements.”

D I do not see that this is a significant difference, indicating TRIPS an intention by the contracting states that individuals should have private rights springing from the WTO itself.

Secondly they say that the nature of TRIPS is very different from GATT 1947. This is because TRIPS seeks to impose detailed minimum standards for IP laws of member states. Thus the preamble says:

“Recognising, to this end, the new rules and disciplines concerning:

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...

(b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights,

(c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems.

Recognising that intellectual property rights are private rights. ...”

F

It is true that TRIPS imposes on member states minimum requirements as to their IP laws. But that is far from conclusive. In itself it is at best purely neutral.

G Thirdly they say that the “flexibility” of GATT 1947 concerning dispute resolution relied upon by the ECJ in *International Fruit* has been replaced by a clearly defined dispute resolution system contained in Annex 2 (the “Understanding on Rules and Procedures Governing the Settlement of Disputes”). In addition to the provisions, consultations and sympathetic consideration carried over from GATT 1947 (see Art. 4 of the Understanding), there are provisions for “Good Offices, Conciliation and Mediation” (Art. 5). Significantly according to Lenzing there is also provision for a Dispute Settlement Body (DSB) set up by Art. 1 which, through a system of panels, which, in the absence of agreement to the contrary is to have the following terms of reference:

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“To examine, in the light of the relevant provisions ... the matter referred to the DSB ... and to make such findings as will assist the DSB in making recommendations or in giving the rules provided for ... (Art. 7(1))

There are detailed provisions about the procedure to be followed by a panel and provision for appellate review. The bottom line of the procedure is contained in Art. 19:

“Where a panel or the Appellate Body concludes that a measure is inconsistent with a covered agreement, it shall recommend that the Member concerned brings the measure into conformity with that of the agreement. In addition to its recommendations, the panel or Appellate Body may suggest ways in which the Member concerned could implement the recommendation.”

Thus far this is simply an internationally agreed machinery for resolving a dispute as to whether a member is or is not in breach of its treaty obligation. Article 21 requires prompt compliance with recommendations or rulings of the DSB. So far as sanctions are concerned, compensation for breach of an obligation is voluntary (Art. 22) and there can be suspension of concessions if a member does not implement a ruling within a reasonable time. Such suspension is not mandatory. Article 22(6) provides:

“When the situation described in paragraph 2 occurs [i.e. failure to bring the measure found to be inconsistent with a covered agreement into compliance therewith or otherwise comply with the recommendations and rulings within a reasonable period of time], the DSB, upon request, shall grant authorization to suspend concessions or other obligations within 30 days of the expiry of the reasonable period of time *unless the DSB decides by consensus to reject the request.*” (my italics)

I do not see any of this as altering the fundamental character of the WTO and TRIPS as merely an agreement between nations. In the end there is still great flexibility. Moreover the very nature of the machinery imposed, urging members towards compliance, is inconsistent with the notion that the Treaty itself is self-executing by way of conferring private rights on citizens. Mr Hoskins who argued the TRIPS point so splendidly, said that TRIPS is “far more binding” than GATT 1947. But ultimately it is not binding and I have no doubt that the distinctions of procedure he relies upon are distinctions without a difference.

Mr Hoskins also had to deal with the preamble to the Council decision which I have set out above. What he said about that was that it was for the ECJ, not the Council, to decide on the legal nature of any measure adopted by the Community. So much was not and could not be in dispute. Of course the ECJ is the ultimate arbiter of the law. What I have to consider is what the ECJ would do when faced with this Community instrument. I remain wholly unpersuaded that there is any chance that the ECJ would, in the face of the preamble, say “Notwithstanding the clearly expressed view of the Council, the Commission and all member states that what is being adopted is not of direct effect, we hold otherwise.” This is not a regulation, a piece of Community legislation. In relation to these a recital is an aid to interpretation and not itself a rule (see *Casa Fleischhandels-GmbH v Bundesanstalt für Landwirtschaftliche Marktordnung*¹⁵). Here there is no explicit rule to interpret.

Mr Hoskins referred me to an article by Mr Timmermans, Deputy Director-General of the Commission’s Legal Services giving his personal views. I would add that Mr Hoskins told me that the official view of the Commission is that there is no direct effect – which came as no surprise. In this article¹⁶ (written shortly before the

15. Case 215/88 [1989] ECR 2789 at para. 31.

16. In French, in *Revue du Marché Unique Européen* 4/1994, p. 175.

- A WTO was adopted) Mr Timmermans said, having noted that “our main trading partners will exclude direct effect”:

“Will the Court maintain its case law on the absence of direct effect of GATT rules with regard to the WTO? Should it not review its position because of the undeniable legalisation of the WTO, particularly with regard to its system of dispute settlement?”

- B He does not take a “definite position”. However, he goes on to point out that the WTO dispute-resolution procedure is “not without a bargaining aspect” and, more importantly notes that:

“The final word on the interpretation of the WTO rules remains with the *political* [his emphasis], the intergovernmental bodies.”

- C He concludes that:

“My impression on this point is that, at least, the characteristics of the new DSB are not such as to impede the Court from transposing to the WTO its case law on the absence of direct effect of GATT rules.”

- D So he only inclines to the non-direct effect position. I do not regard Mr Timmermans’ timidity in not taking a stronger line as raising enough doubt for the point to be regarded as otherwise than *acte claire*. Mr Timmermans does not suggest any reason (still less any good reason) why the court should hold that there is direct effect. No Community purpose would be served by such a finding. And I just cannot see any shadow of a reason for the court to hold that the Community has put the yoke (for yoke it would be) of direct effect – especially horizontal direct effect – on the business world of the Community when world competitors are not under an equivalent restriction.

- E I conclude that the WTO and TRIPS is not capable of having direct effect and that the point is so self-evident as to fall within the *acte claire* doctrine.

Article 32 of TRIPS

- F Lenzing have two further hurdles in their way. Even if some portions of TRIPS were to have direct effect, Courtaulds and the Comptroller say that Art. 32 could not be of direct effect. Moreover, they say, even if it were, it could only operate vertically and could not confer private rights on citizens.

Article 32 is commendably short.

“Revocation Forfeiture

An opportunity for judicial review of any decision to revoke or forfeit a patent shall be available.”

- G I must mention in passing Art. 62(5). This provides:

“Final administrative decisions in any of the procedures referred to under paragraph 4 [which includes *inter partes* procedures such as opposition and revocation] above shall be subject to review by a judicial or quasi-judicial authority.”

- H This article only requires review by a judicial or quasi-judicial authority and is in apparent conflict with Art. 32. However, Courtaulds were prepared to fight on the stronger requirement of Art. 32. So I need not consider the difference, if any.

A directive can only be of direct effect if it satisfies the well-known test of being “unconditional and sufficiently precise”. At least this test must be satisfied by an international Treaty to which the Community is a party, although in such a case I can well see that other factors may also be involved. For present purposes the dispute was whether Art. 32 is sufficiently unconditional and sufficiently precise. “Judicial review” is not defined. And by Art. 1(1) of TRIPS: A

“Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” B

There are a variety of ways in which the EPC system could have provided a system of judicial review (assuming, for the moment, that it had not got one). I think that itself tells you that the obligation under Art. 32 is too general to be of direct effect. So, for instance, suppose a member of the WTO were to complain that the EPC system does not provide for “judicial review”. And suppose the disputes procedure is gone through. And suppose the DSB held that there was indeed a breach. Then the parties to the EPC (all of whom would be in breach and possibly liable to sanctions) could remedy the position by amendment of the EPC to provide an unarguably clear means of judicial review of a revocation decision. That would involve compliance with TRIPS but in no way involve national courts. This shows that the provision is not sufficiently precise. Lenzing’s argument involves something altogether different – that national courts should review the decisions of the Boards of Appeal. C
D

Lenzing face another difficulty. The obligation is on members to provide a means of judicial review. If they fail to do so it is impossible to see how that should confer on one citizen a monopoly right enforceable against another citizen. The obligation can be only vertical, as between the state and an individual.

Lenzing rely on *Johnston v Chief Constable of the Royal Ulster Constabulary*.¹⁷ Council Directive 76/207 required member states to introduce into their internal legal systems such measures as are needed to enable all persons who consider themselves wronged by discrimination [on grounds of sex] “to pursue their claims by judicial process”. Mrs Johnston was employed by the RUC. But when the Chief Constable decided that members of the RUC should be armed he also decided that only men should be armed. So her contract was not renewed, the action being taken solely on grounds of her sex. It was held that there was a breach of a directly applicable provision of the Directive and that Mrs Johnston was entitled to pursue a claim in the civil courts for compensation or reinstatement. E
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I do not see how this case is relevant. Mrs Johnstorf had an undoubted right under Community law not to be discriminated against. All the court was saying is that in those circumstances she could pursue her claim in the courts. The case is not authority for the proposition that in the absence of a Community right a means of judicial review should somehow be devised by the courts of member states. G

I conclude that Art. 32, even if in principle some provisions of TRIPS are potentially capable of having direct effect, is not sufficiently clear and precise to do so. Again I think the point is so clear as to fall within the *acte claire* doctrine. H

17. Case 222/84 [1986] ECR 1651.

A *Does a Board of Appeal provide a means of judicial review?*

Lenzing also unarguably fall at the final hurdle. They boldly submit that the Boards of Appeal of the EPO do not provide a means of “judicial review”. A reader may well have been wondering why I set out so many provisions of the EPC earlier in this judgment. They are relevant to this point. But before I refer to them it is I think telling how our Patents Act 1977 and our House of Lords have considered the matter. Both call the Boards of Appeal “a court”.

B The Act does so in its definition section, s. 130(1):

“‘relevant convention court’, in relation to any proceedings under the European Patent Convention, the Community Patent Convention or the Patent Co-operation Treaty, means that court or other body which under that convention or treaty has jurisdiction over those proceedings, including (where it has such jurisdiction) any department of the European Patent Office.”

C

And in *Merrell Dow Pharmaceuticals Inc and another v HN Norton & Co Ltd and others*¹⁸ Lord Hoffmann said of decisions of the EPO:

“these decisions are not strictly binding upon courts in the UK but they are of great persuasive authority, first, because they are decisions of expert *courts* (the Boards of Appeal and the Enlarged Board of Appeal of the EPO) involved daily in the administration of the EPC.”

D

I have emphasised Lord Hoffmann’s use of the word “court”. He could hardly have used that word if he did not think that what the Boards were doing was acting as a court – providing a means of judicial review in any ordinary sense.

Next I turn to the provisions of the EPC. There are a host of requirements which to my mind mean that the Boards of the EPO provide judicial review. They are summarised accurately by Courtaulds as follows:

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1. the Boards are independent of the administrative functions of the EPO (Art. 23);
2. the members of the Boards are independent of the parties and of the decision of the division appealed from (Arts 23 and 24);
3. the members have tenure (Art. 23);
- F 4. there must always be one legally qualified member of the Board (Art. 21(4));
5. there are rules of procedure (OJ 1/1983, 7, as amended by OJ 9/1989, 361);
6. they have powers to obtain sworn evidence (rr. 66(1) and 72(3));
7. there shall be written decisions containing reasons (r. 66(2)).

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Article 23 is of especial importance here. The members of the Boards are not subject to any instructions from the President or anyone else in their work (see Art. 23(3)). And the very provision alleged to be breached, Art. 113(1), to my mind reinforces the firm conviction that the Boards undoubtedly provide a judicial review.

Furthermore there are a number of decisions of the Enlarged Board which underline this view. It is said that it cannot pick itself up by its own bootstraps. But I do not agree. The fact that it requires itself to act judicially is clearly relevant. A helpful summary of the position is provided by an article by Mr Gori (then Vice-

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President of the EPO in charge of DG3 and Chairman of the Enlarged Board) in the

¹⁸. [1996] RPC 76 at 82.

International Review of Industrial Property and Copyright Law.¹⁹ A couple of examples show the judicial nature of the proceedings. In *Akzo v BASF*²⁰ the Enlarged Board held that a Board of Appeal had no power to pursue matters raised by an appellant if that appellant withdrew his appeal. The reason is that an appeal is a procedure proper rather than the action of a purely administrative body. The Board's function is "party disposition". And in *BASF v Rohm & Haas*²¹ an Enlarged Board strengthened by the presence of two great national patent judges (Judge Brinkhof from Holland and the late Judge Bruchhausen from Germany) held that the powers of a Board of Appeal were limited to the extent to which the patent is opposed.

Indeed it can fairly be said that the legal position of the Boards of Appeal complies completely with English notions of a judicial tribunal. Courtaulds point to the current²² edition of *Judicial Review of Administrative Action* by de Smith, Woolf and Jowell which, at paras A-21-34, consider what criteria have to be satisfied for a tribunal to be considered as judicial. The Board of Appeal plainly satisfies those criteria and I did not understand this to be challenged. In summary the Board's decisions are conclusive, resolve an *inter partes lis* applying objective criteria and have the characteristic "trappings and procedure" of a court. Professor Wade, in *Administrative Law*, puts the matter no differently. He says:²³

"The one distinction which would seem to be workable is that between judicial and administrative functions. A judicial decision is made according to law. An administrative decision is made according to administrative policy. A judge attempts to find what is the correct solution according to legal rules and principles. An administrator attempts to find what is the most expedient and desirable solution in the public interest. It is true, of course, that many decisions of the courts can be said to be made on grounds of legal policy and that the courts sometimes have to choose between alternative solutions with little else than the public interest to guide them. There will always be grey areas. Nevertheless the mental exercise of judge and administrator are fundamentally different. The judge's approach is objective, guided by his idea of the law. The administrator's approach is empirical, guided merely by expediency."

The Boards of Appeal fit entirely within Professor Wade's conception of judicial tribunals. They attempt to find the correct solution according to legal rules and principles.

How then do Lenzing attack the "judicialness" of a Board of Appeal? It is via the appointment, reappointment and control of its members. They say that the members are subject to the supervisory authority of the President via Art. 10(f), that they can be appointed by the Administrative Council only on a proposal from the President and can only be reappointed after consultation with the President (Art. 11(3)). If a member is not reappointed then by virtue of Art. 41(3) of the Service Regulations if a member of the Board of Appeal is not reappointed after five years he must be given another post carrying the same salary grade.

Lenzing say that all this makes a member of a Board of Appeal too close to the EPO as an administrative body. It is suggested that a member will want to please the President to get the job in the first place, or to hang onto it, or to get a good job

19. (1996) 27 IIC 246.

20. G 7/91.

21. G 9/91.

22. (1995).

23. 7th edn, at p. 49.

λ elsewhere in the EPO if he does not get reappointed. So members are not truly independent. I find this argument absurd. The fact is that the members are independent in their judicial function and that independence is guaranteed by the EPC itself. They are judges in all but name – and it is rather a pity that they were not so-called by the Convention.

3 I should briefly deal with the principal authority cited on behalf of Lenzing. There is of course no case directly on the point. But Art. 177 of the Rome Treaty enables a national court or tribunal to refer a matter to the ECJ. This raises the question of what is a “court or tribunal” in that context. The notion conveyed by the phrase is of a judicial body: other language versions of the Treaty use a single word to this effect. Sometimes bodies which do not satisfy Art. 177 attempt to make a reference. So, although as Mr Hoskins pointed out, the court is inclined to be liberal in its view (he hinted that the TRIPS criteria might be narrower) there are cases where the referring body simply was not judicial. Such a case was *Corbiau*.²⁴ The would-be referrer was the head of the Luxembourg Revenue service. Under the internal rules of the service a taxpayer could take a disputed assessment to him. But in deciding the matter he was acting as a taxgatherer – as judge, jury, prosecutor all in one. He did not “rule in law” as Darmon AG put it.²⁵ Not surprisingly the court held he was not a “court or tribunal”. The reason given was what that there was a clear “organisational link” between the head of the service and those below him responsible for the assessment. And a “court or tribunal” is a concept of Community law which, by its very nature, can only mean an authority acting as a third party in relation to the authority which adopted the decision.²⁶

3 I think this case is against Lenzing’s submissions. A Board of Appeal does act as a third party in relation to the Opposition Division, deciding by objective criteria whether or not it was right in law and fact. The suggestion that the provisions of the EPC relied upon provide an “organisational link” of the kind referred to in *Corbiau* is simply bad.

7 I conclude that the Boards of Appeal do provide judicial review within Art. 32 of TRIPS. Although strictly this is a matter purely of international law, I also conclude that there is no doubt whatsoever that the ECJ (which has competence to consider the point) would also so find. The point is again *acte claire*. That is not to say that the judicial structure and procedures of the EPO could not be strengthened. Some hold the view that it needs to be in view of the increasing success and importance of the EPO and of the current delays in opposition procedure. But that is a matter for the Administrative Council and not a matter for national courts to consider.

Conclusions

3 I therefore answer the preliminary questions as follows:

Q 1: No.

Q 2: No.

Q 3: No.

Q 4: No.

Q 5: Does not arise.

1 24. Case C-24/92 [1993] 1 ECR 1277.

25. *Ibid.*, at p. 1289, para. 19.

26. *Ibid.*, at p. 1308, para. 15.

I only add that I am sorry this judgment is so long considering how plain I think the answers are. I console myself with the fact that I have only referred to a fraction of the authorities cited in the nine volumes produced by the parties. I will therefore dismiss the applications for judicial review and rectification of the register and will dismiss the pending patent proceedings. As to what I should do about the proceedings for revocation of the patent and the costs of the patent infringement and revocation proceedings it was agreed that I should hear argument and I will hear counsel accordingly. A B