OPINION OF MR ADVOCATE GENERAL MISCHO
delivered on 28 April 1988 *

Mr President,
Members of the Court,

1. This request for a preliminary ruling relates to a patent infringement action in which Thetford Corporation (USA) and Thetford (Aqua) Products Ltd (UK) (which I will refer to as 'Thetford') are suing Fiamma SpA and Fiamma UK (which I will refer to as 'Fiamma'). The latter are, respectively, the manufacturers in Italy and the importers into the United Kingdom of portable toilets patented by Thetford in the United Kingdom, and in that Member State alone. Thetford, from which Fiamma has no licence whether in the United Kingdom, in Italy or elsewhere, is relying in particular on a patent (which I will refer to as 'Patent 235') issued under the Patents Act 1949, which continues to govern the patent despite its having been replaced by the Patents Act 1977.

2. The Court of Appeal of England and Wales, before which the main proceedings are pending, asks this Court to make the following assumptions:

(a) Patent 235 is a valid patent under United Kingdom law;

(b) Patent 235 would be invalid under the laws of other Member States, except possibly Ireland, because seven patent specifications were published more than 50 years before the priority date but excluded from consideration in the United Kingdom under section 50 of the Patents Act 1949;

(c) The exclusion of 50-year old specifications under section 50 of the 1949 Act does not apply to patents granted under the Patents Act 1977;

(d) The plaintiffs have not sought to obtain any corresponding patent in any other Member State;

(e) The alleged infringing articles were manufactured in Italy and imported and sold in the United Kingdom.

The first question

3. The first of the two questions referred to the Court by the Court of Appeal is as follows:

'(1) Whether a subsisting patent which has been granted in the United Kingdom under the provisions of the Patents Act 1949 in respect of an invention which but for the provisions of section 50 of that Act would have been anticipated (lacked novelty) by a specification as is described in paragraphs (a) or (b) of section 50 (1) of that Act constitutes industrial or commercial property entitled to protection under Article 36 of the Treaty of Rome?'

4. Section 50 (1) of the Patents Act 1949 provides as follows:

* Translated from the French.

'An invention claimed in a complete specification shall not be deemed to have been anticipated by reason only that the invention was published in the United Kingdom:

(a) in a specification filed in pursuance of an application for a patent made in the United Kingdom and dated more than 50 years before the date of filing of the first-mentioned specification;

(b) in a specification describing the invention for the purposes of an application for protection in any country outside the United Kingdom made more than 50 years before that date; or

(c) ...'

5. Consequently, it is not possible in United Kingdom law to base an action for the revocation of a patent on a specification issued in the United Kingdom or in any other country more than 50 years before.

6. The first question put by the Court of Appeal therefore seeks to establish whether the derogation from Articles 30 to 34 of the EEC Treaty which is set out in the first sentence of Article 36 necessarily applies to all patents or whether, on the contrary, that exception does not apply to patents which, were it not for section 50 (1) of the Patents Act 1949, would be liable to be revoked, that is to say patents granted by virtue of the principle of relative novelty.

7. The defendant in the main proceedings (Fiamma) considers that the freedom which, according to the Court, [1] the Member States have to define the conditions for the existence of intellectual and commercial property rights must necessarily be subject to limits and not exceed a certain area of discretion. Accordingly, it considers that a right granted by a national legislature does not constitute a patent and cannot qualify for the protection afforded on that ground by Article 36 unless certain fundamental conditions are fulfilled. In particular, a 'patent' granted in the absence of novelty or an inventive step could not be regarded as industrial and commercial property.

8. However, in its judgment in *Keurkoop* v *Nancy Kean Gifts* [2] the Court made it clear that in the state of Community law then obtaining it would not examine the precise conditions laid down by national law for the grant of an intellectual property right. The question at issue in that case was whether Article 36 of the Treaty permitted the application of a national law which, like the Uniform Benelux Law on Designs, gave an exclusive right to the first person to file a design, without persons other than the author or those claiming under him being entitled, in order to challenge such an exclusive right or defend an action for an injunction brought by the holder of the right, to contend that the person filing the design was not the author of it, the person who commissioned the design from him or his employer. The Court stated that

'in the present state of Community law and in the absence of Community standardization or of a harmonization of laws the determination of the conditions and procedures under which protection of designs is granted is a matter for national rules' (paragraph 18 of the judgment).

1 — See in particular the judgment of 31 October 1974 in Case 15/74 *Centrafarm* v *Sterling Drug* [1974] ECR 1147, paragraph 7 at p. 1162.

2 — Judgment of 14 September 1982 in Case 144/81 *Keurkoop* v *Nancy Kean Gifts* [1982] ECR 2853.

9. Moreover, despite the fact that the Uniform Benelux Law afforded protection to a product which in fact had not been commonly known in the industrial and commercial circles concerned in the Benelux territory during the 50 years prior to the filing of the design (paragraph 15 of the judgment) the Court ruled that

'In the present state of its development Community law does not prevent the adoption of national provisions of the kind contained in the Uniform Benelux Law, as described by the national court' (paragraph 1 of the operative part of the judgment).

10. However, Fiamma further argues that whereas there has been little harmonization in the field of designs, with which *Keurkoop* was concerned, the same cannot be said of patents. There has been significant progress towards harmonization of national laws regarding patents, and at Community level agreement has even been reached on matters of substantive patent law, including novelty. Account should therefore be taken of that development.

11. What is the actual position? The 1975 Luxembourg Convention for the European patent for the common market (Community Patent Convention) has still not entered into force.

12. The Strasbourg Convention on the unification of certain points of substantive law on patents for invention and the 1973 Munich Convention on the grant of European patents (European Patent Convention) also incorporate the principle of absolute novelty, but those conventions are not part of the Community legal order.

13. Furthermore, they did not enter into force until after the patent in question was granted to Thetford (the Strasbourg Convention on 1 August 1980 and the Munich Convention, as far as the United Kingdom was concerned, on 7 October 1977).

14. Lastly, both the Munich Convention and the Luxembourg Convention allow national patents to continue to exist alongside European patents. Since Thetford's patent was not applied for under the Munich Convention, it is purely national and continues to be governed by the provisions of United Kingdom law.

15. In sum, I therefore consider that the judgment in *Keurkoop* does in fact constitute a relevant precedent, and that there is no reason for not applying in this case the Court's ruling to the effect that the definition of the conditions for the existence of industrial and commercial property rights is a matter for the Member States, [1] even if the resulting differences between national laws creates obstacles to the free movement of goods. Thus in *Parke Davis* and *Deutsche Grammophon*, [3] Dutch and German law made provision for industrial or commercial property rights which were unknown in Italy and in France respectively. However, the Court did not call in question the Member States' freedom to grant industrial or commercial property rights within the meaning of Article 36, even though differences between those rights were the source of a potential barrier to the free movement of goods.

1 — See in particular the judgment of 31 October 1974 in Case 15/74 *Centrafarm* v *Sterling Drug* [1974] ECR 1147, paragraph 7 at p. 1162.

3 — Judgment of 29 February 1968 in Case 24/67 *Parke Davis and Others* v *Centrafarm* [1968] ECR 55, at p. 71; judgment of 8 June 1971 in Case 78/70 *Deutsche Grammophon* v *Metro* [1971] ECR 487.

16. Those are the observations which, in my view, are called for with regard to the first sentence of Article 36, which, in the opinion of the representatives of the United Kingdom and Thetford, is the only provision to which the Court of Appeal intended to refer.

17. However, in my view the appraisal of the issue would be incomplete were we to ignore the second sentence of Article 36. The national court asks not only whether a patent granted under the conditions described constitutes industrial or commercial property, but whether it constitutes industrial or commercial property entitled to protection under Article 36 of the Treaty of Rome.

18. It would not be entitled to protection if the prohibition or restriction on imports based on the existence of a patent constituted a means of arbitrary discrimination or a disguised restriction on trade between Member States within the meaning of the second sentence of Article 36.

19. In fact, it could be that an injunction prohibiting the importation of a product, issued in view of the existence of a patent, may constitute such discrimination or such a restriction simply because the patent was granted in circumstances indicative of a protectionist intention.

20. Therefore, in this case the Court is not called upon to consider — as Fiamma asks it to do — whether a patent such as the one granted to Thetford constitutes a genuine patent (under United Kingdom law that is in fact the case), but to consider whether in the light of the circumstances in which the patent was granted (that is to say, despite the existence of specifications going back more than 50 years) the prohibition on the importation of products of the type in question constitutes arbitrary discrimination or a disguised restriction on trade.

21. It is from that point of view that Fiamma's example of the grant of a patent for a perfectly ordinary football may be helpful. If a Member State were in fact to grant a patent for such an article in everyday use, without any doubt its motive would be to reserve a monopoly for a national manufacturer, thereby imposing a disguised restriction on trade within the meaning of the second sentence of Article 36.

22. It was, moreover, on the basis of the second sentence of Article 36 that the Court held in the 'Sekt and Weinbrand' case,[4] which Fiamma cites in support of its argument, that Article 30 of the Treaty had been infringed because German law granted the protection provided for indications of origin to appellations which, at the time when such protection was granted, were merely generic in nature.

23. Can the protection of a patented product against imports from another Member State despite the relative novelty of the invention likewise constitute arbitrary discrimination or a disguised restriction on imports?

24. Certainly, according to the established case-law of the Court the specific subject-matter of a patent consists in

4 — Judgment of 20 February 1975 in Case 12/74 *Commission* v *Germany* [1975] ECR 181, paragraph 16 at p. 199).

'according the inventor an exclusive right of first placing the product on the market so as to allow him to obtain the reward for his creative effort'.[5]

25. Consequently, where there is no effort to reward, a prohibition on importation can scarcely be anything other than the expression of a discriminatory or protectionist attitude (the example of the football).

26. The United Kingdom and the Commission argue that there is reward for an effort in this case, namely the effort put in by the author of the 're-invention', who makes a forgotten invention available once again to the country. This reasoning seems to me to be valid, especially since only patent specifications going back more than 50 years are excluded from the state of the art by section 50 of the Patents Act 1949. In other words, publication in forms other than patent specifications and previous use going back more than 50 years may be relied on in order to obtain the revocation of the patent. (I would observe that the national court asked us to assume simply as a working hypothesis that Thetford's patent is valid under United Kingdom law.) Anticipation is ignored only where the old invention exists only in the form of old documents lodged at the Patent Office. In that context it seems to me to be possible to speak of re-invention and rewarding re-invention, whether the 'inventor' was wholly ignorant of the old specifications and made an invention quite independently of them or whether he discovered them on the shelves of the Patent Office and developed a modern product from them.

27. Other arguments tend to show that this is not one of the cases covered by the second sentence of Article 36. First, paragraphs (a) and (b) of section 50 of the Patents Act 1949 make no distinction between specifications describing an invention lodged in connection with a patent application in the United Kingdom and those lodged in connection with a patent application in another country: in both cases specifications which are more than 50 years old are not taken into consideration. (Moreover, it was not contested that specifications relating to patent applications made abroad are available at the United Kingdom Patent Office).

28. It is also uncontested that foreign nationals applying for a patent in the United Kingdom have the same rights as British nationals in regard to the 50-year rule. Hence, if Fiamma had lodged its patent application before Thetford and if its product had not been described in a publication available in the United Kingdom Fiamma would have obtained a United Kingdom patent. It would have been able to enforce that patent both with respect to imports (except imports of its own products marketed with its consent in other Member States) and with regard to any infringers of that patent in the territory of the United Kingdom.

29. It may be concluded, therefore, that a prohibition or restriction on imports granted with a view to protecting the exclusive rights of the holder of a patent issued in respect of an invention the novelty of which in the absence of the 50-year rule could have been contestedwould not constitute arbitrary discrimination or a disguised restriction on trade between Member States

5 — See, most recently, the judgment of 9 July 1985 in Case 19/84 *Pharmon* v *Hoechst* [1985] ECR 2281, at p. 2298.

within the meaning of the second sentence of Article 36.

30. It remains for me to say a few words about a related issued raised by the Commission in answering the questions put by the Court: under the Patents Act 1949 it was possible to obtain a patent in the United Kingdom for an invention which was freely used or published (and could therefore be freely used) in another Member State at the time of the application. Like the Commission, I take the view that if such legislation still existed now a prohibition on importation granted in order to protect a patent obtained on that basis would constitute arbitrary discrimination or a disguised restriction on trade between Member States. As to whether the Treaty could now be invoked in order to deprive the holder of a patent which was validly granted in 1969 — that is to say, before the United Kingdom became a member of the Community — of the right to oppose imports, in my view that question raises very complex problems involving, *inter alia*, concepts such as the transitional period, legal certainty, legitimate expectations and vested rights. There can be no question of the Court's dealing with them by way, so to speak, of an *obiter dictum* when the Court of Appeal has not even raised the matter.

31. For all the reasons set out above I propose, therefore, that the first question should be answered as follows:

'A subsisting patent which was granted in the United Kingdom under the provisions of the Patents Act 1949 in respect of an invention which but for the provisions of section 50 of that Act would have been anticipated (lacked novelty) by a specification as is described in paragraphs (a) or (b) of section 50 (1) of that Act constitutes industrial or commercial property entitled to protection under Article 36 of the Treaty of Rome.'

The second question

32. In its second question the Court of Appeal asks whether, if a patent such as Thetford's is entitled to the protection of Article 36, the only relief justified under that article would, as Fiamma has argued, be an order for the payment of a reasonable royalty (or other monetary award) but not an injunction.

33. According to the established case-law of the Court: [6]

'the substance of a patent right lies essentially in according the inventor an exclusive right of first placing the product on the market so as to allow him to obtain the reward for his creative effort. It is therefore necessary to allow the patent proprietor to prevent the importation and marketing of products manufactured under a compulsory licence in order to protect the substance of his exclusive rights under his patent' (paragraph 26 of the judgment).

34. There is all the more reason to reach such a conclusion where there is not even a compulsory licence in the country of manufacture or any form of consent on the part of the patentee to the marketing of the product concerned (see *Merck* v *Stephar*, [7] and *Centrafarm* v *Sterling Drug*).

6 — See the judgment in *Pharmon* v *Hoechst*, cited above.

7 — Judgment of 14 July 1981 in Case 187/80 [1981] ECR 2063.

35. Consequently, prohibiting importation is the normal method of protecting the specific subject-matter of the patentee's right and there is no room for considerations based on the principle of proportionality. Moreover, it would be paradoxical to require United Kingdom law to tolerate the importation of products manufactured abroad without the patentee's consent whereas if the products were manufactured in the United Kingdom it would be possible to restrain the manufacturer's activity by means of an injunction.

36. In contrast, the situation would be quite different if, all other things being equal, an infringer established in the country in question could only be ordered to pay royalties but could not be restrained by injunction from manufacturing. In that case an injunction issued against importers alone would constitute an arbitrary discrimination within the meaning of the second sentence of Article 36. This follows from the Court's judgment of 3 March 1988 in Case 434/85 *Allen and Hanburys Ltd* v *Generics (UK) Ltd*, where the Court ruled that

'Articles 30 and 36 of the Treaty must be interpreted as precluding the courts of a Member State from issuing an injunction prohibiting the importation from another Member State of a product which infringes a patent endorsed "licences of right" against an importer who has undertaken to take a licence on the terms prescribed by law where no such injunction may be issued in the same circumstances against an infringer who manufactures the product in the national territory' (paragraph 23 of the judgment; see also paragraph 22).

37. For all those reasons I propose the following answer to the second question:

'Article 36 permits the courts of a Member State to issue an injunction prohibiting the importation and marketing of a product infringing a patent issued in that State where, in the same situation, an injunction could be issued against an infringer manufacturing the product in the national territory.'