OPINION OF ADVOCATE GENERAL LA PERGOLA

delivered on 22 April 1999 *

I — The question referred for a preliminary ruling and the facts and law in the main proceedings

1. By order registered at the Court of Justice on 20 February 1998, the Bundespatentgericht (Federal Patents Court), Germany, sought an interpretation from the Court of Articles 30 and 36 of the EC Treaty with regard to the German law implementing the Convention on the Grant of European Patents (hereinafter 'the Convention'), which provides that unless a German translation is filed of the text of a European patent already granted, or in the process of being granted, the patent is deemed to be void *ab initio* in Germany. The question referred by the national court reads as follows:

'Is it compatible with the principles of the free movement of goods (Articles 30 and 36 of the EC Treaty) for a patent granted by the European Patent Office with effect in a Member State which is drafted in a language other than the official language of that Member State to be deemed void *ab initio* if the patent holder does not file with the patent office of the Member State in question a translation of the patent specification in the official language of that Member State within three months of the publication in the European Patent Bulletin of the mention of the grant of the patent?'

2. The Convention was signed in Munich, Bavaria, on 5 October 1973 and entered into force on 7 October 1977. In addition to the Member States, the Swiss Confederation, the Principality of Liechtenstein, the Principality of Monaco and the Republic of Cyprus are also currently parties to the Convention. Articles 1 and 2 of the Convention established a system of law, common to the Contracting States, for the grant of 'European' patents. In each of the Member States for which it is granted, the European patent has the effect of and is subject to the same conditions as a national patent granted by that State, unless otherwise provided in the Convention. In particular, under Article 64 (1) of the Convention, 'a European patent shall... confer on its proprietor from the date of publication of the mention of its grant, in each Contracting State in respect of which it is granted, the same rights as would be conferred by a national patent granted in that State'. Consequently, a European patent once granted consists essentially of a 'basket' of national laws. This means that the law common to the Contracting States which is derived from the Convention in

* Original language: Italian.

theory relates only to the procedure for granting a patent.

3. The rules on the use of languages contained in the Convention are particularly important as regards the outcome in the present case. They are designed to reconcile various requirements: efficiency of proceedings before the European Patents Office (hereinafter 'the EPO') with equality between the languages of the Contracting States; and the interests of a patent applicant or patent holder with those of his competitors. [1] Article 14 of the Convention states that patent applications must be filed in one of the official languages of the EPO, that is to say, English, French or German. However, natural or legal persons having their residence or principal place of business within the territory of a Contracting State having a language which is not an official language of the EPO, and nationals of that State who are resident abroad, may file their applications in an official language of that State, and must provide a translation in English, French or German within three months after the filing of the European patent application, and no later than 13 months after the date of priority (see Rule 6 (1) of the Implementing Regulations to the Convention, hereinafter 'the Regulations'). The language in which the applicant chooses to draft or translate the patent application is to be used in all proceedings before the EPO relating to that application or to the patent issued as a result of those proceedings. In particular, applications for European patents and the relevant specifications must be published in the language of the proceedings, [2] only the claims are required to be translated into the two other official languages of the EPO (Article 14(7) of the Convention). Also, according to Article 70(1) of the Convention, the text of an application or of a patent in the language of the proceedings is, as a general rule, the authentic text in any proceedings before the EPO or the national courts of the contracting States.

4. The basic feature of the European patent system is the national protection offered by

1 — See van Benthem, J.B.: 'The Solution of the Language Problem in the European Patent Conventions', in *IIC*, 1975, p. 1.

2 — Under Articles 78 and 98 of the Convention, European patent applications and specifications must contain a description of the invention, one or more claims, and any drawings referred to in the description or the claims. The main purpose of the description is to inform the public of the components of the invention which, when the patent is granted, will be covered by the exclusive right of use. Under Article 83 of the Convention, the invention must be disclosed in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art. Rule 27 of the Regulations provides that the description must: (i) specify the technical field to which the invention relates, (ii) indicate the background art which, as far as known to the applicant, can be regarded as useful for understanding the invention, (iii) state any advantageous effects of the invention with reference to the background art, and (iv) describe one way of carrying out the invention. The applicant must also: (v) disclose the invention in such terms that the technical problem and its solution can be understood, and (vi) describe the figures in the drawings, if any. In addition, the purpose of the description is to define the matter for which protection is sought in the patent application: this should be on the basis of the principle that the claims which define the object of that protection must be clear and concise and be supported by the description (Article 84 of the Convention). Similarly, Article 69 of the Convention provides that the extent of the protection conferred by the European patent or a European patent application is to be determined by the terms of the claims; nevertheless, the description and drawings are to be used to interpret the claims. The Protocol on the Interpretation of Article 69, which forms an integral part of the Convention, states that Article 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims (the description and the drawings serve only to dispel any ambiguities); neither should Article 69 be interpreted in the sense that the patent protection extends to what, from a consideration of the description and drawings by persons skilled in the art, the patentee has contemplated, with the claims serving merely as a guideline. On the contrary, Article 69 of the Convention is to be interpreted as defining a position between these extremes which combines fair protection for the patentee with a reasonable degree of certainty for third parties.

each of the designated States (see point 2 above). This explains why Contracting States whose official language is not the language of the proceedings must have a text drafted in or translated into their own language, which is also in the interest of innovative and competitive capacity of their national economy. The provisions regarding publication of measures having legal effects *erga omnes* as regards patents must also be read in conjunction with the provisions of Articles 67 (3) [3] and 65 [4] of the Convention, which concern provisional and permanent protection of the applicant respectively: provisional protection is conferred on the applicant from the date on which the application is published, whilst permanent protection comes after the European patent has been granted. These provisions are intended to compensate for the initially unfavourable situation of Contracting States whose official language is not one of the official languages of the EPO (or the language of the proceedings), by enabling them to require that such documents will be effective in their territory only if there is a translation in a language of that State. [5]

3 — Article 67(3) provides that any Contracting State which does not have as an official language the language of the proceedings may prescribe that provisional protection in accordance with paragraphs 1 and 2 above is not to be effective until such time as a translation of the *claims* in one of its official languages at the option of the applicant (a) has been made available to the public in the manner prescribed by national law, or (b) has been communicated to the person using in the said State, in circumstances where that person would be liable under national law for infringement of a national patent, the invention forming the subject of the application in respect of which he seeks provisional protection.

4 — Under Article 65 of the Convention ('Translation of the specification of the European patent'), as amended from 1 January 1996 by the Decision of the Administrative Council of 13 December 1994:

'1. Any Contracting State *may prescribe* that if the text, in which the European Patent Office intends to grant a European patent or maintain a European patent as amended for that State, is not drawn up in one of its official languages, the applicant for or proprietor of the patent shall supply to its central industrial property office a translation of this text in one of its official languages at his option or, where that State has prescribed the use of one specific official language, in that language. The period for supplying the translation shall end three months after the date on which the mention of the grant of the European patent, or the maintenance of the European patent as amended, is published in the *European Patent Bulletin* unless the State concerned prescribes a longer period.

2. Any Contracting State which has adopted provisions pursuant to paragraph 1 may prescribe that the applicant for or proprietor of the patent must pay all or part of the costs of publication of such translation within a period laid down by that State.

3. Any Contracting State *may prescribe* that in the event of failure to observe the provisions adopt in accordance with paragraphs 1 and 2, the European patent shall be deemed to be void *ab initio* in that State' (emphasis added).

According to the order for reference, the decision to require translation of the European patent specification was adopted in all the Contracting States apart from Luxembourg and Monaco.

5. Article 65 of the Convention (see footnote 4 above) was incorporated into the German legal system by the provisions whose compatibility with the Treaty is challenged in the main proceedings. The second and third subparagraphs of Article II (3) of the *Gesetz über internationale Patentübereinkommen* (Law on Interna-

5 — I should like to point out, incidentally, that the translation of the claims or of the full text of the patent is important not only as regards the possibility of obtaining national protection from the designated Contracting State, for the application or for the patent issued, but may also play a decisive part in determining the scope to be accorded to the patent, and hence also in determining the extent of that protection. By way of derogation from the basic principle that the authentic text is the one in the language of the proceedings (see point 3 above), Article 70 (3) of the Convention gives each Contracting State the option to provide in its domestic law that a translation, in an official language of that State, shall be regarded as authentic, except for revocation proceedings in the event of the application or patent in the language of the translation conferring protection which is *narrower* than that conferred by it in the language of the proceedings. In other words, Contracting States may, in order to establish whether or not an infringement has been committed, rely on the version of the application or the patent in the language of that State, where that version confers an exclusive right which is more limited than that deriving from the text of the document in the language of the proceedings.

tional Patent Conventions) of 20 December 1991 [6] (hereinafter 'the IntPatÜG') states:

'(1) If the text in which the European Patent Office intends to grant a European patent for the Federal Republic of Germany is not drawn up in German, the applicant for or proprietor of the patent shall supply to the German Patent Office within three months of the publication of the mention of the grant of the European patent in the *European Patent Bulletin* a German translation of the patent specification and shall pay a fee in accordance with the scale of fees.

...

(2) If the translation is not filed within the prescribed period or in a form suitable for publication or if the fee is not paid within the prescribed period the European patent shall be deemed to be void *ab initio* in the Federal Republic of Germany.

(3) The German Patent Office shall publish the translation...'. [7]

6. BASF AG, the plaintiff in the main proceedings, is the proprietor of European patent 0 398 276, which concerns an "automotive paint sealer composition". This patent, issued by the EPO in respect *inter alia* of the Federal Republic of Germany, was transferred to it by BASF Corporation, a company formed under laws of New Jersey (USA); it was entered in the German Patent Register on 26 August 1997. A mention of the grant of the patent at issue was published in English in the *European Patent Bulletin* on 24 July 1996. By order of 5 May 1997, notified to the BASF Corporation on 22 May of that year, the German Patent Office found, under the second and third subparagraphs of Article II (3) of the IntPatÜG, that the patent in question was to be deemed void *ab initio* in Germany since the company had not filed a German translation of the specification within the prescribed time-limit. The BASF Corporation brought the present action before the Bundespatentgericht in order to obtain the annulment of the German Patent Office's decision; the action was subsequently taken over by BASF AG.

6 — *BGBl.* 1991, II, p. 1354.

7 — My translation. Article 2(1) of the Verordnung über die Übersetzungen europäischer Patentschriften (Regulation on the translation of European patent specifications) of 2 June 1992 (BGBl. 1992 II, p. 395) states that the claims, description and drawings of a European patent must be translated.

II — The submissions lodged by BASF and by the national governments and the Commission, participating in the proceedings

7. All the Member States (apart from Luxembourg; but see footnote 4 above) and the Commission are at one in claiming, on the basis of substantially the same arguments, that Article 30 of the Treaty does not preclude a national law of the type at issue in this case. [8]

8. BASF takes a different line in the observations it has submitted to the Court. It argues that owing to the high cost of translating a specification as required by the Federal Republic of Germany (and by the other Member States which exercised their option under Article 65 of the Convention) a considerable number of holders of European patents, in particular small and medium-sized undertakings, decide not to apply for protection of their inventions in all Member States. [9] They are forced through lack of funds to forgo patent protection in some parts of the Community. This restriction results in the compartmentalisation of the Community's internal market into a 'protected zone', on the one hand, and a 'free zone' made up of the territory of the Member States in respect of which patent protection has neither been sought nor obtained, on the other. [10] The requirement in the legislation at issue that a

8 — The Commission however has stated that if the Court were to declare that the requirement to translate the patent specification constituted a measure having an effect equivalent to a quantitative restriction on imports, that requirement would not be regarded as being justified under Article 36 of the Treaty since it is disproportionate in relation to the requirement to provide protection of the patent as against third parties. According to the Commission, it is sufficient to require a translation of the claims alone, since a translation of the description of the invention is only necessary in specific cases to be determined on a case-by-case basis. Given the course of action which I intend to propose to the Court (see points 13 to 19 and Part IV below), it does not appear necessary to consider in detail the argument referred to here, which the Commission only raised as a secondary point. I shall merely refer incidentally to Articles 69 and 84 of the Convention, which provide that the description of the invention (and also the drawings) serve to interpret the claims, which must themselves be based on the description (see footnote 2 above). Since the description is of undoubted significance as regards determining the nature of the protection sought, in my view it is out of the question that production of a translation of the claims alone could generally be regarded as adequate for the purpose. This is not to mention the serious legal uncertainty which the course of action proposed by the Commission, namely, requiring the translation of a description only in special circumstances, would cause as far as the applicant is concerned, since, with the possibility of the patent being void *ab initio*, he would ultimately run the risk of incorrectly assessing whether or not it was necessary to translate all of the specification in a particular case.

9 — According to BASF, the cost of translating a patent specification into the ten other official languages of the Member States is on average DM 40 000 (about EUR 20 450), which is almost double the amount which the applicant must pay before the patent is granted in taxes and advisers' fees. The company also points out that if an applicant for a European patent foregoes protection of his invention in part of the Community this may result not only from his failure to file a translation of the specification once the patent has been issued but also from his failure to designate at the start some Member States as Contracting States in which protection of the patented invention may be claimed. However, the designation fee in Germany is only DM 150 (approximately EUR 77) for each State and so this alone cannot constitute sufficient reason for limiting the geographical scope of the protection sought, unlike translation costs which are very high.

10 — According to BASF, in circumstances such as those in the present case, this segmentation of the market is the result of the following measures having an effect equivalent to import restrictions:
(a) Whilst the patent holder, or his licensees and competitors from the free zone and from third countries can compete on the market for the product in question in the free zone, businesses in the protected zone cannot. According to BASF, they would commit an infringement of the patent in exporting the patented product from the protected zone into the free zone.
(b) The patent holder may be forced to refrain from marketing the invention in the free zone so as not to undermine the higher prices in the protected zone through re-importing. It is thereby excluded in practise from competing in the free zone.
(c) However, the patent holder can defend himself against imports into the protected zone of goods legitimately marketed by competitors in the free zone, as importation would constitute an infringement of patent.

translation of the specification should be filed should therefore be declared incompatible with the provisions of the Treaty concerning the free movement of goods. The plaintiff goes on to say that the penalty consisting of the nullity of the European patent unless a translation of the specification is filed within the prescribed time-limit is out of proportion to the objective pursued by the legislation at issue, which is to provide as much information as possible about the existence and content of the new patent right. Above all, the need to give the public access to documents relating to the proceedings in the official language of the designated State actually arises when the application for the European patent is published, and thus at a time when, under the system introduced by the Convention, translations into that language are not yet available. [11] BASF also argues that a translation of the specification in the official language of the State in respect of which the patent is issued is irrelevant as regards determining the extent of the patent's protection, since under Article 70(1) of the Convention only the text of the patent in the language of the proceedings is authentic. [12] Finally, interested third parties in practise very rarely consult translations. [13]

9. Furthermore, according to BASF, the patent holder has a fundamental interest in informing his competitors in their own language and in good time of the existence and content of his patent. This interest is linked to the consequences which such information has within the national legal systems in respect of the provisions penalising the infringement of a patented invention. Penalties less strict than the penalty provided for under German law might be considered, such as the patent holder being unable to enforce his rights of prohibition and compensation under the patent until a translation is filed, or the possibility of competitors who have already used the patented invention in good faith before a translation is filed being granted a right of subsequent use. [14] The national governments take the opposite view, that nullity *ab initio* of the European patent, which enables the risks of involuntary infringement to be minimised, is the only one of the various possible penalties which seems fully to satisfy the principle of legal certainty.

10. Also, according to the national court, it cannot be ruled out that the burden of

11 — See also House of Lords Select Committee on the European Communities, *The Community Patent and the Patent System in Europe (Session 1997-98, 26th Report)*, London, 1998, p. 23 (the requirement to produce a translation of the complete specification when the patent is granted is too late to be of any real value, particularly in the case of businesses which are mainly involved in technology).

12 — See, however, footnote 5 above.

13 — According to the figures given by the President of the EPO at the EPIDOS Annual Conference in 1996, only between 1% and 3% of the translations of patents granted are actually consulted.

14 — The order for reference points out that under Article 139(2) of the *Patentgesetz* (Patent Law) a patent holder can claim damages for negligent infringement (intentional or reckless) of his patent. If the infringer is unaware of the content of a patent specification drafted in a language which is not the official language or one of the official languages of the Member State concerned he cannot be sued for intentional (or reckless) infringement of the patent, and so the conditions for claiming damages will not have been met. According to BASF, if the patent holder has not complied with his obligation to file a translation he must inform the person infringing his patent of the content of the patent, perhaps by issuing a warning together with a translation in the official language of the State in which the wrongdoer is resident, or by filing a translation with the patent office of that Sate. In such cases the patent holder can claim damages only in regard to the future, if the person infringing the patent persists after he has become aware that a patent exists.

translation laid down in the second and third subparagraphs of Article II (3) of the IntPatÜG constitutes a measure having an effect equivalent to a quantative restriction on imports within the meaning of Article 30 of the Treaty due to the high level of the costs involved, which represents a sort of 'entrance fee' for access to the markets of the Member States. [15] Moreover, the Bundespatentgericht has pointed out that the choice between immediately filing a translation as a precaution against a third party unlawfully using the patent in a Member State, or filing a translation only when the patent is actually infringed is a typical aspect of the right of disposal of the owner of a thing or of a right. The decision of the patent holder as to the actual use of his patent and, as the case may be, as to the methods employed for this purpose should not therefore call into question the validity of the patent granted. Lastly, according to the national court, if the requirement of a translation does constitute an obstacle to the free movement of goods within the Community, such an obstacle can scarcely be justified on the basis of Article 36 of the Treaty. The translation requirement cannot be said to be designed to protect industrial property but rather permanently impairs the patent right in that it makes access to patent protection in the Member States more difficult.

15 — The order for reference states that it is estimated that the costs of translating the specifications of European patents borne annually by the industry amount to some DM 430 million (in the region of EUR 220 million). For example, a European patent granted for the eight most commonly designated Member States involves translation costs and costs involved in filing the translation with the various competent national authorities of over DM 20 000 (around EUR 10 226); see European Commission: *Promoting Innovation Through Patents— Green Paper on the Community Patent and the Patent System in Europe* [COM (97)314 final, hereinafter 'the Green Paper'), submitted by the Commission on 24 June 1997, paragraph 5.2.3. To this is added the fact that many Community undertakings apply for a large number of patents during the course of a year.

III — Legal assessment

11. Examination of the question referred by the Bundespatentgericht should in my view proceed from two premises. Firstly, if it were established that the contested measure is incompatible with the Community provisions on the free movement of goods, so far as the aspects referred to by BASF are concerned, that defect could not be held to be cured merely as a result of the fact that the German legislature adopted the contested provisions on the basis of an international convention *postdating the Treaty*, to which all Member States are now parties. That is so *a fortiori* since the Convention makes provision for both the requirement for the text of a patent drafted in a foreign language to be translated and the penalty that the patent will be void *ab initio* if a translation is not filed not as obligations, but merely as *options* for the Contracting States (see footnote 4 above). [16]

16 — See *inter alia* judgment in Case C-324/93 *Evans Medical and Macfarlan Smith* [1995] ECR I-563, paragraphs 23, 32 and 33, in which the Court stated - in respect, moreover, of a national practice (prohibition on imports of diamorphine and the grant of exclusive rights to two national companies for the manufacture of a product in powder form and for the marketing of that product after processing for medical use, respectively) deriving from an international convention *preceding* the United Kingdom's accession to the Community, which that Member State maintained in force under Article 234 of the EC Treaty - that a measure of that type remains subject to the application of Treaty provisions (in that case Article 30), 'since Article 234 takes effect only if the agreement imposes on a Member State an obligation that is incompatible with the Treaty. [Consequently,]... when an international agreement allows, but does not require, a Member State to adopt a measure which appears to be contrary to Community law, the Member State must refrain from adopting such a measure'. Consequently, the Court concluded that 'Article 30 of the Treaty is to be interpreted as requiring a Member State to ensure that this provision is fully effective by disapplying a national practice contrary to it unless that practice is necessary in order for the Member State concerned to comply with obligations towards non-member states laid down in an agreement concluded prior to the entry into force of the Treaty or to accession by that Member State'. In any event, as the Court has consistently held, provisions of a convention concluded prior to the accession of a Member State cannot be relied upon in intra-Community relations if, as in the present case, the rights of non-member countries are not involved (see judgment in Joined Cases C-241/91 P and C-242/91 P *RTE and ITP* v *Commission* [1995] ECR I-743, paragraph 84.

12. Secondly, it is also common ground that it is not a case of questioning the merits of the centralised system of patent protection established by the Convention or how effective the solution adopted by the Contracting States was as regards the use of languages. I do not deny that the rules on the use of languages contained in the Convention create some serious problems for economic operators and the national authorities responsible for industrial property in the Contracting States.[17] Nor do I deny that this is a tricky problem also from the political standpoint, and it is difficult to find alternative solutions which are preferable to that contained in the Convention[18] (and also, it seems appropriate to point out, in the Convention on the European Patent for the Common Market, signed in Luxembourg on 15 December 1975, which now forms an integral part of the Agreement relating to Community Patents signed in Luxembourg on 15 December 1989).[19]

However, the question now before the Court has the much more limited purpose, namely to determine whether the national provision at issue in the main proceedings, which imposes a penalty, does or does not restrict the free movement of goods between Member States. For my part, I support the arguments put forward by the national governments and the Commission, which I shall now summarise.

17 — See *inter alia The Community Patent and the Patent System in Europe*, op. cit., footnote 11, pp. 8-14 and 22-24, in particular p. 22 (according to an EPO survey, the cost of translating a patent specification varies between 30% and 60%, depending on the number of designated Contracting States, of the total costs incurred in obtaining patent protection in the Community), and the Green Paper (op. cit. footnote 15, points 3.3 and 5.2.3). See also footnotes 9, 11, 13 and 15 above and the portions of text to which they relate.

18 — According to the Communication of the conclusions relating to the hearing of the interested parties on the Green Paper, issued by the Commission in November 1997 in Luxembourg (quoted in *The Community Patent and the Patent System in Europe*, op. cit., footnote 11, p. 23), a large number of representatives of users in industry support a radical solution ('English only'), which is to use just one language for the granting procedure without any obligation to translate the patent granted. I would point out, however, incidentally, that the rules on the use of languages laid down in the Convention seem in all event to be more favourable than those provided for in the national systems for granting patents currently in force in the Member States, which stipulate that a copy of the whole of the patent specification must be filed in the national language at the time the application is lodged, and hence at a time when it is not yet possible to predict whether the patent being applied for will actually be granted.

19 — OJ 1989 L 401, p. 1. The translation requirement introduced by the abovementioned Community Patent Agreement – which is in the process of ratification and, like the 1975 Convention which it is intended to replace, has the twin objectives of creating a Community patent and introducing a Community system of national patents – seems even stricter than that laid down in the Convention on the Grant of European Patents. The Community Patents Agreement requires a translation into one of the official languages of each of the Contracting States whose national language is not that of the proceedings: (a) of the text of *the application* which forms the basis for the grant of the Community patent or (b) of the text of the Community patent which forms the basis for its maintenance in amended form during opposition proceedings (see Article 30(1) and (2)). If the translations are not filed in due time the Community patent is to be deemed to be void *ab initio*; however, the proprietor may obtain, instead of the Community patent, a European patent for the Contracting States for which he has filed translations in due time (see Article 30 (6)). It is precisely the very high costs of translating the whole of the specification which (together with the lack of legal certainty involved with the system of judicial protection introduced) form the main obstacle to the success of the system introduced by the Convention on the European Patent for the Common Market. The other courses of action indicated by the Commission in the Green Paper (op. cit. footnote 15, points 3.2 and 3.3) are as follows: (a) to restrict the requirement to the translation of the patent claims; (b) not to penalise failure to file a translation in one or more languages by making the Community patent void *ab initio*, but by declaring it to be void in the Member State or Member States concerned, and (c) to limit the translation requirement to an 'appropriate' summary of the specification (published at the same time as the application) and, when the patent is granted, merely to a translation of the claims; a requirement to translate all of the specification would still exist only in the event of legal action being taken by the patent holder to assert his rights under the patent (the so-called 'global' solution devised by the EPO).

13. Firstly, it is common ground that, as Community law now stands, the provisions on patents have not yet been the subject of uniform rules or of an approximation of laws at Community level. [20] It follows that it is for the national legislature to determine the *conditions* and detailed rules regarding the protection conferred by patents. [21] I am not overlooking the fact that a measure such as that at issue in the main proceedings does not concern the movement of goods, whether or not they are covered by a patent, but rather one of the conditions for that patent to have full and lasting effect in one or more Member States. In fact, the subjective legal position of the patent holder in the circumstances of this case must, to be correct, be described as a *requirement* (*onere*), not an *obligation* (*obbligo*) to file a translation of the specification (as BASF, the Member States and the Commission have suggested). By 'requirement' I mean in this case not an obligation as to conduct imposed unconditionally on the holder of a power, and thus subject to the sanction of mandatory intervention, by way of substitution, by the legal system, in the event of failure to comply, but rather a condition which the person concerned has to satisfy only in so far as it is instrumental to the pursuant of a particular result which he wishes to achieve and which is favourable to him. [22] As regards the present case, the United Kingdom pointed out both the content of the exclusive right which a patent guarantees its holder for a period of 20 years, [23] and also the strict civil and criminal sanctions under the various national legal systems for infringement of a patent. However, according to the national governments which have submitted observations, the requirement to file a translation of the specification in good time is primarily designed to ensure that economic operators active on the market of the Member State for which a European patent has been granted do not run the risk of having such penalties imposed on them, contrary to the fundamental requirement of legal certainty, [24] without having been put in a position to assess accurately the scope of the protection provided by the patent in question through having access to the patent specification concerned in their official language. As the Danish and Finnish Governments pointed out, it would be unjust and inefficient to require third parties, who are already in a subordinate position in relation to the inventor's monopoly over enjoyment of his product, to translate the patent specification themselves *individually* in order to be certain that they are not infringing the

20 — See footnote 19 above and the portion of text relating to it.

21 — See *inter alia* judgment in Case C-235/89 *Commission* v *Italy* [1992] ECR I-777, paragraphs 12 and 13.

22 — I would point out, incidentally, that the function of the legal relationship described between a power and an obligation (to do or not to do) is to resolve conflicts of interest between a number of persons. In individual cases the legal system tries to prevent a situation in which a right is exercised by an individual in order to satisfy different interests from those for which it was granted and thus leads to an unregulated sacrifice of the rights of the persons against whom that right is exercised. The legal system therefore provides, for the benefit of the latter, suitable instruments for monitoring and guarantee purposes, both by determining in advance the conditions governing the exercise of that right, and by taking administrative action beforehand (declaring exercise of the right void) or afterwards (duty to compensate for loss) in the event of failure to comply.

23 — I would also point out that according to the case-law of the Court, the specific purpose of a patent is to guarantee in particular to the holder, in order to compensate the creative effort which the invention represents, the exclusive right to use it for the production and initial placing on the market of industrial goods, both directly and through the granting of licences to third parties, and the right to oppose infringements. This right to be the first to market a product, which is given him under the monopoly of enjoyment of the product, enables the inventor to obtain reward for his creative effort without however guaranteeing it for him under all circumstances. In particular, it follows from the principle of Community exhaustion (see judgments in Case 15/74 *Sterling Drug* [1974] ECR 1147, and in Case 19/84 *Pharmon* [1985] ECR 2281, paragraph 22) that if a patent holder decides in full knowledge of the fact to market a product in any Member State in which it is not patentable, he must accept the consequences of his decision as regards the possibility of parallel imports (see *inter alia* judgments in Case 187/80 *Merck* [1981] ECR 2063, paragraphs 9 to 11). See also judgment in Joined Cases C-267/95 and C-268/95 [1996] ECR I-6285, paragraphs 30 to 37.

24 — As we know, legal certainty is one of the general principles of the Community legal system (see inter alia judgments in Case 78/74 *Deuka* [1975] ECR 421 and in Case C-325/91 *France* v *Commission* [1993] ECR I-3283, paragraph 26.

patent in question by their own activity. On the other hand, compliance with the requirement at issue within the prescribed time-limit enables all third-party operators in the Contracting State in respect of which a European patent is granted also to consider whether it is expedient to oppose that patent where one or more of the grounds stated in Article 100 of the Convention are satisfied. [25]

14. Indeed, the Court's case law cited above disclosed another principle: whilst Member States are given exclusive powers to prescribe in which cases and according to what procedures a patent gives protection, they are not allowed to take Article 222 of the EC Treaty as a basis on which to adopt measures in relation to industrial and commercial property which would adversely affect the principle of the free movement of goods within the internal market. [26] I do not understand how Article 30 of the Treaty can be applied in respect of a provision like that contained in the second and third subparagraphs of Article II(3) of the IntPatÜG.

It has been held by the Court that 'all trading rules enacted by Member States which are capable of hindering, directly or indirectly, actually or potentially, intra-Community trade' are to be considered as measures having an effect equivalent to quantitative restrictions on imports within the meaning of Article 30 of the Treaty. [27] Both the actual manufacture and the marketing of a patented product in the territory of the designated States and the subsequent movement of that product across frontiers represent only a possibility in relation to the favourable decision with which the procedure for granting a patent may be concluded. Thus, although a European patent may be void *ab initio* in a national territory, possibly as a result of the patent holder's inertia with regard to filing a translation, this certainly does not constitute a legal obstacle to the marketing in Germany of the product for which patent protection had been applied, nor to the movement of the product in question across frontiers. A penalty such as that contained in the law at issue appears to be applicable in this context without any discrimination based on the origin of the goods which *may* be traded between Member States, and is therefore by no means protectionist. On a proper view, since the penalty in question

25 — Namely: (a) the subject-matter of the patent is not patentable under Articles 52 to 57 of the Convention (which relate to patentable inventions and exceptions to patentability, novelty, non-prejudicial disclosures, inventive steps and industrial application), (b) the patent does not disclose the invention in a manner sufficiently clear for it to be carried out by a person skilled in the art, or (c) the subject-matter of the patent extends beyond the content of the application as filed, or, if the patent was granted on a divisional application or on a new application filed in accordance with Article 61 of the Convention).

26 — See *Commission* v *Italy* judgment cited in footnote 21, paragraph 14. Article 222 provides: 'This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership'.

27 — See judgment in Case 8/74 *Dassonville* [1974] ECR 837, paragraph 5. Even the requirement to use a particular language for the marketing of imported goods may constitute a measure having equivalent effect (judgment in Case 369/89 *Piageme and Others* [1991] ECR I-2971, concerning national rules which impose the exclusive use of a specific language for the labelling of food products and do not permit the use of another language which is easily understood by the purchasers or ensuring the consumer is informed by other means).

entails the loss *ab initio* of the right to commercial exclusivity otherwise belonging to the holder in the State in which the patent had been granted, the measure at issue may actually have the effect of removing a possible obstacle to access to the national market for the invented product.

15. Member States have also rightly pointed out that the choice of designated Contracting States is a matter for the commercial and industrial strategy of the inventor or his assignee. As regards this choice, the potential profits to be expected from the commercial exploitation of the invention on the geographical markets concerned must be set against all the expenses already incurred, such as those for research and development, and those still to come (launching, marketing and advertising costs). However, even if it were established that the requirements imposed by the Convention's rules on the use of languages were of great significance in the choice of the States for which patent protection is sought, as BASF has claimed, [28] 'involuntary' waiver of protection for an invention under the German legal system would be determined, according to the plaintiff, not by the fact that the contested law requires a translation but rather by: (i) the high level of costs which the patent holder must meet for translating the specification and (ii) the fact that the economic operator concerned may lack sufficient funds, in particular if it is a small or medium-sized undertaking. [29] These are clearly imponderable circumstances of a purely economic nature and in any case irrelevant to the national measure at issue. The aspect of the high cost of translations, in particular, appears likely to vary according to time and place, in particular following technological developments on the market in the services concerned. Moreover, as the Finnish government has observed, it may be doubted whether there is any general interest in patent protection if the applicant for a European patent himself considers that the potential economic value of the exploitation of the invention is less than the total cost of obtaining the relavant right.

16. BASF has also claimed that the penalty laid down by the German legislature for failure to file the patent specification within the prescribed time-limit may lead to division of the Community market into a protected zone, and a free zone comprising Germany and possibly the other Member States which are not designated in the application or in respect of which the

28 — The argument put forward at the hearing by the Austrian Government in contradiction of the plantiff's assertion seems to me very interesting: even after the German legislature adopted the contested law which introduced the requirement to translate a patent specification into German the number of European patent applications in which Austria was also designated (without any additional translation costs being involved) did not undergo any appreciable increase as one would have expected. The percentage of designations of Austria and Germany remained basically unchanged (in 1997 the two countries were designated respectively in 64.51% and 98.05% of applications filed by applicants from the Member States, Japan and the United States; 37.17% and 97.66% respectively of the total number of patents (39 646) granted during the same year following applications submitted by persons from the same geographical area were granted in respect of Austria and Germany: see EPA/EPO/OEB, 1997 Annual Report, Munich, 1998, pp. 56, 57, 62 and 63).

29 — It seems doubtful at least that the arguments set out in the text — apart from the fact that they are well founded and relevant for the purposes of resolving the case in the main proceedings — could apply to a company such as BASF AG, the dominant company in the group of companies of the same name, whose turnover in 1998 was around DM 54 065 000 000 (approximately EUR 27 643 000 000 and a pre-tax profit of around DM 5 419 000 000 (approximately EUR 2 771 000 000 and which at 31 December 1998 had 105 945 employees (see 1998 Annual Report, http://www.basf/htm/e/dat...entwick/gericht/gb98/aufeinen.htm).

patent is void *ab initio* due to failure to provide a translation (see footnote 10 above). This argument does not convince me either. The possibility of isolation of the markets of the Member States is, in my view, a necessary result of the centralised system introduced by the Convention. Under that system it is perfectly usual for the inventor (in the same way as if he was applying for a national patent to be granted in one or more Member States) to restrict the protection he applies for under the European patent to a smaller or larger part of the Community. Moreover, the right of a holder of a patent (be it European or national) to oppose infringements of the invention in States in which he has the monopoly as regards first placing it on the market, clearly also concerns the importation of competing products manufactured and marketed by third parties in a country within the free zone. [30]

17. Lastly, it seems to me, there is also little merit in the argument put forward by BASF for the first at the hearing that application of Article 30 to the contested translation requirement stems, as a secondary point, from the fact that patents are referred to as goods ('assets') within the meaning of Title I of Part 3 of the Treaty. I do not think one can speak of the *free movement* of intangible goods such as industrial and commercial property rights except in the figurative sense. To my mind, this excludes the possibility of patent rights being subsumed under the concept 'goods' as developed by the Court in the context of the interpretation of Article 30, according to which objects which can be valued in money and which are capable of being transported *physically* across a frontier for the purposes of sale or other lawful commercial transactions, whatever the nature of those transactions, are subject to prohibition of national measures which constitute an obstacle to trade between Member States. [31]

18. According to earlier judgments of this Court, Article 30 of the Treaty does not preclude a national measure whose restrictive effects on the free movement of goods are too uncertain and indirect to warrant the conclusion that it is an undue restriction on trade between Member States. [32] As has been observed in legal literature, [33] the object of the principle recalled here, laid down in the *Dassonville* judgment, is always to verify whether a *causal link*

30 — As the Spanish Government observed, the only solution which would prevent the isolation of the markets condemned by BASF would be to abolish the national patent systems and replace them by an exclusive unitary system of Community patents. This is a solution which would conflict with the system under which national patents and the Community patent coexist, which is based on the Community Patent Agreement (see Article 5).

31 — See judgments in Case 7/68 *Commission* v *Italy* [1968] ECR 617 and in Case C-2/90 *Commission* v *Belgium* [1992] ECR I-4431, paragraph 26, and the judgment in *Evans Medical and Macfarlan Smith*, cited above in footnote 16, paragraph 20.

32 — See *inter alia* judgment in Case C-93/92 *CMC Motorradcenter* [1993] ECR I-5009, paragraph 12, concerning a rule of case-law of a Member State which imposes a requirement to provide information in pre-contractual relations regarding the circumstances of which each party is aware and which, although not linked to the subject-matter of the agreement for sale and its characteristics, are designed to bring about a decision by the other contracting party; see also judgment in Case C-266/96 *Corsica Ferries* [1998] ECR I-3949, paragraph 31) concerning the requirement imposed by the laws of a Member State on shipping companies established in another Member State, whose vessels call at the ports of the first State, to use, in return for payment of an amount exceeding the actual cost of the service provided, the services of groups of local handlers who have exclusive franchises.

33 — See Oliver, P.: *Free Movement of Goods in the European Community* (3rd Edition), London 1996, pp. 81 and 82, footnote 55.

exists — it does not in this particular case — between the national measure concerned and the pattern of imports. The conclusion which I have come to in this case is also necessary since, as we know, Article 30 does not lay down what might be termed a de minimis rule, so that for there to be a breach of that provision all that is needed is an obstacle to trade between States, if only a minor one;[34] all this, however, depends on there being a causal link between the measure adopted and a restrictive effect on imports, which, however, as I said above, does not exist in this case.

19. On the basis of what has been observed so far, there can be no question, also in the case of a measure like the one at issue in the main proceedings, of its restricting imports, even indirectly or potentially. The only factor which BASF has been able to put forward to support its claim that the law in question is a measure having an effect equivalent to a quantitative restriction is the following: operators with small or medium-sized businesses, or in any event lacking sufficient funds, who are interested in obtaining patent protection for their inventions in Germany *might* be discouraged from making their patents effective in that State due to the high cost of obtaining the prescribed translation of the specification. In any event, the nullity *ab initio* in German territory of the patent that may already have been issued *might* in turn discourage imports into Germany of the product from other Member States for which patent protection has in theory been obtained, the reasons for this being both that the goods exported to the German market *might* attract the attention of third-party infringers who were in a position to manufacture and market competing products at lower prices on that market, and also that patented products marketed in Germany *might* be imported in parallel into the exporting Member States at a lower price than that charged in those States by the patent holder or his licensees. However, I consider that simply contemplating such possibilities is insufficient to show that there is a restriction on the trade in goods between Germany and the other Member States.[35] There seems, therefore, to be nothing to be obtained from referring, as BASF did at the hearing, to the Court's judgment in *Commission* v *United Kingdom*, in which the Court held that a national measure granting a compulsory licence to a national manufacturer in exchange for reasonable remuneration in a case where demand for the patented product is satisfied on the domestic market mainly through imports, 'necessarily reduces imports of the patented product

34 — The principle that Article 30 of the Treaty is applicable also in the absence of a substantial impact on the movement of goods across frontiers and even if the national measure in question does not exclude other possibilities for selling imported products was laid down by the Court in Joined Cases 177/82 and 178/82 *Van de Haar and Kaveka de Meern* [1984] ECR 1797.

35 — See Opinion of Advocate General Darmon delivered on 12 December 1989 in Case C-69/88 *Kranz* [1990] ECR I-583, point 13 (p. I-588). Advocate General Darmon states: 'The very broad definition of a "measure having equivalent effect" formulated in the *Dassonville* judgment has since 1974 served as a constant point of reference for subsequent judgments on the subject. The inherent breadth of that definition and the Court's concern, apparent in its judgments, not to reduce its scope fully explain why businessmen have attempted to have a wide variety of measures treated as measures having equivalent effect to quantitative restrictions on imports, where such an effect — however indirect and tenuous — cannot be altogether ruled out' (see point 16).

from other Members States and thus affects intra-Community trade'. The comparison put forward by the plaintiff in the present case between the requirement to file a translation of the patent specification and the requirement to exploit the patent in the form of manufacturing the patented product in the national territory seems to be arbitrary, because in the second case, *unlike the first case*, as a condition for preserving the relevant exclusive right, the patent holder was required to engage in conduct that affected the pattern of trade in goods across frontiers.

Since, in the absence of any perceptible *effect* on imports, there can be no measure having equivalent *effect*, and the question now before the Court should be answered in the affirmative: the national legislation which the Bundespatentgericht has referred for the Court's consideration must be regarded as unrelated to the free movement of goods across the national frontiers of the Member States.

IV — Conclusions

In the light of the foregoing I propose that the Court should answer the question referred by the Bundespatentgericht as follows:

Article 30 of the Treaty does not preclude a national measure which provides that where the holder of a patent granted by the European Patent Office with effect for a Member State does not file with the patent office of the Member State in question within the prescribed time-limit a translation of the patent specification in the official language of that Member State, in a language other than that in which the European patent is drafted, the patent concerned shall be deemed to be void *ab initio*.