# JUDGMENT OF THE COURT (Fifth Chamber)
21 September 1999 *

In Case C-44/98,

REFERENCE to the Court under Article 177 of the EC Treaty (now Article 234 EC) by the Bundespatentgericht, Germany, for a preliminary ruling in the proceedings pending before that court between

**BASF AG**

and

**Präsident des Deutschen Patentamts**

on the interpretation of Articles 30 and 36 of the EC Treaty (now, after amendment, Articles 28 EC and 30 EC),

THE COURT (Fifth Chamber),

composed of: J.-P. Puissochet, President of the Chamber, P. Jann, J.C. Moitinho de Almeida, C. Gulmann (Rapporteur) and D.A.O. Edward, Judges,

* Language of the case: German.

Advocate General: A. La Pergola,

Registrar: H.A. Rühl, Principal Administrator,

after considering the written observations submitted on behalf of:

— BASF AG, by Kornelia Zimmermann, Sachbearbeiter,

— the German Government, by Ernst Röder, Ministerialrat at the Federal Ministry of the Economy, and Claus-Dieter Quassowski, Regierungsdirektor at the same Ministry, acting as Agents,

— the Belgian Government, by Jan Devadder, Director of Administration in the Legal Service of the Ministry of Foreign Affairs, acting as Agent,

— the Danish Government, by Jørgen Molde, Legal Adviser, Head of Directorate at the Ministry of Foreign Affairs, acting as Agent,

— the Greek Government, by Galateia Alexaki, Adviser in the Special Community Legal Service of the Ministry of Foreign Affairs, and Vasileios Kyriazopoulos, Legal Agent at the State Law Council, acting as Agents,

— the Spanish Government, by Monica Lopez-Monis Gallego, Abogado del Estado, acting as Agent,

— the French Government, by Kareen Rispal-Bellanger, Head of the Subdirectorate for International Economic Law and Community Law at the Legal Affairs Directorate of the Ministry of Foreign Affairs, and Anne de Bourgoing, Chargé de Mission in the same directorate, acting as Agents,

— the Irish Government, by Michael A. Buckley, Chief State Solicitor, acting as Agent,

— the Netherlands Government, by Marc Fierstra, Deputy Legal Adviser at the Ministry of Foreign Affairs, acting as Agent,

— the Austrian Government, by Christine Stix-Hackl, Gesandte at the Federal Ministry of the Economy, acting as Agent,

— the Portuguese Government, by Luis Fernandes, Director of the Legal Service of the Directorate-General for the European Communities of the Ministry of Foreign Affairs, and Paulo Borges, Lawyer in the same Directorate-General, acting as Agents,

— the Finnish Government, by Tuula Pynnä, Legal Adviser at the Ministry of Foreign Affairs, acting as Agent,

— the Swedish Government, by Erik Brattgård, Departementsråd in the External Trade Department of the Ministry of Foreign Affairs, acting as Agent,

— the United Kingdom Government, by Dawn Cooper, of the Treasury Solicitor's Department, acting as Agent, and Daniel Alexander, Barrister,

— the Commission of the European Communities, by Richard B. Wainwright, Principal Legal Adviser, acting as Agent, assisted by Bertrand Wägenbaur, Rechtsanwalt, Hamburg,

having regard to the Report for the Hearing,

after hearing the oral observations of BASF AG, represented by Winfried Tilman, Rechtsanwalt, Düsseldorf, Uwe Fitzner, Rechtsanwalt, Rathingen, and Kornelia Zimmermann; of the Danish Government, represented by Jørgen Molde; of the Greek Government, represented by Vasileios Kyriazopoulos; of the Spanish Government, represented by Monica Lopez-Monis Gallego; of the French Government, represented by Jean-François Dobelle, Assistant Director in the Legal Affairs Directorate of the Ministry of Foreign Affairs, acting as Agent, and Anne de Bourgoing; of the Irish Government, represented by David Barniville, BL; of the Italian Government, represented by Francesca Quadri, Avvocato dello Stato, acting as Agent; of the Finnish Government, represented by Tuula Pynnä; of the United Kingdom Government, represented by Daniel Alexander; and of the Commission, represented by Bertrand Wägenbaur, at the hearing on 11 February 1999,

after hearing the Opinion of the Advocate General at the sitting on 22 April 1999,

gives the following

## Judgment

1 By order of 29 January 1998, received at the Court on 20 February 1998, the Bundespatentgericht (Federal Patents Court) referred to the Court for a preliminary ruling under Article 177 of the EC Treaty (now Article 234 EC) a

question on the interpretation of Articles 30 and 36 of the EC Treaty (now, after amendment, Articles 28 EC and 30 EC).

2 The question has been raised in proceedings between BASF AG (hereinafter 'BASF') and the Präsident des Deutschen Patentamts (President of the German Patent Office) concerning the latter's ruling that a European patent belonging to BASF was void in Germany on the ground that its proprietor had not filed a German translation of the patent specification.

3 According to Articles 1 and 2(1) thereof, the Convention on the Grant of European Patents (hereinafter 'the Convention') establishes a system of law, common to the Contracting States (the Member States of the European Union, the Swiss Confederation, the Principality of Liechstenstein, the Principality of Monaco and the Republic of Cyprus), for the grant of patents for invention, called 'European patents'. Those patents are granted by the European Patent Office, the official languages of which are English, French and German. Applications for a European patent must be lodged in one of those languages.

4 Application may be made for the grant of a European patent covering all the Contracting States, a number of them or only one of them. From the date of publication of the mention of its grant, a European patent confers on its proprietor, in each of the Contracting States for which it was granted, the same rights as those which would be conferred on him by a national patent granted in that State.

5 Article 14(7) of the Convention provides that the specifications of European patents are to be published in the language of the proceedings, that is to say the language in which the application for a patent is lodged. The claims of European patents are translated into the other official languages of the European Patent Office.

6 Article 65 of the Convention allows the Contracting States to prescribe that a European patent shall be deemed to be void *ab initio* in the State in question if, where the text of the European patent for that State is not drawn up in that State's official language, the proprietor of the patent does not file a translation of that text in that language.

7 The Federal Republic of Germany has exercised that power and introduced into the Gesetz über internationale Patentübereinkommen (Law on International Patent Conventions, BGBl. 1991 II, p. 1354, hereinafter 'the IntPatÜG') an Article II(3), which provides:

'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.

...'.

8 BASF is the proprietor of a European patent concerning an 'automotive paint sealer composition', which was transferred to it, by entry in the German register on 26 August 1997, by its former proprietor, BASF Corporation, a company established in the United States of America. Mention of the grant of the patent drafted in English and with effect *inter alia* in the Federal Republic of Germany was published on 24 July 1996 in the *European Patent Bulletin*.

9 By order of 5 May 1997, the German Patent Office found, under Article II(3) of the IntPatÜG, that the patent in question was to be deemed void *ab initio* in Germany, since the former proprietor of the patent had not filed a German translation of the patent specification within the prescribed period.

10 On 27 May 1997, the former proprietor of the patent brought an action for annulment of that decision. That action was taken over by BASF. In support of its action BASF claims that Article II(3) of the IntPatÜG is contrary to Articles 30 and 36 of the Treaty in so far as the penalty for failing to file a translation of a European patent within the period prescribed is that the European patent becomes void *ab initio* in Germany.

11 In those circumstances, the Bundespatentgericht decided to stay proceedings and to refer the following question to the Court for a preliminary ruling:

'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?'

12 BASF contends in particular that the costs of translating patent specifications are very high, so that many patent holders are forced to be selective in filing translations and therefore to forgo patent protection in some Member States. The requirement at issue thus prevents those patent holders from benefiting from the effects of patents granted in all the Member States of the Community. According to BASF, this restriction results in the division of the internal market, with a patent being protected in some Member States (the 'protected zone') but not in others (the 'free zone'). The requirement in question therefore constitutes an obstacle to the free movement of goods contrary to Article 30 of the Treaty, which is not justified under Article 36.

13 This division of the market into protected zones and free zones has, according to BASF, two consequences. First, unlike the patent holder, his licensees and competitors from the free zone or from third countries, competitors from the protected zone cannot compete in the free zone on the market for the product in question. They would commit an infringement of the patent if they exported the patented product from the protected zone into the free zone. Second, 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 parallel re-imports and would thereby be excluded in practice from competition in the free zone.

14 All the intervening governments and the Commission, however, consider that legislation requiring patent holders to file a translation of the specifications of their patents in the official language of the Member State concerned is not contrary to the Treaty since in their view it does not constitute a measure having an effect equivalent to a quantitative restriction on imports within the meaning of Article 30 of the Treaty or at any rate it is justified under Article 36 of the Treaty.

15 The Court finds that the question to be examined first of all is whether legislation, such as that in question in the main proceedings, requiring patent holders to file a translation of the specifications of their patents in the official language of the Member State concerned, constitutes a measure having an effect equivalent to a quantitative restriction on imports within the meaning of Article 30 of the Treaty.

16 It has been held 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 (see Case 8/74 *Dassonville* [1974] ECR 837, paragraph 5). However, the restrictive effects which a piece of national legislation has on the free movement of goods may be too uncertain and too indirect for the obligation which the legislation enacts to be regarded as being capable of hindering trade between Member States (see, in particular, the judgment in Case C-266/96 *Corsica Ferries France* [1998] ECR I-3949, paragraph 31).

17 In assessing whether legislation such as that in question in the main proceedings impedes intra-Community trade within the meaning of that case-law, it has to be assumed, according to BASF, that owing to the high costs of translation a considerable number of patent holders decide not to apply for protection of their inventions in all the Member States of the Union but choose protection in only some of those States, thus dividing the internal market into 'protected zones' and 'free zones', with the consequences mentioned in paragraph 13 above.

18 Here, it has to be observed that one of the choices facing an inventor when planning to obtain protection for his invention by the grant of a patent concerns the territorial scope of the desired protection, limited to a single Member State or covering several Member States. That choice is in principle the same, irrespective of whether the inventor applies for a European patent or uses the systems for the

grant of national patents at present in force in the Member States. The choice will be made after an overall assessment of the advantages and drawbacks of each option, which includes complex economic evaluations of the commercial interest of having protection in the various States compared with the sum of the costs entailed in obtaining the grant of a patent in those States, including translation costs.

19 Again, according to BASF, the obstacle in question arises from the fact that the invention is not protected in all the Member States of the Union. It says that there is an obstacle to intra-Community trade since that market is divided into two separate markets, one on which the product is protected and another on which it is not, that is to say a situation in which the inventor has no complete protection against competition from other economic operators who, in the Member States in which it is not protected by the grant of a patent, are entitled to produce and market the product in question.

20 Whilst it must be accepted that there will probably be differences in movements of goods depending on whether inventions are protected in all the Member States or only in some of them, it still does not follow that such a consequence of the division of the market must be characterised as an obstacle within the meaning of Article 30 of the Treaty. The repercussions on intra-Community trade of any competition on the non-protected markets will depend above all on the actual, unforeseeable decisions taken by each of the operators concerned in the light of the economic conditions existing on the various markets.

21 In those circumstances, it must be held that, even supposing that in some circumstances the division of the internal market may have restrictive effects on

the free movement of goods, those repercussions are too uncertain and too indirect to be considered to be an obstacle within the meaning of Article 30 of the Treaty.

22 The answer to be given to the question raised must therefore be that Article 30 of the Treaty does not preclude the application of provisions such as Article II(3) of the IntPatÜG, according to which 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 is 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.

## Costs

23 The costs incurred by the German, Belgian, Danish, Greek, Spanish, French, Irish, Italian, Netherlands, Austrian, Portuguese, Finnish, Swedish and United Kingdom Governments and by the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT (Fifth Chamber),

in answer to the question referred to it by the Bundespatentgericht by order of 29 January 1998, hereby rules:

**Article 30 of the EC Treaty (now, after amendment, Article 28 EC) does not preclude the application of provisions such as Article II(3) of the Gesetz über internationale Patentübereinkommen, according to which 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 is 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.**

Puissochet Jann Moitinho de Almeida

Gulmann Edward

Delivered in open court in Luxembourg on 21 September 1999.

R. Grass

Registrar

J.-P. Puissochet

President of the Fifth Chamber