

Eplaw Webinar – 18 February 2021

Bayer vs Richter (CJEU C-688/17) “a support for innovation or a set back for justice”

Is Bayer vs Richter a support for innovation or an unwanted deviation of the prevailing (case)law in Europe?

My task is to make out the case against the ECJ decision which does not support innovation¹.

Let's summarise the main steps of the court reasons.

First “appropriate compensation” in art. 9(7) of the Directive “must be given an independent and uniform interpretation” under the EU Law (reasons at 40-41).

Second “appropriate” means that the compensation must be “justified in light of the circumstances of the case” (at 51).

Which circumstances however remains unclear.

The Court merely clarifies that **typical** circumstances in which a PI is obtained and then repealed (i.e. a launch at risk by a genericist, PI first granted and then the patent found invalid) - that are also the specific requirements set forth by art. 9 (7) - “cannot be regarded by themselves” as sufficient for ordering a compensation (at 64).

Thus it deprives defendants of the protection of Art. 9(7) in the most recurrent case in which such protection would be needed, and seems to kill strict liability regimes.

Then by making reference to recital (*risaitl*) (22) of the Directive the Court considers:

- that the right of compensation arises when there is a an “unjustified application” for a PI (at 60)
- and that provisional measures are “particularly justified” where any delay would cause irreparable harm (at 61)

¹ I talk from Italy that never had a strict liability regime. So maybe I am victim of the proverb that the grass is always greener on the other side

- therefore an unjustified application presupposes primarily that there is no irreparable harm (at. 62)
- but then it concludes that there is, *prima facie*, irreparable harm, and therefore the application is not a priori "unjustified", and so no compensation is due, when a product is marketed while the patent is still in force (at 63).

But on the contrary in my view if the patent is found invalid no irreparable harm exists, by definition.

The ECJ notes that the holder would be discouraged from availing itself of PI remedies if it had to compensate the defendant in case the patent is subsequently found invalid (at 65) and that this would undermine the objective of ensuring a high level of protection (at 65).

But on the contrary it is granting protection to an invalid patent that runs counter to one of the main objectives of the Directive, as it creates prejudice to the legitimate trade. It sounds paradoxical that patent holders should **not** be discouraged to enforce invalid patents.

Finally the Court by referring to art. 3(2) says that compensation is due if the applicant has abused enforcement measures (at 67-68), but then merely notes that whether there is an abuse it shall be assessed by national court by taking into account all the objective circumstances of the case (at 70).

The Court here does not consider whether a compensation is also due in the case in which the measures create an obstacle to the legitimate trade, notwithstanding both situations (abuse and illegitimate obstacles) are considered in art. 3(2).

To sum up, after having clarified that the compensation can be ordered only if "appropriate", and that this is a uniform concept of EU law, the Court, by linking it to the further concept of the "abuse of right", that remains undefined, leaves the readers without guidance.

The Court after taking us on a tour of recitals and articles, as if in wild goose (*guus*) chase take us back to the starting box, leaving us with the only indication that this is a matter national court should assess by taking into account all the circumstances of the case.

*

Now some final remarks.

Having regard to the two main objectives of the IPR enforcement set forth by Art. 3.2 Directive my point is that interests of right holders are better served and innovation is better supported if, while ensuring the enforcement of IPR, measures are taken to prevent not only abuses of the enforcement but also the creation of barriers to legitimate trade.

[As observed by the Advocate General the system is envisaged in a way that it establishes a **close link** between provisional measures available to right holders and compensation measures available to defendants for wrongful PI.]

By considering patent holders as generally liable in case the PI is subsequently revoked it creates an **higher level of accountability on right holders**, and a **more balanced system** that after all benefits right holders themselves.

A strict liability regime contributes to create a more effective **relationship of trust** between right holders and courts. In exercising their discretionary powers whether to issue a PI, courts will more likely grant an order if they may rely on the fact that the right holder will be liable for any damages created on the defendant by an order that is subsequently revoked.

By helping to filtering out bad cases, it improve the chances of a strong protection of god cases