

## Report Q162

### Community Patent Regulation

by Peter-Ulrik PLESNER, Luc SANTARELLI, Enrique ARMIJO,  
Geoffrey BAYLISS, Nanno LENZ, Anna FERREIRA DA SILVA, Takashi ISHIDA,  
Gerald J. MOSSIGHOFF, Luigi Carlo UBERTAZZI

#### History

The European Commission issued a draft regulation dated 1 August 2000 KOM (2000) 2412 for a community patent regulation.

After the Melbourne Congress Peter-Ulrik Plesner was appointed chairman instead of Annika Ryberg.

The Special Committee was established to study and prepare an opinion paper expressing the views of AIPPI national and regional groups of the European Commission Proposal.

The Special Committee prepared a report of 10 June 2002 for the Lisbon EXCO meeting.

#### Development since the Lisbon EXCO meeting

On 7 March 2003 the Council issued a common political approach on the meeting on the Council (competitiveness) on 3 March 2003 and on the Council (employment social policy health and consumer affairs) on 6 March 2003 (dok 7159/03). The common political approach dealt with the following items:

1. Jurisdictional system.
2. Languages and costs.
3. Role of National Patent Offices (NPO).
4. Distribution of fees.
5. Review clause.

On 16 April 2003 the Council issued a draft proposal for a council regulation on the community patent (dok 8539/03). On 11 June 2003 a revised text was issued (dok 10404/03). The main principles of the community patent regulation is described in the following recitals:

*"(2a) The European Patent Office will play a central role in the administration of Community Patents and will alone be responsible for examination of applications and the grant of Community Patents. All national patent offices will have an important role to play, inter alia advising potential applicants for Community Patents, receiving applications and forwarding them to the EPO, disseminating patent information and advising SMEs. National Patent Offices will be compensated for these activities.*

*(2b) Applications for Community Patents can be filed with the National Patent Office of a Member State in its working language(s). Applicants will remain free to present their patent applications directly to the EPO. They may also request that their applications be fully processed by the EPO. On behalf of the EPO and the request of the applicant, National Patent Offices of Member States having an official language other than the three official languages of the EPO may carry out any task up to and including novelty*

searches in their respective language(s). National Patent Offices of Member States having as their official language one of the three EPO languages, which have experience of cooperation with the EPO and which need to maintain a critical mass may, if they so wish, carry out search work on behalf of the EPO. The relationship between National Patent Offices carrying out these tasks and the EPO will be based on partnership agreements, containing *inter alia* common criteria for quality assurance. These criteria (covering documentation, staff training and qualifications and working tools) would aim to guarantee a comparable quality and uniformity of the Community Patent. The implementation of these partnership agreements, i.e. the compliance with these objective quality standards, will be subject to independent periodic review. National patent offices will be compensated for the searches that they carry.

(3) The accession of the Community of the Munich Convention will enable the Community to be included in the Convention system as a territory for which a unitary patent can be granted. The Community can, therefore, limit this Regulation [to issues not covered by the Munich convention and in particular] to the creation of the law applicable to the Community patent once granted.

(5) The objective of an affordable Community patent militates in favour of a patent that is valid throughout the Community in the language in which it was granted under the Munich Convention, subject, however, to the obligation on the applicant to submit a translation of all the claims into all the official Community languages (...). Thus, the language regime for the Community Patent will, up to grant, be the same as the one provided for in the European Patent Convention. This means that the applicant has to present a complete application document in one of the three official languages of the EPO as well as, at the time of grant of the patent, a translation of the claims into the two other EPO languages. However, where the applicant files the application in a non-EPO language and provides a translation into one of the EPO languages, the cost of that translation will be borne by the system ("mutualisation of costs"). For reasons of legal certainty - in particular in connection with actions or claims for damages - non-discrimination and dissemination of patented technology, the applicant must, at the time of grant of the patent, file a translation of all claims into all official Community languages except if a Member State renounces the translation into its official language. The translations will be filed with the EPO and the costs borne by the applicant, who decides on the number and the length of claims to be included in the patent application, thereby having an influence on the cost of translations.

(5b) Renewal fees for Community Patents will be payable to the European Patent Office, which will keep 50 percent to cover its costs, including the costs of searches carried out by National Patent Offices. The remaining 50 percent will be distributed among the National Patent Offices of the Community Member States in accordance with a distribution key, which will be decided unanimously by the Council. The distribution key will be based on a basket of fair, equitable and relevant criteria. Such criteria should reflect patent activities and the size of the market. In addition, considering the role played by National Patent Offices, a balancing factor should also be applied where Member States have a disproportionately low level of patent

activities. On the basis of these criteria the Member States' share shall be adjusted periodically to current figures.

(7) As Community patents are Community titles the Community jurisdiction should have the power to decide matters affecting their validity. The jurisdictional system of the Community Patent will be based on the principles of a unitary Court for the Community Patent, securing uniformity of the jurisprudence, high quality of working, proximity to the users and potential users and low operating costs. For reasons of legal certainty, all legal actions relating to certain aspects of the Community patent should come under the jurisdiction of one court, and the decisions of that court should be enforceable throughout the Community. Exclusive jurisdiction for a certain category of actions and applications relating to a Community patent, and in particular for actions relating to infringement and validity, should therefore be given to the Court of Justice of the European Communities. Jurisdiction shall reside in the first instance in the Community Patent Court (CPC) created by the decision taken pursuant to Article 225 a of the Treaty and, on appeal, in the Court of First Instance. The Court of Justice may make a decision in last resort, subject to the conditions provided for in Article 62 of the Statute of the Court of Justice. This judicial system must be in place and operational by January 2010 at the latest. Until that time, it is necessary to provide for a transitional period during which disputes for which the Community courts are competent shall be heard by the national courts. Once the final judicial system is operational, the Commission shall publish in the Official Journal of the European Union the date on which it shall be applicable. The final system shall apply to the European Union the date on which it shall be applicable. The final system shall apply to actions and applications initiated after that date, whereas individual actions initiated prior to that date before the national courts shall continue to be heard by the national courts.

(7a) The seat of the Community Patent Court shall be at the Court of First Instance. The judges shall be appointed on the basis of their expertise and taking into account their linguistic skills. The Community Patent Court may hold hearings in Member States other than that in which its seat is located.

(7b) The judges shall be appointed by a unanimous decision of the Council for a fixed term. The candidates for appointment must have an established high level of legal expertise in patent law. Technical experts will assist the judges throughout the handling of the case.

(7c) The Community Patent Court will conduct the proceedings in the official language of the Member State where the defendant is domiciled, or in one of them to be chosen by the defendant, where in a Member State there are two or more official languages. At the request of the parties and with the consent of the CPC, any official EU language can be chosen as language of proceedings. The CPC may, in accordance with the rules of procedure, hear parties in person and witnesses in a EU official language other than the language of proceedings. In that case translations and interpretation into the language of the proceedings from another official EU language should be provided.

*(7d) The Community Patent Court shall be established at the latest by 2010. Until then Member State shall designate a limited number of national courts to have jurisdiction in the actions and claims related to the Community Patents."*

On 27 June 2003 the Greek Presidency issued a proposal concerning the amendments to the European Patent Convention which would be necessary in order to accommodate the Community Patent. The proposal changes are mainly of a technical nature.

### **Observations of the Special Committee**

The Special Committee is generally in favour of a Community Patent and the goal mentioned in the draft regulation. The Special Committee has, however, discussed certain articles in the draft and find that these articles ought to be considered further, *inter alia* the following:

#### **"24c Authentic text of a Community patent application or Community patent**

1. *The authentic text of a Community patent application or a Community patent shall be the text provided for in Article 70, paragraphs 1 and 2 of the Munich Convention.*
2. *However, for the purposes of the actions and proceedings referred to in Articles 11, 33 to 36 and 44, the translation of the claims, as provided for in Articles 11 and 24a and Article 14 of the Munich Convention, into an official language of the Member State in which the act of infringement was committed shall be regarded as authentic text of the application or of the patent in the event of the translation conferring narrower protection than the one conferred by the application or the patent in the language of the proceedings.*
3. *The applicant for or the proprietor of a patent may, at any time, file a corrected translation of the patent. Such corrected translation shall not have any legal effect until published by the Office.*
4. *Any person who, in that State, in good faith is using or has made effective and serious preparations for using an invention the use of which would not constitute infringement of the patent in the original translation may, after the corrected translation takes effect, continue such use in the course of his business or for the needs thereof without payment.*
5. *Where the proprietor of a patent has filed a translation according to Article 58, paragraphs 2 to 4 of this Article shall apply mutatis mutandis."*

The Special Committee finds that there must be some consequences of discrepancy between the authentic language and the translation of the claims. At worst the consequence of such discrepancy could be that the Community Patent becomes invalid. At minimum the consequence could be that the translation of the claims can only serve for information purposes. A problem with the proposed Article 24 c could be that the Community Patent may end up having a different scope of protection in different countries. What would be the consequence for a product sold in a country with a more narrow scope of protection into countries with a broader scope of protection?

### **"28 Grounds for invalidity**

1. *The Community patent may be declared invalid only on the grounds that:*
  - (f) *The subject-matter of the patent is not new having regard to the content of a national patent application or of a national patent made public in a Member State on the date of filing or later or, where priority has been claimed, the date of priority of the Community patent, but with a filing date or priority date before that date."*

The Special Committee finds that the fact that a Community Patent can be declared invalid due to this article is a problematic issue that needs further consideration.

### **"33 Infringement action**

2. *Only the proprietor of the patent may bring an action for infringement. Unless otherwise stipulated in the contract, the beneficiary of a contractual license may bring proceedings for infringement only if the patent proprietor consents thereto. However, the beneficiary of an exclusive license and the beneficiary of a licence of right or a compulsory licence may bring such proceedings if the proprietor of the patent, after formal notice, does not himself bring infringement proceedings."*

The Special Committee finds that compulsory licensee should not be able to initiate infringement proceedings.

### **"34 Action for declaration of non-infringement**

2. *The validity of the Community patent may not be contested in an action for a declaration of non-infringement."*

The Special Committee finds that there is no reason why the validity of a Community Patent should not be contested in an action for declaration of non-infringement.

### **"44 Actions or claims or compensation for damages**

2. *In determining the appropriate damages, the courts shall take into account all relevant aspects, such as the economic consequences to the injured party of infringement [, as well as the undeserved profits made by the infringer] [and the behaviour and the good or bad faith of the parties.] (...)"*

It is the opinion of the Special Committee that it is necessary to specify in details the rules describing how the damages shall be calculated. The Special Committee finds that the patentee's claim should be based, in the choice of the patentee, at least on the following principles:

1. A reasonable license fee.
2. A claim for the undeserved profit made by the infringing party as a consequence of the infringement of the patent involved.
3. The patentee's lost profit.

#### **"45 Period of limitation**

*Proceedings relating to use, to the right based on prior use, to infringement and to damages referred to in this section shall be barred after five years have elapsed from the date of which (...) the requesting party (...) became aware of facts justifying proceedings or should have become aware of them and in any case after ten years have elapsed from the infringement."*

It is the opinion of the Special Committee that the patentee should not be forced to initiate infringement litigation before the Community Patent has been granted and propose a rule in accordance with which the patentee's rights in relation to infringement shall not be barred at least if proceedings for the relevant court starts within one year after the Community Patent has been granted.

#### **Rules of procedure**

It is the opinion of the Special Committee that patent litigation requires special rules of procedure. In these rules of procedure specific conditions for applying provisional and protective measures, cf. Article 42, must be clearly described. The statutes and rules of procedure for the Community Patent Court should be prepared after consultation with interested parties.

#### **Outlook and future work for the Special Committee**

It was expected that the European Commission would have issued a draft for the Statutes for the CPC and draft rules of procedure before the end of September 2003. Especially, the rules of procedure are of great interest to all users of the systems and to all practitioners.

As far as the members of the Special Committee are aware, it is still the plan that the Council adopts the regulation before 1 May 2004. Thereafter, the necessary national implementations shall take place and this will probably take several years.

The Special Committee will continue to follow the progress of the draft regulation and implementing regulations as well as rules of procedure. It will prepare a new report when appropriate. If new drafts are forwarded to interested parties for their opinion, the Special Committee will evaluate whether it is appropriate and possible within the time limit to express an opinion and possibly table a resolution.

It is the Special Committee's opinion that it should be the aim of AIPPI to take a lead in the discussion of these matters and to have an influence on the wording of draft regulation and implementing regulation as well as rules of procedure in accordance with the opinion of the national groups.