Central and Eastern
European Seminar on IP
"Five years after EU enlargement:
current issues and new perspectives"

Community Patent and the common litigation system

PROPOSALS OF THE EU COMMISSION - DISADVANTAGES

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BASIC PRINCIPLE OF THE PATENT SYSTEM

(1) MUST BE CLEAR AND COMPLETE. SUFFICIENT FOR AN EXPERT IN THE FIELD TO WORK THE INVENTION.

(2) TIME LIMITED EXCLUSIVITY. EXCEPTION TO FREE COMPETITION.

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ANY PATENT SYSTEM HAS TERRITORIAL EFFECTS

REQUIRES

- PATENT LAW → LEGISLATIVE POWER
- PATENT OFFICE → EXECUTIVE POWER
- COURTS → JUDICIAL POWER

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HOW DOES IT WORK IN THE EU?

PATENT LAW	→	MS	→ INTERNATION TREATY: EPC, ONLY PARTIALLY HARMONISED, BASICALLY ON PROSECUTION UNTIL GRANT.
PATENT OFFICE	→	MS	→ DELEGATION TO EPO TO PROSECUTE AND GRANT PATENTS WITH NATIONAL EFFECTS.
COURTS	→	MS	→ SINCE EP ONCE GRANTED ARE NATIONAL PATENTS NO NEED FOR OTHER ALTERNATIVE JUDICIAL SYSTEM.

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COMMUNITY PATENT

OBJECTIVE: TO HAVE A SINGLE PATENT FOR ALL EU TERRITORY

PROPOSAL:

- PATENT OFFICE: EPO
- LAW: CP REGULATION APPLIED BY EPO
- COURTS: EUROPEAN COURT THAT WOULD ALSO DEAL WITH EP

REASONS:

- A SINGLE EXCLUSIVE RIGHT
- A SINGLE PROCEDURE TO ENFORCE IT

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WHERE ARE THE PROBLEMS?

THE EU IS FORMED BY 27 MEMBER STATES EACH HAVING:

- ITS OWN GOVERNMENT
- ITS OWN LANGUAGE / LANGUAGES
- ITS OWN PATENT LAW & COURTS
- ITS OWN INDUSTRY WITH VERY DIFFERENT LEVELS OF DEVELOPMENT
- VERY DIFFERENT PRODUCTIVITY IN PATENTABLE TECHNOLOGY

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IT IS VERY DIFFICULT TO REACH A CONSENSUS ON A SYSTEM THAT WOULD BE USEFUL & ACCEPTABLE FOR EVERYBODY

THERE ARE NOT THE SAME NEEDS IN ALL MEMBER STATES

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ON LANGUAGES

- PATENTS AND LANGUAGES ARE VERY CLOSELY LINKED TO EACH OTHER
- INVENTIONS ARE DISCLOSED IN WORDS AND NEED TO BE UNDERSTANDABLE FOR ALL THE POPULATION IN THE PROTECTED TERRITORY
- PATENTEE IS RESPONSIBLE FOR PATENT TEXT:
  - Art. 83 EPC – The inventor should disclose the invention in a manner sufficiently clear and complete for a person skilled in the art to be able to work the invention
  - Art. 84 EPC – Claims define the scope of protection
  - Art. 69 EPC – Description & drawings shall be used to interpret the claims
- OBVIOUSLY THE PATENTEE SHOULD BE RESPONSIBLE FOR THE TRANSLATION AND SUFFER THE CONSEQUENCES OF ANY MISTAKE

→ LOSS OF PROTECTION (Art. 70 EPC)

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ON LANGUAGES

- PATENTS GRANT EXCLUSIVE RIGHTS IN EXCHANGE FOR DISCLOSURE
- DISCLOSURE MUST BE DONE IN A FORM UNDERSTANDABLE TO THE ADDRESSEES
- THE FORM TO COMMUNICATE TO ADDRESSEES IN MS IS IN THEIR OWN LANGUAGE (TV, NEWSPAPERS, ETC.)
- THE FACT THAT DISCLOSURE OF PATENTS IN THE OFFICIAL LANGUAGE OF THE MS IS A BURDEN FOR PATENTEES, IT DOES NOT MEAN THEY SHOULD SKIP THEIR OBLIGATION TO DO SO. THIS IS THE VERY RAISON D'ÊTRE OF PATENTS.

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CONCLUSION I

- THE PATENTEE SHOULD BE RESPONSIBLE FOR THE TRANSLATION AND BE LIABLE FOR TRANSLATION MISTAKES (Art. 70 EPC)
- IF THE PROPOSED MACHINE TRANSLATION WORKS SO WELL, PATENTEES WILL BE ABLE TO USE IT AND SAVE TRANSLATION COSTS, BUT THIS SHOULD BE DONE UNDER THEIR RESPONSIBILITY.
- THE CURRENT LEVEL OF TECHNOLOGY DOES NOT PERMIT TO ANTICIPATE MAJOR ADVANCES IN THE FIELD, OTHERWISE TRANSLATION COSTS WOULD NOT BE AN ISSUE ANY MORE AND NOBODY WOULD TALK ABOUT THIS.

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CONCLUSION I

- THE PROPOSED ARTICLE 24b FOR CP IS NOT ACCEPTABLE
- THE TRANSLATION SHOULD HAVE LEGAL EFFECTS

→ OTHERWISE THIRD PARTIES IN MS:

- Will not be able to receive the disclosure provided by Art. 83 EPC
- Will not be able to know the scope of protection (Art. 84 EPC)
- Will not be able to interpret the claims in light of the description (Art. 69 EPC)

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LANGUAGE OF FILING CP (ART. 24a)

- FILING IS PERMITTED IN ANY LANGUAGE (AS CURRENTLY EPC)
- BUT A TRANSLATION MUST BE PERFORMED IN 1 OF 3 EPO LANGUAGES
- PROSECUTION AND GRANT IS DONE IN EPC LANGUAGE
- TRANSLATION BORNE BY SYSTEM → PATENTEE CANNOT DELEGATE RESPONSIBILITY TO THE SYSTEM
- IT IS NOT LOGICAL TO MAKE THE SYSTEM (THE GENERAL PUBLIC) RESPONSIBLE FOR MISTAKES IN TRANSLATIONS

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CONCLUSION II

- COMMUNITY PATENTS SHOULD BE FILED, PROSECUTED AND GRANTED IN ALL MS LANGUAGES
- AT EPO THERE ARE A SUFFICIENT NUMBER OF EXAMINERS FROM MS
- MANY NPO COULD EXAMINE CP UNDER DELEGATION OF EPO IN LANGUAGES OF MS
- ENHANCED PARTNERSHIP BETWEEN NPO & EPO UNDER CP

(SEE DOC 6044/09 DATED 03/02/2009 FROM PRESIDENCY OF COUNCIL)

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EUROPEAN PATENTS GRANTED IN 2006

Country of Origin	Total	%
Austria	656	1.04
Belgium	561	0.89
Bulgaria	4	0.01
Switzerland	2205	3.51
Cyprus	15	0.02
Czech Republic	21	0.03
Germany	14 274	22.74
Denmark	507	0.81
Estonia	2	0.00
Spain	361	0.58
Finland	885	1.41
France	4 498	7.16
United Kingdom	2 254	3.59
Greece	30	0.05
Hungary	35	0.06
Ireland	121	0.19
Iceland	7	0.01
Italy	2 317	3.69
Liechtenstein	134	0.21
Lithuania	0	0.00
Luxembourg	67	0.11
Latvia	2	0.00
Monaco	11	0.02
Netherlands	1 919	3.06
Poland	17	0.03
Portugal	19	0.03
Rumania	0	0.00
Sweden	1 501	2.39
Slovenia	21	0.03
Slovakia	8	0.01
Turkey	31	0.05
Partial Total	32 483	51.74
Japan	12 044	19.18
United States of America	14 834	23.63
Others	3 419	5.45
Partial Total	30 297	48.26
Total	62 780	100.00

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WHO SHOULD PAY THE TRANSLATION COSTS?

- THE PARTY WHO OBTAINS THE RIGHT (PATENTEE) OR THE PARTY WHO MUST RESPECT IT (THIRD PARTIES)?
- PROPORTION OF TRANSLATION COSTS:

NON-EU MS = 52.06% { US: 23.63 ; JP: 19.18 }

EU MS {
- EE, LT, LV, RO } = 0% (4)
- BE : 0.89; BG : 0.01; CY : 0.02; CZ : 0.03; DK : 0.81; ES : 0.58; GR : 0.05; HU : 0.06; IR : 0.19; LX : 0.11; PL : 0.03; PT : 0.03; SI : 0.03; SK : 0.01 } < 1% (14)
- AT : 1.04; FI : 1.41; IT : 3.69; NL : 3.06; SE : 2.39; UK : 3.59 } < 4% (7)
- FR : 7.16; DE : 22.74 }

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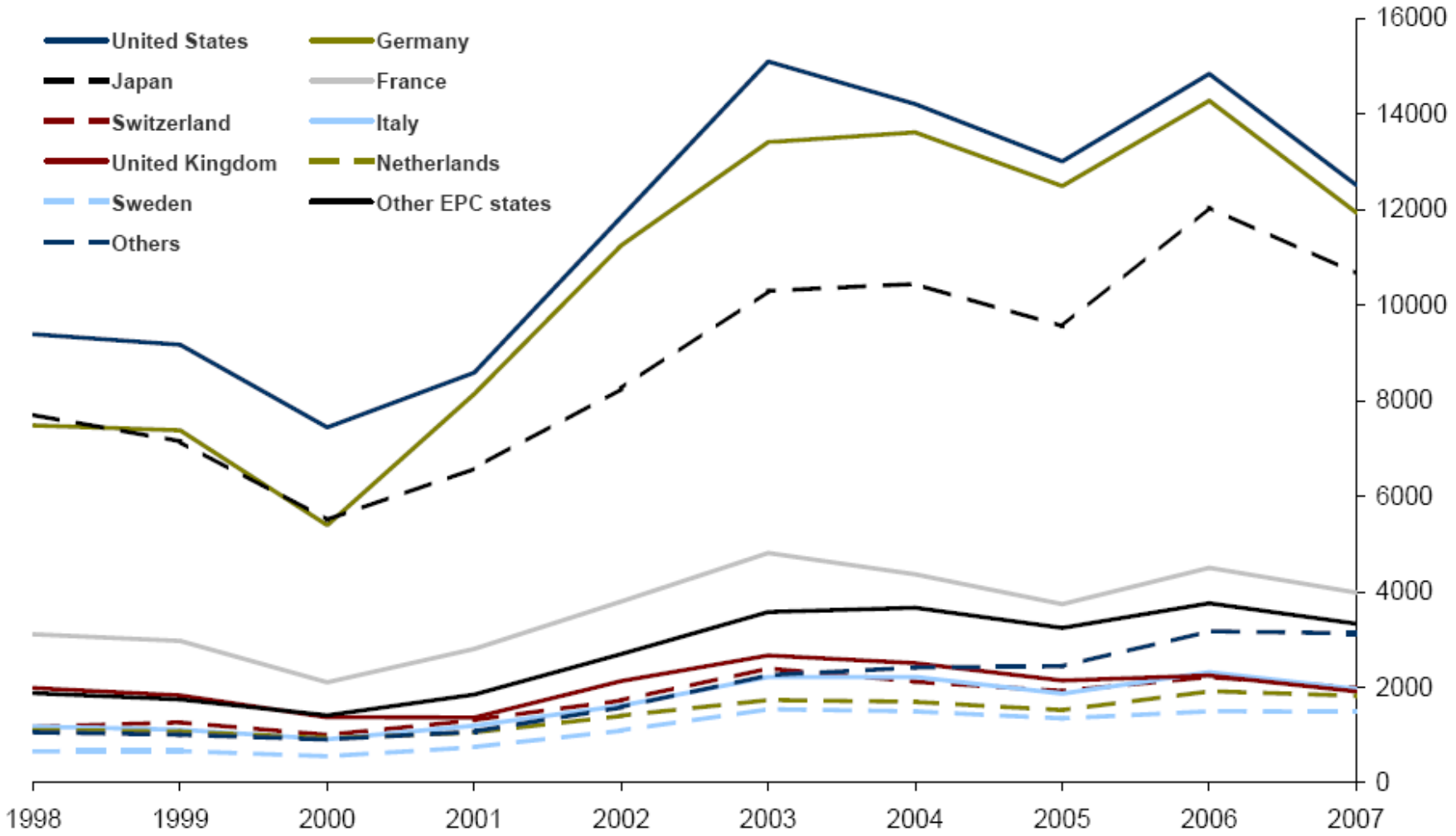
Residence of patentees



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CONCLUSION III

- FOR 52% OF CASES (32,645 PATENTS) THE SAVING IN TRANSLATION COSTS WILL BENEFIT COMPANES OUTSIDE THE EU AND THE BURDEN AND COST WILL BE TRANSFERRED TO COMPANIES OF MEMBER STATES
- FOR 18 MS THE SAVINGS WILL BE CLOSE TO 0% AND INCREASE OF COSTS WILL BE CLOSE TO 100% (WILL HAVE TO TRANSLATE 62,780 PATENTS)
- FOR 7 MS SAVINGS WILL BE LESS THAN 4%
- FOR FRANCE THEY WILL BE 7%
- FOR GERMANY THEY WILL BE 22.7%

WHO ARE THE REAL WINNERS WITH THE COMMISSION PROPOSAL?

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IS THE EPO THE MOST APPROPRIATE ORGANISM TO DEAL WITH CP?

- EPO IS NOT ABLE TO COPE WITH INCREASING NO. OF APPLICATIONS
- PARIS CRITERIA: 3 YEARS → NOW 6.5 YEARS
- PROPOSAL OF DEFERRED EXAMINATION OF EP
- RAISING THE BAR ON INVENTIVE STEP
- INCREASING OPERATIONAL COSTS OF EPO
  - PENSIONS
  - STRIKES
  - RECRUITMENT

  } → INCREASE IN FEES

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  - LEGAL UNCERTAINTY
  - INCREASE IN PROSECUTION COSTS

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CONCLUSION IV

BEFORE GOING AHEAD WITH THE IDEA OF A CP GROUNDED ON EPO, IT WOULD BE BETTER TO SOLVE THE PROBLEMS WHICH ARE THE "REAL" PROBLEMS OF THE PATENT SYSTEM IN EUROPE:

- GRANT EP MORE QUICKLY & WITH GOOD QUALITY
- AT LOWER OPERATIONAL COSTS

THE CP WILL REPRESENT ANOTHER BURDEN FOR EPO THAT IT IS NOT PREPARED TO HANDLE

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EUROPEAN AND COMMUNITY PATENT COURTS

- WHY FOR EUROPEAN PATENTS?

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  THEY ARE NATIONAL PATENTS AND SUBJECTED TO NATIONAL LAW

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  NATIONAL COURTS

- FOR CP, WHY DEVIATE FROM SOLUTION GIVEN TO CTM & CD?

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EU DIRECTIVE 2004/48/EC ON ENFORCEMENT

- DATED 29/04/2004
- RECENTLY IMPLEMENTED
- ITS AIM WAS ADDRESSED TO HARMONISE THE ENFORCEMENT OF IP RIGHTS, INCLUDING PATENTS
- FOLLOWING THE PRINCIPLE OF SUBSIDIARITY THIS IS THE CORRECT APPROACH THAT WILL GUARANTEE THE RIGHT BALANCE BETWEEN PATENTEES AND THIRD PARTIES

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WHAT ARE THE MAIN ARGUMENTS IN FAVOUR OF A CENTRALISED SYSTEM

- COST
- COMPLEXITY

} DUPLICATED LITIGATION

- LEGAL INSECURITY: RISK OF CONTRDICTING COURT DECISIONS IN DIFFERENT MEMBER STATES

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HOW MUCH DUPLICATED LITIGATION EXISTS?

- NOBODY KNOWS
- Prof. Harhoff Study for EC: "THE EXACT EXTENT OF DUPLICATION IS UNKNOWN" (p. 15)
- EXPERIENCE SHOWS THAT THERE ARE VERY FEW CASES OF DUPLICATION
- MUCH CONCENTRATED IN A SINGLE SECTOR = PHARMACEUTICAL INDUSTRY
- IN PRACTICE DUPLICATION IS LIMITED SINCE:

1. IF PLAINTIFF ACTS IN DOMICILE OF DEFENDANT THIS IS USUALLY ENOUGH
2. EVEN IF IT IS NOT SO, LIKELIHOOD OF OBTAINING SAME RESULT IN A SECOND JURISDICTION IS HIGH → COERCITIVE EFFECT (THIS IS THE BASIS OF PATENT SYSTEM)
3. LIKELIHOOD OF COMPANIES OF MOST MEMBER STATES BEING INVOLVED IN PATENT LITIGATION IS AS DEFENDANTS
4. MOST EU COMPANIES ARE SMEs

DUPLICATION IS NOT A REAL PROBLEM FOR MOST EU MS

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FOR MOST EU COMPANIES THE REAL PROBLEM IS TO HAVE A SYSTEM THAT:

- ENSURES RIGHT OF DEFENCE
- COURT IS CLOSE TO DEFENDANT'S DOMICILE
- IS AFFORDABLE: NOT TOO COSTLY

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IMPORTANCE OF LANGUAGE OF PROCEEDINGS

- UNDERSTANDING OF SCOPE OF PROTECTION FROM THE BEGINNING, NOT AT TIME OF LEGAL ACTION
- AVAILABILITY OF LOCAL PATENT LAWYERS WHO UNDERSTAND & SPEAK LOCAL LANGUAGE FLUENTLY
- AVAILABILITY OF JUDGES AND TECHNICAL EXPERTS WHO UNDERSTAND & SPEAK LOCAL LANGUAGE
- AVAILABILITY TO ASSESS AND DEFEND THE CASE IN LOCAL LANGUAGE

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MAIN PROBLEMS OF COMMISSION PROPOSAL

(I)

FORUM SHOPPING → COUNTRY OF DEFENDANT OR PLACE OF INFRINGEMENT → DETERMINATION OF LANGUAGE OF COURT PROCEEDINGS

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THE COURT AND LANGUAGE OF PROCEEDINGS SHOULD ALWAYS BE THE LANGUAGE OF DEFENDANT FOR A DECISION WITH EU EFFECT AS IN CTMs/CDs

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MAIN PROBLEMS OF COMMISSION PROPOSAL

(II)

INVALIDITIES SHOULD ALWAYS BE DEALT WITH BY THE LOCAL/REGIONAL DIVISION NOT BY THE CENTRAL DIVISION

INVALIDITY AND INFRINGEMENT ARE VERY MUCH RELATED. DEFENDANT SHOULD BE ABLE TO DISCUSS VALIDITY IN HIS OWN LANGUAGE WHEN SUED

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MAIN PROBLEMS OF COMMISSION PROPOSAL

(III) LOCAL DIVISIONS SHOULD BE AVAILABLE IN ALL MS AND WITHOUT LIMITATION ON NUMBERS

- NUMBER OF CASES IRRELEVANT
- PROBLEMS OF POTENTIAL DEFENDANTS
- SIZE OF COUNTRY, PROXIMITY TO DEFENDANTS

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MAIN PROBLEMS OF COMMISSION PROPOSAL

(IV) NATIONALITY OF JUDGES

- JUDGES MUST MASTER
  - LANGUAGE OF PROCEEDINGS
  - ALL OTHER NON PATENT LAWS OF MS
- MULTINATIONAL PANELS → UTOPIC
- ENSURE GOODS PATENT JUDGES IN ALL MS

→ OBJECTIVE OF EU TO TRY TO LEVEL UP ALL MEMBER STATES, NOT TO INCREASE DIFFERENCES

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MAIN PROBLEMS OF COMMISSION PROPOSAL

(V) COST

THE SYSTEM PROPOSED WILL BE MORE EXPENSIVE:

- COMPLEXITY OF NEW STRUCTURE
- COSTS OF JUDGES, LAWYERS IN SOME MS MUCH HIGHER THAN IN OTHERS
- LANGUAGE REGIME → TRANSLATION COSTS

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FINAL CONCLUSION

- IN EU, MOST COMPANIES WILL BE DEFENDANTS
- MOST COMPANIES ARE SMEs → OWN FEW PATENTS
- MORE THAN 50% PATENTS IN EUROPE BELONG TO NON-EU COMPANIES
- ARE MORE LIKELY TO BE DEFENDANTS
- FOR DEFENDANTS, DUPLICATION OF LEGAL ACTIONS IS NOT A PROBLEM, PERHAPS AN ADVANTAGE
- THE SYSTEM PROPOSED WILL BE MORE EXPENSIVE THAN THE NATIONAL ONE
- EU COMPANIES, IN PARTICULAR SMEs, DO NOT NEED A CENTRALISED SYSTEM, THEY NEED AN IMPROVEMENT TO THE EXISTING NATIONAL SYSTEMS
- FOR THE CP, A SYSTEM LIKE CTM WOULD BE THE BEST OPTION

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WITH THE COMMISSION PROPOSALS INDUSTRY IN MOST MS WILL BE IN BIG TROUBLE

- THEY WILL RISK BEING SUED BY TECHNOLOGY NOT AVAILABLE IN THEIR OWN LANGUAGE
- THEY WILL NOT BENEFIT FROM THE INFORMATION ORIGINATING FROM CP
- THEY WILL RISK BEING SUED IN COURT:
  - ON THE GROUNDS OF RIGHTS NOT AVAILABLE IN THEIR LANGUAGE UNTIL THEY RECEIVE THE LEGAL ACTION
  - IN A FOREIGN LANGUAGE
  - BEFORE COURTS LOCATED FAR AWAY AND THAT DO NOT SPEAK THEIR LANGUAGE
  - BUT THE EFFECTS OF INJUNCTIONS WILL APPLY TO THEIR OWN COUNTRY AS WELL
  - LITIGATION COSTS WILL BE MUCH HIGHER THAN CURRENT COSTS (4-5 TIMES)

BOTH PROPOSALS LACK A SENSE OF REALITY AND PUT AT RISK THE FUTURE OF INNOVATIVE EUROPEAN INDUSTRY IN MOST MS

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