

## **Community patent – the current proposal**

### **What is the main difference between the compromise text of the Regulation before the Competitiveness Council and the Commission's original proposal?**

The Presidency text of the Community patent regulation takes on board the common political approach agreed by the Council in March 2003, in particular the requirement that translations of the claims of the patent be filed in all Community languages for the patent to be valid (unless states renounce the requirement for their official languages). The Commission's original text foresaw that the patent be valid as granted by the European Patent Office in one of the three EPO languages (English, French and German), with translations of the claims in the other two languages published for information.

### **How will the Community patent relate to existing systems?**

The Community patent (Compat) system will exist alongside patents for individual Member States available through the European Patent Office or national patent offices. Applicants will be able to choose what kind of patent they end up with for any particular invention, whether a unitary Community patent covering the whole of the EU, or individual patents for separate EU Member States.

### **Won't the Compat be compulsory for applicants to the EPO?**

Not at all. The European patent application will automatically designate individual states as well as the EU, but the applicant can choose which designations to keep or remove. Any application which still has the EU designated at the time of grant will be a Community patent. If the EU is designated along with its Member States, the unitary EU designation will prevail and the patent will be a Community patent. But after grant the patent holder can still opt for the Community patent to be converted to patents for individual EU Member States under certain conditions.

### **Won't the Compat system destroy the existing European and national systems?**

It will be for applicants to decide which route to patent protection suits them best. There will be different aspects which are advantageous in each case. If one or other route becomes less viable because it does not meet the needs of applicants, then stakeholders will need to decide what action to take.

### **So what are the differences between a Compat and existing patents?**

The main differences relate to the unitary nature of the Community patent, the different translation requirements and maintenance arrangements, with the possibility of corresponding cost savings, and the litigation of disputes before a single Community court instead of in potentially several individual Member States.

## **What is the significance of the unitary nature of the Compat?**

The Compat is a unitary Community-wide intellectual property right (like the Community trade mark or the Community design). It applies with the same effect in the whole territory of the Community, and may only be declared invalid for the whole territory of the Community. Existing patents apply only to individual national territories and can only be invalidated for the state concerned, without directly affecting the equivalent patent in another state. Moreover the Compat will also be managed as a single patent. There will only be one single Community patent register and a Community patent will be annually renewed by paying one single renewal fee, instead of maintaining and paying renewal fees for a number of patents in different MS.

## **How will costs differ for a Compat?**

Costs for the Compat after grant will differ from national patents in relation to translations and maintenance:

- The applicant will be responsible for obtaining translations of the claims of the patent into all EU official languages and filing these at the EPO except for any languages where states have renounced the translation requirement. A simple comparison suggests these costs should be less than the existing translation costs for an average European patent (see annex)
- The annual renewal fees for maintenance of the patent will be payable in a single sum to the European Patent Office, rather than to individual national offices as required for national patents. They will amount to not more than the combined annual renewal fees for an average European patent covering say eight states, and could be less. The exact level will have to be decided nearer the time that Community patents will become available. Taking both these aspects into account, calculations show that the Community patent will cost no more than a European patent covering five states. This would represent a cost saving to around two-thirds (68%) of all applicants for European patents – at least 30000 granted patents each year. For full EU coverage the Community patent would cost only 50% of a European patent for the 25 individual member states – a saving of at least €30000 per patent over 10 years.

## **On costs, is this a realistic comparison with current practice?**

Some companies may prefer to use the system of individual patents so that they can choose in which states to obtain or maintain patent protection. Different firms may protect their inventions in only a few Member States. They may have no need to protect their invention in other Member States if there is no demand or no competition there, or if they have assured market leadership by other means. For them a Community patent may not offer significant cost savings. However if they wanted coverage for more than five states, or access

to Community-wide litigation, they could achieve this with a Community patent for little extra cost.

### **Won't European patents be much cheaper with the London Agreement than the Community patent will be?**

The London Agreement<sup>1</sup> is not yet in force. Under the terms of the Agreement, states who become party to it will give up some of their translation requirements for national patents obtained through the European patent system. So if it comes into force it will offer some savings on patents for the states concerned. This could mean that the average European patent for eight states becomes closer in cost to current calculations for the EU-wide Community patent. However the Community patent would still offer cost savings to applicants requiring patent protection for more than around eight states - some 40% of applicants for a European patent – in other words at least 20000 granted patents each year. Even if the London Agreement came into force for all twenty five EU states, the end result would not be any less translation than is required for a Community patent. Under both regimes translations of the claims will be required unless a state renounces that requirement. So while the translation costs might be similar for coverage of 25 states, the maintenance costs would be fixed for the Community patent, leading to a cost saving of some €30000 over patents for all the individual EU MS.

### **But isn't the Commission preventing application of the London Agreement?**

The London Agreement is open to the member states of the European Patent Organisation, and it is for them to decide whether or not to proceed with ratification or accession. But its entry into force is dependent on eight states becoming party including the UK, France and Germany. So far none of the ten original signatory states has ratified, and only one other state has acceded.

### **So when will we be able to apply for Compats?**

Not for a few years yet. That is because among other steps there has to be a Diplomatic Conference to revise the European Patent Convention, under which the EPO would grant Compats. That Diplomatic Conference could take place in 2005. Then a sufficient number of states together with the European Community have to become party to the new version of the Convention to bring it into force. This requires states to pass new national legislation to implement the revised Convention.

### **What other legislative steps are required?**

First of all the Council of the EU needs to adopt the Regulation establishing the Community patent. This has been under discussion since autumn 2000. Once this has been adopted, implementing regulations can then be taken forward, including rules setting out the annual renewal fees for maintenance of the Community patent. A separate series of negotiations will set up the

Community patent court (CPC) and the patent appeal chamber at the Court of First Instance on the basis of the proposals adopted by the Commission in December 2003. The Court should be in place by 2010.

### **Why do we need a Community patent court? Why can't national courts rule?**

In fact national courts will deal with some matters relating to the Community Patent even after 2010 – particularly questions of ownership, contractual terms or matters relating to the patent as an item of property. But as far as the scope of the patent is concerned, only a single Community jurisdiction can guarantee a consistency of approach and offer legal certainty to right holders and their competitors. So the CPC will rule on infringement and validity questions.

### **What happens before 2010 when the CPC is to be set up?**

During that transition period, MS will designate competent national courts which will have the same jurisdiction as the Community patent court will. However given the steps to be taken before Community patents become available, it is unlikely that many will be subject of litigation before 2010.

### **How can the Community patent court be as good as the best national courts?**

The judges will have to have a high level of legal expertise in patent law, and they will have access to specific technical knowledge provided by the Assistant Rapporteurs. They will be appointed by the Council, on the recommendations of an advisory committee. So it will be up to the Council to ensure that the right team of judges is appointed. And more generally it will be up to the Council to adopt the instruments setting up specific arrangements for the establishment and operation of the court, on the basis of the Commission's proposals adopted last December. The judges will then be responsible for proposing the court's specific rules of procedure for approval by the Council.

### **Won't it be expensive for litigants to use the Court?**

The Court will be funded from the EU budget. The Commission has proposed that parties should contribute a fair share to the costs incurred by their private party litigation. Court fees will need to strike the right balance between the principle of fair access to justice and an adequate contribution by the parties for the services rendered by the Community Patent Court. Legal aid will be provided for parties unable to meet those costs. This means that the Community patent court cannot be expected to be self-financing.

### **What is the role of patent attorneys before the Community patent jurisdiction?**

European Patent Attorneys will enjoy the right to appear before the Community Patent Court and the appeal chamber of the Court of First Instance and speak on behalf of their client. When they appear before the Community patent jurisdiction they shall enjoy the rights and immunities necessary for the independent exercise of their duties. However, the right to represent a party is reserved to the lawyer.

### **But why can't patent attorneys have the same rights they do at the EPO?**

Although patent attorneys have full right of representation before the EPO Boards of Appeal and Boards of Opposition, these specialist bodies are not comparable to national or Community courts. In many national courts patent attorneys do not at present have full rights of representation. However in order to address this issue the Commission has proposed that European patent attorneys may take part in court proceedings and speak before the Community Patent Court and the appeal chamber of the Court of First Instance.

### **Why should infringers be able to rely on inaccuracies in translations?**

Under the existing system, legislation in most states provides that if the translation of the patent into their official language is narrower in scope than the patent granted by the EPO, then third parties can rely on the translation (Article 70 EPC). This means that they can continue indefinitely to carry out activities which would infringe the granted patent in its original language, if they do not infringe the patent as translated. They do not need authorisation of the owner of the patent, nor are they liable to make any payment. In contrast the Community patent system aims to minimise differences in interpretation of the unitary Community patent while allowing some limited relief for infringers who were genuinely misled by an inaccurate translation.

### **Won't translation problems make it difficult to obtain injunctions?**

There is no question of allowing translation deficiencies to prevent the owner of a patent from asserting his rights. Just as at present in patent cases, an alleged infringer may offer various defences, including the ground that the translation of the patent is not accurate. The court dealing with interim measures would normally be expected to take an initial view of all the arguments put forward and act accordingly. But if the court is not satisfied with the defence then there would be no reason for it to delay the grant of an urgent injunction.

### **What is the proposed language regime before the Community Patent Court?**

The language of proceedings is principally determined by reference to the domicile of the defendant in the EU. The defendant must be able to participate in proceedings in his own language. However the court will have access to translation and interpretation facilities as required to ensure that all parties and the judges can participate in the proceedings. Nothing should prevent the

parties, if they so wish, from using a Community language which permits direct communication with the judges.

### **Does the proposed Community patent regulation really rule out arbitration between parties?**

No. The regulation allows parties to choose arbitration as a way to resolve a dispute between them, subject to Member States' national rules on arbitration. What arbitration cannot do is to invalidate or officially declare the patent invalid. Only the European Patent Office (in opposition proceedings) and the Community patent court can rule on the validity of the Community patent.

### **What is a patent?**

An inventor - an individual or a company or an institution - can apply for a patent on any new invention. Inventions are created by man: the act of invention requires some process. Discoveries, on the other hand, exist already. They may be found, but no additional process is required. Discoveries cannot be patented. To qualify as new, it is important that the invention was not already in use, nor in the public domain - no descriptions or technical explanations available - prior to the date on which the patent application was filed. Invention is vital to scientific and technological advance but can be expensive in terms of both money and resources. Without the patent system companies would not make the necessary investment.

A patent gives the patent holder a monopoly to exploit the invention commercially for a maximum of 20 years, subject to the payment of regular renewal fees. In return for the right to exploit the invention, the details of how it works are published via the patent application. In this way the scientific or technical know-how that made the invention possible is made public. As a general rule the patent renewal fees increase over time which means that only the most commercially viable patents are maintained for the full period. Anyone wishing to use the invention while it is still patented must request authorisation from the patent holder and may have to pay a licence fee. At the end of the 20 years, the patent lapses.

### **What is a Regulation?**

A Regulation is directly applicable to Member States and therefore does not require implementation measures by the Member States, a process that can take some time. The Commission has, hence, in accordance with existing relevant jurisprudence, proposed a Regulation in order to guarantee full legal certainty, something that would be undermined if Member States had the discretion to decide on the effects and administration of the patent once it has been granted. The unity of the Community Patent could not be guaranteed by less "binding" measures.