

European Patent – Community Patent

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1. Common historic roots

The territorial effects of → patent law and the political fragmentation of Europe were the reasons why requests for and ideas on the simplification of patent granting procedure arose in Europe already at the beginning of the 20th century. Upon the initiative of the French Government on 15 November 1920 an International Agreement ‘*pour la création d’un Bureau Central des Brevets d’Invention*’ was signed by eight countries, which later on were followed by three more. However, this Agreement, which was never signed by Germany and the United Kingdom, never entered into force.

After the Second World War, it was again France which in 1945 brought up the European idea and in 1947 signed together with the three Benelux countries the Agreement on the International Patent Institute in The Hague (*Institut International des Brevets - IIB*), which entered into force on 10 June 1949 and was open for accession to all member states of the Paris Union for the Protection of Industrial Property (PC). It was revised in 1961, and the revised version entered into force in 1971. The main task of the IIB was to provide for novelty searches for the patent offices of the member states. In 1978, IIB was incorporated into the European Patent Office as its Hague branch, and ceased to exist as an independent international organization.

In 1949, the French Senator *Longchambon* submitted to the Consultative Assembly of the → Council of Europe a plan for the establishment of a European Patent Office. Based on the examination of novelty and patentability, the Office should issue “European Inventor’s Certificates”, which subsequently would be transmitted to national offices. After the examination of further protection requirements, national patent offices should grant patents. The Council of Ministers thereafter decided that a committee of experts should be appointed to deal with patent issues of the Council of Europe. As a consequence of these activities, in 1953 the Council of Europe adopted the *European Convention relating to the Formalities required for Patent Application* and, in 1954 the *European Convention on International Classification of Patents*.

A first genuine step towards the establishment of a European patent constitutes the *Convention on the Unification of Certain Points of Substantive Law on Patents for Inventions* (Strasbourg Convention), which was concluded in the framework of the Council of Europe in 1963. The first draft for this Convention was submitted in 1955, and the 1963 Convention, eventually, entered into force only in 1980. The main impact of the Strasbourg Convention was in the area of harmonizing patent laws across Europe and led to the result that, eventually, the patentability requirements were unified and, thus, the basis laid for further European developments. They began immediately after the entering into force of the *Treaty of Rome* on 1 January 1958. The Commission of the newly established

European Economic Community (EEC) immediately realized the problem, namely, that (the) national patents due to their territorial effects would constitute an obstacle for the free movements of goods in the Common Market. A working group established by the Member States as early as 1960 put forward principles for a European, ie Community patent, which should be established as an autonomous and unified patent, ie not as a bundle of national patents. In 1962 the *first* and in 1965 the *second* Convention draft was submitted. Due to the inability to agree on to whether the Convention should be open only to the then six EEC Members or also to other states, the works which had lasted until 1969 came to a halt.

In 1969, France again revived the development and submitted a proposal for two Conventions. Based on the first Convention, open to all European states, a European Patent Office should be established, which would grant a *bundle of European patents*. The second Convention, which would be open only to Member States of the EEC, would build upon the first Convention and would grant a European patent for the Common Market.

Between May 1969 and June 1972 a governmental conference with participation of 22 European states met at Luxembourg. The conference ended in the Munich Diplomatic Conference of 1973. Here, the 1972 Draft of the first Convention, namely the *Convention on the Grant of European Patents – European Patent Convention (EPC)* was discussed, and on 5 October 1973 the EPC was signed by Austria, Belgium Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. It entered into force on 7 July 1977, after the tenth instrument of ratification was deposited. An initial marginal revision (amendment of Article 63 (2) by lit b) in 1991 was followed by a substantial revision of the EPC in 2000. At present (2010) the following 37 states are parties to the EPC: Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxemburg, former Yugoslav Republic of Macedonia, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Sweden, Switzerland, Turkey and the United Kingdom. Moreover, *extension agreements* exist between the European Patent Organisation and Bosnia and Herzegovina, Montenegro and Serbia.

Based on a Decision of the EC Council of Ministers, beginning in 1969 work on the second Convention was also underway parallel to the work of the Luxembourg Governmental Conference. An expert group “Community patent” composed of representatives of the EC-Member States, which later on became a Working Group of the Council of Ministers, based its work on the 1965 Draft and brought it in line with the results of the Luxembourg Conference. The final draft was ready in December 1973 and was presented and signed in Luxembourg at a further conference on 15 December 1975 (*Convention for the European Patent for the Common Market, Community Patent Convention – CPC*). Since one EC-Member State did not ratify the CPC, it never entered into force. According to the

principles underlying both the EPC and the CPC 1975, by designating in the application a single Member State of the EC, an applicant could only be granted a Community patent (Article 3 CPC). Article 142 (1) EPC, from the outset set forth the possibility that a group of contracting states, who have specially agreed that a patent granted for those states has a unitary character throughout their territories, may provide that a European patent may only be granted jointly in respect of all those states. When any group of contracting states – from the very beginning that group was meant to be the EC-Member States – have availed themselves of their authorization, the provision of Articles 143 et seq. shall apply. Hereby, Articles 143 et seq. EPC contain provisions on special departments of the EPO competent for performing tasks as assigned to the EPO by the Community Patent Convention.

To overcome the unsatisfactory situation which they faced on account of the CPC's not having entered into force, the EC-Member States undertook a second attempt and signed, after a third Luxembourg Conference had taken place, on 15 December 1989 a complex Agreement Relating to Community Patents, consisting of the Community Patent Convention with Implementing Regulations, the Protocol on the Settlement of Litigation Concerning the Infringement and Validity of Community Patents, the Protocol on Privileges and Immunities of the Common Appeal Court, the Protocol on the Statute of the Common Appeal Court, the Protocol on Possible Changes of Requirements for Entry into Force of the Agreement Relating to Community Patents and the Common Statement (Declaration) of the Governments of the EC-Member States. The important changes in this Treaty were, on the one hand, the possibility to choose between a European and a Community patent, also in case an EC-Member State was designated and, on the other hand, the option to re-negotiate in a later conference the Agreement with the option to let it enter into force without participation of all EC Member States. While this Agreement also never entered into force, it did, however, have an impact on the national legislation of the Member States in the area of patents. As a result of the Common Statement of the Governments of the EC – Member States, which contained a Resolution on Prior Use or Prior Possession, as well as a Resolution on the Grant of Compulsory Licenses on Community patents, and, finally, a Declaration on the Approximation of National Patent Laws, the respective rules were, eventually, transformed into national laws.

Since the → European Commission with the publication of its Green Paper on the Community Patent and the Patents System in Europe (COM(97) 314) restarted consultations on the Community patent, it has submitted a number of proposals – based however on Article 308 EC/352 TFEU – for a Regulation of the Council on the Community Patent: the first on 1 August 2000 (COM(2000) 412 final), the thus far last on 27 November 2009 (COM 16113/69 ADD 1). The problem of the Rules on Translations and that of a patent judiciary as well as various official fee-related issues have as yet proven to be an insurmountable obstacle for the adoption of the Regulation.

2. Subject matter and purpose of European patents

The European Patent Convention of 1973 is a treaty under international public law outside the legal framework of the Community. According to its Preamble, the EPC constitutes a special agreement within the meaning of Article 19 of the PC. It was established with the desire to strengthen cooperation between the states of Europe, ie also between non-Member States of the Community, in respect of the protection of inventions, by a single procedure for the grant of patents and by the establishment of certain standard rules governing patents so granted. With the EPC, the European Patent Organisation (Organisation) with its headquarters in Munich and a branch in The Hague was established. The Organisation disposes of administrative and financial independence. Its task is to grant European patents. This task is carried out by the European Patent Office (EPO), supervised by the Administrative Council (Article 4). Since the revision of the EPC in 2000, a conference of ministers of the contracting states has existed which is responsible for patent matter and which shall meet at least every five years to discuss issues pertaining to the Organisation and to the European patent system (Article 4a).

European patents granted by the EPO have in each of the contracting states for which they are granted the effect of and are subject to the same conditions as a national patent granted by that state, unless the EPC provides otherwise (Article 2 (2), Article 64 (1)). For instance, the EPC sets forth the grounds for the revocation of European patents (Article 138), the standards for determining the extent of protection (Article 69), the term of protection (Article 63) and some minimum rights (Article 64 (2) and Article 67). A European patent, thus, is a 'bundle of European patents with the effect of national patents' (*Friedrich-Karl Beier*).

With the adoption of the EPC a cohesive system for granting European patents was established, which consists of an examination on filing and, as to formal requirements, drawing of the European search report and publication of the European patent application as well as substantive examination of the patentability requirements of novelty, inventive activity, industrial applicability and sufficient disclosure. The EPC contains specific provisions in these regards as well as in regard to the subject matter eligible for patent protection. After the substantive examination has been accomplished, the Examining Division either issues the patent or rejects the application. In the first case, any person, within the prescribed time limits, may file opposition with the Opposition Division, in particular it will claim that the subject matter of the opposed patent was not patentable. The Opposition Division can uphold or revoke the opposed patent in its entirety or in part. The opposition proceedings before the EPO are the only possibility for revoking centrally a granted European patent. Against decisions of the Opposition Division, an appeal is possible to the Boards of Appeal of the EPO, which enjoy a quasi judicial status. Finally, in order to ensure uniform application of the law, or if a point of law of fundamental importance arises, the Board of Appeal shall, during proceedings on a case either of its own motion or upon request of a party to the appeal, refer any question to the Enlarged Board of Appeal if it considers that a decision is required for the above-mentioned purposes. The President of the EPO may refer a point of law to the Enlarged

Board of Appeal where two Boards of Appeal (according to the decision of 12 May 2010, G 03/08, meaning also the same Board in a different composition) have given different decisions on that question. Since the 2000 Revision of the EPC entered into force in December 2007, any party to appeal proceedings adversely affected by the decision of the Board may file a petition for review of the decision by the Enlarged Board of Appeal in case of serious violations of procedural rights, as specifically defined in Article 112 a EPC.

Disputes concerning infringement of European patents are decided according to national laws (Article 64(3) EPC) by national courts of the contracting states. Actions for nullification or counterclaims objecting to the validity of a European patent are also to be filed with the competent national courts, which, however, are bound by the EPC provisions (Article 138).

The lack of a centralized European patent judiciary has long since been viewed as a major problem and a disadvantage of the EPC-System. In view of the ever increasing number of the parties to the EPC, the problem has certainly become aggravated. Since the 1999 International Paris Governmental Conference of the EPC Contracting States, a working party on litigation has been preparing a *European Patent Litigation Agreement* (EPLA). The draft prepared so far proposes the establishment of a European Patent Court, competent to decide on actions concerning actual or imminent infringement, actions for declaratory judgement, actions for nullification and actions for a compensation based on preliminary protection of published European patent applications. Under the EPLA System, the same court should decide in the same proceedings on *validity and infringement*. Because of a controversy with the EU Commission concerning the foreign competence of EU Member States (to conclude international agreements) and due to the parallel activities of the EU Commission on the Community patent judiciary, no agreement has been obtainable on EPLA as of yet. Despite the considerable deficiencies of the System, the EPC stands the test in practice and has turned out to be a real success. This is true for the number of contracting states, which have in the meantime acceded to the EPC, as well as in particular for the number of filed patent applications. The latter went up from some 181,000 in 2004 to over 200,000 in 2009.

3. Subject matter and purpose of the Community patent

The Community Patent Convention of 1975, the Agreement of 1989 and also the drafts for an EU Regulation so far submitted by the European Commission and the Council built upon the EPC in a complex manner. The EPO as the patent granting authority will be conceptually integrated in the system and will remain responsible for the entire patent granting procedure. As a matter of concept, one can describe the construction as a kind of “continuation relationship” (“*Fortsetzungszusammenhang*” - *Friedrich-Karl Beier*). However, the two instruments are aimed at achieving two different economic and regulatory goals. Whereas the primary purpose of the EPC is to simplify, rationalize and centralize the patent granting proceedings, the CPC and its EU tainted successors are clearly pursuing in the first line Community integration due to numerous blows which the

Community patent project has experienced over the years, albeit with a decreasing tendency. This becomes particularly apparent in view of the fact that the drafts of 2000 and 2008/2009 explicitly declare, eg: ‘The EU patent should constitute a third option. Applicants should remain free to apply instead for a national or European patent. This Regulation is without prejudice to the right of the Member States to grant national patents and should not replace Member States’ laws on patents or European patent law as established by the EPC.’ (Recital 4b) of the Proposal of the EU Council of 27 November 2009, Doc. 1613/09 ADDA). It appears from this as if the European law maker has abandoned the idea of a complete integrative effect of the EU patent as originally envisaged in the Preamble of the CPC 1975, namely: ‘... to establish attainment of the objectives of the Treaty establishing the European Economic Community and in particular to the elimination within the Community of the distortion of competition which may result from the territorial aspect of national protection rights’. According to the Preamble to the CPC, the creation of a Community patent system was seen as inseparable from the attainment of the objectives of the Treaty of Rome and was thus linked with Community legal order. The Preamble made it also clear that the Convention was a treaty under Article 142 EC. The Community patent of the CPC as well as the EU patent of the November 2009 draft of the EU Council is a European patent designating the EU, granted by the EPO. It shall have a unitary and autonomous character. It shall have equal effect throughout the EU and may only be granted, limited, transferred, declared invalid or lapse in respect of the whole of the European Union. The CPC also had detailed rules on some special departments of the EPO to deal with provisions regulating effects of the Community patent and the European Patent Application.

By anchoring the prohibition of indirect (contributory) infringement of the invention (Article 30), by the exclusion of acts done for experimental purposes relating to the subject-matter of the patented invention (Article 11(1)(b)), by the principle of EU-wide exhaustion of patents if the patented product was put on to the market in the EU by the proprietor of the patent or with his consent (Article 33), by the right based on prior use (Article 28) and, finally, by the rules concerning compulsory licenses (Articles 46-48), the CPC has despite all the setbacks suffered had a lasting impact on the national substantive patent law of the EU-Member States since the respective provisions have been transformed into national patent laws. Upon delegating revocation and infringement proceedings to national courts (Articles 68-70), the CPC at the time experienced great resistance from industry as well as some Member States. The November 2009 draft of the EU Regulation now contains all substantive patent law rules as are present in the CPC, enriched however by amendments stemming from more recent developments of European law at the Community level. Especially rules which the EU adopted in various directives have been taken into account.

However, in one important aspect, the current EU draft legislation does not follow the original CPC approach. The EU Draft Regulation on the European patent does not contain any rules in respect of civil litigation as regards the infringement and validity of Community (EU) patents. In March of 2009 the

Working Party on Intellectual Property (Patents) of the EU Council submitted a Draft Agreement on the *European and Community Patents Court* and Draft Statute (Doc. 7928/09, PI23COUR29, of 23 March 2009), which shall be open to accession by any contracting state to the EPC. According to this Draft the European and Community Patent Court shall have *exclusive jurisdiction* in respect of validity as well as infringement not only as regards Community (EU) patents, but also for patents granted by the EPO under the EPC. The Court shall comprise a Court of First Instance, a Court of Appeal and a Registry. As regards the Court of First Instance, it should comprise a central division as well as local and regional divisions in the contracting states to the Agreement. The European Court of Justice (the Court of the European Union) shall ensure the principle of primacy of EU law and its uniform interpretation. All panels of the local and regional divisions of the Court of First Instance shall have a multinational composition and shall comprise an *additional technical judge* in the case of counterclaim for revocation or, in the case of an action for infringement, when requested by one of the parties. Likewise any panel of the Court of Appeal shall sit in a multinational composition of three legally qualified and two technically qualified judges. As regards the matter of *language(s)*, proceedings before any local or regional division shall in general be in the language(s) of the Member State(s) or contracting state(s) hosting the division. Contracting states may, however, designate one or more of the official languages of the European Patent Office as the language of proceedings of the local or regional division they host. The language of proceedings of the central division shall be the language of the patent. The language of proceedings of the Court of Appeal shall be the language of the proceedings at the First Instance. In general, the Draft Agreement can be characterized as a very complex and all encompassing legal instrument setting forth, *inter alia*, rules on eligibility, status and appointment of judges; the applicable substantive law, including rules on direct and indirect infringement, limitation of the effects of the European patent and prior user rights; jurisdiction and effects of decisions; organization and procedural provisions; proceedings before the Court, including means of evidence, burden and reversal of the burden of proof; and powers of the court.

The entry into force of the Lisbon Treaty on 1 December 2009 has resulted in a change of the legal basis for the proposal for the Regulation on the Community patent (now EU patent): Under Article 118 first sub-paragraph TFEU, measures for the creation of European intellectual property rights are to be established by the European Parliament and the Council acting under the ordinary legislative procedure, and the second sub-paragraph of Article 118 TFEU sets forth that the language arrangements for European intellectual property rights are to be established under a special legislative procedure by the Council acting unanimously after consulting the European Parliament. On 4 December 2009, the Council adopted Conclusions on the Enhanced patent system in Europe (Council Doc. 17229/09), according to which (§ 36), the EU patent Regulation should be accompanied by a separate regulation which shall govern the *translation arrangements* for the EU patent adopted by the Council with unanimity in

accordance with the second sub-paragraph of Article 118 TFEU. Both regulations should come into force at the same time. As recently as 30 June 2010, the EU Commission published a Proposal for a ‘Council Regulation (EU) on the Translation Arrangements for the European Union Patent’ (COM (2010) 350 final, 2010/0198 (CNS)). According to this Proposal, the EU patent specification published by the EPO in accordance with Article 14, paragraph 6 EPC (specification to be in one of the three official languages of the EPC with translation of the claims in the other two official languages) shall be the authentic text and no further translation will be required (Article 3). Only in case of a dispute relating to an EU patent shall the patentee provide at the request and the choice of an alleged infringer a full translation of the patent into an official language of the Member State in which either the alleged infringement took place or in which the alleged infringer is domiciled. In such cases the competent court in the European Union can in the course of legal proceedings also request the patent proprietor to provide a full translation of the patent into the language of the proceedings of the court. In either case the translation costs are to be borne by the patentee (Article 3). It should be added that by the time this Regulation enters into force, an automated system for translating EU patent specifications into all official EU languages should be in place, albeit for information purposes only without having any legal effect (Recital 6 of the Proposal).

The fact that seemingly three parallel patent systems should be accepted within the internal market of the Union may be interpreted as a final renunciation of the idea of integration based on a Community patent and a clear attempt to use Community (EU) patents primarily as a means for cost reduction, improvement of the quality of patents, as well as for improving cooperation between national patent offices and the EPO.

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Catchwords for Index

Board of Appeal

Compulsory License

European Patent Office (EPO)

European Patent Organisation

European Patent Litigation Agreement (EPLA)

European and Community Patents Court

Experimental Use

Patent Jurisdiction

Prior User Right

Regulation on translation arrangements