

**COMMUNITY PATENT REGULATION**

**UNICE COMMENTS**

**1. GENERAL OBSERVATIONS**

UNICE has always stressed the need of a Community patent that can provide the EU with a support instrument to its competitiveness and innovation.

For UNICE, it is fundamental that such a Community Patent can meet users' needs in terms of quality, affordability and legal certainty on the basis of a reliable jurisdictional system.

UNICE considers the 3 March 2003 Common Political Approach as an important political development. However, UNICE has also pointed out that political compromises have moved this agreement away from the instrument that business needs today if it wants to compete with its main trading counterparts (USA and Japan) and, in this respect, does not fully meet users' needs, particularly in terms of costs with the obligation to translate patent claims into all EU official languages.

UNICE feels that the principles of quality, affordability, and legal certainty should be clearly reflected in the provisions of the Community Patent Regulation. Therefore UNICE after having studied the draft Regulation currently under discussions<sup>1</sup> would like to see the following priority issues addressed by the Council.

**2. PRIORITY ISSUES**

**2.1 UNITARY CHARACTER OF THE COMMUNITY PATENT**

**UNICE considers it imperative that the unitary nature of the Community Patent is respected by the Member States.** There should only be one authentic text for legal purposes and that should be the official EPO language text of grant.

**The translated claims should be of informative nature but not legally binding and differences between the original and translated claims should have no legal effect.**

In the event that the language of one of the translations of the claims confers a protection which is narrower than that conferred in the language of the proceedings, the question is raised whether that defective translation should be regarded as the authentic text, in a similar manner as permitted by Art. 70 EPC. Any such reduction of scope would necessarily affect the Community patent in the whole territory because it is a unitary title. This would also mean that the study of a competitor's patent would require the study of two sets of claims to determine which is the narrowest. **This is not acceptable for European industry.**

To avoid the unitary nature of the Community Patent leading to disadvantages for users (e.g. Article 28(1)(f)) provisions should be made in the Community Patent Regulation to allow a Community Patent to be converted into a bundle of European patents either at any time during the life of the Community Patent or before the expiry of some fixed term e.g. 5 years from grant.

**2.2 QUALITY OF THE COMMUNITY PATENT**

The March 2003 Common political approach mentions national patent offices as possible search authorities for the Community Patent while at the same time emphasises the role of the EPO as

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<sup>1</sup> Council Document 10404/03 "Proposal on a Council Regulation on the Community Patent – Revised text" of June 11 2003;

one single examination authority. Recital 2c in the draft Community Patent Regulation also stresses that the Council can agree to extend the involvement of any National Patent Office in search activities.

**A large majority of UNICE's members is of the strong view that this option will certainly impair the quality of the Community Patent and increase translations costs and supports an approach in which work subcontracted to national patent offices would be limited to control of formalities and would not deprive the EPO of its core competencies.**

In any case, European industry would favor the establishment of a specialised independent audit body, which would include representatives of European industry. This body could monitor the cost and quality of the Community Patent system.

### **2.3 COSTS OF THE COMMUNITY PATENT**

**Regarding the question of costs, UNICE strongly supports solutions that are consistent with the Lisbon process.** The comparison of translation costs with the current average European patent is not the right one. What is important for European industry is that is not put at a disadvantage vis-à-vis its main competitors (USA and Japan).

UNICE still favours no translation of the patent claims after grant, as provided for by the 2000 draft Regulation. Such translations will create expensive and useless costs, the experience being that they are seldom read.

**However, UNICE supports the proposal that there will be at least a 2-year period after grant of the Community Patent within which the holder of the patent would have to file the translations of the claims.**

UNICE strongly urges Member States to make use of Article 24a, which allows them to renounce translation of claims into one of their official languages. Member States who have signed the London Protocol are also strongly urged to ratify and implement it in order to reduce the cost of the EP patent.

- **MAINTENANCE FEES**

On the issue of maintenance fees, UNICE is of the view that it would be useful to establish in a recital the principle that the level should not be higher than twice the amount necessary for the EPO to perform its tasks in a reasonable way.

Maintenance fees have traditionally served as coverage of the costs of the patent granting authority in a way that the procedural fees cover only a portion of the real costs of processing a patent, and a substantial portion is covered by maintenance fees. Such a system is basically sound as it serves to reduce the costs of obtaining the rights. The common political approach in fact establishes already a considerable "taxation on innovation" by giving the same amount the EPO requires for its operation to the NPOs. **In no case this taxation may become even higher.**

- **"MUTUALISATION OF COSTS"**

In the 3 March 2003 Common Political Approach, it is stated that the costs of translation of a Community Patent application filed in a non-EPO language should be borne by the system. Such a possibility could easily lead to a much higher percentage of filings in a non-EPO language and thereby become very expensive for the EPO and thus for industry. It should be made clear that the filing in a non-EU language does not qualify for such cost-free translations.

The European Patent Convention (Art. 14/2 EPC) has a similar possibility and the applicant benefits of a 20% cut off in the filing fees in this case. The possibility mentioned in the common political approach could lead to a consistency problem with the European patent system, because the choice between a Community Patent and a European patent is postponed up to two years after grant, so that it is not possible to decide which system to follow.

**UNICE strongly feels that this issue requires further clarification in the Regulation.**

## **2.4 JURISDICTIONAL ISSUES**

UNICE considers that the creation of an integrated and unitary Community Patent jurisdiction at first and second instance level with wide competences is a major achievement as it is essential for industry to have consistent case law for Community Patent throughout EU territory.

Nevertheless, UNICE is of the strong view that the following clarifications/amendments are necessary to achieve a workable jurisdictional system:

**UNICE stresses the need for highly qualified technically trained judges both at first and second instance level because of the very complex technique involved. This is also key in achieving a legally certain and streamlined enforcement procedure.**

The introduction of technical experts assisting the judges throughout the handling of the case, but not participating to the decisions, does not appear sufficient to arrive at the desired result. Experience in a number of EU countries teaches that it is very well possible to find a number of judges competent in technical as well as legal matter. The term of appointment of the judges has to be long enough to ensure consistency and stability of the jurisprudence

The proposal in the common political approach that the Community Patent Court conducts the proceedings in the official language of the Member State where the defendant is domiciled or in any official EU language could in practice create numerous difficulties.

**In UNICE's view, an operational patent litigation system must include a language regime that doesn't require extensive and burdensome translation requirements.** The discussion on the validity and infringement of a patent is easier in the language of the granted patent than in any other language. UNICE is of the strong belief that this choice would prevent difficulties and help streamlining and economising procedures. **Even more so, it would be preferable for industry that only English would be used.**

One of said difficulties can easily be remedied by stipulating that, in the case that the defendant is not domiciled in a Member State of the European Union, the language of the proceedings is the language of the granted patent. In UNICE's view, strong consideration should also be given to the additional option of conducting the proceedings in the language of the country where the infringement has taken place.

Concerning the rules of procedure of the future Community Patent jurisdictional system, UNICE feels that they should be sophisticated and robust enough to allow high quality fact-finding. This will be of particular significance in the areas of expert evidence and damage recovery.

**UNICE is of the strong view, that the Commission should, in any case, build upon the work already carried out in the context of the EPLA negotiation.** EPLA will be strongly needed to deal with the many European bundle patents that already exist and that will continuously be granted also after the coming into force of the Community Patent.

## **2.5 RELATIONSHIP BETWEEN EUROPEAN PATENT AND COMMUNITY PATENT**

Industry's aim is to retain an actual freedom of choice between national patents, European patent and Community Patent. Since the Community Patent will be available through the designation of the Community in a European patent application, it is desirable that this new possibility does not change anything in the European patent examination proceeding. Consequently, up to grant, the examination proceeding must remain strictly the existing one.

## **2.6 DESIGNATION FEES**

In the European patent system, the number of designation fees is limited to 7 (Art. 3 of rules relating to fees). The vast majority of applicants use to pay 7 designation fees and the European patent application potentially covers the whole territory accessible with a European application. It is only after the grant that the real choice of the territorial scope of the European patent is made. At this stage, which occurs typically after 5 or 6 years, the patent owner takes into account the ever-evolving business prospects to validate only where the patent is needed.

The proposed draft Regulation proposes an option system allowing to elect for a Community Patent or a European application before the expiration of two years after grant.

In order that the designation of the Community when filing a European patent application and the option system 2 years after grant be fully compatible, it is necessary to rule:

- That the designation fee for the Community be of the same amount than the current designation fee for any member state of the EPC,
- That the designation of the Community is comprised in the limit of 7,
- That the designation of the Community automatically includes designation of all the member states of the European patent convention (for one designation fee). For the possible option to convert into a European patent two years after grant or if, in order to retain the option to convert later into a European patent for some countries, it will be necessary to have paid corresponding designation fees in due time.

## **2.7 COMPULSORY LICENSES**

UNICE remains opposed to the Commission having any significant role in the granting of compulsory licenses and believes that this should be an exclusive competence of the Community Patent Court, unless it is to remedy a judicial finding of an anti-competitive practice. The beneficiary of a compulsory license should under no circumstances have the right to bring action for infringement or proceedings relating to the use of the invention prior to the grant of the patent, as now suggested (art. 33.2 and 35.1).

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