

EU Patent System

Creating a More Integrated Marketplace

by Elaine Wu

Office of International Relations, U.S. Patent and Trademark Office

Fifty years ago, the predecessor to what is now known as the European Union arose from the ashes of World War II as an economic, social, and political alliance of European countries representing one of the largest and most important markets in the world. In May 2004, the European Union will expand to include 10 new nations, with two more expected to join in 2007. By the end of the decade, the population of the European Union could increase by more than 100 million to half a billion people, becoming one of the world's largest and most competitive marketplaces.

Among the many goals and challenges of this integration of European countries is the creation of an open, competitive, and unified Europe that delivers new opportunities for business. During the past several decades, Europe's leaders have placed great emphasis on intellectual property rights protection as a way to nurture innovation and creativity and attract investment.

The Council of the European Union agreed in March 2003 on a common political approach to establishing a community patent. The community patent would give inventors the option of filing one application to receive a single patent that is legally valid through-

out the European Union. The agreement would also provide a new centralized community tribunal to oversee community patent disputes. While the community patent will not likely go into effect until 2010, this agreement paves the way toward it becoming a reality.

PROBLEMS WITH THE PRESENT PATENT SYSTEM

The current patent regime in Europe is unsatisfactory to many users for two primary reasons: exorbitant expense and legal uncertainty. Obtaining a patent in Europe is costly and can be prohibitively so for individuals and small companies.

Under the current rules, one of the common routes for obtaining a patent in Europe is the European Patent Office (EPO), under the provisions of the European Patent Convention. The EPO, established in the 1970s, is a vast trilingual patent office in Munich, Germany.

Applications filed at the EPO must be submitted either in one of three working languages (English, French, German) or in the official language of an EPO member state in which the applicant has a residence or principal place of business. The application will then be examined, granted, and published in one of these languages. A translation into one of the three working languages is necessary if the application is submitted in another official language.

When the patent is granted, the owner must file, with the patent office in the respective language of each country where protection is sought, a copy of the patent specification (the description and operation of the invention and drawings) and a copy of the patent claims (the scope of the invention) in the two other EPO languages. Thus, rather than being a single patent with European-wide validity, as its name would suggest, the European patent is treated as a bundle of national patents. This cumbersome process can make obtaining a European patent very expensive.

Under the current system, obtaining a patent valid in eight EU states costs in excess of \$50,000, which is three to five times higher than the cost of Japanese and U.S. patents. Moving to the community patent system has the potential of reducing the costs of obtaining a patent, which will be valid in up to 25 countries.

Another drawback to a European patent is legal uncertainty. At present, there is no central court of appeal in Europe responsible for patent validity or patent cases. Each of the EPO's 15 member nations has its own judicial system. Therefore, in theory, there could be 15 different legal proceedings, with different procedural outcomes and different decisions, which fosters a great deal of legal uncertainty as to a patent's status. The practical effect is that patent applicants often find patent litigation in Europe

complex, confusing, and costly. As a result, many American companies may hesitate to apply for patents and market their products in the European Union.

PROPOSED COMMUNITY PATENT

The community patent would remedy the problems of cost and legal uncertainty associated with the present system. According to the proceedings of the March 2003 Competitive Council meeting, a community patent would lower the costs to the inventor by issuing a single patent that is legally valid throughout the European Union through a process that would significantly reduce the costs of translations.

Under the proposal, the EPO would administer the community patent system. Once the system is implemented, a single patent that is legally valid throughout the European Union can be obtained by filing one application with the EPO. The application must still be filed in one of the three standard languages. However, the cost of translating an application into a standard language would not come directly from the applicant, but from revenues generated by the new system, resulting in savings for innovators.

Once the community patent is granted, only patent claims, and not the specifications, are required to be translated into the languages of the countries in which patent protection is sought. The translations will be filed with the EPO, and while the costs are borne by the patent owner, he can decide on the number and length of the claims to be included. Limiting required translations to claims and offering filers the flexibility to determine the number and breadth of the claims to be translated increases an applicant's control over these costs.

The community patent system also establishes a single community court to rule on community patent disputes.

In order to ensure the conformity of case law in specific areas, member states can, however, designate a limited number of national courts with jurisdiction limited to claims and infringement proceedings.

The proposal envisions that the Community Patent Court (CPC) will litigate community patents. The CPC will be attached to the European Court of Justice, in Luxembourg, and will have exclusive jurisdiction in actions and claims of patent validity or infringement proceedings, and other patent related claims. A community patent may also be the subject of proceedings of claims for damages. The CPC will be established by 2010 at the latest, until which time the jurisdiction will remain with member state courts.

The chambers of the CPC will sit in sections of three judges, with judges appointed on the basis of their expertise and taking into account their linguistic skills. The judges will be appointed by a unanimous decision of the Council of the European Union for fixed terms, and will be chosen from candidates exhibiting a high level of legal expertise in patent law. Proceedings at the CPC will be conducted in the official language of the member state where the defendant is domiciled, or in one to be chosen by the defendant in the case where a member state has two or more official languages.

The Council of the European Union is now due to agree upon and adopt the text of the proposed regulation on the community patent. In the meantime, the European Commission is scheduled to present proposals for the Council of the European Union to confer jurisdiction on the European Court of Justice, to rule on issues arising from community patents and to establish a specialized court to do so. For its part, the council will soon be proposing to the EPO that a diplomatic conference be convened to revise

procedures so that it will be able to issue community patents.

The creation of a community patent has the potential to reduce the costs to American innovators of EU-wide patent protection while guaranteeing a higher level of protection and legal certainty for investors. As the European Union enlarges, the community patent offers incentives for American investment in Europe, particularly for small U.S. businesses that are often the innovators of high technology in the new economy. Dynamic and competitive international markets foster American commerce abroad, fueling the U.S. economy and creating jobs for Americans. ■

Resources

The full text of the proposal for the community patent is available at http://europa.eu.int/comm/internal_market/en/indprop/patent/412en.pdf

European Commission community patent Web site: http://europa.eu.int/comm/internal_market/en/indprop/patent/index.htm