

Deutsche Vereinigung  
für gewerblichen Rechtsschutz  
und Urheberrecht e.V.

Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht  
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**Der Generalsekretär**

Mr Erik Nooteboom  
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B-1049 Brussels

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## **Response to the European Commission questionnaire on future patent policy**

Dear Mr. Nooteboom,

The Deutsche Vereinigung für gewerblichen Rechtsschutz und Urheberrecht (German Association for the Protection of Industrial Property and Copyright) is a scientific association, recognised to be working in the public interest, of all scientists and practitioners being active in the fields of protection of industrial property and copyright, including competition law. According to its articles, it aims at promoting scientific development in the field of protection of industrial property and at providing assistance to legislative organs as well as to ministries and institutions competent in matters of intellectual property.

The comments of the German Association on the individual sections and questions included in the European Commission questionnaire on future patent policy in Europe are as follows:

## Section 1 – Basic principles and features of the patent system

*The idea behind the patent system is that it should be used by businesses and research organisations to support innovation, growth and quality of life for the benefit of all in society. Essentially the temporary rights conferred by a patent allow a company a breathing-space in the market to recoup investment in the research and development which led to the patented invention. It also allows research organisations having no exploitation activities to derive benefits from the results of their R&D activities. But for the patent system to be attractive to its users and for the patent system to retain the support of all sections of society it needs to have the following features:*

- clear substantive rules on what can and cannot be covered by patents, balancing the interests of the right holders with the overall objectives of the patent system;*
- transparent, cost effective and accessible processes for obtaining a patent;*
- predictable, rapid and inexpensive resolution of disputes between right holders and other parties;*
- due regard for other public policy interests such as competition (anti-trust), ethics, environment, healthcare, access to information, so as to be effective and credible within society.*

*1.1 Do you agree that these are the basic features required of the patent system?*

*1.2 Are there other features that you consider important?*

*1.3 How can the Community better take into account the broader public interest in developing its policy on patents?*

### Comments:

In the Member States as well as within the scope of the European Patent Organisation at Community level, there has been an effective patent system in place for decades. In particular, the European Patent Convention, whose initially 16 signatory countries have meanwhile grown to 32 members over the almost 30 years of its existence, is a European story of success. This is demonstrated by the current number of approximately 200,000 patent applications a year.

Owing to the quality of the examination by the European Patent Office as well as by various subsequent “procedures of control” (opposition, nullity action), it is ensured at European as well as national level that only such innovations will enjoy protection which go

beyond prior art. Except for a few individual cases, the existing system is able to meet this demand.

The "basic equation" of the patent system (offering a reward to the inventor for his innovative performance and its publication) has been of benefit to public policy interests for more than a century by

- allowing innovations to be made in many sectors on a - previously missing - economically sound basis (one example being the pharmaceutical industry incurring expenses for the development of a new active substance in the three-digit million range),
- providing an incentive for inventive steps and their publication preventing undertakings from keeping innovations under lock and key as secret know-how,
- providing an incentive for developing alternatives to the patented inventive solution resulting in further technological advances,
- making available a tool for the economically reasonable dissemination of innovations (for example by way of licensing).

Patent law thereby has an indirect positive effect on a large number of other public policy interests held by the Commission to be of major importance. The development of up-to-date healthcare and environmental protection, for example, rely upon innovations just like any other field of the European high-technology society. The duty of disclosure inherent to the system of patent law promotes the dissemination of information on technical innovations.

Even with regard to the area of conflict between anti-trust law and patent protection, the currently applicable law already offers various compensatory tools, inter alia with the rulings of the European Court of Justice on the prohibition of abuse under anti-trust law set out in Article 82 of the EC Treaty, with the Technology Transfer Block Exemption Regulation and - in patent law itself - with the possibility of a compulsory licence and the patentability requirements of novelty and inventive step, which, in turn, safeguard competition on the basis of the state of the art. Furthermore, economic studies have shown that patent protection and competition are not opposed to each other in conceptual

terms under aspects of macroeconomics. Rather, the national economies having the most developed patent systems simultaneously show the highest degree of competition.

Beyond these indirect, but nonetheless undeniable and extremely valuable effects, the patent system should not be burdened with the task of setting up regulatory requirements for the use of technology under aspects of ethics, healthcare, environment, etc. The granting procedure does not offer the resources needed for this purpose. The patent offices do not have appropriate means under qualitative and quantitative aspects for responding to any such questions requiring an in-depth assessment of the technical consequences. To charge the patent offices with these aspects would thus necessarily counteract the objective mentioned after the second dash of the consultation questionnaire. Moreover, it is the very essence of patent protection that the patent granting procedure deals with technical advances at a very early stage, which often does not yet allow a reliable comprehensive assessment of the impacts brought about by the various possible uses of the technology at issue. An inclusion of these regulatory issues in the patent system is also unnecessary since they have already been regulated by other special laws with specialised and qualified authorities being responsible for their implementation.

Against this background, the Union has currently no need for the creation of a new patent system. The existing patent system, which has been successfully developed in practice over many decades, only needs to be improved by providing a uniform transborder dispute resolution scheme, including a harmonised procedural law removing the differences that have arisen among the courts of the EPC Member States as well as in relation to the European Patent Office with regard to the interpretation and handling of the EPC rules concerning the grant of patents, the cancellation of patents and the scope of protection of patents as well as by further facilitating the way of obtaining European patent protection.

## Section 2 - The Community patent as a priority for the EU

*The Commission's proposals for a Community patent have been on the table since 2000 and reached an important milestone with the adoption of the Council's common political approach in March 2003 [<http://register.consilium.eu.int/pdf/en/03/st07/st07159en03.pdf>; see also [http://europa.eu.int/comm/internal\\_market/en/indprop/patent/docs/2003-03-patent-costs\\_en.pdf](http://europa.eu.int/comm/internal_market/en/indprop/patent/docs/2003-03-patent-costs_en.pdf)]. The disagreement over the precise legal effect of translations is one reason why final agreement on the Community patent regulation has not yet been achieved. The Community patent delivers value-added for European industry as part of the Lisbon agenda. It offers a unitary, affordable and competitive patent and greater legal certainty through a unified Community jurisdiction. It also contributes to a stronger EU position in external fora and would provide for Community accession to the European Patent Convention (EPC). Calculations based on the common political approach suggest a Community patent would be available for the whole of the EU at about the same cost as patent protection under the existing European patent system for only five states.*

### Question

- 2.1 *By comparison with the common political approach, are there any alternative or additional features that you believe an effective Community patent system should offer?*

### **Comments:**

The Community patent as designed in line with the Council's "common political approach" from March 2003 is to be rejected. In this form, the Community patent will not achieve the key objectives of an effective European patent protection, namely the provision of transparent, cost effective and accessible processes for obtaining a patent as well as of a mechanism for a predictable, rapid and inexpensive resolution of disputes. From the perspective of the Vereinigung, the compromise reached in accordance with the "common political approach" involves two fundamental defects:

The conception of a central European court of first instance for patent litigations is inappropriate for the practice of patent proceedings. A central court of first instance having its seat in Luxembourg would not be sufficiently close to the place of the relevant conflict occurred (place of the infringement) as well as to the parties' domicile and would thus fail to offer the desired accessibility. In particular small and medium-sized enterprises would thereby be put at a disadvantage for being substantially affected by a patent litigation to be conducted at a place remote from their relevant seat. A bench of international judges which would be recruited, as experience has shown, in compliance with nationality quotas rather than under aspects of their technical qualification will not meet the standards that

have long since been established in a number of national legal systems. The defendant's right to determine the language of the proceedings will, in the most favourable case, result in time-consuming translation requirements. In the most unfavourable (but, from a practical point of view, most likely) case, this regulation will offer any parties which wilfully infringed third party patents a new playground for tactical manoeuvres (e.g. distribution company in Estonia), which may even persistently impede the effective enforcement of patent rights.

A second significant defect of the "common political approach" is the regulation concerning the language of the patent claims. A binding effect given to the relevant translations of the patent claims in the individual countries would be incompatible with the basic requirement of the Community patent to provide unitary protection throughout Europe. The objective of unitary patent protection is thereby almost turned upside down. An incorrectly understood "legal certainty" granted to third parties in each Member State by a national language version is thereby given unilateral priority over the legal certainty of the patent holder (as well as of the companies affected by the patent protection of third parties) by way of unitary patent protection. In the opinion of the German Association, there is a conceptual dilemma existing between these two requirements. This dilemma should, however, not be settled unilaterally to the detriment of unitary protection within the scope of a Community patent.

The German Association still considers a unitary European patent to be a desirable goal in the long term. The "common political approach" does, however, not offer an appropriate basis for this purpose. A functioning unitary European patent will be subject to the following requirements:

- a resolution of disputes with decentralised courts of first instance at the places having the greatest demand and with practicable rules of procedure, as well as
- a language regulation providing that translations (of individual or all patent claims or of the abstract) shall only have the function of a warning or indication, but shall not have any binding effect.

### **Section 3 – The European Patent System and in particular the European Patent Litigation Agreement**

*Since 1999, States party to the European Patent Convention (EPC), including States which are members of the EU, have been working on an agreement on the litigation of European patents (EPLA). The EPLA would be an optional litigation system common to those EPC States that choose to adhere to it.*

*The EPLA would set up a European Patent Court which would have jurisdiction over the validity and infringements of European patents (including actions for a declaration of non-infringement, actions or counterclaims for revocation, and actions for damages or compensation derived from the provisional protection conferred by a published European patent application). National courts would retain jurisdiction to order provisional and protective measures, and in respect of the provisional seizure of goods as security. For more information see [[http://www.european-patent-office.org/epo/epla/pdf/agreement\\_draft.pdf](http://www.european-patent-office.org/epo/epla/pdf/agreement_draft.pdf)].*

*Some of the States party to the EPC have also been tackling the patent cost issues through the London Protocol which would simplify the existing language requirements for participating states. It is an important project that would render the European patent more attractive.*

*The European Community is not a party to the European Patent Convention. However there is Community law which covers some of the same areas as the draft Litigation Agreement, particularly the “Brussels” Regulation on Recognition and Enforcement of Judgments (Council Regulation no 44/2001) and the Directive on enforcement of intellectual property rights through civil procedures (Directive 2004/48/EC). [[http://europa.eu.int/eur-lex/pri/de/oj/dat/2004/l\\_195/l\\_19520040602de00160025.pdf](http://europa.eu.int/eur-lex/pri/de/oj/dat/2004/l_195/l_19520040602de00160025.pdf)] It appears that there are three issues to be addressed before EU Member States may become party to the draft Litigation Agreement:*

- (1) the text of the Agreement has to be brought into line with the Community legislation in this field*
- (2) the relationship with the EC Court of Justice must be clarified*
- (3) the question of the grant of a negotiating mandate to the Commission by the Council of the EU in order to take part in negotiations on the Agreement, with a view to its possible conclusion by the Community and its Member States, needs to be addressed.*

#### Questions

- 3.1 What advantages and disadvantages do you think that pan-European litigation arrangements as set out in the draft EPLA would have for those who use and are affected by patents?*
- 3.2 Given the possible coexistence of three patent systems in Europe (the national, the Community and the European patent), what in your view would be the ideal patent litigation scheme in Europe?*

## **Comments:**

The draft EPLA shows a balanced and feasible way to create an effective pan-European patent litigation scheme. The proposed possibility of setting up regional chambers for the court of first instance helps avoid the serious disadvantages of an inappropriate centralised dispute resolution as discussed under 2. above. Furthermore, the EPLA offers the advantage, when compared with a potential Community patent court, that the large number of previously granted European patents may be immediately submitted to the litigation system without any time-consuming "start-up period". The unanimously positive assessment of the draft EPLA by leading European patent judges being confronted with the daily business of patent law and its application (in the Venice declaration of October 2005) as well as by the Association of European Patent Lawyers (EPLAW) is a strong indication of the feasibility of this system.

The German Association considers the risk of an undesirable coexistence of three patent systems to be insignificant. Rather, it seems to be objectively required to ensure a short-term implementation of the EPLA, which has already reached an advanced stage and has been broadly approved by experts. If this patent litigation scheme proves to be appropriate in practice in respect of European bundle patents, its application can be extended, as a second step, to the Community patent (still to be created). The necessity of an additional (second) jurisdiction for the Community patent will thereby become superfluous because both systems (the EPLA system and the Community patent system) may make use of the same court structure. Potential deficiencies of the EPLA system arising in practice might be corrected within the scope of this second step by considering the experience acquired so far.

A cooperation between the Community and the EU Member States being interested in the EPLA appears to be recommendable given the fact that with regard to Articles 38 et seq. of the EPLA, there is likely to be an exclusive jurisdiction of the Community, and thus for the EPLA project, on the whole, a mixed jurisdiction between the Community and the Member States (Telg gen. Kortmann, *Die Neuordnung der Europäischen Patentgerichtsbarkeit*, 2005, p. 184, 196 et seq.; Schneider, *Die Patentgerichtsbarkeit in Europa – Status Quo und Reform*, 2005, bottom of p. 321/top of p. 322). In order to avoid a double revision



of the EPC (for an amendment of Article 166 of the EPC with a view to enabling the Community to accede to the EPC – for the conclusion of the EPLA), the Commission should, following a corresponding authorisation by the Council, be involved in the preparatory work for the EPLA as if the Community were already a member of the EPC. Within the Community, it would be necessary to create the premises for a closer cooperation (Article 43 et seq. of the EU Treaty; Article 11 of the EC Treaty) between the EU Member States being interested in the EPLA.

#### **Section 4 – Approximation and mutual recognition of national patents**

*The proposed regulation on the Community patent is based on Article 308 of the EC Treaty, which requires consultation of the European Parliament and unanimity in the Council. It has been suggested that the substantive patent system might be improved through an approximation (harmonisation) instrument based on Article 95, which involves the Council and the European Parliament in the co-decision procedure with the Council acting by qualified majority. One or more of the following approaches, some of them suggested by members of the European Parliament, might be considered:*

- (1) Bringing the main patentability criteria of the European Patent Convention into Community law so that national courts can refer questions of interpretation to the European Court of Justice. This could include the general criteria of novelty, inventive step and industrial applicability, together with exceptions for particular subject matter and specific sectoral rules where these add value.*
- (2) More limited harmonisation picking up issues which are not specifically covered by the European Patent Convention.*
- (3) Mutual recognition by patent offices of patents granted by another EU Member State, possibly linked to an agreed quality standard framework, or “validation” by the European Patent Office, and provided the patent document is available in the original language and another language commonly used in business.*

*To make the case for approximation and use of Article 95, there needs to be evidence of an economic impact arising from differences in national laws or practice, which lead to barriers in the free movement of goods or services between states or distortions of competition.*

#### Questions

- 4.1 What aspects of patent law do you feel give rise to barriers to free movement or distortion of competition because of differences in law or its application in practice between Member States?*
- 4.2 To what extent is your business affected by such differences?*

- 4.3 *What are your views on the value-added and feasibility of the different options (1) – (3) outlined above?*
- 4.4 *Are there any alternative proposals that the Commission might consider?*

**Comments:**

Substantive patent law in Europe has already been broadly harmonised by the provisions of the European Patent Convention and the related protocol on its interpretation. If national courts have partially shown considerable differences in applying these harmonised substantive rules with the consequence of deviating decisions made in different states with regard to the assessment of a potential patent infringement or the evaluation of the legal validity of a granted European patent, national courts in the individual Member States have, in recent years, shown a persistent tendency to explicitly consider in their decision-making process regarding European patents the relevant court rulings made under other developed patent law systems. It has meanwhile become almost common practice among the supreme courts in Great Britain, Germany and the Netherlands to also take into account the ruling practice of the respective other supreme courts in their decisions on issues of fundamental importance concerning the application of substantive patent law and in transborder patent litigations. In doing so, they seem to attempt to achieve a harmonisation of the application of law in the Member States. The increasing informal exchange among the competent patent judges in these Member States also makes a significant contribution to the envisaged objective. This effect is also supported by the increasingly closer international cooperation between lawyers and patent attorneys (partially working in merged pan-European law firms). This has finally led to the result that the number of obviously different national decisions on identical issues of patent law has decreased in Europe. The leading role in identifying and removing still existing differences must, therefore, be taken up by experienced patent judges, who expressed their willingness, on the occasion of their meeting in Venice in October 2005, to check the individual divergences and to draw up, if required, guidelines for a unitary practice.

There is no indication giving rise to the assumption that the remaining individual cases of deviating decisions have resulted, or may result, in any appreciable impairment of the free movement of goods or services or in any relevant distortion of competition.

Thus, there is currently no room for a harmonisation directive, nor for any other form of harmonisation. After the European judges have drawn up their guidelines, national courts and the European Patent Office are likely to adopt these guidelines, which will be based on the authority of special expert knowledge. In the foreseeable future, a further harmonisation of substantive patent law in Europe will thus be appropriately supported by

- a more in-depth and intensified exchange of professional expertise among the competent judges by involving experienced lawyers and patent attorneys,
- the increasing scientific review and penetration of the ruling practice and application of law at a European level, and
- the automatic harmonisation of the application of law resulting from a unitary pan-European patent litigation scheme within the scope of the EPLA (see 3. above).

Dr. Hans Peter Kunz-Hallstein  
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