CURRENT EUROPEAN PATENT SYSTEM AND PROPOSED REVISIONS THROUGH THE LONDON PROTOCOL AND EPLA

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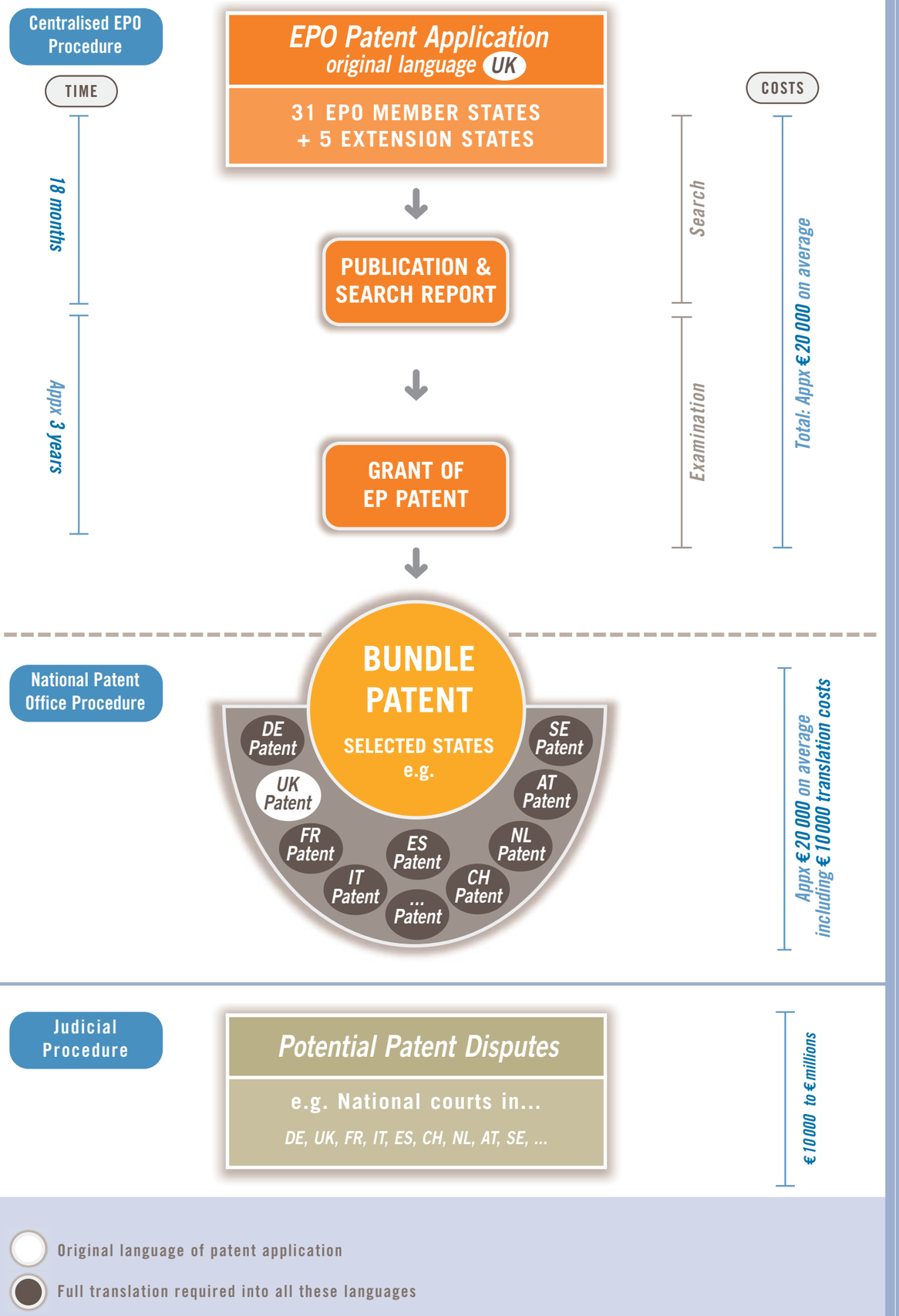
CURRENT EUROPEAN PATENT SYSTEM



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This pamphlet briefly describes both the current European patent system and the much needed reforms to that system currently under consideration, namely the so-called London Protocol and the European Patent Litigation Agreement (EPLA).

CURRENT EUROPEAN PATENT SYSTEM

The European Patent Office (EPO) system currently involves three basic components:

1 A SINGLE PATENT APPLICATION PROCEDURE THROUGH THE EUROPEAN PATENT OFFICE (EPO) INCLUDING:

- The European patent application which is usually submitted in one of the three official EPO languages (e.g. English);
- An official EPO search for "prior art", ending with publication of the patent application and the search report (duration: 18 months);
- A substantive examination of patentability and, if successful, the grant of the European Patent (duration: three years on average, or more).

➜ THIS CENTRALISED PROCEDURE WOULD NOT CHANGE THROUGH EITHER THE LONDON PROTOCOL OR THE EPLA.

2 THE AWARD OF MULTIPLE NATIONAL PATENTS (SO-CALLED BUNDLE PATENT)

- Once a European Patent has been granted by the EPO, it is split into a bundle of national patents in the countries previously selected by the applicant;
- Currently, each of these national patents must be "validated" through full translation of the patent into the respective languages;
- Validating a European sample patent in a selected number of representative states amounts to average translation costs of €10.000.

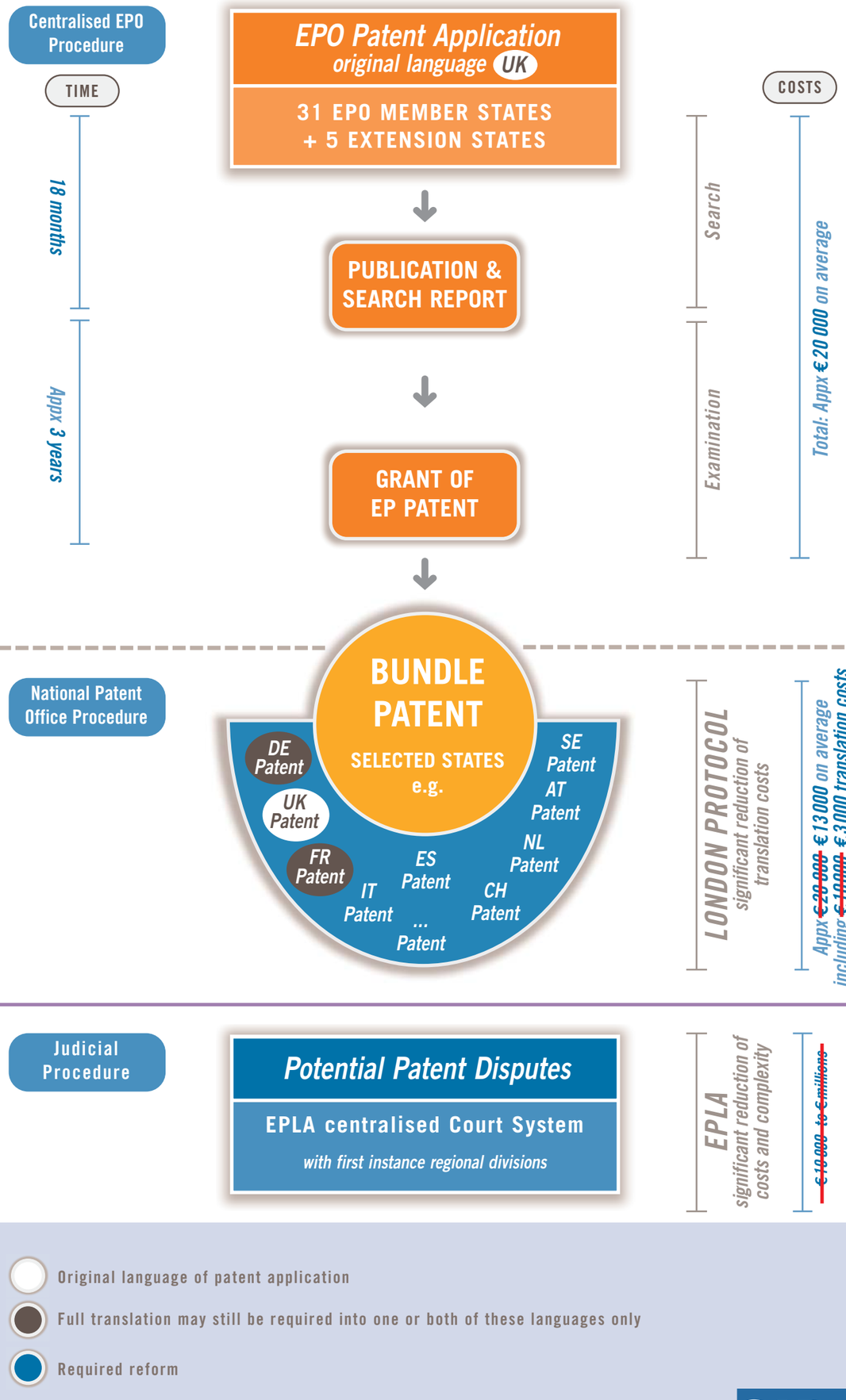
➜ THE LONDON PROTOCOL WOULD DRAMATICALLY CUT AVERAGE TRANSLATION COSTS TO ABOUT €3000 BY REQUIRING FULL TRANSLATIONS INTO ONLY ≤ 2 EPO LANGUAGES INVOLVED.

3 NATIONAL JUDICIAL PROCEDURES MAKE PATENT DISPUTES COMPLEX AND COSTLY

- National patents require individual national legal action in the case of patent infringements and for the purpose of challenging "unjustified" patents;
- But, national procedures differ, mostly due to procedural peculiarities rather than substantive law.

➜ THE CENTRALISED COURT SYSTEM SET OUT BY THE EUROPEAN PATENT LITIGATION AGREEMENT (EPLA) WOULD SIGNIFICANTLY REDUCE THESE DRAWBACKS AND THE ENSUING COSTS.

PROPOSED REFORMS (London Protocol, EPLA)



PROPOSED REVISIONS TO THE EUROPEAN PATENT SYSTEM

1 LONDON PROTOCOL

For almost 30 years, Europe has benefited from patents granted under the European Patent Convention (EPC) which allows patents to be validated with one procedure in 36 European states. One of the patent's main weaknesses however, is the translation requirement which means that for a patent to take effect in any single country, it must be fully translated into the language of that country. This represents a major and costly hurdle to an efficient and competitive pan-European patent application system. Basically, to remedy the situation under the proposed London Protocol, signatories could accept that a patent available in one of the three EPO working languages of the country's choice (English, French or German) takes effect in their territory without requiring translation into their national language. This agreement adopted by an intergovernmental conference in 2000 would take the shape of an optional protocol to the European Patent Convention and could cut the cost of translation per patent by up to 68% saving an estimated € 500 million per year (according to EPO Head Alain Pompidou.) The London Protocol has so far been signed by 10 countries.

Next Steps: To take effect 8 countries including the UK, Germany and France must ratify the London Protocol. While the UK and Germany have done so, France is now resisting the reduced translation burden as a threat to the French language, but EPO officials explain that they have worked hard over the last several months to convince both the French Senate and Assemblée of the Protocol's necessity, so that all that is missing is a formal ratification proposal from the government.

2 EUROPEAN PATENT LITIGATION AGREEMENT (EPLA)

Another proposed optional protocol to the European Patent Convention, the EPLA, is designed to reduce the high litigation costs and legal uncertainties arising from the EPC granting multiple national patents at the end of the single application procedure. Currently, once granted, a European patent is enforceable only on a country-by-country basis, meaning that any infringement must be handled by the national law where an infringement occurs. Moreover, once the nine-month opposition period ends, individual revocation proceedings are necessary in each country where the patent is in place to invalidate it. The draft EPLA would significantly reduce the resulting litigation costs and legal uncertainty by introducing an integrated judicial system, including uniform rules of procedure, a centralized court system implying a first instance with regional divisions and a common appeal court.

Next Steps: The next step towards an EPLA involves the necessary launching of a diplomatic conference for Ministers to formally agree to the text and to start the signing process. It is hoped that this could take place during spring 2007. Ratification would take another five years at least.

HOW FAR CAN THE EUROPEAN COMMUNITY GO IN COLLABORATING WITH THE EUROPEAN PATENT CONVENTION (EPC) AND THE EPLA?

Moving forward on the EPLA and London Protocol will require a clear understanding of how they fit into EU law (the 'acquis') and vice-versa. This understanding will to a certain extent emerge from the ongoing Commission patent consultation. Currently, the EC does not have the legal authority to accede to either the EPLA or even the EPC because its external authority is limited by the EC Treaty. The Treaty limits the power of the EC to join international agreements to matters where the EC Treaty has explicitly conferred this right. The EU Court of Justice has tried to establish "implied" external relations powers when either an international agreement that would otherwise be concluded by EC member states would affect existing fully harmonised EC rules or where attainment of a Treaty objective requires agreement with third countries to be effective. Neither theory has been applied successfully to the IPR field, as it is discussed here, and neither would justify the EC joining the EPC. EPC provisions currently allow only countries to join thereby excluding EC membership, although the EPLA would accept the EC.

Next Steps: When it is agreed that this agreement represents the only viable route towards a more centralised and streamlined European patent system, then further political decisions may become necessary.

1 Certain countries, however, maintain the right to require certain translations, e.g. the translation of just the patent claims into their own language; also, in case of a later dispute, a full translation may be required into the language of the country where an alleged infringement took place or where it is pursued.

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