



COUNCIL OF  
THE EUROPEAN UNION

Brussels, 12 July 2007

11622/07

PI 35

**WORKING DOCUMENT**

---

from: Presidency

---

to: Working Party on Intellectual Property (Patents)

---

No. prev. doc. : 10710/07 + REV 1(en)

---

No. Cion prop. : 8302/07 PI 11

---

Subject : Towards an Enhanced Patent Litigation System and a Community Patent - How to  
Take Discussions Further

---

**I. Introduction**

1. Further to requests by the Competitiveness Council on 4 December 2006 and the European Council on 8-9 March 2007, the Commission on 3 April 2007 presented a **Communication** entitled "Enhancing the patent system in Europe" (COM (2007) 165 final, Council doc. 8302/07). The Communication is a follow up to a **stakeholder consultation** that the Commission carried out in 2006 and aims at building consensus in order to create an improved patent system in Europe that is more accessible for stakeholders, in particular SMEs. Towards this end it sets out available options for a single European patent litigation system and addresses outstanding issues concerning the proposed Community patent.
2. The Communication suggested a working method aimed at finding consensus on a single **patent litigation system in Europe**. The Communication presents three options for a way forward, a draft European Patent Litigation Agreement (EPLA) prepared under the auspices

of the European Patent Organisation, an alternative option favoured by various Member States proposing a "Community judge" for European and Community patents and a Commission suggested compromise, given that neither EPLA nor the alternative model would seem to get the necessary support in the Council. The Communication suggests a unified court system that could be used for both European and Community patents. Such an approach could involve elements of both EPLA and the alternative model referred to above. However, the technical details of such an integrated approach would still need to be worked out.

3. As to the **Community patent**, the Communication proposed to have a fresh look at two features of the Common Political Approach of 3 March 2003. Such outstanding issues involve translations of patent claims into all Community languages and the centralised first instance jurisdiction. At this stage it would appear that, once a compromise on the jurisdictional issue (involving both European and Community patents) has been found, the only remaining obstacle for the creation of a Community patent would relate to translation issues. In this context the Presidency notes that the creation of a Community patent still enjoys strong support within the Council and that at the end there might be a need for a comprehensive compromise package.
4. The previous Presidency's progress report to COREPER (10710/07 + REV 1(en)) underlined that on the basis of its questionnaire (Council doc. 8566/07) and the Working Party's discussions progress has been achieved with respect to the awareness and knowledge of the factual and legal aspects concerning the litigation issue which need to be addressed in more detail before the Council can adopt conclusions by consensus.
5. The Portuguese Presidency suggests that work now focuses on the features and technical details required for a legally secure, cost effective and non-discriminatory patent litigation system around which consensus could be built among Member States and stakeholders. This work will take account of the comprehensive information on the features of the patent litigation schemes in all Member States and the factual material which is summarised in the Annex to this working document. This detailed overview is based upon the material that has

been provided by the delegations in response to the questionnaire of the previous Presidency. The Presidency invites delegations to fill in any gaps in the attached tables which might exist in relation to their respective Member States in order to have a complete picture of the current situation in Member States.

6. While this factual material is helpful for assessing the impact of available options for a single European patent litigation system, there is a need for considerably intensifying the Council's continued search for effective solutions concerning a European-wide patent jurisdiction and the Community Patent.

For this reason the Presidency has provisionally scheduled four Council Working Parties to take place during the second half of 2007. The first three Working Parties will be devoted to the main issues concerning the litigation system, while the fourth one will discuss outstanding issues related to the Community patent. This working document is therefore structured accordingly.

7. Work concerning features and technical details of the litigation system will focus on the following issues:
  - i. Degree and mode of decentralisation of the first instance of the litigation system;
  - ii. Features of the second instance;
  - iii. Qualification of judges and technical expertise in court proceedings;
  - iv. Allocation of cases and relationship with the Brussels I Regulation;
  - v. Rules of procedure;
  - vi. Provisional and precautionary measures;
  - vii. Operating costs;
  - viii. Arbitration procedures;
  - ix. Community patent.

The present working document provides for different options on each of those topics which should be considered as building blocks for achieving overall consensus.

## II. Outstanding issues

### i. Degree and mode of decentralisation of the first instance of the patent litigation system

From discussions under the previous Presidency it seems clear that, contrary to the political approach of 2003, delegations now feel that the first instance should be decentralised. However, there are different degrees of decentralisation imaginable.

- (a) One approach would be to establish a central division with a limited number of regional chambers established in Member States on the basis of a sufficient number of cases and resulting experience in patent litigation. This would have the advantage of a higher degree of specialisation and cost effectiveness and would help avoiding problems with sparsely used and possibly inefficient court structures in the case of low litigation activity. A limited number of regional chambers would also facilitate the availability of technical expertise in those chambers.
- (b) Another approach would be that Member States designate as limited a number as possible of national courts and tribunals of first instance (e.g. between one and three). This option would draw from the Protocol on the settlement of litigation concerning the infringement and validity of Community Patents (Protocol on litigation, Luxembourg 1989, OJ L 401, 30 December 1989, p.34). The patent tribunals of first instance would have exclusive jurisdiction over infringement and validity of European and Community patents, including counterclaims for revocation (cf. Article 15 of the Protocol on litigation).

Such a model, under which specialised patent tribunals would be available in all Member States, would have the advantage of a maximal proximity for litigants and would allow proceedings in the official language of the Member State where the

---

tribunal is located. At the same time it would ensure that the judicial functions concerning all other types of patent actions and proceedings would be performed by structures designated by the Member States. Finally it would allow the use of existing infrastructures whilst limiting the number of tribunals dealing with patent litigation.

Concerns of patent users related to a decentralisation of invalidity actions under this scenario could be addressed and remedied at second instance level.

**ii. Features of the second instance**

From the discussions under the previous Presidency it appears that there is broad consensus about the need to have a centralised appeal court dealing with both matters of fact and law in relation to both infringement and invalidity.

A centralisation of proceedings at appeal level would have the advantage of providing for speedy and consistent decisions by a highly specialised Community jurisdiction. To the extent that invalidity actions would be concerned it would also allow to require technical expertise or technical qualifications of judges employed by the common entity.

Further to a decision on the structure of the second instance there are still several other issues to be considered such as time-limits, grounds and effect of an appeal. Another open issue is the linkage with the Community judicature (CFI - Court of First Instance and / or ECJ - European Court of Justice). One possible option could be to establish a specialised patent litigation chamber at the Court of First Instance (CFI) to deal with appeals. Another option would be to establish an independent appeal court but to allow the ECJ to grant certiorari on matters of law in specific cases, in particular in matters concerning existing Community *acquis*.

### **iii. Qualification of judges and technical expertise in court proceedings**

The discussions under the previous Presidency have furthermore shown that there is a need for ensuring technical expertise in the court proceedings both at first and second instance. One way of achieving this result would be to appoint not only legally but also technically qualified judges. Another way could be to have technically qualified assistants, however without a right to vote, to assist the judges throughout the handling of the case.

It is also important to ensure full judicial independence and impartiality.

### **iv. Allocation of cases, international jurisdiction and relationship with the Brussels I Regulation**

The question of allocation of cases amongst different regional chambers or first instance courts, regardless of whether there will be an allocation by a central registrar or not, could be based, directly or indirectly, on the rules of Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels I Regulation).

Pursuant to Article 22 (4) of the Brussels I Regulation, and without prejudice to the jurisdiction of the European Patent Office under the European Patent Convention, the courts of each Member State have exclusive jurisdiction, regardless of domicile, in proceedings concerned with the registration or validity of any European patent granted for that State.

To the extent that specific rules or derogations from the afore-mentioned rules in the Brussels I Regulation are to be considered, available options might be based either on the concepts of *lex specialis* or *lex posterior*. Similar approaches had been chosen in

---

relation to disputes concerning the infringement and validity of Community trade marks (Articles 90 and 93 et seq. of Council Regulation (EC) No. 40/94).

In this context, one might consider the possibility for the patent owner domiciled outside the European Union to freely chose a chamber or first instance tribunal. In any event litigants should be free to agree on a chamber or first instance tribunal of their choice.

**v. Rules of procedure**

Thus far discussions in the Council have not yet focussed on the rules how to conduct the procedures in the newly to be established European patent judicature. The required rules will have to deal with all aspects of patent litigation, from how to start the litigation to case management, the way oral arguments will be heard which protective measures can be ordered by the court, to the use of electronic tools within the court proceedings. To a large extent these rules can be based on the work that has been carried out in the context of the EPLA. Whether it will suffice to harmonise existing national rules of procedure or if there should be uniform rules of procedure depends upon the extent of centralisation or decentralisation which will be chosen for the first instance (regional chambers of a central division or fully decentralised first instance Community courts).

**vi. Provisional and precautionary measures**

Useful provisions concerning provisional and precautionary measures in relation to infringements of intellectual property rights such as patents have been provided by the Enforcement Directive (cf. Articles 9 et seq. of Council and European Parliament Directive 2004/48/EC on the enforcement of intellectual property rights). However, it should be considered whether further technical detail may be required.

## **vii. Operating costs**

Under the EPLA proposal it had been suggested that the operating costs of the patent judiciary (related to salaries, buildings, office equipment etc.) would be borne either by litigants or users of the patent system. This has been criticised because of concerns in relation to the principles of judicial independence and separation of powers. Moreover it has been claimed that such an approach would unnecessarily add to the cost burden for litigants, in particular SMEs. In this context the European Parliament has also expressed concern that access to justice must also be affordable in the field of patents.

In this context it is interesting to note that in other fields of *inter partes* proceedings including IPR matters operating costs of tribunals and courts of law are normally borne by public budgets. In the case of an integrated patent judiciary possible options could thus involve financing of operating costs of regional chambers or decentralised first instance courts by Member States budgets and of the appeal court by the Community budget.

## **viii. Arbitration procedures**

The creation of the patent jurisdiction should be without prejudice to the national arbitration rules of the Member States.

## **ix. Community patent**

In its Communication the Commission has suggested to take a fresh look at the translation requirements for the Community patent. In this respect one option could be to ensure translations of patent claims into all official languages. Financial incentives for Member States that accept to renounce to translation into their official language could be envisaged. Also another option which is favoured in particular by certain business organisations could be to provide for "English only" (the patent would be granted by the

EPO in English and no further translations would be required). Still another option would be to refer to the Commission's original proposal which did not provide for translations as a validity requirement but suggested in relation to actions or claims for damages that damages for infringement shall be due only for the period from the time when the alleged infringer is notified of a translation in the official language of the Member State of his residence or principal place of business (cf. Article 44 of the Proposal for a Council Regulation on the Community patent, Commission document COM (2000) 412 final, 1 August 2000). Also a combination of options could be envisaged.

Finally, in the case that translation of patent claims is chosen, practical problems resulting from the need of translating possibly millions of pages of patent claims *inter alia* into less frequently spoken Community languages would need to be tackled. Bearing in mind that there are physical limits to translation capacity, practical and pragmatic solutions need to be found in order to ease the translation burden. One possibility could be to provide for machine translations of patent claims. The Portuguese Presidency believes that this option merits further reflection and will in particular provide Member States with more information about the state of play of the EPO's "European Machine Translation Programme".

## AUSTRIA

1ST INSTANCE COURTS				2 <sup>ND</sup> INSTANCE COURTS				SINGLE/DUAL SYSTEM FOR INVALIDITY/ INFRINGEMENT ACTIONS	AVAILABILITY OF TECHNICAL EXPERTISE	DEVIATING CROSS BORDER CASE-LAW
Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges	Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges			
?	2005: 21 invalidity; 17 infringement; 9 preliminary injunction procedures	Civil Courts (Infringements)	?	?	2005: 7 invalidity; 1 infringement; 6 preliminary injunctions	Administrative Courts (Invalidity)  Civil Appeal Courts (Infringements)	?	Dual system  - Invalidation cases before National Office  - Infringement before Civil Courts	Technical judges in both administrative and civil Courts. Attached to a Court for a period of 5 years	No
	2006: 12 invalidity; 19 infringements; 9 preliminary injunctions procedures				2006: 7 invalidity; 1 infringement; 5 preliminary injunctions					

# POLAND

1ST INSTANCE COURTS				2 <sup>ND</sup> INSTANCE COURTS				SINGLE/DUAL SYSTEM FOR INVALIDITY/ INFRINGEMENT ACTIONS	AVAILABILITY OF TECHNICAL EXPERTISE	DEVIATING CROSS BORDER CASE-LAW
Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges	Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges			
?	around 20	Civil Courts for infringement	Regular judges	Main Administrative Court (Invalidity)	?	Administrative Court (Invalidity) Civil Appeal Court (Infringement)	Regular judges	Dual system. Invalidity before the National office and appeal before the Main Administrative Court	Opinion from experts is possible. No technical judges	No

# LATVIA

1ST INSTANCE COURTS				2 <sup>ND</sup> INSTANCE COURTS				AVAILABILITY OF TECHNICAL EXPERTISE	DEVIATING CROSS BORDER CASE-LAW	
Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges	Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges			
Riga Regional Court	18 cases since 1992 (1-2 per year)	No specialisation. Court of general jurisdiction both for invalidity and infringement	?	Riga Regional Court	6 since 1992	Court of general jurisdiction both for invalidity and infringement	?	Since 01/03/07 single system. Before this date invalidity only before Riga Regional Court and infringement before any district (city) Court	Experts can be involved (civil procedure law). No judges with technical qualification	Very few cases but solved by amicable settlement between parties

# CYPRUS

1ST INSTANCE COURTS				2 <sup>ND</sup> INSTANCE COURTS				SINGLE/DUAL SYSTEM FOR INVALIDITY/ INFRINGEMENT ACTIONS	AVAILABILITY OF TECHNICAL EXPERTISE	DEVIATING CROSS BORDER CASE-LAW
Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges	Name And Number Of Courts	Number Of Cases	Specialisation	Composition Of Courts / Part Time Judges			
	Very few	All cases before the same court	?	Supreme Court of Cyprus	very few	All cases before the Supreme Court of Cyprus	?	Single system	No technical judges because of the constitution	?

