

Community Patents: A little closer

Certainly, the patents are one of the most important kinds of the so-called industrial property rights. As is well known, the entity or individual holder of the patent is entitled to exploit the patented invention - both industrially and commercially - in an exclusive manner (positive content of the right) as well as to exclude the direct or indirect exploitation of the same by third parties and the manufacturing, bringing onto the market, import, sale or supply of the patented objects or procedures (negative content of the right). Leaving aside acts carried out in the private sphere and for non commercial purposes (i.e. experimental activities), third parties can only exploit the patented invention with the consent of the patent holder, consent that may derive from different sources: voluntary or obligatory licences, exclusive or not, authorizations, assignments, etc.

The right of patent and its inherent exclusivity is obtained through its registration in a Public Registry (State Patent and Trademark Offices, European Patent Office) and expires after an absolute term of twenty years to be counted from the date on which the registration is applied for. Once this term has elapsed, the patent becomes of public domain and may be the object of universal exploitation.

Currently, the National patents handled by the offices of the Member States of the European Union coexist at a community level with the European patents governed by the Munich Convention on European Patent of October 5, 1973¹, which in their turn are handled by the European Patent Office. However, the current European patents require the approval of each Member State and their translation to be fully effective.

Willing to leave behind such barriers for the effective protection of the patent rights, the European Union ("EU") is expected to approve in a near future a Regulation on the Community patent so as the European Patent Office may grant a patent designating all the Community as covered territory, exceeding therefore the territory of the Member States that are signatories of the Munich Convention and without the need to resort to the numerous national approvals currently required.

¹ The national patent systems are formed up by the internal laws of the Member States which have been the object of a certain harmonisation as it results from the Paris Convention of March 20, 1883 for the Protection of the Industrial Property, from the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of April 25, 1994 and from the Convention of the Council of Europe on the unification of elements of Law on the Invention Patents of November 27, 1963. In its turn, the European patent system is the one created by the Munich Convention of October 5, 1973.

However, National and European patent system will coexist with the new Community patent system, which pretends to create a symbiosis between the Regulation on the Community Patent and the Munich Convention. Particularly, the Munich Convention has to be ratified by the EU, as well as modified in order to permit the granting of Community patents by the European Patents Office.

In fact, the future arrival of such Regulation on the Community patent results from the political agreement reached last March 3, 2003 by the EU Council of Ministers on Competitiveness which anticipates the creation of the Community patent, a step further on the way to get a higher protection of the inventions in Europe (bringing us near to the standards existing in Japan and in the U.S.) which will enable to smooth the way to obtain a patent for all the EU making possible the immediate acknowledgement of the same in all Member States.

In general, it has been considered that homogeneous and unified regulations of the Member States regarding industrial property rights will lower the obstacles for the free movement of goods. Consequently, the creation of a new unitary and Community-wide title of industrial property shall contribute to eliminate the distortions of the internal market, will allow to take more advantage from the research and, with all probability, will encourage the private sector to invest in Research & Development.

The referred Regulation on the Community patent means the culmination of numerous attempts to create a unitary regime of the patents in the EU, among which we shall highlight, the following:

- i. The above referred Munich Convention of October 5, 1973 on the European Patent and its implementing regulation based on a single procedure for the granting of patents - handled by the European Patent Organization and by the European Patent Office - and on the unification of the internal material Law regarding the requirements for granting a patent. However, once the patent is granted, the same becomes a bundle of as many national patents as required by the petitioner and is subject to the national regulations of the concerned States. The Member States, before the recent enlargement of the EU, and some other countries such as Switzerland are parties to this Convention.
- ii. The Luxemburg Convention of December 15, 1975 known as the Community Patent Convention, modified by the Luxembourg

Compromise on the Community patent of December 15, 1989, which tried to establish a legal instrument with community scope for the protection of the industrial creations-inventions by means of a Community patent. This Convention never came into force due to lack of the necessary ratifications, failure which is considered to have been due to the costs implied by the compulsory translations of the patent documents into all the official languages of the EU as well as to the complexity of the judicial system proposed - system which would have allowed the national judges, in some cases, to annul community patents in the whole EU - ;

- iii. The Green Book of June 24, 1997 adopted by the Commission at the proposal of the commissioner in charge of the internal market which tried to set up the bases of a European patent legislation in the understanding that the current system of coexistence of the European patent and the national patents was too expensive and complex and did not ensure a unitary handling of the inventions;
- iv. Communication of the Commission of February 5, 1999 regarding the Promotion of Innovation through Patent and the follow-up which should be given to the Green Book. The Communication includes a proposal of urgent and medium term actions and several recommendations and;
- v. The Proposal of the Commission of August 1, 2000 of Council Regulation on the Community patent (Official Journal of the European Communities C 337 E/278 of November 28, 2000) and its modifications which have given rise to the aforementioned agreement of the Council on Competitiveness.

In the future the approval of the Regulation on the Community patent shall imply the **creation of a new unitary title of industrial property** that will contribute to eliminate the distortions on competition arising from the territoriality of the national titles of protection and will facilitate the free movement of the goods (one of the main principles or basements of the EU) protected by patents.

The Community patent will have a unitary and autonomous nature, will therefore have the same effects in all the EU territory and shall only be granted, transferred, waived, annulled or expire with regards to the whole Community. The conditions or requirements for granting a patent will be those previously fixed in the Munich Convention of 1973.

It is foreseen that the unitary nature of the patent shall not be only referred to the title itself. Being it necessary to apply the community rules uniformly, the resolution of the controversies that may arise will correspond to a **Community Court for the Intellectual and Industrial Property** the creation of which shall make necessary the modification of the EC Treaty. This future Court will be dependent on the First Instance Court of the European Union, located in Luxembourg, will be centralized and specialised in patents and made up of three expert judges.

The Court is expected to start operating in 2010 and, in principle, will have exclusive competence regarding lawsuits related to the nullity or infringement of Community patents, the declarations of absence of infringement, proceedings regarding the use of a patent or the right based on the previous use, requests of limitation, counterclaims of nullity or requests of expiration by reason of lack of use and requests of precautionary measures or of indemnities for damages. Such Court will have both a first instance and an appeal section and its procedural rules will be established in its future By-laws or in a Procedural Regulation. The advantages of the system could be counter balanced by the fear that one's patent for the whole EU may be invalidated by the same Court that could grant a pan-European injunction.

Therefore, and generally speaking, national Courts shall only be competent regarding matters that are not of the exclusive competence of the Court of Justice or of the aforementioned special Court. Particularly, national Courts shall be competent in case of forced execution regarding the Community patent, or regarding lawsuits on Community patents between entrepreneurs and employees. Additionally, until 2010, national Courts will have jurisdiction over the Community patent.

Theoretically, there shall also be a unique granting authority that will be the already existing and experienced **European Patent Office**, with headquarters in Munich. Once granted, the Community patents will be published in the Community patent Registry and relevant Journal.

Hence, the authorship of a patent will be proven by means of a sole document valid in the whole EU. The role of the current national patent offices will be restricted to inform the prospective petitioners of Community patents, in particular to provide them with information about the requirements for the granting of the patent, to receive requests passing them on to the European Patent Office, to divulge information regarding the patents, to promote the Community patent and to provide advice in this regard to inventors and companies, particularly to small and medium size

companies. The aforementioned national offices could even collaborate when it comes to investigate about patents already existing in the European Union.

It is also intended that the **fees** for the granting and annual renovation of the Community patents do not exceed the fees of a current average European patent, being progressive during the life period of the Community patent. The amount of the fees which will be fixed by a Commission Regulation will be paid to the European Patent Office and then distributed between the European Patent Office (which will withhold 50%) and the national offices which will receive part of the maintenance fees in accordance with criteria to be decided by the Council of Ministers taking into account a basket of fair, equitable and relevant criteria, that should reflect patents activities and the size of the market in each State, but that also includes balancing factors where the member states have a disproportionately low level of patent activities – in other words – subsidies for the less busy offices

According to recent declarations of the European commissioner for internal market, Mr. Frits Bolkestein, the cost of a Community patent effective in the whole EU shall be of around 25,000 Euros - half of what it costs now to obtain the same effect in only eight European countries - which implies to get nearer to the prices even substantially lower of Japan or USA, reduction of costs which shall clearly benefit the research and innovation in the European economy.

In the current system the translations required by the Member States represent almost a 40% of the cost of the patents. On the contrary, the request for the new Community patent shall only be submitted in one of the three official languages of the European Patent Office (English, French or German), the latter taking charge of preparing and financing the translation of the “ patent claims” (that is, the document indicating what the patented invention brings as new, delineating the scope of the monopoly granted) to the other two official languages.

However, the new system will also involve a significant element of translation, especially when the original application is prepared in a non-official language. In those case the full application shall be translated into English, French or German.

In addition, once the patent has been granted, the said “patent claims” will have to be translated into the 11 official languages of the EU (20 after the coming enlargement of the EU), at the expense of the petitioner, except if the Member State renounces to it, which implies a step back over previous

drafts which made these last translations merely facultative (the holder of the patent could, at his own expense, carry out and submit translations into the other official languages of the Member States, and the European Patent Office would immediately place the same at the disposal of the public). Furthermore any possible claims against Community patents shall also be translated into all official languages.

At any event, the current system has been improved since up until now it requires, on penalty of annulment, the complete translation of the European patent (including the description, “claims” and drawings) into the language of the country in which it is sought to be registered, furthermore within a preclusive period of three months as from the publication of the notice of granting (Sentence of Court of Justice of the European Communities of September 21, 1999 - C-44/98 BASF AG vs. *Präsident des Deutschen Patentamts* and Sentence of the Spanish Supreme Court of October 18, 2001).

Unlike the European patent system the Community patent shall be a part of the Community legal framework and shall be unique for all the European Union as regards its granting, application and interpretation which may favourably imply that the results of the research and the new scientific and technical knowledge be transformed into industrial and commercial achievements of a higher efficiency, reducing thereby the gap which separates the Member States from other countries of the first world regarding the investments of the private sector in Research & Development.

Nevertheless, future regulations on this matter shall in no case forget to restrain and avoid undesirable collateral effects, which may result from the foreseen system. Per instance, that the centralization of the granting of patents in certain countries causes an economic and business impoverishment in those other countries which are limited to acknowledge the validity of the Community legislation; that the supranational offices, concerned about their financing and about the keeping of their clientele, specially become adapted to the interests of the big firms postponing as a result the public interest and other interests worth of protection; or even that the international strengthening of the industrial property rights gives rise to abusive and anticompetitive practices.

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