AIPPI has repeatedly studied questions with relation to the harmonization of patent law (see the still existing Special Committee Q 89). The Community Patent was originally the subject of the committee Q 87 which later dissolved and merged with Q 137. The problems related to the Community Patent and the patent system in Europe in general are of particular interest to the work of AIPPI for various reasons. Non-Europeans use the system to a high extent and the European market is growing steadily. The Community Patent might also serve as a model for other regions in the world for future developments of their patent systems.

The patent law situation in Europe is characterized by a parallelism of national patents and European patents granted on the basis of the European Patent Convention (EPC) of 1973. Art. 142 EPC mentions "unitary patents for groups of Contracting States provided by special agreements". Accordingly, in 1975, the Community Patent Convention (CPC) was adopted in Luxembourg. Its goal was to provide a single and unitary patent for the entire European Community (EC) and thus to improve patent protection and legal certainty. In 1989, the member states of the EC reached the Agreement on Community Patents which comprises, among others, a revised version of the CPC and a protocol concerning disputes and their resolution and the establishment of a Community Patent Appeal Court (COPAC). However, due to various circumstances, not all member states of the EC have yet ratified the CPC, so that the CPC has not entered into force.

In 1997, the Commission of the European Communities published a Green Paper on the status and the future of the patent systems in Europe. A hearing was held in November 1997 and the Economic and Social Committee of the European Communities (ESC) has rendered an opinion. AIPPI should - from its own perspective - analyse the situation and express its views on the future of the European patent systems, their coexistence and possible improvements.

1. The current situation

Applicants today have a choice between a European patent with numerous designated countries on the one hand and national property rights (patents or utility models) on the other hand. The European patent, however, does not offer a single right either but rather a "bundle" of national parts (national patents) achieved by one application wherein the national parts follow the rules of the respective countries with regard to infringements, the enforcement of rights and the revocation (validity) of the national parts. Thus, significant differences can be found in the various jurisdictions, e.g. concerning the doctrine of equivalency or the judicial system for infringement and nullity (revocation) proceedings.

In contrast, the CPC offers a single patent for the entire European Community whereby conditions for the grant of a patent as well as infringement rules and the judicial means are basically the same throughout the territory of the European Community.

1.1

Do the Groups find a further harmonization of the patent system currently in existence in Europe desirable?

1.2

Are the Groups in favour of a Community Patent besides the European and the national patents?
Would the Community Patent in general - notwithstanding its specific conditions - improve the situation and enhance the number of patent applications and what are the main reasons for such improvements?

2. Territory of protection

The European patent as well as the national patents offer the opportunity to create a bundle of patents "à la carte" by choosing the designated countries. The Community Patent as planned in the CPC is a unitary patent and can only be granted, transferred or revoked as a whole with effect for the entire Community. The designation of one member state of the CPC automatically leads to a patent for all the member states. It is also not possible to let the patent lapse in one or more countries, unless the entire patent is given up. This raises the question of transition from one system to the other.

2.1 Is it in the view of the Groups desirable to be able to limit a Community Patent application to certain countries or to give up certain countries after the grant of the patent?

2.2 Which legal and economic effects do the Groups expect taking into account the exhaustion of patent rights and the free movement of goods in the Common Market?

2.3 Do the Groups find it necessary to provide options to convert a Community Patent into a European or a national patent or vice versa? What should be the requirements for such a conversion?

3. Costs

Patents involve costs under numerous aspects on various levels. Fees for the patent offices start with the application. Further steps, such as research and examination imply more costs, while the services sometimes have to be performed multiple times and results (e.g. research reports) obtained once cannot be used for other (parallel) applications. Translations of the patent application have to be filed (see e.g. Art. 29-31 CPC/GPÜ). Some time after the filing of the application payments for the annual renewal fees start. Finally, the representation of the applicants requires highly qualified personnel.

A comparison of costs for patent applications, granting procedures and enforcement is the task of the Special Committee Q 139. In connection with the present question the issue of costs should therefore only be discussed as far as it is linked to the patent system in Europe and its future.

The European Patent has led to a reduction of costs for the prosecution of patent applications in Europe by way of replacing the work performed by several national patent offices by a single process at the EPO. At the same time, the EPC permits a choice of designated countries for the application at every stage of the life of the patent. This allows a limitation of costs to those countries in which a patent is desired. The advantages of such a flexible system are reflected by the increasing numbers of applications filed with the EPO.

3.1 Should it be possible to use research and examination results and other documents obtained for one application in other jurisdictions, e.g. the US or Japan, for parallel European or Community patent applications in Europe in order to avoid duplicate work
and cost? If so, which requirements for the harmonization of the single proceedings (e.g. research, examination) have to be met?

3.2
What is the purpose of the translation? Is it necessary to translate the entire patent application and to what extent is the translation indispensable? Should the translation be required only for the exercise of the patent rights or at an earlier stage before the grant of the patent in order to fulfil the obligation to disclose the invention sufficiently and to provide the necessary information for the expert to carry out the invention?

3.3
What should be the relation between the renewal fees for a European patent, a Community Patent and national patents? Should the principle be maintained that the renewal fees are proportional to the number of countries in which the patent is to be upheld or would it be reasonable to reduce the renewal fees for a Community Patent or a European patent in relation to the amounts resulting from the addition of the renewal fees in the single countries?

3.4
Do the Groups suggest that the applicant can waive his rights conferred by a Community Patent for specific countries in which no further patent protection is desired by not paying the renewal fees for those countries?

4. System of jurisdiction
Currently, the EPC does not provide a judicial system. Infringement cases as well as actions to revoke a European patent (nullity actions) are based on the national laws and jurisdictions (Art. 64, 138 EPC). This leads to significant discrepancies between the single member states with regard to the proceedings. In some countries, e.g. in Germany, separate courts hear infringement cases and nullity actions whereas in other countries, such as Great Britain, the validity of the patent can be contested by way of raising a counterclaim in the infringement case. These discrepancies also result in that litigation costs are much higher in some European countries than in others. Furthermore, there is a potential for legal uncertainty due to the lack of uniform decisions.

AIPPI's standing committee Q 134 deals with the enforcement of IP rights under TRIPS. Apart from this, the Groups are invited to report on the situation in their country and to express their views specifically with regard to the patent system in Europe.

4.1
Should there be separate courts for infringement cases and nullity proceedings?

4.2
Should the revocation of a patent be linked to patent authorities? How should court proceedings interact with proceedings before the patent authorities?

4.3
If the answer to the above question is yes, are the Groups in favour of continuing to handle the revocation of European Patents nationally, or should the revocation procedure be centralized at the EPO?

4.4
Should the national courts have the competence to judge on infringements and/or the validity of patents with effect for the entire Community?
4.5 Are the Groups in favour of a single European court or should there be at least a European Court of Appeals or is it preferred to seek uniform decisions by other means?

4.6 Do the Groups suggest different rules for preliminary injunctions?

5. **Compulsory licenses**

Art. 30, 31 TRIPS contain regulations for the use of a patent without the authorisation of the patent holder. Unlike in the EPC, similar regulations for compulsory licenses can also be found in Art. 45-47 CPC.

5.1 What are the conditions under which compulsory licenses should be admissible?

5.2 Should compulsory licenses also be granted in the case the patent is not used by the patent holder? If so, would the use in one member state of the European Union be sufficient to exclude compulsory licenses in other territories of the community?

6. **Miscellaneous**

Various other issues have been discussed with regard to the Community Patent and to the harmonization of patent law in the European Community. These issues comprise among others the right of prior use, inventions of employees or formalities of patent applications (including the representation of applicants).

Which other aspects might, in the view of the Groups, be critical for a Community Patent or for the future of the patent system in Europe in general?

7. **Conclusion**

The Groups are invited

- on all of the foregoing questions, to express their opinion as to the current situation,

- to define the conditions under which a Community Patent is desirable and acceptable and

- to put forward any proposals for improvements of the patent system in Europe which might affect the establishment of a Community Patent, including the European patent and in particular patentability requirements.

**Note:** It will be helpful and appreciated if the Groups follow the order of the questions in their reports and if they cite the questions and numbers for each answer.