



## Report

# European patent litigation agreement towards a cross-border enforceability of patent litigation decisions

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## European Patent Litigation Agreement : Towards a Cross-Border Enforceability of Patent Litigation Decisions?

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- *European Patent Litigation Agreement* -  
Towards a cross-border enforceability of patent litigation decisions ?

**Caroline Guérin, Martin Lehner, Fanny Masson, Marisa Oliveira and Virginia Palmieri**

## **I. Introduction**

‘A country without a patent office and good patent laws is just a crab and can't travel any way but sideways and backwards.’<sup>1</sup>

Such as Mark Twain who had already understood in the late 19th century the necessity of a strong patent system to allow transnational competitiveness, the European Patent Office has found out the need for a harmonized framework inside the Common Market. That is the reason why the Intergovernmental Conferences held in Paris and London in 1999 and 2000 gave birth to a project of centralized rules for a European Patent Judiciary, the Member States of the European Patent Organization being free to adhere or not to them.

The latest Draft of the European Patent Litigation Agreement (EPLA) of 2005 set rules so that a unique European Patent Court can solve the current problems arising from the fact that a European patent is a bundle of national titles. Among others, it will try to reduce legal costs, ensure legal certainty, add technical judges, and avoid forum shopping.

One of the key questions that EPLA will also have to deal with is that of cross-border enforceability of decisions. Indeed, nowadays, when a dispute about validity or infringement of patent rights arises, it has to be brought before as many national courts as there are countries concerned with the title, therefore it can be subject to many different laws. This diversity of rules can lead to contradictory decisions in case a law suit is brought, and that is precisely what EPLA aims at avoiding. Thus, if cross-border enforceability of decisions in Europe is implemented, the goal of creating a unique patent litigation system will be achieved.

After studying the differences in selected key features such as the joint or separate handling of infringement and validity actions or the seizing of evidence between some of the current national patent systems, namely Great Britain, Germany and France, the EPLA's contribution to set up cross-border enforceability of the decisions will be contemplated.

## **II. A comparative approach of the judiciary systems to patent litigation**

### *A) A common law system: Great-Britain*

The United Kingdom (UK) is a common law system that is made of three separate jurisdictions. England and Wales, where the patent actions are usually held before either the

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<sup>1</sup> Mark Twain (1889), *A Connecticut Yankee in King Arthur's Court*

Patents Court or the Patents County Court, both of which are in London, Scotland and Northern Ireland. However, most patent actions in the United Kingdom are brought in London.

Proceedings for infringement are brought before the Patent Court, the Patent County Court or in certain cases before the Comptroller (the Comptroller decisions are normally held with documentary evidence with lower scales of fee).

In proceedings of infringement, the validity of a patent can be brought into question. In fact, in England the same court deals with infringement and validity at the same time. In the *Fort Dodge Case*<sup>2</sup>, it was held that « *any proceedings for infringement must in English eyes be “concerned with” the validity of the patent* ». This approach is different from other European countries such as Germany. There are a number of issues that have to be taken into account when considering this approach. In practice, it is difficult for the Court to predict when the validity will become a problem in a patent infringement action. Therefore, this ruling introduces a groundless uncertainty. Moreover, from a policy viewpoint, this means that the issues of patent validity will be litigated at the same time in various countries, leading to important costs and difficulty.

There are some proceedings that are specific to the English system. The Anton Piller order is one of them. It is a court order which enables the claimant to search premises and seize evidence without prior warning. This order is used in order to prevent the destruction of incriminating evidence. It takes his name from the case of *Anton Piller KG v. Manufacturing Processes Limited* [1976]<sup>3</sup>.

Because such an order is essentially unfair to the accused party, Anton Piller orders are only issued exceptionally and according to the three-step test set out in the Anton Piller case:

- There has to be an extremely strong *prima facie* case against the respondent,
- The damage, potential or actual, must be very serious for the applicant, and
- There must be clear evidence that the respondents have in their possession incriminating documents or things and that there is a real possibility that they may destroy such material before an *inter partes* application can be made.

It is likely that this kind of orders will be used in the EPLA.

Secondly, another specificity that has to be taken into consideration is that there is no « doctrine of equivalents » that is recognized under the European Patent Convention (EPC). The Protocol on Interpretation of Article 69 of the Convention provides that a patent claim should not be « *defined by the strict, literal meaning of the wording used in the claims* », and nor interpreted so that the claims « *serve only as a guidance* ». Moreover, a patent should « *be interpreted as defining a position between these extremes which combines a fair protection for the patentee with a reasonable degree of certainty for third parties* ».

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<sup>2</sup> *Fort Dodge Animal Health Ltd v. Akzo Nobel NV and Intervet International BV*, UK Court of Appeal (Civil Division), October 27, 1997. [1998] I.L.Pr. 732; [1998] F.S.R. 222

<sup>3</sup> *Anton Piller KG v Manufacturing Processes Limited* [1976] Ch. 55 [1976] F.S.R. 129

Until recently, the English Courts have used a test that was laid out in the *Catnic*<sup>4</sup> and *Improver*<sup>5</sup> cases. The test consists in 3 questions that the Court had to answer in order to decide whether there has been an infringement.

However, it has been argued this three-step test is not very useful when deciding a case and therefore it has not been used very extensively. This argument has found a confirmation in the case *Kirin-Amgen v. Hoechst Marion Roussel*<sup>6</sup>. In fact, in this case, Lord Hoffman held that only the first question was to be used, and that the other two were only to be used as guidelines. Furthermore, this decision confirms that the English Courts will uphold a fairly literal approach to claim construction.

The costs of litigation may vary considerably depending on the Member State concerned. In the UK the overall cost for each party of a patent case may go from 150 000 € (fast-track procedure) to 1 500 000 € at first instance and from 150 000 € to 1 000 000 € at second instance.<sup>7</sup> A survey showed that the accumulated costs of parallel litigation in three different Member States (Germany, France and UK) would vary between 310 000 € and 1 950 000 € at first instance and 320 000 € and 1 390 000 € at second instance.<sup>8</sup>

## B) Two civil law systems: France and Germany

### I. Current German patent system

Infringement and validity actions in Germany must be brought in separate courts as well as in separate actions (as in France): the infringement action in the District Court (*Landgericht*) and the validity action in the Federal Patent Court (*Bundespatentgericht*).

The decisions of the District Courts can be appealed before the specialized courts of appeals which have chambers for patent infringement matters. In the third instance, losing parties are entitled to appeal the decision before the Federal Supreme Court. The decisions of the Federal Patent Court can also be appealed before the Federal Supreme Court, which handles around 100 infringement and nullity actions per year, the highest number of patent cases dealt by the country's highest court in the world<sup>9</sup>.

While some first instance courts seldom ask for an expert opinion, except in very difficult electronic, chemical or biotech cases, others nearly always appoint a court expert who has the task to explain the technical terms in the claim and possibly the prior art for the determination of the scope of the claim. The particularity of the German practice is on the one hand that the defendant is not obliged to cooperate in the fact finding process, and on the

<sup>4</sup> *Catnic v. Hill & Smith* [1982] R.P.C 183

<sup>5</sup> *Improver v. Remington* [1990] F.S.R 181

<sup>6</sup> *Kirin-Amgen v. Hoechst Marion Roussel* [2005] R.P.C (9) 169 H.L

<sup>7</sup> « In Germany, the overall cost for each party of a patent case with an average sum in dispute of around 250 000 € is estimated to lie at around 50 000 € at first instance and 90 000 € at second instance for both validity and infringement. In France, the cost of an average patent litigation case in the above-mentioned range lies between 50 000 € and 200 000 € at first instance and between 40 000 € and 150 000 € at second instance. »

<sup>8</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0165:FIN:EN:HTML>

other hand that it is the court, and not the parties, which decides what kind of evidence and how much of it is necessary in order to find infringement. The great advantage is that the court conducts the proceedings, thereby reducing the relevant issues to those which it regards as relevant for its decision<sup>10</sup>. This explains why the German Courts are relatively speedy.

This procedural separation of infringement and invalidity in Germany is generally considered to give an advantage to the patent holder. It is possible to obtain a stay of an infringement action while any related validity action is heard, but this is at the discretion of the court hearing the infringement action<sup>11</sup>. As a matter of fact, a defendant seeking to delay a case will primarily consider initiating invalidity proceedings against the plaintiff's patent and will try to convince the infringement court to stay proceedings until a decision has been rendered as regards the validity of the patent<sup>12</sup>. The infringement court will thus balance the interests of the patent owner against the interests of the alleged infringer. However, the interest of the patent owner to enforce his granted patent generally prevails over the interest of the alleged infringer to stay the infringement proceedings<sup>13</sup>. The infringement court shall stay the infringement proceedings only if there is a preponderant probability that the patent will be revoked in invalidity proceedings. In practice, only 10 to 15 % of infringement actions are stayed because the validity of the underlying patent is challenged into parallel invalidity proceedings<sup>14</sup>.

The question as to whether a case concerning the validity of a non-German patent can be brought before the German courts was recently raised by the case of *GAT v LuK*<sup>15</sup>, which challenged the basis for cross-border jurisdiction under the Brussels Convention. In *GAT* the District Court of Düsseldorf was faced with a situation where a German company brought infringement proceedings in relation to a French patent against another German company in the German court. Given the general rule that a defendant can be sued in the state where he is domiciled, this was of itself uncontroversial. However, the defendant inevitably argued in its defense that the French patent was invalid<sup>16</sup>. The eagerly awaited decision of the European Court of Justice (ECJ) stated that the German courts did not have jurisdiction to determine the validity of the French patents. This case, as well as the case of *Roche v Primus*<sup>17</sup>, where the issue was whether the Dutch court had jurisdiction over nine Roche companies which were carrying on activities which allegedly infringed nine national designations of a European patent, put an end to cross-border litigation: patent validity and infringement cases in Europe must be initiated country-by-country. This result prompted many experts and practitioners to

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<sup>9</sup> Pagenberg, J. (1997), "Intellectual Property Litigation in Germany", MIP Patent Yearbook.

<sup>10</sup> Pagenberg J., *supra* note 9.

<sup>11</sup> Harris, M. (2005), International Patent Litigation Briefing, Norton Rose.

<sup>12</sup> Allekotte, B. (2006), 'Enforcing Patents in Germany', Intellectual Asset Management magazine supplement, 'Patents in Europe 2006', pp. 63-66.

<sup>13</sup> von Meibom, W. and Kreye, B. (2004), Patent litigation in Europe: focus on Germany, Bird & Bird, available at [http://twobirds.com/english/publications/articles/Patent\\_litigation\\_in\\_Europe\\_focus\\_on\\_Germany.cfm?RenderForPrint=1](http://twobirds.com/english/publications/articles/Patent_litigation_in_Europe_focus_on_Germany.cfm?RenderForPrint=1).

<sup>14</sup> von Meibom, W. and Kreye, B., *supra* note 13.

<sup>15</sup> Gat v Luk (C-4/03), ECJ 13 July 2006.

<sup>16</sup> Harris M., *supra* note 11.

<sup>17</sup> Roche v Primus (C-539/03), ECJ 13 July 2006.

support the implementation of the EPLA that would create a single unified judicial system for infringement and validity cases which would issue decisions binding across the contracting states<sup>18</sup>.

Since there are no discovery proceedings in Germany, the requirements of proof are sometimes difficult to fulfill. In principle, the plaintiff carries the burden of proving all facts from which it can be ascertained that the patent is being used. In Germany, measures comparable to the French *saisie contrefaçon* or the British search order (*Anton Piller* order) are not available<sup>19</sup>. Currently, under a rather recent ruling of the Federal Supreme Court, a plaintiff may request that a device or object that is not readily available to the plaintiff be presented by the defendant. With this decision, the Federal Supreme Court complies with the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) and the Directive 2004/48/EC for ensuring that effective means of presenting, obtaining and preserving evidence are available under German law<sup>20</sup>.

The scope of a patent is defined by the infringement court, which takes into consideration the meaning of the claims. These are interpreted in light of the description and the drawings of the patent according to Art. 69 EPC 2000 which has been included into the German Patent Act. Modifications of the subject matter vis-à-vis one or more features of the patent are caught under the so-called doctrine of equivalents. The *Schneidmesser II* case<sup>21</sup> and the *Formstein* case<sup>22</sup> shed further light on the approach of the German courts to the question of “equivalence”. As a practical consequence, an argument that a patent holder should be granted broader protection than the literal wording of his claims will perhaps continue to be better received in the German rather than the English courts<sup>23</sup> (see the *Kirin-Amgen* case earlier). The different approaches to assessing the scope of protection conferred by a European patent among the various national courts result in diverging decisions, highlighting the need for a single central patent enforcement system for European patents.

## II. Current French patent system

Unlike in Great Britain and Germany, when the validity and infringement of a patent come to be challenged in France, they can be examined at the same time or at different ones.

Indeed, everything relating to validity leads to a judicial control in case one of the three causes of nullity is claimed in court<sup>24</sup>. Only four patent actors are usually entitled to bring a validity action to court: the patent holder, the licensee, a manufacturer who wants to

<sup>18</sup> Bolger P. (2006), Cross-border patent injunctions, Mason Hayes+Curran, available at <http://www.mhc.ie/news+-events/legal-articles/209>.

<sup>19</sup> Janssen B. (2007), ‘Evidence collection made easy’, Managing Intellectual Property, available at <http://www.managingip.com/CountryReport.aspx?CountryID=24>.

<sup>20</sup> Janssen B., *supra* note 19.

<sup>21</sup> Judgment of Federal Supreme Court of Germany, March 12, 2002 GRUR 519 (Schneidmesser II).

<sup>22</sup> Moulded Curbstone (Formstein), Judgment of Federal Supreme Court of Germany, April 29, 1986, 18 IIC 795 (1987).

<sup>23</sup> Harris M., *supra* note 11.

<sup>24</sup> Galloux, J.C.(2003), Droit de la propriété industrielle, Cours Dalloz, 2<sup>ème</sup> édition, pp.173-177 ; 201-212

unblock a market, or a trade union. It can be made as a principal request (but it is quite rare since the first level of administrative control before the *Institut National de la Propriété Intellectuelle –INPI–* generally operates properly), or as a defense in infringement proceedings. In this last hypothesis, the separate examination of validity from infringement will depend on the way chosen by the plaintiff, either civil or criminal.

As for infringement matters, two options are given to the plaintiff: he can choose to have his case ruled by civil or criminal law.

If the plaintiff chooses the civil way, infringement is examined by one of the competent courts after the patent delivery<sup>25</sup>, these courts also being competent as to validity issues. Thus, if validity is challenged on the civil ground as a defense in infringement proceedings, both are examined at the same time by the same judge. Out of the 154 French *Tribunaux de Grande Instance (TGI)*, only seven have jurisdiction over patents, their rulings being open to an appeal before the corresponding *Cour d'appel* and before the *Cour de cassation* which will only hear the case as to law, not facts. *TGI* are supposed to be courts of common law, mainly dealing with property issues, but those seven ones have specialized chambers.

Nevertheless, there are no judges or lawyers with particular skills in patent matters. This is the reason why patentees have their case prepared by a *Conseil en Propriété Industrielle (CPI)*<sup>26</sup>, who is a jurist or an engineer with specific knowledge in that field. This specialized person counsels them and sometimes represents them (before the *INPI*, not courts). There is currently a lively debate as to whether merging this legal profession with that of lawyers to allow *CPI* to plead before *TGI* and to create common structures. Moreover, it would be easier for patent holders to have their case dealt by a unique professional. However, lawyers are in general reluctant to merge, arguing it would jeopardize their independence. An expert can also be designated in theory, since law allows him to give his opinion when it is necessary, but in practice it is almost never done for financial reasons.

If the plaintiff chooses the criminal way, the case has to be brought before a *Tribunal Correctionnel*, which is in fact a specialized chamber of *TGI*<sup>27</sup>. Here again, appeal is open in the same conditions than for a civil decision. When nullity of the patent is claimed as a defense during the infringement proceedings, the question is whether the criminal judge can decide it or not. Where the 1968 French law on patents stated that only the civil judge could make a ruling concerning the validity of a patent, the current texts have not taken up this rule expressly. But it seems that, in practice, it is still applied: as a result, the *Tribunal Correctionnel* should grant a stay until the *Tribunal de Grande Instance* tries the case. In this case then, validity and infringement are not examined at the same time by the same judge.

The choice between civil or criminal law is mainly a strategic one, depending more on the expected remedies than on the means of proof of the infringement. In France it can be proved by any means since it is a “fact”, not an “act”, the plaintiff having to show the similarities between the patented object and that exploited by the infringer. Penalties sanction

<sup>25</sup> Le Stanc, C. (2007), *Effets du droit de brevet*, CEIPI lecture

<sup>26</sup> Roux, E. (2008), *Règles de déontologie de la profession de Conseils en Propriété Industrielle*, CEIPI lecture

<sup>27</sup> Schmidt-Szalewski, J. and Pierre, J.L. (2003), *Droit de la propriété industrielle*, Manuels Juris-Classeur, 3ème édition, Litec, pp. 83-87 and 89-90



direct as well as indirect infringement. Under criminal law, it can lead to up to a 3-year prison sentence and a 300 000 € fine. Under civil law, a *saisie-contrefaçon* (already known in France since a Revolutionary Decree of 1791), restrictive injunction, forfeiture of the infringing goods, publication of the court order and damages can be granted. A French specificity is that, during a *saisie-contrefaçon*, an expert is appointed by the judge after an order has been delivered. The *huissier* (bailiff), who is responsible for seizing the goods and writing a report describing which evidence have been collected, is accompanied by the plaintiff's *CPI*. Nevertheless, he is the only one to be allowed to add observations to the report in order to guarantee its independence. Since the bailiff's report is of high evidentiary value, it can be a good strategy to initiate a patent litigation in France so that the plaintiff can use the bailiff's report in another country where obtaining evidence is sometimes more difficult, for example in Germany.

However, one of the reasons why patentees tend to have their case ruled by foreign courts is the lack of efficiency before French courts<sup>28</sup>: indeed, the proceedings are quite slow (2 or 4 years) and the damages awarded are still rather low in comparison with other European countries. Moreover, patent issues only represent 1% of the civil cases, and not more than 0.25% of the Justice's budget, being complicated matters for judges who lack time and skills in such a field. Because of this, 30% to 40% of disputes end up with dealings or withdrawals. One of the EPLA goals will undoubtedly be to homogenize all its members' proceedings so that the delays and costs are reasonable on top of being unique before the courts to be created.

There are still discussions in the French doctrine as to whether the court of another country, other than that which issued a patent, could be competent in certain situations<sup>29</sup>. Although it is generally admitted that no foreign court can principally be competent to decide the validity of a patent<sup>30</sup>, some authors think it could be incidentally competent to achieve good management of justice<sup>31</sup>. It seems that the same reasoning could be applied to infringement issues. In spite of the general rule (deriving from the principle of territoriality of IP rights) under which a foreign patentee cannot sue for infringement in France<sup>32</sup>, there are questions as to the competence of a foreign judge to grant damages, even if the national judge would still be the only one to order restrictive injunctions<sup>33</sup>. But these are only theoretical views often based on old decisions, and which do not always meet practical cases.

Nonetheless, if a patent is put into question in France nowadays, the held decision will only apply *inter partes* since Council Regulation (EC) 44/2001 does not lead to a cross-border enforceability of the decision, namely that the ruling will not bind the courts of the other states where the patent is recognized. Indeed, since one action has to be brought in each country where a dispute arises, each decision will have a limited territorial scope. That is one

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<sup>28</sup> Martin, J-P. (2004), Les délais réels des procédures en contrefaçon de brevet d'invention, available at <http://jeanpaulmartin.canalblog.com/archives/2006/05/30/1990009.html>

<sup>29</sup> Vivant, M. (2002), Régime international, Editions du Juris-Classeur Brevets, Fasc. 4900, pp.20-21

<sup>30</sup> Decision of the Court of appeal of Paris : CA Paris, 17 décembre 1969 (PIBD 1970, III, pp. 131)

<sup>31</sup> Decision of the Tribunal Civil de la Seine, 5 mai 1897 (Ann. propr. ind. 1900, pp.257)

<sup>32</sup> Report of the French group of the International association for the protection of intellectual property : Rapp. au nom du Groupe français par M. Charles Reibel, president, et M. Robert Plaisant, rapp. de la Commission (Annuaire AIPPI 1958, pp. 200)

<sup>33</sup> Decision of the Court of appeal of Rennes : CA Rennes, 19 novembre 1924 (Gaz. Pal. 1925, 1, pp. 103)

of the things that the EPLA project aims at changing so that legal certainty is achieved across Europe and legal costs are reduced.

### III. The impact of the European Patent Litigation Agreement

#### A) *The absence of cross-border enforceability in European law*

In order to achieve a good enough degree of predictability and legal certainty, it is crucial that the European Union (EU) and EPC member states abide by the same key rules and interpret patent law fundamentals the very same way.

Merely by adopting a specific procedural requirement, the outcome of an action may be predetermined, e.g., a seizure procedure or the appointment of a court expert. It could therefore deviate from the result in another system using a different approach<sup>34</sup>.

Being a facultative additional protocol to the existing European treaties and directives, the Draft for EPLA will be bound by these rules, among others Council Regulation 44/2001 which governs jurisdiction over national intellectual property (IP) rights in Europe<sup>35</sup>. In its view, and in the light of the latest European Court of Justice decisions on this subject matter<sup>36</sup>, a national court can only have cross-border jurisdiction by virtue of article 2(1). According to it, 'persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State'. Nevertheless, article 5(3) about harmful event jurisdiction, article 6(1) about multiple defendants and article 22(4) about exclusive jurisdiction towards invalidity of registered rights do not give them such a jurisdiction.

As a result, the current European or national laws fail to ensure cross-border enforceability. This considerably increases legal costs when a case has to be brought before many courts (e.g. when infringement is at stake), and gives rise to uncertainty as to the outcomes of these actions. That is one of the reasons why a European Patent Litigation system is to be created, with a unique European Patent Court composed of a Central Division and a number of Regional Divisions (a Court of First Instance as well as a Court of Appeal which would give a harmonized interpretation of patent law)<sup>37</sup>.

#### B) *The answers given by EPLA*

According to articles 38 to 44 Draft EPLA<sup>38</sup>, once the European Patent Court will be created, it will hear cases concerning the validity and infringement of a European patent, then

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<sup>34</sup> Pagenberg, J and Cornish, W (2006), The Bardehle Pagenberg IP Report

<sup>35</sup> Joseph P., (2006), The rise and fall of cross-border jurisdiction and remedies in IP disputes

<sup>36</sup> Gat v Luk (C-4/03), ECJ 13 July 2006

Roche v Primus (C-539/03), ECJ 13 July 2006

<sup>37</sup> European Patent Office acting as secretariat of the Working Party on Litigation (2006), Assessment of the impact of the European patent litigation agreement (EPLA) on litigation of European patents

<sup>38</sup> Working Party on Litigation (2005), Draft Agreement on the establishment of a European patent litigation system

hold decisions directly enforceable in each contracting state. Thus, since states will have previously designated the European Patent Court as their national one, there will be no need for a recognition or exequatur application. As a result, it will favor the UK approach concerning the effects of patent litigation decisions.

Working at its full speed, the tremendous innovations introduced by EPLA would significantly contribute to diminish the lack of legal certainty caused by the fact that some jurisdictions favor a literal interpretation of the wording rather than resorting to equivalence – as in England, for example. It would also have a major effect in Germany, as far as evidence preserving is concerned, since seizure orders would then be carried out.

With a centralised litigation system, issues such as deciding on the incidental question of jurisdiction when a defendant raises the invalidity defence, the question of different criteria for damage calculation or the strategy of forum shopping would most certainly have its end.

However, the EPLA is seen with great amount of suspicion within some sectors, which raise doubts as to the European Patent Judiciary's proper functioning. Concerns have arisen over granting judicial power to a non-EU institution as well as about the feared greater permeability of the court to granting patents on computer programs as such and the lack of an independent assessment of the costs litigating through such a system would entail.

Some of the most significant criticisms have to do with (i) the fact that European Patent Court judges are appointed by the Administrative Committee and especially the fact that their independence might be compromised due to the possibility of re-appointment<sup>39</sup>, as well as (ii) the fact that members of the Boards of Appeal could also serve as European Patent Court judges<sup>40</sup>. The circumstance of judges' re-appointment is not in itself a true issue due to the fact that one must assume the judges' independence. However, when it comes to the possibility of former and current members of the Boards of Appeal taking on the role of European Patent Court judges, great care has to be put into their appointment. But then again, as long as they are not assigned a case which post-grant appeal proceedings they handled, the court's independence is not impaired.

### C) *The remaining questions*

Although the Draft EPLA seems to create a mechanism of cross-border enforceability of decisions that may lead towards a standardization of patent law, it had not yet been put into force. Therefore some uncertainties remain as to its scope.

First of all, where the decision about validity would have an *erga omnes* effect, that concerning infringement would only rule *inter partes*. This would mean that in case a patent is declared void, it will be set against all third parties so that they will not be entitled to ask for its enforcement, even if they are of good faith. Moreover, every agreement taken on the basis of the patent, such as a license or a transfer contract, would also be void for default of object. On the other hand, if a patent is said to be infringed, the judgment will apply to the proceedings parties only: it will prevent people who contracted with the infringing party from being sued on the same grounds.

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<sup>39</sup> Article 17(3) Draft Agreement EPLA

<sup>40</sup> Article 2(b) Draft Statute of the European Patent Court

In terms of cross-border enforceability, a decision on a revocation would thus rule transnational situations where several people were concerned by the patent, and will no longer be able to use it (e.g. in case a license was granted); and a decision on infringement could be enforced all over Europe so that the patent right is efficiently and fairly protected. Despite the problem of different jurisdictions being still competent to rule these cases, the EPLA project also aims at unifying substantial law. This would help closing the gap between each country's interpretation of the same situation where a patent is to be taken into consideration.

Nevertheless, the issue of the field of a revoking decision is still at stake since it is not clear whether its effect will be in the states where it was requested, or in all EPLA contracting states, this last solution allowing a real unitary territorial court as it is EPLA's aim<sup>41</sup>. If the first hypothesis was the final solution chosen, it would mean that the cross-border purpose of the EPLA project would be restricted in the sense that there would still be differences in the ruling of a sole dispute, the harmonization of patent law regarding infringement procedures then being a necessity. But in case the second hypothesis is chosen, there would also be an issue as to the possibility for the patentee to show grounds for the non-enforcement of the decision in a country where the patent was not challenged.

Moreover, if the EPLA remains of voluntary adherence by the Member States of the European Patent Organization (EPO), and thus a facultative additional protocol to the European treaties, the goal of a unique system is to be challenged as some Member States of the European Community can choose to adhere to it whereas some will not: in such a case, there is the risk that this could lead to a two-speed resolution of patent disputes instead of standardizing national laws to have a sole interpretation and application of them. The cross-border enforceability of decisions only makes sense if it can be applied in most of the contracting countries, if not all of them.

#### *D) Political Effects of Decisions and Enforcement with the EPLA*

As already mentioned above, the EPLA is still a draft and it is not sure if and in which form it would enter into force. Currently the economic necessity of a European Patent Litigation System is obvious, but political-level discussion is still ongoing. On the basis of the EPLA draft 2004, the present chapter anticipates some political effects that could result from the introduction of the EPLA.

The European patent disintegrates into a bundle of national patents upon grant. A major argument for the need of the EPLA is that the interpretation of the national patents is not harmonized neither within the EPC member states nor within the EU. Courts in different member states come to different judgments about validity and/or the scope of protection. This lack of harmonization constitutes a barrier for the Single European Market. Although there were several attempts to provide a patent right that is consistent across Europe, this aim has not been achieved yet. The Protocol on the Interpretation of Article 69 EPC eliminated the most obvious differences<sup>42</sup> in claim interpretation, but English courts still interpret the claims

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<sup>41</sup> Luginbuehl S. and Waage E. (2007), Draft European Patent Litigation Agreement (EPLA) : Jurisdiction of the European Patent Court and effects of decisions

<sup>42</sup> European Patent Office acting as secretariat of the Working Party on Litigation, (2006) Assessment of the impact of the European patent litigation agreement (EPLA) on litigation of European patents

narrower than courts in Germany. Another example is the EU directive 2004/48/EC to harmonize the remedies within a patent case. Therefore, one crucial task of the EPLA is to ensure legal certainty across Europe. As a consequence, all single national patents must have the same validity and the same scope of protection. With such identical items, the differences between the single national patents would be minimized.

Additionally, it would be impossible for a single court to use all languages of the EPC member states. As defined in the EPC, English, French and German shall be the official languages of the European Patent Court<sup>43</sup>. In fact, the language of the litigation proceedings would be the language of the patent prosecution before the EPO. This would remove the need to translate the European Patent into each language of the EPC member states. Moreover, the obligation to translate the European Patent into the different languages of the EPC member states to obtain national patents will be abolished by the London Protocol. As the London Protocol was ratified by France, it seems quite likely that this protocol will enter into force<sup>44</sup>. Therefore, in the future, there would be no reason to translate the European Patent into the languages of each EPC member state. Without these national translations, the importance of the single national patents would be additionally reduced.

The consistent validity and scope of protection across Europe and waiving the present requirements for translations would significantly weaken the national patent systems. There would thus not remain many things to be handled by the national patent systems. The most important issue would be the maintenance of national patents to ensure patent protection. Nearly all other relevant tasks could be centrally handled by European institutions. The examination and the grant of the patent application would be done by the EPO, whereas patent litigation with a uniform patent interpretation would be done by the European Patent Court. This means that the EPLA would result in a *de facto* European Patent, but with the disadvantage that there is still the enormous maintenance effort for up to 34 single patents.

In case of the introduction of the EPLA, the plaintiff would have to initiate infringement and revocation actions before the European Patent Court. This means that the plaintiff would have no choice but to use the European patent litigation system even if the infringing acts had taken place in only one state. Taking into account that proceedings before the European Patent Court would certainly be more complex and more expensive than before a single national court<sup>45</sup>, costs for patent litigation would definitively increase in the case of a single litigation. Moreover, EPLA critics state that today only a few patents are litigated in more than one jurisdiction<sup>46</sup>. As a result, the introduction of the EPLA would lead to more expensive and more complex proceedings without a real benefit for the most involved parties. Especially small and medium-sized enterprises (SME), which do not usually have extensive financial and personal resources, would be disadvantaged. Therefore, there is a risk that SME would hesitate to enforce their patents and may reconsider how to protect their know-how.

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<sup>43</sup> Article 16, EPC2000.

<sup>44</sup> EPO Homepage, London Agreement to enter into force on 1 May, available at <http://www.epo.org/topics/news/2008/20080130.html>.

<sup>45</sup> European Patent Office acting as secretariat of the Working Party on Litigation, (2006) Assessment of the impact of the European patent litigation agreement (EPLA) on litigation of European patents

<sup>46</sup> Tim Frain, (2006) Intervention in the European Commission Public Hearing on Future Patent Policy in Europe, available at [http://ec.europa.eu/internal\\_market/indprop/docs/patent/hearing/frain\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/patent/hearing/frain_en.pdf).

Beside the effect of a *de facto* European Patent, the EPLA would also counterbalance the EPO. As the EPO is an independent international organization and not an institution of the EU, there is no real control instance. Indeed, the EPO is currently the only instance responsible for the interpretation of the EPC. The EPLA would surely not change this fact, but its case law could be a strong guideline for the EPO. But this idea raises another problem, namely the lack of a clear legislature. The task would be taken over by the contracting member states and an agreement between all member states would be necessary for a change of the EPLA regulations. Such a process is expected to be very time consuming. For example, it took EPC 2000 more than 10 years to enter into force<sup>47</sup>. Fast changes or adjustments would definitely not be possible. The political control, and thereby the control by the citizens of the member states would be very weak. Additionally, as already mentioned above, the national patent systems would significantly lose their importance, enhancing the loss of political control over the patent system. This may not be an issue of high relevance for “normal” patents, but may be a problem in the case of politically disputed and highly sensitive topics like Software Patents or Patents on Genes. Of course, it is not the task of the EPO or of the European Patent Court to draw the line between morally good and morally bad patents. This would be clearly the responsibility of the politics. However, due to the lack of a fast reacting legislature, this vacuum must be filled somehow; it can be assumed that the European Patent Court would fill it with the guidelines and the case laws. But this could not be the best solution to provide answers to these highly delicate issues.

#### IV. Conclusion

Patent litigation significantly differs throughout Europe. Focusing our analysis on the English, French and German systems, we have highlighted fundamental differences such as the joint or separate handling of infringement and validity actions, the seizing of evidence and the determination of the scope of protection of a patent.

The current European or national laws fail to ensure cross-border enforceability of patent rights, leading courts to give decisions on a country-by-country basis. A possible remedy could be provided by the European Patent Litigation Agreement by creating a harmonized legal basis for dealing with patent litigation. Its implementation would contribute to reduce the fragmentation of the European market for intellectual property, managing to diminish the number of contradictory decisions delivered when identical patents are litigated. Moreover, the EPLA would allow handling both patent infringement and revocation actions at a Europe-wide level.

We have reviewed important features of this centralized judiciary system leading to cross-border decisions. However, a few crucial issues such as cross-border revocation of a patent or the risk of a time-consuming process when changing any regulation still remain open.

In spite of all the efforts to achieve the desired harmonization in this field, all the aforementioned political barriers, as well as the fact that adherence to the EPLA is voluntary,

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<sup>47</sup> EPO Homepage, Documentation on the EPC revision 2000, available at <http://www.epo.org/patents/law/legal-texts/epc2000/diplomatic-conference-nov2000.html>.

may prevent this system from ever seeing the light of day. It is hard to predict which path Member States will take in order to overcome this deadlock on patents and how much longer it will take them. Be it by means of the Community Patent Regulation, by means of the EPLA system, or by means of some other system more to the liking of EPC contracting parties, the necessity to construct a single patent litigation system in Europe is recognized by many experts.

Overall, the attempts to achieve a single unified judicial system for infringement and validity cases will continue facing formidable challenges despite the eagerly desired harmonization.