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# The Community Patent System Proposal and Patent Infringement Proceedings: An Eye towards Greater Harmonization in European Intellectual Property Law

Kara M. Bonitatibus

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# Comment

## The Community Patent System Proposal and Patent Infringement Proceedings: An Eye Towards Greater Harmonization in European Intellectual Property Law

Kara M. Bonitatibus\*

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\* B.S. Chemical Engineering, West Virginia University, 1999; J.D. and Certificate in International Law candidate, Pace University School of Law, 2002. The author would like to express much gratitude to James Harrington and Nigel Jones for their insight and advice throughout the development of this article.

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## I. INTRODUCTION

In this day of the Euro and other efforts towards European harmonization, there is an area which fails to be harmonized - European patent law. Currently, inventors wishing to have their inventions protected have two systems of patent protection from which to choose, and there soon may be a third. Those two existing systems are the national patent system and the European patent system neither of which is based on a community legal instrument.<sup>1</sup> The proposed third option is a Community patent, which would be a patent obtained through a single application. Such a patent would unify measures of protection and improve the management of patent rights.<sup>2</sup>

The national patent system was the first patent protection system to be introduced.<sup>3</sup> This system is just as its name connotes, “[n]ational governments grant patents to inventors.”<sup>4</sup>

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1. Commission of the European Communities, *Proposal for Council Regulation on the Community Patent 4*, at [http://europa.eu.int/comm/internal\\_market/en/intprop/indprop/2k-714.htm](http://europa.eu.int/comm/internal_market/en/intprop/indprop/2k-714.htm) (last visited Sept. 26, 2001).

2. *The Community Patent System - Necessity or White Elephant?*, at <http://www.derwent.com/ipmatters/research/community.html> (last visited Sept. 26, 2001).

3. Commission of the European Communities, *supra* note 1, at 4.

4. Gretchen Ann Bender, *Clash of the Titans: The Territoriality of Patent Law vs. The European Union*, 40 IDEA 49, 52 (2000).

Each specific country issues its own national patent and any proceedings related to that patent follow the granting country's laws.<sup>5</sup> In contrast, the European Patent Office (hereinafter "EPO") grants European patents, which are "essentially a bundle of national patents."<sup>6</sup> The EPO, which was established by the European Patent Convention (hereinafter "EPC"), offers a single application and granting procedure; however, each member of the EPC may maintain requirements such as translation of the patent in that country's language.<sup>7</sup> Additionally, legal proceedings involving European patents must follow the procedural rules of each member country.<sup>8</sup> Thus, apart from the application, "each patent has a separate existence in each sovereign state from which it is issued."<sup>9</sup>

Naturally, the existence of several options as well as the differences in the nature of the protection afforded by the systems themselves lead to inconsistencies and a notion of unpredictability in patent protection. "Uncertainty and unpredictability obviously denigrate the very purposes of the patent system,"<sup>10</sup> which is to "allow the creator of certain kinds of inventions that contain new ideas to keep others from making commercial use of those ideas without the creator's permission."<sup>11</sup> Such uncertainty and unpredictability result from the fact the national courts of Europe "continue to apply differing procedural rules and employ different approaches in patent infringement actions."<sup>12</sup>

Section II of this article sets forth the historical background of patent law in the European Communities. It includes a discussion of the various conventions on patent protection as well as a discussion of the initiation of a Community patent system.

5. *Id.* at 53.

6. *Commission Proposes the Creation of a Community Patent*, RAPID (July 5, 2000) (on file with author).

7. *Id.*

8. *Id.*

9. Bender, *supra* note 4, at 53.

10. Ray D. Weston, Jr., *A Comparative Analysis of the Doctrine of Equivalents: Can European Approaches Solve an American Dilemma?*, 39 *IDEA* 35, 35 (1998).

11. STEPHEN ELIAS, *PATENT, COPYRIGHT & TRADEMARK: A DESK REFERENCE TO INTELLECTUAL PROPERTY LAW* 186 (Lisa Goldoftas ed., Nolo Press 1996).

12. David Perkins & Garry Mills, *Patent Infringement and Forum Shopping in the European Union*, 20 *FORDHAM INT'L L.J.* 549, 549 (1996).

Further insight to the current European patent systems and their drawbacks are included in Section III, which considers the need for a more harmonized system. Section III also includes a case illustration of the incongruity among European patent infringement proceedings and the lack of legal certainty. The disparity in patent law is further demonstrated in Section IV, which reviews specific procedures for determining patent infringement in four major European countries: France, Germany, Italy and the United Kingdom. Section V describes the specifics of the Community patent proposal including the legal basis, procedure, and cost requirements. The various advantages and disadvantages to a harmonized patent system are set forth in Section VI. Finally, Section VII examines the potential fate of the Community patent system based on public opinion and the ability of the European Community to adopt such a measure.

## II. THE EUROPEAN PATENT SYSTEM AND THE EVOLUTION OF THE COMMUNITY PATENT

In an effort to alleviate the uncertainty and unpredictability associated with the existing European patent systems, the European Commission has proposed a Community patent system which would "offer a single community patent in the territory of the European Union on the basis of one uniform patent law."<sup>13</sup> This idea of a Community patent system is approaching middle age, as it dates back to the 1960s.<sup>14</sup> Actually, it was these initial thoughts of a Community patent system from which the current European patent system sprung. Though the idea of developing a Community patent is not new, the idea of patent law harmonization is an even older school of thought, dating back to antiquity. It is from these efforts of patent law harmonization that the following historical analysis of the evolution of the Community patent system starts.

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13. Bender, *supra* note 4, at 59.

14. Commission of the European Communities, *supra* note 1, at 4.

### A. *The Paris Convention*

“The foundational patent harmonization treaty is . . . The Paris Convention.”<sup>15</sup> That treaty was drafted in 1880, and became effective in 1884.<sup>16</sup> The fundamental principles of the treaty include “‘national treatment’ and ‘right of priority’.”<sup>17</sup> “National treatment” embodies the idea that “member states accord nationals of other member states the same advantages under their domestic patent laws as they accord to their nationals.”<sup>18</sup> “Right of priority” allows a patent applicant of one member country a period of twelve months after the original patent application in which to apply for protection in the remaining member countries.<sup>19</sup>

Though the principles of “national treatment” and “right of priority” are of great importance, they are limited. Under the Paris Convention, member states “retain the ability to legislate on questions of industrial property according to their interests or preferences”; “can establish their own standards of patentability”; “can . . . restrict whether a patent can be granted for products only, for processes only, or for both”; and can “retain the ability to determine in which fields of technology patents may be allowed.”<sup>20</sup> Ultimately, the Paris Convention retained the laws of each of the individual nations.<sup>21</sup>

### B. *The Patent Cooperation Treaty*

The 1960’s Patent Cooperation Treaty (hereinafter “PCT”) provides for the filing of one patent application that can have effect in many countries.<sup>22</sup> The treaty came in response to problems created by the duty to file individual patent applications in each country in the respective national language, and having to observe different national application requirements.<sup>23</sup> An applicant first files an “international application” in a desig-

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15. Bender, *supra* note 4, at 53.

16. *Id.*

17. *Id.* at 54.

18. *Id.* at 54-55.

19. *Id.* at 55.

20. Bender, *supra* note 4, at 55.

21. *Id.*

22. *Id.* at 56.

23. IAN MUIR ET AL., EUROPEAN PATENT LAW: LAW AND PROCEDURE UNDER THE EPC AND PCT 2 (1999).

nated national patent office, which has the effect of a national application in all of the countries designated by the application.<sup>24</sup> The applicant, following the completion of an international search report by the international search authority, then submits the application to national offices along with the requisite translations.<sup>25</sup> Finally, the national offices either grant or reject the patent application.<sup>26</sup>

Though the PCT minimizes the duplication of patent applications and examinations, it does nothing to alter the substantive requirements of patentability in the member states.<sup>27</sup> In fact, the Treaty specifically states “[n]othing in this Treaty and the Regulations is intended to be construed as prescribing anything that would limit the freedom of each Contracting State to prescribe such substantive conditions of patentability as it desires.”<sup>28</sup> Thus, the PCT affects merely the administration and management of patent applications and does little to address the substantial problems involving the uncertainty and unpredictability in patent proceedings.

### C. *The Munich Convention (also referred to as the European Patent Convention)*

The six original members of the European Economic Community (hereinafter “EEC”), which later became the European Community (hereinafter “EC”), launched the preparatory efforts for a Community patent system.<sup>29</sup> The initial plan was to create a patent system applicable to the European Community in its entirety.<sup>30</sup> However, it became apparent to the participating countries that a patent system could not take on a purely community context.<sup>31</sup> It was this conclusion that led to the signing of the Munich Convention in 1973.<sup>32</sup>

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24. Bender, *supra* note 4, at 56.

25. *Id.*

26. *Id.*

27. *Id.* at 57.

28. *Id.*

29. Bender, *supra* note 4, at 57.

30. Commission of the European Communities, *supra* note 1, at 4.

31. *Id.*

32. *Id.*

The Munich Convention established a European Patent Organization (hereinafter "Organization"),<sup>33</sup> which is comprised of the following twenty countries: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Hellenic Republic, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Portugal, Spain, Sweden, Switzerland, Turkey (has been recently added to the Organization) and the United Kingdom.<sup>34</sup> The Munich Convention lays down a single procedure for the granting of patents by the EPO; "[a] citizen of any member state can enter the European patent system with a single patent application, designate the member states in which patent rights are desired, and exit with a bundle of patent rights effective in each designated member state."<sup>35</sup> Thus, a European patent acts essentially as a national patent of each member state and national law determines the patent's infringement.<sup>36</sup> However, unlike the national system and the ultimate ramifications of the Paris Convention, European Patent Convention applicants "receive an identical description and set of claims for enforcement in each national system."<sup>37</sup>

#### D. *The Luxembourg Convention*

Though the Munich Convention brought the European Community one step closer to a harmonized system by requiring an identical description and set of claims, the Munich Convention did little to settle the ubiquitous problems of uncertainty and unpredictability in patent infringement proceedings. The Munich Convention established that the extent of protection conferred by a European patent shall be "determined by the terms of the claims," and interpretation of such terms is left to none other than the national courts.<sup>38</sup> The Luxembourg Convention sought to resolve some of the conflicts surrounding the infringement and validity of Community patents. The Luxembourg Convention was amended by an agreement

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33. *Id.*

34. *EPO Member States*, at <http://www.european-patent-office.org/epo/members.htm> (last visited Sept. 26, 2001).

35. Weston, *supra* note 10, at 58.

36. *Id.*

37. *Id.*

38. *Id.*



which included the Protocol on the Settlement of Litigation concerning the Infringement and Validity of Community Patents.<sup>39</sup>

The Luxembourg Convention never took force because only seven of the nineteen member states ratified it.<sup>40</sup> The Convention, according to one author, had two major drawbacks: 1) it failed to withdraw the translation requirement, and 2) it failed to harmonize surveillance measures on counterfeiting.<sup>41</sup> In conformity with this opinion, the Commission of the European Communities attributed the failure of the Luxembourg Convention to "the costs of the Community patent, chiefly that of translation, and to the judicial system."<sup>42</sup> The Convention requires a patent to be translated into every Community language.<sup>43</sup> And, in respect to the judicial system - a national judge would have the authority to declare a Community patent invalid for the whole of the Community.<sup>44</sup> Consequently, because of excessive translational requirements and the arousal of distrust with the national judicial system, the Convention has never become a reality.

Approximately the same time the European Patent Convention was enacted, the member states created the Community Patent Convention (hereinafter "CPC").<sup>45</sup> The main goal of the CPC was to offer a single Community patent in the European Union based on a uniform patent law.<sup>46</sup>

The CPC would provide for the grant of a single patent covering all of the states of the European Union. It would also create a new European Common Appeal Court with the power to confirm a reversed decision of Community National Courts on questions of infringement and validity of a community patent.<sup>47</sup>

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39. Commission of the European Communities, *supra* note 1, at 4.

40. *Id.*

41. *Intellectual Property: Commission Proposes Community Patent*, EUROPEAN REPORT, Jul. 8, 2000, available at 2000 WL 8843015.

42. Commission of the European Communities, *supra* note 1, at 5.

43. *Id.*

44. *Id.*

45. Bender, *supra* note 4, at 59.

46. *Id.*

47. *Id.*

The Common Appeal Court would help “achieve integration, undistorted competition, and free movement of goods within the European Community.”<sup>48</sup>

Although the CPC was initially signed in 1975, it was shortly agreed upon by the member states that ratification of the CPC was not desirable.<sup>49</sup> Since that time, there have been conferences about and modifications made to the CPC and in 1998 the European Commission published a Green Paper<sup>50</sup> on the Community Patent.<sup>51</sup> Green Papers are published to “launch a consultation process at European level. . . [they] set out a range of ideas presented for public discussion and debate.”<sup>52</sup> Recently, the Commission adopted a Communication on the follow-up to the Green Paper, which announced various measures and initiatives that the Commission was planning to adopt in order to make the system more attractive for promoting innovation in Europe.<sup>53</sup> Most notably, however, at the European Council in March of 2000, the Heads of State or Government of Member States “underlined the importance of introducing a Community patent without delay.”<sup>54</sup>

### III. THE NEED FOR THE COMMUNITY PATENT SYSTEM

#### A. *Double, Double, Toil and Trouble – Translation Costs and Variant Outcomes*

One of the most apparent weaknesses of the current EPC patent system (i.e., the Munich Convention) is the cost, specifi-

48. Jeffrey L. Thompson, *The North American Patent Office? A Comparative Look at the NAFTA, the European Community, and the Community Patent Convention*, 27 GEO. WASH. J. INT’L L. & ECON. 501, 512-13 (1993-1994).

49. Bender, *supra* note 4, at 59.

50. Green papers are communications on a specific policy area and are addressed to those parties, individuals or organizations interested in participating in a process of consultation and debate. The European Commission, *Green Papers, More Information on Green and White Papers*, at [http://europa.eu.int/comm/off/green/index\\_en.htm](http://europa.eu.int/comm/off/green/index_en.htm) (last visited Sept. 26, 2001).

51. *Id.* at 60.

52. *Id.* White Papers, unlike Green Papers, are documents containing proposals for European Community action in a specific area. White Papers normally follow Green Papers and “contain an official set of proposals in specific policy areas and are used as vehicles for their development.” *Id.*

53. Commission of the European Communities, *supra* note 1, at 5.

54. *Id.*

cally the translation costs, associated with obtaining a patent.<sup>55</sup> The Green Paper proposal estimates the cost of an average European patent<sup>56</sup> as approximately EUR 30,000.<sup>57</sup> The breakdown of the total cost is as such: 14% for fees due the European Patent Office; 18% for representation before the EPO; 39% for translations required by the contracting states; and 29% for renewal fees paid to member states.<sup>58</sup> The translation costs, as well as various fees charged, cause the European patent to cost three to five times more than a Japanese or United States patent.<sup>59</sup> Table 1 below, set forth in the Green Paper, presents a cost comparison of patent fees of the United States, Japan and Europe.

*Table 1: Comparison of costs and fees payable by the contracting parties to the Munich Convention, in the United States and in Japan.*<sup>60</sup>

	Filing/ Search Fees	Examination Fees	Grant Fees	Renewal Fees <sup>61</sup>	Translation Costs	Agent's Fees	Total
EPC	810 +532	1431	715	16790	12600	17000	49900
U.S.	690	-	1210	2730	n/a	5700	10330
Japan	210	1100	850	5840	n/a	8450	16450

An acceptable level of cost for a European patent should be comparable to the cost of a patent covering the same economic area, i.e., the United States and Japan. However, because of the greater costs of the European patent, companies often cannot

55. CIPA, *Green Paper on the Community Patent and the Patent System in Europe: Comments and Responses to Questions Submitted by: The Chartered Institute of Patent Agents* ¶ 3.2.1, at [http://www.cipa.org.uk/info\\_ip\\_pros/notecommar-ticle.cfm?NoticeID=32&ArchiveDesired=yes](http://www.cipa.org.uk/info_ip_pros/notecommar-ticle.cfm?NoticeID=32&ArchiveDesired=yes) (last visited Sept. 26, 2001).

56. The average European patent designates eight Contracting States. Commission of the European Communities, *supra* note 1, at 10.

57. *Id.*

58. *Id.*

59. *Id.* at 11.

60. *Id.* Valuations are in EUR.

61. The renewal fees are calculated as follows:

EPC: 3<sup>rd</sup> to 4<sup>th</sup> year (790) + 5<sup>th</sup> to 10<sup>th</sup> year (16000) = 16790

US: 3.5 years (830) + 7.5 years (1900) = 2730

Japan: 4<sup>th</sup> to 6<sup>th</sup> year (1320) + 7<sup>th</sup> to 9<sup>th</sup> year (2650) + 10<sup>th</sup> year (1870) = 5840

Commission of the European Communities, *supra* note 1, at 10.

afford to extend the coverage of its patents to all members of the European Union.<sup>62</sup> Such companies, therefore, compromise and designate only a few countries, which are “key” countries in terms of market and competition, to the detriment of smaller countries.<sup>63</sup> Thus, there is an “urgent need to remedy this [high cost] situation, which does not provide any incentive for inventors to apply for a patent in Europe.”<sup>64</sup>

Table 1 confirms that translation costs account for the detrimentally high cost of the European patent. While the EPO grants the European patents, the patent must still be validated in the countries identified by the applicant.<sup>65</sup> “In order to be valid in a designated country, a patent must be translated into the relevant official languages.”<sup>66</sup> Potentially, the patentee may be required to translate their patent into all of the eleven official languages.<sup>67</sup> Arguments raised for the necessity of this requirement include that “translations are necessary to ensure full access to patented technology by industry and research institutions in all E.C. countries.”<sup>68</sup> These costs of translation, though burdensome to all patent applicants, will be exceptionally burdensome to small inventors with limited marketing areas.<sup>69</sup>

The second most apparent disadvantage of the EPC patent system is the lack of a Community Patent Appeal Court, analogous to the Court of Appeals for the Federal Circuit in the United States.<sup>70</sup> The EPC establishes that in the case of disputes, including infringement proceedings, it is the national courts that are competent.<sup>71</sup> Therefore, in principle, “there can be 15 different legal proceedings, with different procedural rules in every Member State and with the risk of different out-

62. CIPA, *supra* note 55, ¶ 4.5.1.

63. *Id.*

64. Commission of the European Communities, *supra* note 1, at 11.

65. *Intellectual Property: Commission Proposes Community Patent*, *supra* note 41.

66. *Id.*

67. Thompson, *supra* note 48, at 513. (At the time of the article written by Thompson there were only nine official languages of the European Community; those members of the EPO, however, constitute eleven languages).

68. *Id.*

69. *Id.*

70. Bender, *supra* note 4, at 60.

71. *Commission Proposes the Creation of a Community Patent*, *supra* note 6.

comes.<sup>72</sup> So, while the deficiency of a common court permits a considerable advantage to a plaintiff patentee who engages in forum shopping in the European Union, it also leads to increased costs of litigation and the potential for inconsistent results and, undesirably, unpredictable protection of one's patent.<sup>73</sup>

Additional weaknesses of the current system include the speed (or lack thereof) in patent infringement proceedings, and the "high cost of renewal fees and issues associated with secret prior user rights."<sup>74</sup> As stated and demonstrated above, renewal fees paid to member states are estimated to be approximately 29% of the cost of an average European patent.<sup>75</sup> The time involved in patent infringement proceedings may be significant; however, it is noted that "it is more important to reach the right decision after proper consideration than to reach the wrong decision by rushed justice."<sup>76</sup> Thus, some debilities of the current system may actually be necessary flaws.

#### B. *To Infringe or Not To Infringe - That is the Question*

Probably one of the biggest areas of concern in the current European patent system is the area of infringement. *Black's Law Dictionary* defines infringement as "[a] breaking into; a trespass or encroachment upon; a violation of a law, regulation, contract, or right."<sup>77</sup> However, determining infringement is not always so "black and white."

Under the current European patent system, Article 69 of the European Patent Convention establishes the scope of protection. As noted previously, Article 69 states: "The extent of the protection conferred by a European patent or a European patent application shall be determined by the terms of the claims. Nevertheless, the description and drawings shall be used to interpret the claims."<sup>78</sup> Though Article 69 of the Euro-

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72. *Id.*

73. Bender, *supra* note 4, at 60.

74. CIPA, *supra* note 55, ¶ 3.2.2.

75. Commission of the European Communities, *supra* note 1, at 10. The estimated cost of the renewal fee represents renewal fees between the fifth and tenth years. *Id.*

76. CIPA, *supra* note 55, ¶ 3.2.1.

77. BLACK'S LAW DICTIONARY 702 (5th ed. 1979).

78. Weston, *supra* note 10, at 58.

pean Patent Convention provided guidance, it did little in the aspect of defining the guidance. A Protocol on the Interpretation of Article 69 was added, which states:

Article 69 should not be interpreted in the sense that the extent of the protection conferred by a European patent is to be understood as that defined by the strict, literal meaning of the wording used in the claims, the description and drawings being employed only for the purpose of resolving an ambiguity found in the claims. Neither should it be interpreted in the sense that the claims serve only as a guideline and that the actual protection conferred may extend to what, from a consideration of the description and drawings by a person skilled in the art, the patentee has contemplated. On the contrary, it is to 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.<sup>79</sup>

The Protocol imposes differing doctrines on different countries; most scholars tend to interpret Article 69 as they would interpret a claim under their country's national patent system.<sup>80</sup> British lawyers "find[] the level of certainty they desire[]" while German lawyers "discover[]" all the breadth they want[]." <sup>81</sup> Thus, translational issues with the Protocol do not do much to resolve the variations in claim interpretation; in other words, "the drafters [of the Protocol] badly underestimated the power of legal cultures to incorporate new ideas within their own patent system framework."<sup>82</sup>

### C. *A Rose (or Shaver) by Any Other Name - The Epilady Example*

The *Improver* cases provide an example of the inconsistencies of patent infringement proceedings within the European Community. The *Improver* Corporation owned a patent for an electrical device, marketed under the name "Epilady," which was designed to remove hair from the body.<sup>83</sup>

79. *Id.* at 59.

80. *Id.* at 60.

81. *Id.*

82. David L. Cohen, *Article 69 and European Patent Integration*, 92 Nw. U. L. Rev. 1082, 1091 (1998).

83. Weston, *supra* note 10, at 64.

The central feature was a helical spring, which was bent into an arc so that its windings spread apart on the convex side and pressed together on the concave side. An electric motor rotated the spring, causing body hair located between the windings on the convex side to be pinched and pulled from the skin as the windings rotated to the concave side and closed.<sup>84</sup>

Remington, a competitor, substituted an "elastomeric rod with parallel, concentric slits in its surface in place of the helical spring."<sup>85</sup> As with the helical spring, an electric motor rotated the rod "while bent into an arc so that the slits opened on the convex side and closed on the concave side."<sup>86</sup>

Improver sued Remington for patent infringement in several European countries, including notably England and Germany.<sup>87</sup> All of the courts found that the Remington device achieved the same result as Improver's device.<sup>88</sup> Additionally, all the courts found Improver's patent was valid.<sup>89</sup> However, the courts came to different results - England found in favor of the defendant and revoked the injunction while Germany found for the plaintiff and issued an injunction prohibiting the sale of defendant's product.<sup>90</sup>

The British court found that Remington did not infringe on the Improver patent.<sup>91</sup> The court found that the rubber rod

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84. *Id.*

85. *Id.*

86. *Id.*

87. Cohen, *supra* note 82, at 1116.

88. *Id.* at 1116-117.

89. *Id.* at 1117.

90. *Id.* at 1116-117. The procedural history regarding the *Improver* case is rather convoluted. On July 14, 1988 England's Patent Court, Chancery Division issued the first judgment, finding no infringement and holding for the defendant. However, on July 19, 1988 the German District Court issued a judgment in favor of the plaintiff and issued an injunction stopping the sale of defendant's product. This German decision then prompted an appeal of the British judgment, which resulted in ordering a new trial to determine two things: 1) "whether purpose construction is the appropriate method of interpreting claims" and 2) if so, whether the Remington device was the obvious equivalent of the Improver device. The English Patents Court commenced a new trial and in 1989 issued a final judgment in favor of the defendants. Prior to England's final judgment, in 1988, the German appeals court ordered a new trial in light of the contrary English ruling. The lower court upon hearing additional evidence ruled against the defendant. The defendant appealed yet a second time and on November 21, 1991 the German court of appeals issued its final judgment against the defendant. *Id.*

91. *Id.* at 1117.

“had no material effect on the way the invention worked and that the lack of material effect would have been obvious to a skilled person.”<sup>92</sup> Nevertheless, a skilled reader of the patent would have concluded that the inventor limited his claim to a helical spring.<sup>93</sup> In addition, the court found the helical spring was not inessential and the elastomeric rod was not a minor variant for three reasons: 1) the use of the elastomeric rod “involved difficult problems that the invention did not address”; 2) the elastomeric rod could not be used in the same configuration as the helical spring; and 3) the inventor/patentee had not done any research regarding the elastomeric rods.<sup>94</sup> Thus, the British court afforded no protection to Improver.

The English Patents Court based its holding on the following inquiries, which constitute a reorganization of the *Catnic* Principles.<sup>95</sup> (*Catnic* was a case heard in 1982 where the British courts sought to provide additional meaning to Article 69 of the EPC).<sup>96</sup> The court applies the *Catnic* principles when “an accused device falls outside the literal scope of a patent claim.”<sup>97</sup> The *Catnic* principles include the following inquiries:

1. Does the variant have a material effect upon the way the invention works?
2. Would the fact that the variant had no material effect have been obvious at the date of publication of the patent to a reader in the skilled art?
3. Would the reader of skill in the art nevertheless have understood from the claim language that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention?<sup>98</sup>

If the first inquiry is answered in the affirmative, then the alleged infringing device is outside the scope of the protection and therefore does not infringe; however, if the inquiry is answered in the negative, then the second inquiry applies.<sup>99</sup> If the second inquiry is answered in the negative, then there is no infringe-

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92. Weston, *supra* note 10, at 65.

93. *Id.*

94. *Id.*

95. *Id.* at 64.

96. *Id.* at 62.

97. Weston, *supra* note 10, at 64.

98. *Id.*

99. *Id.*



ment; however, if the inquiry is answered in the affirmative, then the final question is applicable.<sup>100</sup> If the final inquiry is answered in the affirmative, then the variant does not infringe; however, if the inquiry is answered in the negative, then the inventor “presumably intended a figurative meaning denoting a class that includes both the literal meaning and the variant,”<sup>101</sup> and there is infringement. It was this third and final inquiry that directed the British court’s holding and supported its reasoning.

In contrast, “a German court of appeals concluded that exactly the same accused device [in the British *Improver* case] infringed exactly the same patent.”<sup>102</sup> The German court, agreeing with the British court, found the elastomeric rod was the equivalent to a helical spring within the framework of the patent because the rod had identical effect.<sup>103</sup> The court recognized that identity of effect, solely, is not sufficient to place an equivalent within the scope of patent protection under Article 69.<sup>104</sup> To find infringement there must be more than identity of effect. A skilled person, based on professional knowledge, must be able to determine from the claims that the accused device is “identical in effect for solving the problem underlying the invention.”<sup>105</sup>

The German court found that “a skilled person would recognize the ‘Epilady’ patent did not claim a helical spring for ordinary purpose or use—that is, as a spring.”<sup>106</sup> Rather the skilled person would look for the specific, atypical characteristics or uses for which the spring was claimed in the patent.<sup>107</sup> The court found that a skilled person would recognize an atypical characteristic for which an elastomeric rod with radial slits would provide the same characteristic and achieve the same ef-

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100. *Id.*

101. *Id.*

102. Weston, *supra* note 10, at 72.

103. *Id.*

104. *Id.*

105. *Id.*

106. *Id.*

107. Weston, *supra* note 10, at 72.

fect.<sup>108</sup> “Thus, the court held that the Remington device infringed the ‘Epilady’ patent.”<sup>109</sup>

This case is just one example of the lack of harmonization in European patent law. The room for interpretation that exists in Article 69 still permits “conflicting infringement decisions in close cases of equivalence.”<sup>110</sup> It is cases such as this that mandate a uniform and harmonized European patent law in order to provide greater legal certainty in infringement proceedings.

#### IV. A COUNTRY-BY-COUNTRY ANALYSIS

As has been demonstrated above, despite several attempts at harmonization of European patent law, the national courts of the European nations continue to apply and employ different procedural and substantive laws regarding patent infringement actions. Much of the disparity in how a country determines infringement proceedings arises out of how a patent is viewed in the respective country. For example,

in France and England the theory that a patent represents a contract between society and the inventor is paramount, and anyone charged with patent infringement can claim for himself the role of protector to society’s right to do what it likes unhindered by patents which should never have been granted.<sup>111</sup>

Contrarily, “the German view is more paternalistic.”<sup>112</sup> In Germany, “patents are granted because the state has decided, in its wisdom, and as part of the exercise of its power as *parens patriae*, that good will flow from their grant.”<sup>113</sup> In infringement proceedings in German court, invalidity is not a defense; a German court “will normally regard the patent as valid until the Patent Court says otherwise.”<sup>114</sup>

Approaches to discovery in patent enforcement proceedings represent another significant difference between the various

108. *Id.*

109. *Id.*

110. *Id.*

111. Ladas & Parry, *Guide to European Patent Office Practice, Post-Grant Issues* ¶ 8.1, at <http://www.ladas.com/GUIDES/PATENT/EPOPractice/EPOPractGuide-8.html> (last visited Sept. 26, 2001).

112. *Id.*

113. *Id.*

114. *Id.*

national legal systems.<sup>115</sup> The discussion that follows highlights some of the distinctive features of patent law with regard to infringement proceedings in several major European countries. Time and space limit this analysis to just a few nations; however, for any country not discussed suffice it to say “that in general the procedures will be fairly similar to those of one or other of the various countries which have been discussed.”<sup>116</sup>

### A. *France*

In France, patent protection is broad and the “replacement of a specified integer of a claim by an equivalent will not normally result in avoidance of infringement.”<sup>117</sup> A patent infringement action can be conducted through civil or criminal courts; however, a criminal proceeding for patent infringement is rare.<sup>118</sup> There are only ten civil courts in which patent actions can be brought; the Court in Paris hears the vast majority of the patent actions.<sup>119</sup> Appeals are taken to the Regional Courts of Appeal and then to the Cour de Cassation (or Supreme Court) and are permitted only “where there has been an improper application of law by the lower court.”<sup>120</sup>

Acts of infringement can be characterized in two ways:

1. If the patent concerns a product, the following constitute acts of infringement: the manufacture, introduction onto French territory, use, sale, offer for sale, introduction onto the market under whatever form of the product; being in possession of the product with a view to using or introducing it onto the market.
2. If the patent concerns a process, the following constitute acts of infringement: the use, application, sale, offer for sale of the process and the products directly obtained by this process.<sup>121</sup>

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115. *Id.*

116. Tom Tribe, *Enforcement of Patent Rights in Europe: An Overview of the Court Systems*, at <http://www.fjcleland.com/patents9.htm> (last visited Oct. 6, 2000).

117. *Patent Litigation in France*, at [http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/France\\_Patent\\_Lit.html](http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/France_Patent_Lit.html) (last visited Sept. 26, 2001).

118. Tribe, *supra* note 116.

119. *Patent Litigation in France*, *supra* note 117.

120. *Id.*

121. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS FR:1 (Michael N. Meller ed., Supp. 1994).

The tribunals determine infringement according to two primary rules:

1. Infringement is committed when the main constitutive means of the protected invention have been reproduced. In order to determine infringement, it is necessary to retain the essential and ignore the superfluous or the accidental.
2. Infringement is determined by resemblance and not by differences. This means that infringement is committed once the essential elements of the protected invention are found in the allegedly infringing object, even if this essential resemblance is accompanied by differences.<sup>122</sup>

In certain actions for patent infringement, the plaintiff must demonstrate intent of the infringing party.<sup>123</sup> Intent can be demonstrated by any means, including a presumption that “the specialization of companies and their competence means that they cannot ignore, and even that they should be aware of, the infringing character of the objects involved.”<sup>124</sup> Actually, “the tribunal’s policy is that the competence or the specialization of the infringer is a reason to consider that he or she cannot ignore the infringing character of the products involved.”<sup>125</sup>

Unlike Germany, French courts allow invalidity of the patent being sued upon as a defense to the infringement action.<sup>126</sup> The defendant may claim a defense of invalidity and then “counterclaim for revocation of the patent.”<sup>127</sup> “If the defendant is successful [on the counterclaim] the patent will be declared invalid”; there will be a pronouncement of invalidity *in rem*.<sup>128</sup> Alternatively, the court may conclude that the patent is partially valid and pronounce a revocation which limits the claims.<sup>129</sup>

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122. *Id.*

123. *Id.* at FR:2.

124. *Id.* at FR:3.

125. *Id.*

126. *Patent Litigation in France, supra* note 117.

127. *Id.*

128. *Id.*

129. *Id.*

## B. *Germany*

In Germany, proceedings to determine infringement and validity are held in different tribunals.<sup>130</sup> This differentiation in courts means that invalidity can never be used as a defense to patent infringement; however, a defendant may concurrently institute a proceeding to nullify the patent.<sup>131</sup> In infringement proceedings, most of the procedure is written; there is only limited use of oral proceedings.<sup>132</sup> The tribunals reach decisions relatively quickly; thus, the costs are not exorbitant.<sup>133</sup>

Traditionally, claims were construed broadly in order to cover anything using the same inventive concept as that claimed in the patent; however, German courts use the adopted EPC provisions which afford protection "in accordance with the claims interpreted in the light of the specification."<sup>134</sup> And, Germany recognizes the doctrine of equivalents.<sup>135</sup> This doctrine states that

patent infringement is assumed if the specific devices or means described in the patent claim are totally or in part replaced by other devices or means which, however, serve the same purpose and which achieve the sought solution by the same technical effect as the devices or means described in the patent claim.<sup>136</sup>

One example of the doctrine of equivalents is the replacement of a nail by a screw for one specific purpose.<sup>137</sup> The doctrine applies to patent claims plus to the single features of the patent claims.<sup>138</sup>

There exist several restrictions to the doctrine of equivalents. First, the doctrine does not apply to features that have been waived within the application proceeding.<sup>139</sup> Second,

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130. *Patent Litigation in Germany*, at [http://www.ladas.com/GUIDES/PAT-ENT/ForeignPatLit/Germany\\_Patent\\_Lit.html](http://www.ladas.com/GUIDES/PAT-ENT/ForeignPatLit/Germany_Patent_Lit.html) (last visited Sept. 26, 2001).

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.*

135. *Patent Litigation in Germany*, at [http://www.ladas.com/GUIDES/PAT-ENT/ForeignPatLit/Germany\\_Patent\\_Lit.html](http://www.ladas.com/GUIDES/PAT-ENT/ForeignPatLit/Germany_Patent_Lit.html) (last visited Sept. 26, 2001).

136. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121, at DE:4.

137. *Id.* at DE:5.

138. *Id.*

139. *Id.*

it does not apply to “any equivalent means or devices that had been disclosed within the state of the art at the date of application or the priority date of the patent application, including any disclosures within the scope of equivalence of the state of the art.”<sup>140</sup> Finally, the doctrine does not “pertain to solutions which can be found only by the man skilled in the art, by way of inventive activity.”<sup>141</sup>

### C. *Italy*

In Italy, inventions are patentable if they are novel and have industrial utility.<sup>142</sup> Additionally, Italian laws require absolute novelty.<sup>143</sup> Traditionally, patent protection did not rely heavily on the claims, but rather on the court’s understanding of the entire patent.<sup>144</sup> However, recently the courts have placed a greater emphasis on claims.<sup>145</sup>

Patent infringement actions are brought into the tribunal in the district where the infringement allegedly occurred.<sup>146</sup> These courts consider both infringement and validity issues; thus, invalidity of a patent can be a defense to an infringement action.<sup>147</sup> In patent infringement proceedings, the court’s decision relies mainly on the opinion of the court expert, who is typically a person knowledgeable in patent practice and a scientist.<sup>148</sup> The primary function of the expert is to answer questions, formulated by the court at hearings between the judge and the parties.<sup>149</sup> Because of the nature of a patent infringement proceeding, the Italian legal system is often regarded as inquisitorial rather than adversarial.<sup>150</sup>

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140. *Id.*

141. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121.

142. *Id.*

143. *Id.*

144. *Patent Litigation in Italy*, at [http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/Italy\\_Patent\\_Litigation.html](http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/Italy_Patent_Litigation.html) (last visited Sept. 26, 2001).

145. *Id.*

146. *Id.*

147. *Id.*

148. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121.

149. *Patent Litigation in Italy*, *supra* note 144.

150. *Id.*

#### D. *United Kingdom*

A single statute regulates the patent laws of England, Wales, and Scotland.<sup>151</sup> The Patents Act of 1977 was drafted to provide for a more “European” interpretation of claims, in contrast to the traditional narrow claim construction.<sup>152</sup> Additionally, the Act provides for contributory and induced infringement actions.<sup>153</sup> Another change to the traditional narrow claim construction is the adoption of the “purposive construction” of patent claims, which indicates, “one should look at the purpose of what is being specified in a claim to determine whether there is infringement and not just to the literal wording of the claim.”<sup>154</sup>

The court’s duty in a patent infringement action is to “construe the claims without regard to the alleged infringement, and . . . only to consider whether or not the alleged infringement does or does not fall within the scope of the patent claims.”<sup>155</sup> The claims must be construed as one document in order to prevent the court from departing from an “unambiguous narrow meaning of the words of the claim to import a possibly broader meaning derived from other parts of the specification.”<sup>156</sup> The meaning of the terms is typically derived from other parts of the specification.<sup>157</sup>

Prior to the Patents Act of 1977 and the enactment of Article 69 of the EPC, in addition to the literal wording of the claim, the court sometimes favored a broader meaning of the patent upon recognizing that the substance, or “pith and marrow,” of the invention had been taken.<sup>158</sup> Under the “pith and marrow” doctrine, the court examined the description and claim language in order to identify those elements the inventor thought essential and those elements the inventor thought inessential;

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151. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121, at GB:1.

152. *Patent Litigation in the United Kingdom*, at [http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/UK\\_Patent\\_Litigation.html](http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/UK_Patent_Litigation.html) (last visited Sept. 26, 2001).

153. *Id.*

154. *Id.*

155. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121, at GB:2.

156. *Id.*

157. *Id.*

158. *Id.* at GB:2-3.

it is the essential elements which constitute the “pith and marrow” of the invention.<sup>159</sup> Thus, if a device included the same essential elements as the patented invention then there was infringement, regardless of the inclusion or exclusion of an inessential element.<sup>160</sup> In contrast, if a device lacked even one essential element there was no infringement.<sup>161</sup> Although, the court, for over thirty years, alluded to the “pith and marrow” doctrine, it was not until the *Catnic* case that the trial court actually referred to the doctrine.<sup>162</sup>

The House of Lords, in the *Catnic* case, following a reversal by the court of appeals, found infringement based on the doctrine of “purposive construction.”<sup>163</sup> This court strongly criticized the doctrine of “pith and marrow,” holding that the only test to determine infringement is the doctrine of “purposive construction,” which is “an interpretation appropriate to a statement addressed to those skilled in the art.”<sup>164</sup> When an accused device varies only minutely from a particular claim term or phrase, the principal issue is

whether a person of skill in the art would understand that the patentee intended strict compliance with that term or phrase to be an essential requirement of the invention such that any variant, even a variant having no material effect on the way the invention worked, would fall outside the scope of the patent protection.<sup>165</sup>

Thus, an accused device does not infringe on a claim unless two conditions are satisfied: that the variant would have no material effect on the way the invention works, and that “lack of material effect would have been obvious to one of skill in the art.”<sup>166</sup> The principles of *Catnic* were reorganized and structured into a cohesive test in the *Improver* case, which was discussed earlier in this article.<sup>167</sup>

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159. Weston, *supra* note 10, at 50.

160. *Id.*

161. *Id.*

162. INTERNATIONAL PATENT LITIGATION: A COUNTRY-BY-COUNTRY ANALYSIS, *supra* note 121, at GB:3.

163. Weston, *supra* note 10, at 63.

164. *Id.* at 62.

165. *Id.* at 63.

166. *Id.*

167. See *supra* notes 159-61 and accompanying text.



### E. *Summary*

Although the approach to patent infringement in only four countries was discussed in the preceding paragraphs, most other countries, as noted earlier, follow the laws and procedures of those countries discussed. Countries with patentability examination systems in Continental Europe have been inclined to follow the system of Germany, while those without examination follow the French system.<sup>168</sup> Typically, non-European countries' systems with an English legal background - Australia, New Zealand, South Africa, and somewhat the United States and Canada — support the English system, which necessitates greater precision in wording than the other systems, which focus more on the substance than the actual words.<sup>169</sup>

The above provides just a sampling of the numerous patent laws and procedures that exist within the European Community. Regardless, it is easy to discern the disparity that prevails and the confusion presented to those desiring to protect their inventions. It is also clear that resolution of this disparity can be provided by the adoption of a unified patent law and court system, such as the system proposed in the Community Patent Convention.

## V. COMMUNITY PATENT PROPOSAL

Decades after the Luxembourg Convention's failure to harmonize European patent law, the European Commission issued the Green Paper on the Community patent and European patent system, which "launched a broad discussion on the need to take new initiatives in relation to patents."<sup>170</sup> After extensive consultation among interested parties, the European Parliament and the Economic and Social Committee, the Commission adopted a follow-up to the Green Paper, which announced "various measures and new initiatives which the Commission was planning to take or propose in order to make the patent system attractive for promoting innovation in Europe."<sup>171</sup> The creation of a Community patent will eliminate many of the negative as-

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168. Tribe, *supra* note 116.

169. *Id.*

170. Commission of the European Communities, *supra* note 1, at 5.

171. *Id.*

pects of the current European patent system. "The proposal would significantly lessen the burden on business and encourage innovation by making it cheaper to obtain a patent and by providing a clear legal framework in case of dispute."<sup>172</sup> Additionally, a Community patent will be an essential part of "Europe's efforts to harness the results of research to new scientific and technological developments and so contribute to ensuring a competitive, knowledge-based economy in Europe."<sup>173</sup>

### A. *Legal Basis*

The legal basis for the proposed Community patent system is Article 308 of the European Community Treaty. Article 308 states:

If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, take the appropriate measures.<sup>174</sup>

This Article also has served as the legal basis to both the Community trademark and Community design regulations.<sup>175</sup> With regard to the previously mentioned regulations, such form – a regulation – is also the chosen form for the Community patent system.<sup>176</sup> A regulation has general applicability and is directly applicable in all member states of the European Union.<sup>177</sup> Thus, "a regulation . . . will apply directly in all Member States without having to be incorporated by national legislation."<sup>178</sup> A number of considerations warrant this form: most notably, the Member States cannot be left with any discretion to determine Community law applicable to the patent or to decide the effects and administration of the patent once it is granted.<sup>179</sup> Less re-

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172. *Commission Proposes the Creation of a Community Patent*, *supra* note 6.

173. *Id.*

174. Treaty Establishing the European Community, Mar. 25, 1957, Belg.-F.R.G.-Fr.-Italy-Lux.-Neth., art. 308, BLACKSTONE'S EC LEGISLATION 8 (Nigel Foster ed., 11<sup>th</sup> ed. 2000-2001).

175. Commission of the European Communities, *supra* note 1, at 6.

176. *Id.*

177. MARGOT HORSPOOL, EUROPEAN UNION LAW 80 (2d ed. 2000).

178. *Id.*

179. Commission of the European Communities, *supra* note 1, at 6.

strictive measures would not guarantee the uniformity of the patent.

### B. *Procedural Aspects of the Community Patent System*

The Community patent system will coexist with the already existing national and European patent systems. This structure gives inventors the ultimate freedom to choose the type of patent protection best suited for their needs.<sup>180</sup> Thus, a large corporation desiring a larger market and wider range of protection may choose to apply for a Community patent while a single inventor with limited resources and market may wish only to apply for protection in one or two nations. However, “[o]nce granted, a Community patent may not be converted into a European patent. Nor will it be possible to convert national patents or a European patent into a Community patent.”<sup>181</sup>

The authority for reviewing applications, as well as granting Community patents, will be the European Patent Office.<sup>182</sup> However, the Munich Convention does not permit the Office to perform these functions, as it is not a Community body.<sup>183</sup> Thus, the Convention must be amended to provide authority for these functions. A “revision of the Munich Convention will require the Contracting States, including four non-EU countries, to agree to the Convention being amended in such a way as to enable the Office to assume these new functions and make accession by the Community possible.”<sup>184</sup>

### C. *Coming Soon. . .The Main Attractions of the Community Patent*

There are six main features of the Community patent. The first is that the “Community patent must be of a unitary and autonomous nature.”<sup>185</sup> Second, as mentioned previously, it shall coexist with the existing patent systems.<sup>186</sup> Third, it shall

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180. *Id.*

181. *Id.* at 18.

182. *Id.* at 7.

183. *Id.*

184. *Id.*

185. Commission of the European Communities, *supra* note 1, at 9.

186. *Id.*

be affordable, eliminating unnecessary translation costs.<sup>187</sup> Fourth, and closely linked with affordability, it shall have “appropriate language arrangements and meet information requirements.”<sup>188</sup> The last two features, of utmost applicability to issues of infringement, are: it shall “stem from a body of Community patent law” and it shall “guarantee legal certainty.”<sup>189</sup> What follows will focus on the affordability and legal certainty features of the system.

“A principle aim of the proposal is to reduce the cost of patenting an invention in Europe.”<sup>190</sup> As previously discussed, the cost of a European patent is much greater than that of patents in the United States and Japan. In order to reduce the costs, the proposal focuses on minimizing translation costs. Currently, patents are likely required to be translated into the languages of every nation designated in the European patent application. The proposed solution calls for granting the application and publishing it in one of the working languages<sup>191</sup> of the EPO, and publishing the claims<sup>192</sup> in the other two languages.<sup>193</sup> Table 2 below demonstrates the impact on costs if the current translational requirements are modified; an analysis of the cost of translating the entire patent into *all three* of the working languages is also included.

*Table 2: Translation costs in three scenarios*<sup>194</sup>

SCENARIO	TRANSLATION COSTS
No 1: Luxembourg Convention Complete translation of the patent documents into the ten working languages.	EUR 17000
No 2: Translation of the patent documents into the three working languages of the Office.	EUR 5100
No 3: Proposed Solution Translation of the patent documents into one of the Office's three working languages and of the claims into the other two.	EUR 2200

187. *Id.* at 10.

188. *Id.* at 13.

189. *Id.* at 9.

190. *Commission Proposes the Creation of a Community Patent*, *supra* note 6.

191. The three working languages include: English, French and German. *Id.*

192. Claims are the part of the patent that define the scope of protection. *Id.*

193. *Id.*

194. Commission of the European Communities, *supra* note 1, at 10.

Thus, translations into the other languages will no longer be required for the patent to be valid. Once the patent "has been granted in one of the procedural languages of the Office and published in that language, with a translation of the claims into the two other procedural languages, [it] will be valid without any other translation."<sup>195</sup> However, a translation may be required for legal proceedings; "a suspected infringer who has been unable to consult the text of the patent in the official language of the Member State in which he is domiciled, is presumed, until proven otherwise, not to have knowingly infringed the patent."<sup>196</sup> Therefore, "the proprietor of the patent will not be able to obtain damages in respect of the period prior to the translation of the patent being notified to the infringer."<sup>197</sup> Thus, translation costs will be significantly reduced.

Legal certainty is the "second leg" on which the Community patent stands. One major flaw of the current European patent, as well as detriment to companies such as Improver, is the lack of judicial consistency throughout the national courts. Because there is no centralized court system, such as a Federal Circuit Court of Appeals as in the United States, "the national courts of the European Union continue to apply differing procedural rules and employ different approaches in patent infringement actions."<sup>198</sup> The national courts "tend to jealously guard jurisdiction over matters uniquely their own."<sup>199</sup> Additionally, "as the Conventions are only in their infancy . . . , they do not yet have the benefit of voluminous precedential case law [sic]."<sup>200</sup> Thus, the Commission proposes the establishment of a centralized Community tribunal within the framework of the European Court of Justice. "Only a centralised Community court can guarantee without fail unity of law and consistent case law."<sup>201</sup>

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195. *Id.* at 12.

196. *Id.*

197. *Id.*

198. Perkins, *supra* note 12, at 549.

199. Paul A. Coletti, *No Relief in Sight: Difficulties in Obtaining Judgements in Europe Using EPO Issued Patents*, 81 J. PAT. & TRADEMARK OFF. SOC'Y 351, 357-58 (1999).

200. *Id.*

201. Commission of the European Communities, *supra* note 1, at 13.

The Commission's proposal suggests the establishment of a "Community Intellectual Property Court."<sup>202</sup> This centralized judicial system will specialize in patent matters, specifically examining questions of infringement and the validity of the Community patent, which is often a claimed defense in infringement actions.<sup>203</sup> "Other disputes such as those relating to contractual licensing or ownership of the patent will be handled by national law courts."<sup>204</sup> The court will consist of two chambers: first instance and appeal, whose jurisdiction will cover the entire Community territory and may deal with both questions of fact and points of law.<sup>205</sup> The chambers "will apply their own rules of procedure, grant provisional measures, determine penalties and award damages."<sup>206</sup> Then "the national authorities [will] automatically issue an enforcement order in respect to an 'authentic judgment.'"<sup>207</sup>

The creation of a centralized Community judicial system is considered desirable for numerous reasons. First, "[i]nventors would not use the future Community patent without 'Community-level' legal certainty."<sup>208</sup> "Second, it is necessary to avoid from the outset a situation where a national court with little or no experience of industrial property matters could decide the validity or infringement of a Community patent."<sup>209</sup> Third, a centralized system will give proprietors of the Community patent the necessary legal certainty concerning the validity of the patent throughout the territory for which it was granted.<sup>210</sup> Additionally, such a court system would alleviate the workload of both the Court of Justice and the Court of First Instance.<sup>211</sup>

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202. *Id.*

203. *Id.*

204. *Intellectual Property: Commission Proposes Community Patent, supra* note 41.

205. Commission of the European Communities, *supra* note 1, at 13.

206. *Id.*

207. *Id.*

208. *Id.* at 13.

209. *Id.*

210. Commission of the European Communities, *supra* note 1, at 13.

211. *Id.* at 14.

## VI. ADVANTAGES AND DISADVANTAGES OF THE COMMUNITY PATENT SYSTEM

Despite the introduction of the European Patent System, harmonization of European patent law has been unsuccessful. "It has become no easier to achieve certainty or uniformity under present conditions than under the former system of first obtaining individual national patents in each member state, and attempting to enforce each within the granting state."<sup>212</sup> Cases such as *Improver* demonstrate all too well the need for greater harmonization. The high cost of obtaining a European patent stunts individual innovators in addition to stunting the markets and economies of smaller European countries. Additionally, inconsistent treatment of patent issues in national courts prevents the realization of the free flow of goods principle, one of the main principles of the EEC,<sup>213</sup> "which prohibits quantitative restrictions on imports and all measures having equivalent effect thereto between member states of the EEC."<sup>214</sup> A European Community patent system ". . . would significantly lessen the burden on business and encourage innovation by making it cheaper to obtain a patent and by providing a clear legal framework in case of dispute."<sup>215</sup>

The advantages of the proposed Community patent system are multifarious. First, the patent would be registered for *all* of the European Union members.<sup>216</sup> Second, the patent would be interpreted in only *one way* throughout the European Union countries.<sup>217</sup> Thus, "there would be no need to be concerned about interpretation, or for that matter, the applicability of cross-border injunctions. Once there would be a European infringement, there would be a European injunction, similar to

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212. Coletti, *supra* note 199, at 352.

213. In 1993 the European Economic Community, which sought to encourage the free movement of goods across their borders, "metamorphosed. . . into the European Union, with the EEC forming the principal part." The European Union, in addition to advancing the idea of free movement of goods, pursues a common foreign policy and advocates social change. Bender, *supra* note 4, at 61-62.

214. *Patent Litigation in Europe*, at [http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/Europe\\_Patent\\_Lit.html](http://www.ladas.com/GUIDES/PATENT/ForeignPatLit/Europe_Patent_Lit.html) (last visited Sept. 26, 2001).

215. *Commission Proposes the Creation of a Community Patent*, *supra* note 6.

216. Coletti, *supra* note 199, at 372.

217. *Id.* at 373.

injunctions granted in the United States.”<sup>218</sup> A pan-European court devoted to these types of patents would have jurisdiction over patents in a manner similar to that of the United States Court of Appeals for the Federal Circuit.<sup>219</sup> And, upon instituting a pan-European patent court, precedential case law would be established relatively quickly, which would increase certainty and consistency.<sup>220</sup> Furthermore, as previously discussed in the section regarding the Community patent proposal, costs to obtain a patent throughout the European Community would decrease significantly, making it more competitive with United States and Japanese patents.<sup>221</sup>

Articles 28 and 29 of the Treaty of Rome state, respectively, “[q]uantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States,”<sup>222</sup> and “[q]uantitative restrictions on exports and all measures having equivalent effect shall be prohibited between Member States.”<sup>223</sup> These Articles set forth the “free flow of goods principle” mentioned above; this principle has often come into conflict with national intellectual property rights.<sup>224</sup> In 1970, “the European Court of Justice in a copyright case . . . decided that exercise of an intellectual property right to prevent imports was a ‘measure having an equivalent effect’ as referred to in Article [28].”<sup>225</sup> Three key decisions<sup>226</sup> of the European Court of Justice converge into a rule that it is not possible for a

218. *Id.*

219. *Id.*

220. *Id.*

221. Commission of the European Community, *supra* note 1, at 11.

222. Treaty Establishing the European Community, Mar. 25, 1957, Belg.-F.R.G.-Fr.-Italy-Lux.-Neth., art. 28, BLACKSTONE’S EC LEGISLATION 8 (Nigel Foster ed., 11<sup>th</sup> ed. 2000-2001).

223. Treaty Establishing the European Community, Mar. 25, 1957, Belg.-F.R.G.-Fr.-Italy-Lux.-Neth., art. 29, BLACKSTONE’S EC LEGISLATION 8 (Nigel Foster ed., 11<sup>th</sup> ed. 2000-2001).

224. *See Patent Litigation in Europe, supra* note 214.

225. *Id.*

226. *See* Case 24/67, Parke Davis & Co. v. Probel, 1968 E.C.R. 81, 1968 C.M.L.R. 47 (1968) (holding that importation of drugs into Holland from Italy, where no patent protection was possible, could be barred); Case 15/74, Centrafarm BV v. Sterling Drug, Inc., 1974 E.C.R. 1147, [1974] 2 C.M.L.R. 480 (1974) (holding that the owner of a Dutch patent could not prevent the importation into Holland of drugs that had been marketed with his consent in the United Kingdom); Case 187/180, Merck & Co. v. Stephar BV and Exler, 1981 E.C.R. 2063, [1981] 3 C.M.L.R. 463 (1981) (holding that a patent could not be used to prevent the importation of



patentee to use his patent in one EEC member state to prevent the import of goods into that state from another EEC member state where they were first marketed by the party who seeks to assert the right or by his license.<sup>227</sup> Consequently, implementation of a Community patent system would not only prevent such conflicts but also facilitate the objectives of the European Community Treaty with respect to the free movement of goods.

While there are numerous advantages of the Community patent system, the disadvantages that exist must not be overlooked. One major disadvantage to the proposed system is that although judgments will and can be enforced without difficulty in all signatory countries of the Community patent system, enforcement may not be obtainable in non-signatory countries. This inability to enforce a judgment in those countries not within the European Union illustrates that the Community patent system will not necessarily lead to total patent harmonization within all of Europe. Additionally, the Community patent system may actually be counterproductive, by discouraging entrepreneurs from entering the market in the first place for fear their products will either infringe or be infringed upon in areas outside the European Community. Another notable disadvantage is the potential for objections from member states regarding national court jurisdiction and application translation requirements. One analyst states,

[s]ome member states are likely to object to the proposal's approach to patent translations and some are also likely to object to depriving the national courts of jurisdiction over the validity and infringement of the new Community patents and the creation of a single European court . . . to adjudicate such matters.<sup>228</sup>

Monetary deprivation may also generate objection from member states as "[p]rocedures under the current system (the European patent) enable national administrations in the Member States to turn a healthy profit."<sup>229</sup> Finally, a procedural and institu-

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drugs from Italy into Holland, where the patent holder had actually placed the drugs on the market in Italy).

227. *See id.*

228. *The European Commission Has Introduced a New Proposal to Create a Community Patent*, THE ECONOMIC TIMES, Jul. 22, 2000, at 2000 WL 23646732.

229. *Industrial Property: Open Debate on Community Patent*, EUROPEAN REPORT, Mar. 14, 1999, at 1998 WL8801108.

tional disadvantage is that currently “the EPO is not a Community body and is, therefore, no litigation system for infringements and validity of patents.”<sup>230</sup> Under the European Union’s legal system, only a Community Court is capable of reviewing and granting a Community title (i.e., Community patent); moreover, an amendment to the European Community Treaty is required in order to empower a Community Court.<sup>231</sup>

## VII. AND THE ANSWER IS . . . ? THE FATE OF THE COMMUNITY PATENT SYSTEM

While there exist some drawbacks to the proposal that warrant serious consideration by the European Community, the advantages of a more harmonized system outweigh such disadvantages. Popular opinion indicates that now is the time for the Community patent despite the failure of past attempts to implement the same. The Chartered Institute of Patent Agents,<sup>232</sup> the Union of Industrial and Employers’ Confederation of Europe (hereinafter “UNICE”)<sup>233</sup> as well as the majority of key personnel in the biotechnology, engineering, chemical and pharmaceutical industries have all called for and recognize the need for a Community patent system. The high costs of the current European patent and the lack of legal certainty are fueling industrial fires toward supporting the proposal.

UNICE “has called for a unitary Community patent system to ‘facilitate the management of rights, reduce patent costs, and offer an effective court system for enforcement and greater legal certainty.’”<sup>234</sup> UNICE argues that industry is not interested in the Luxembourg Convention system because of its faulty jurisdictional system and because of the numerous steps involved in applying for a European patent.<sup>235</sup> UNICE also advocates the use of a single language further reducing the costs of translation.<sup>236</sup> Accordingly, UNICE fully supports the implementation

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230. *Intellectual Property: Frits Bolkestein Describes Shape of Future Community Patent*, EUROPEAN REPORT, Mar. 15, 2000, at 2000 WL 8840901.

231. *Id.*

232. CIPA, *supra* note 55, ¶ 1.1.

233. *Intellectual Property: UNICE Publishes Position on Community Patent*, EUROPEAN REPORT, Nov. 15 1997 [hereinafter *UNICE*], at 1997 WL 13048613.

234. *Id.*

235. *Id.*

236. *Id.*

of the Community patent system alongside the existing patent systems in order to provide choices depending on the subject of the patent and the extent of protection sought.

The Chartered Institute of Patent Agents (hereinafter "CIPA"), which represents the unitary protection of patent attorneys in the United Kingdom, has issued comments and responses to questions regarding the Community patent system.<sup>237</sup> To summarize the opinion of the CIPA, it "welcomes initiatives which increase choice and legal certainty for patentees in Europe whilst reducing patent costs and contributing to a gradual harmonisation of certain aspects of patent law."<sup>238</sup> Of particular importance to the CIPA is the promotion of the convergence of judicial procedures, interpretation and remedies for patent infringement, which will provide for greater legal certainty for patentees and third parties alike.<sup>239</sup>

Other advocates of the Community patent system include those persons working in the biotechnology, engineering, chemical and pharmaceutical industries. In a survey conducted by *IP Matters*, 93% of those personnel surveyed indicated that Europe needs a Community patent system and 68% believed that such a system would simplify patent procedures in Europe.<sup>240</sup> Of those questioned, 33% thought patent translation costs were the greatest issue, while 25% thought the problems posed by differing legal systems were most important.<sup>241</sup> Summarizing its survey, *IP Matters* stated "it seems certain that unless the EC comes up with workable solutions to the translation and jurisdiction issues, it is unlikely to be widely used by industry."<sup>242</sup>

The question of whether the Commission should forge ahead with the proposal for the Community patent system should be answered in the affirmative. The numerous advantages include increasing competitiveness in the European market, fostering innovation, and advancing the objectives of the European Community Treaty. While objections by member states and concerns by industries should not be readily dis-

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237. CIPA, *supra* note 55, ¶ 1.1.

238. *Id.*

239. *Id.*

240. *The Community Patent System – necessity or white elephant?*, *supra* note 2.

241. *Id.*

242. *Id.*

missed, they do not provide sufficient impetus to halt efforts of patent harmonization. With regard to the eradication of the translation requirement, which some member states may oppose in support of nationality and territoriality, a Commission report asserts that “[i]n practice the universal language for patents is English and translations are rarely consulted. For example at the ‘Institut National de la Propriete Industrielle’, the French national institute of industrial property rights, translations are consulted in only 2 percent of cases.”<sup>243</sup> Thus, while maintaining the translation requirement for patent applications may intensify individuality among nations, practically and statistically the translation requirements are unnecessary and result in excessive costs. To address industry’s cost and jurisdictional concerns, Commissioner Mario Monti reassures that “[t]his coherent policy framework lays the foundation for ensuring that pan-EU patent protection can be obtained more easily and cheaply than at present.”<sup>244</sup> Commissioner Monti further stressed “[w]e have made the introduction of a unitary patent valid throughout the Single Market a political priority. . . in accordance with the clearly expressed demands of users and of the European Parliament for adequate protection at a reasonable cost and with optimum level of certainty.”<sup>245</sup>

It should be emphasized that although implementation of a Community patent system is desirable, those advocating its implementation do so with the suggestion that it function parallel to the existing systems. As has been previously discussed throughout this article, introducing this system alongside the existing systems would create greater advantages because businesses and entrepreneurs alike would have a variety of protection and marketing options. The CIPA affirms that “[i]t is important to recognize that some patentees operate only within a localized area and therefore do not want or need patent protection over a much wider area, such as throughout the Community.”<sup>246</sup> Furthermore, “the absence of patent protection in

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243. *Commission Proposes the Creation of a Community Patent*, *supra* note 6.

244. The European Commission, *Patents: Commission outlines ambitious series of measures*, at [http://europa.eu.int/comm/internal\\_market/en/indprop/99.htm](http://europa.eu.int/comm/internal_market/en/indprop/99.htm) (last visited Sept. 26, 2001).

245. *Id.*

246. CIPA, *supra* note 55, ¶ 3.1.2.

some parts of the EU for a particular invention creates greater opportunities for free trade in those patent-free Member States."<sup>247</sup>

### VIII. CONCLUSION

There are ample reasons for implementing the Community patent system; however, the fact that present systems in Europe depreciate the value of possessing a patent is reason enough to advocate the adoption of a Community patent system. It is the very purpose of a patent system,

to encourage improvement, and to encourage the disclosure of improvements in preference to their use in secret, [and] any person devising an improvement in a manufactured article, or in machinery or methods for making it, may upon disclosure of the improvement at the Patent Office demand to be given a monopoly in the use for a period of years.<sup>248</sup>

The Improver Corporation example emphasizes the futility of an unharmonized patent system. While patent protection may be provided in one country there is no guarantee that protection will be provided in another. To abolish such inconsistencies the proposal emphasizes the creation of a Community patent court system which would administer generally applicable rules and procedures. This feature alone makes the proposal significantly worthy of adoption.

Regardless of jurisdictional consistency and legal certainty, the European Community must implement a harmonized system in order to ensure a successful competitive market. Without a harmonized and cost-effective system from which to choose from, businesses and industries may be deterred from introducing goods into the European Community. The comparisons above indicate that patenting in Europe is much more costly than other advanced countries in the world, including the United States and Japan. Thus, the European Community must commence plans for patent harmonization with lower costs in order to maintain its status as a competitive technological market.

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<sup>247</sup>. *Id.*

<sup>248</sup>. IAN J. LLOYD, *INFORMATION TECHNOLOGY LAW* 309 (11th ed. 2000).

The European Commission, in opinions from January 26<sup>th</sup> and March 1<sup>st</sup> of 2000, “has already suggested . . . that the Intergovernmental Conference discuss an amendment to the Treaty designed to provide adequate legal certainty in matters of Community intellectual property.”<sup>249</sup> However, as of January 2001 no initiatives or discussions have taken place in relation to the proposal. Thus, the world patiently awaits a decision (as it has been for over thirty years since a harmonized system was first introduced)<sup>250</sup> on whether, with the growth of increasing European harmonization, the patent world will follow suit.

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249. Commission of the European Communities, *supra* note 1, at 16.

250. *Id.*