

The European Union Patent Court - A pleading for optional national litigation
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1. The present status of the Draft Proposal 11270/08²

Over the last 10 months the work on a Community Patent Court has made an amazing progress due to a new working method of the Commission. The establishment of an expert group consisting of judges and attorneys from a number of countries with regular meetings between the meetings of the working group of the member states has proven very fruitful. The successive versions of the working papers have improved progressively adopting practical solutions which promise even more efficiency in a number of points than the proposal for a European Patent Litigation Agreement (EPLA), e.g. with respect to the composition of panels which in particular also the judges in the expert group have supported.

However, a number of basic points must still be resolved and amended which have been suggested by the expert group, but also by a number of user associations, for example the role of the ECJ as a third legal instance included in the present version which is regarded as unacceptable by all user groups and experts³. Other questions which have been raised by industry circles and also member states concern the general structure of the system, but also very specific procedural rules which - if all adopted - would from a practitioner's point of view destroy the attractiveness of the system as a whole. Many of the proposals are contradictory or mutually exclusive, like those concerning a more international composition of panels, language of proceedings, competence, jurisdiction, and effect of decisions⁴.

2. Is there a risk of failure?

The great number of wishes and requests lead more and more to the conclusion that a unanimity vote in the Council on the present draft becomes unlikely so that one must examine, when an increasing number of member states announce that they will not agree for different reasons as some have done

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² The present version of the Draft Agreement *St 5072/09* of January 8 2009 has not been modified with respect to the question discussed here

³ EPLAW, IPJA, GRUR, CCBE, Paper of German Patent Judges, Nordic Associations for the Protection of Industrial Property

⁴ Among others CCBE, EPI, The Danish Bar and Law Society, Nordic Associations for the Protection of Industrial Property, TMPDF.

already, which other procedures or legal options exist in order to prepare a safety net and prevent a failure of the whole project.

If the chances for a Community-wide patent litigation system diminish one possibility would be to use the avenue of *enhanced cooperation* under Arts. 11, 42 et seq. of the Treaty which would have the result that only countries which are interested in a Community patent court would join, similar to the optional membership of EPLA. But there might also be a solution by which the goal of a unitary system could be maintained, but which would take into account the objections and fears of member states without sacrificing the quality and thus the attractiveness of the entire project.

It is obvious that many of the objections come from the reservations with respect to the “either – or”: with the application of an EPO bundle patent the patentee will abandon for the future the entire national legal system of enforcement. It is true that this will also be the case when he chooses a Community patent, but there it will not be abandonment but a totally new strategic orientation towards a uniform IP right. It appears however that with respect to the EPO bundle patent and its astounding success in the last 30 years a large number of users and their governments are not willing to accept such drastic changes and thereby sacrifice the present enforcement system, even after a reasonable phase-out period.

3. A proposal for a “safety net” against failure

After decades of trial and error and successive failures to reach agreement on a European-wide patent court system, one should this time examine very carefully where the risks may lie for a final success.

a) Those who believe in the necessity and the advantages of the European patent court have two things to be concerned about.

- The *first* risk is that the project will fail *before entry into effect*. The project will fail if, having undergone the changes desired by practitioners and an ideal solution perhaps having been found, it is nevertheless rejected for political reasons by member states
 - because for some it appears too complicated and costly,
 - because it changes too much,
 - because a national precondition is not satisfied, or
 - because it is simply not needed for the particular country.
- The *second* possibility is a failure *after entry into effect*. This will be the case if, after many compromises and under considerable political pressure, a solution is found that wrings a “yes” out of the politicians -- the famous or rather infamous *common political approach*⁵ -- but this so-

⁵ See for comments Pagenberg, 34 IIC 281 (2003).

lution is rejected by industry and the other users, because the inclusion of too many compromises have diluted it: the court exists, but nobody goes to it.

It is a question of opinion as to which would be the greater disaster. However, there is hardly any denying that either of them could occur.

b) It is therefore time to reflect on a precaution against failure. This author had brought the following proposal already into the discussion a few years ago for the EPLA project in order to make it more flexible⁶. It is both simple and clear.

(aa) *National patents* remain with the national court system of each member state. Countries that as yet do not have specialised *national* patent courts could establish them if they felt a need for it.

(bb) For *Community patents*, a community jurisdiction would be created such as is currently being discussed for Community patents and European bundle patents. However, the European Union Patent Court would only have *exclusive* jurisdiction for Community patents.

(cc) For *European bundle patents* the jurisdiction of the European Union Patent Court would be non-exclusive. The parties would have an *option unlimited in time* of filing an action before the Community court or before the national courts. Such a national action would be limited as to its effects and remedies to the respective national territory (effect of injunction, effect of counterclaim as well as damages). Such a purely national proceeding would not only be given if both parties are nationals of that member state, so plaintiff and defendant may even come from countries outside the EU, and it would also not be necessary that the parties are SMEs. The only criterion would be that the plaintiff limits his petitions with respect to remedies to this member state⁷.

For a bundle patent which may be protected only in a few member states the patentee must anyway have the choice to limit his petitions to the territory in which an infringement has occurred and for which he has sufficient evidence of infringement, since otherwise a courts would dismiss the request for an injunction and damages as unfounded.

c) The advantages of such a permanent option are obvious.

aa) The fears in user circles that there would be radical changes to current practice or that the courts would lack quality would become unfounded since users can test the system: waiting and trying out is better than simply rejecting. The scepticism of countries that for instance expect to suffer a disadvantage for linguistic reasons would cease.

⁶ Pagenberg, *Progress of EPLA and the Community Patent Regulation*, Venice European Judges' Forum 2006

bb) Would this not undermine the European system? On the contrary. Small and medium-sized enterprises, which currently conduct a large amount of patent litigation on the basis of European bundle patents, fear higher cost and might prefer the filing of national patents in the future without such an option. Given the large number of those enterprises, their resistance would for many countries be a sufficient reason for rejecting the Community system and prevent the adoption of the Community system to the detriment of multinational corporations which just want that. Not all users have at all times the same needs and the same financial means. So also SMEs could be won over with such an option and would remain potential users – and later also actual users - of the Community system.

cc) The drafters of the proposal for the European Union judicial system would, through the introduction of the option, be given the opportunity to continue to work towards the *optimum* system without having to accept impractical compromises on the basis of national requests that would have a negative effect on acceptance by the users. Since a permanent competitive situation would develop between the existing national courts and the European Union Patent Court for bundle patents, the European system would have to be made sufficiently attractive so that in the medium term it would become a genuine alternative for the users if compared with national courts in terms of quality, cost and efficiency.

dd) The Commission has therefore no reason to fear this competition, since it is currently well on the way to creating an attractive system that should enjoy growing acceptance, even if it presently still needs some adjustment. Moreover, the competition would have effects in both directions. Many a national patent court system could lose part of its attractiveness to users when benchmarked against an optimum European Union Patent system, and users would then accept it out of their own conviction and there would be no need to deprive them from the choice.

ee) Such an option would no doubt also accommodate the member states. Countries that as yet do not have special courts for patent cases could avoid having to immediately satisfy the high quality standard required by the European Union court and could instead gradually develop specialised national courts. In countries with well functioning patent courts, on the other hand, the users could use the national courts or the European Union court depending on the case and situation.

d) Analyzing it from all sides, there are no disadvantages in the coexistence of national and European Union court instances.

⁷ For such cases cross-border injunctions should not be possible, and also the defendant would be bound by the restrictive effects of the action and could not file a counterclaim for other territories

aa) Given the possibility - already contained in the working papers - of the judges of the local chambers of the European Union Patent Court continuing to be able to act in the national courts, there would at the beginning be no need to reserve personnel, since the court structure could be created “virtually” and would nevertheless be available at any time if needed, even if only a few actions start arriving at the beginning which will the case at the latest a few years after issuance of the first Community patents.

bb) The offer of a free choice between two judicial systems has already been successfully implemented for the Community trademark and the Community registered design. There it has even been regarded as sufficient to use each country’s national court structure, which has only nominally been given the existing courts their *Community* court function through being designated by the state, hence those courts have a far lower European integration status; apparently this has disturbed nobody.

cc) A higher degree of European structure and integration is a result that is desired above all on the part of industry in the considerably more demanding field of patent law. It is difficult to assess in theory - and it is obvious that part of the scepticism is based on this - how a chamber consisting of two national judges and a foreign judge and, where necessary, a fourth technical judge, can work as efficiently as the experienced national courts. The proposed unlimited option would avoid in advance any unpleasant surprises and in particular the widespread reservations on this point. And it would undoubtedly prevent a possible clogging of the system if the language problem or any other new feature reduces the efficiency which users expect from the European court.

dd) Nor is there any need to fear that the national judicial systems would over a long period of time block for the European Union Patent Court the opportunity to prove itself. Applicants for Community patents will in any event have to choose the European Union Patent Court, and it cannot seriously be argued that far too few applicants would choose this path. If this were the fear, the plans for a Community patent could not be pursued any further. Moreover, the European Union Patent Court does not depend on a specific minimum number of cases either, nor does the qualification of its judges, as long as the latter have their base in the national courts and maintain their qualification and experience there.

ee) It may be true that the European Union Patent Court might take longer to start up than if there was no option. However, in the light of the decades that have already been spent on discussing patent litigation projects that have failed again and again, there is a great deal that argues in favour for a solution “with a safety net”. The risk of a further failure by forcing the users into something they dislike is something that nobody can assume. It must be recalled that so far no member state has been willing to make a quality sacrifice for Europe by replacing its own courts by a judicial structure that will first have to acquire practice and experience in order

to become recognized; politically, in most countries this would be very difficult to push through, and therefore the risk of failure is real.

It should also be considered not to include the option only after the failure of a proposal without such an option. Not only does such an option need in-depth discussions about definitions and conditions of the legal rules so that the whole system remains balanced. But one must also take into account that if the present project loses momentum – which will undoubtedly be the case if a first vote fails in the Council – it will be very difficult to start anew, since politicians and users may at some point lose the interest altogether to continue fruitless discussions for ever. Therefore one should from the outset include the option into the draft, eventually as one of two alternatives or as an auxiliary proposal.
