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International Patent Protection: Time for a fully EU Functioning Supra-National Patent Mechanism

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Abstract. Larger industrial companies have become increasingly global in their functions and aspirations. With regard to patents, it is increasingly common for a multinational company to face alleged infringing acts committed by the same competitor in several countries. Securing *international patent protection* both at the acquisition and the enforcement stage is the corollary to the cross border exploitation of patents. The regulation of transnational trade and the international exploitation of patent rights have brought about international agreements concerning these closely related issues, such as international patent granting power, international harmonization of patent laws and uniform systems of jurisdiction and choice of law rules applicable to patent enforcement as well as other areas. However, there is an increasingly strained relationship between international patent *acquisition and enforcement*¹ which is the dominant focus of this paper. Whilst a network of international agreements facilitates the grant of increasingly similar patent rights in many countries, cross border patent enforcement through the application of the relevant private international rules has been very weak. From a private *international law perspective*, the legal independence and territorial limitations of patent rights has severe implications for the application of the relevant jurisdictional and choice of law rules. Therefore, *cross-border adjudication* has indeed been challenged in the patent area. This paper seeks to focus on the problems associated with acquiring and enforcing patent rights at a multi-jurisdictional level, particularly within the EU.

1. What is a Patent?

A patent is a set of exclusive rights granted by a state to an inventor or his assignee for a limited period of time in exchange for disclosure of an invention. The procedure for granting patents, the requirements placed on the patentee and the extent of the exclusive rights vary widely between countries according to national laws and international agreements. Typically, however, a patent application must include one or more claims defining the invention which must be new, inventive, and useful or industrially applicable. The exclusive right granted to a patentee in most countries is the right to prevent others from making, using, selling or distributing the patented invention without permission. A patent provides the right to *exclude others*² from making, using, selling, offering for sale, or importing the patented invention for the term of the patent, which is usually 20 years from the filing date³.

Under the World Trade Organisation's (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights, patents should be available in WTO member states for any inventions, in all fields of technology.⁴ Examples of particular types of patents for inventions include biological patents, business method patents,

¹ Thomas, R (1996) *Litigation beyond the Technological Frontier, Comparative Approaches to Multinational Patent Enforcement. Law & Policy in International Business. Volume 27, 277-280.*

² *Herman v. Youngstown Car Mfg. Co.* 191 F. 579, 112 CCA 185 (6th Cir. 1911)

³ Article 33 of the Agreement on Trade-related aspects of Intellectual Property Rights, Annex 1C to the Agreement Establishing the World Trade Organisation 1994 (Hereinafter TRIPs Agreement)

⁴ Article 27.1 TRIPs Agreement, 1994

chemical patents and software patents. In some jurisdictions, other types of intellectual property rights are referred to as patents, for example, industrial design rights are known as ‘design patents’ – such set out to protect the visual design of objects that are not purely utilitarian. The breeders of plants have rights, which are often referred to as ‘plant patents’. This paper focuses in the main on patents relating to inventions.

A patent is, in effect, a limited property right that the government offers to inventors in exchange for their agreement to share the details of their inventions with the public. Like any other property rights, it may be sold, licensed, mortgaged, assigned or transferred, given away, or simply abandoned. A patent for an invention can be granted only if it contains an inventive step. An inventive step means that the invention should have something which is adjudicated to be an invention by someone who is skilled in that respective area of technology. The inventive step or non-obviousness reflect the same general requirement for patentability present in most patent laws according to which an invention would be sufficiently inventive – that is non-obvious – in order to be worthy of a patent. In most systems of patent law, state of the art also known as prior art constitutes all information that has been made available to the public in any form that might be relevant to a patent's claims of originality. The state of the art is the highest level of development, as of a device, technique, or scientific field, achieved at a particular time. The person having ordinary skill in the art is a legal fiction found in many patent laws throughout the world. This fictional person is considered to have the normal skills and is deemed to be knowledgeable in a particular technical field, without being a genius. He or she mainly serves as a reference for determining, or at least evaluating, whether an invention involves an inventive step or not in terms of European patent laws, or is non-obvious or not, in terms of US patent law.

2. Governing Laws

The grant and enforcement of patents are governed by national laws and also by international treaties, where those treaties have been given effect in national laws. Patents are therefore, territorial in nature.

2.1 International patent grading system

There is a trend towards global harmonization of patent laws: securing international patent protection no longer means that a patent application must be filed in each individual country where patent protection is sought. The ‘international patent granting system’ permits the simultaneous creation of parallel patents through uniform mechanisms. The ‘international patent granting system’ is a network of international instruments whose motivation is simplification and harmonization of patent granting procedures. There are a variety of paths or ‘routes’⁵ available to the applicant for multi-jurisdictional patent protection.

2.2 Paris industrial property convention

The Paris Convention for the Protection of Industrial Property initially signed in 1883⁶ is the centerpiece of the international patent grading system. It represents the first efforts of several countries to pursue a common approach to industrial property.⁷ The principles of ‘right of priority’ and ‘national treatment’ set out by the Paris Industrial Property Convention have been of immense importance to the internationalization of intellectual property rights over the last century. The principle of ‘national treatment’ opposes protectionist provisions in national industrial property systems.⁸ This requires Contracting States to accord nationals of other Contracting States the same rights under their domestic industrial property laws as is accorded to nationals. Article 2(1) of the Paris Industrial Property Convention states that:

⁵ Tritton, G. (1996). *Intellectual Property in Europe* (London: Sweet & Maxwell) 35

⁶ The Paris Convention for the Protection of Industrial Property, 20 March 1883, 828 UNTS 305 [hereinafter *The Paris Industrial Property Convention*]

⁷ Tritton, *supra* note 10, 35.

⁸ D’Amato, A. and Long D., (1997). *International Intellectual Property Law* (London: Kluwer Law International, London,) 251.

“Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with”.

The principle of national treatment goes beyond the patent granting stage.⁹ It appears that the principle of ‘national treatment’ has consequences for determining the law applicable to attempts at cross-border patent enforcement. Particularly, the reference to ‘the same protection’ in Article 2 of the Paris Industrial Property Convention would impose a uniform choice of law rule in Contracting States. Potential conflicts of law would only be governed by the law of the protecting State – the *lex loci protectionis*. The ‘right of priority’ entitles a patent applicant of a Contracting State to a period of twelve months after the initial application to apply for protection for the same invention in any other Contracting State. Within this one-year period, the application dates back to the earliest application filing date.¹⁰ The advantage here is that applicants seeking multinational patent protection are allowed a ‘grace period’ which can be used to evaluate the economic viability of the invention and to design the patentability strategy. However, the Paris Industrial Property Convention does not provide for a centralized procedure to file simultaneous patent applications in several countries.

2.3 Patent co-operation treaty

The Patent Co-operation Treaty¹¹ is an international patent law treaty concluded in 1970 making it possible to seek patent protection for an invention simultaneously in each of its contracting states by filing an “international” patent application. Such an application may be filed by anyone who is a national or resident of a PCT contracting State. It may be filed with the national patent office of the contracting State of which the applicant is a national or resident or, at the applicant’s option, with the International Bureau of World Intellectual Property Organization (WIPO) in Geneva. The Treaty regulates in detail the formal requirements with which any international application must comply.

A majority of the world's countries are signatories to the PCT, including all of the major industrialized countries with a number of exceptions, such as Argentina and Taiwan. As of September 28, 2009, there were 142 contracting states to the PCT¹². Thailand became the 142nd contracting state on 24 September 2009. A single filing of an international application is made in one language. The filing of the application generates an “international search” performed by an authorized International Searching Authority (ISA) who will be one of the major patent offices.¹³ The search is performed to ascertain the most relevant prior art documents that might affect the patentability of the invention claimed in the international application. In addition, a preliminary and non-binding written opinion on whether the invention appears to meet the patentability criteria in light of the search report results is also issued. The international search report and written opinion are communicated to the applicant who, after evaluating their content may decide to withdraw his or her application, particularly where the content of the report and opinion suggests that the granting of patents is unlikely or he or she may decide to

⁹ Geller, P. (1995). Intellectual Property in the Global Marketplace: Impact of TRIPS Dispute Settlements? Cornell International Law Journal 29, 99-102.

¹⁰ Article 4 *Paris Convention*, 1967

¹¹ The Patent Co-Operation Treaty (PCT), 19 June, 1970, 28 UST 7645

¹² Anon, (2009) New PCT Contracting State, Thailand, PCT Newsletter, Oct. 2009.

¹³ Austrian Patent Office, Australian Patent Office, National Institute of Industrial Property, Canadian Intellectual Property Office, State Intellectual Property Office of the People’s Republic of China, European Patent Office, Spanish Patent and Trademark Office, National Board of Patents and Registration of Finland, Japan Patent Office, Korean Intellectual Property Office, Federal Service for Intellectual Property, Patents and Trademarks (Russian Federation) Swedish Patent and Registration Office, Nordic Patent Institute. The Egyptian Patent Office Israel Patent Office was appointed as ISA on September 25, 2009.

amend the claims in the application. The international search report helps the applicant to decide whether it would be worthwhile to seek national protection, and if so, in how many countries, as there are significant expenses, such as translation costs, to enter the national phase in each country. A further advantage is that many national patent authorities will rely on the international search report – although the Patent Cooperation Treaty does not oblige them to do so – this avoids the need for them to commence the search once again of the prior art, thus the applicant may be able to save in search fees as a result. If the applicant decides to continue with the international application with a view to obtaining national (or regional) patents the relevant national or regional authorities administer matters related to the examination of the application and the issuance of the patent.

The effect of the international application in each designated State is the same as if a national patent application had been filed with the national patent office of that State. The Patent Cooperation Treaty does not provide for the grant of an international patent as the grant of patent is a prerogative of each national or regional authority. If the applicant wishes to obtain patent protection in a number of contracting states to the European Patent Convention, the appropriate procedure is a Euro PCT application, which is a patent application under the Patent Co-operation Treaty requesting a European patent for all or a number of the European States. Although the Patent Co-Operation Treaty simplifies the patent application process, it does not centralize the patent granting phase, which remains the responsibility of the national patent authorities in the designated States. It is also worth noting that the Patent Co-operation Treaty does not modify the requirements of patentability applicable in each of the contracting states.

2.4 European Patent Convention

The limiting features of the Patent Co-Operation Treaty appear to be the catalyst for a more complete and integrated patent system in Europe. The current European patent system is governed by the 1973 European Patent Convention.¹⁴ This system established a common patent procedure that covers up to 35 European countries. The contracting states include Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Liechtenstein, Lithuania, Luxembourg, Latvia, Monaco, Former Yugoslav Republic of Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia and Turkey. The European Patent Convention provides for a centralized filing and granting procedure at the European Patent Office in respect of a number of contracting States as designated by the applicant. The European Patent Office processes the application, examines whether the subject matter is patentable in terms of uniform patentability requirements set out by the European Patent Convention itself and grants a ‘European patent’ which is a group of national patents in the designated States. The European Patent Convention also provides for third parties to bring opposition proceedings at the European Patent Office to revoke the European patent as a whole within nine months after it was granted. However, once these nine months have passed, the ‘European patent’ is no more than a bundle of legally independent patent rights in different contracting States.¹⁵ Therefore it can be deduced that the European Patent Convention provides for a unitary procedure for patent application, patent granting and post-grant patent opposition and refers in the main to the national law of the contracting States for patent infringement matters.

The patent granting routes as described have a similar outcome – they create legally independent national patents whose legal value is determined by reference to the respective legal system of each State for which the patent is granted – all of which reaffirm the territorial limitations of patents.

¹⁴ Convention on the Grant of European Patents, 5 October 1973, 1065 U.N.T.S. 199 [hereinafter *European Patent Convention*]

¹⁵ *Expandable Grafts, Ethicon & Cordis Europe v Boston Scientific* [1998] I.E.R./1998/31

2.5 Towards harmonization of patent law?

The international instruments as outlined above have contributed in some way to the trend towards global harmonization of patent law throughout Europe and the world. The harmonization process initiated by the Paris Industrial Property Convention culminated with the adoption of the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement in the framework of the World Trade Organisation (WTO).

The TRIPs Agreement has been largely successful in the provision of a forum for nations to agree on an aligned set of patent laws. Conformity with the TRIPs agreement is a requirement of admission to the WTO and so compliance is viewed by many nations as important. This has also led to many developing nations, which may historically have developed different laws to aid their development, enforcing patent laws in line with global norms. On the procedural level, the TRIPs Agreement obliges its members to provide minimal enforcement mechanisms. Specific requirements are set out with respect to the availability of effective remedies including remedies to prevent infringement and remedies which constitute a deterrent to further infringements.

2.6 Enforcement

Patents can generally only be enforced through civil lawsuits. For example, a U.S. patent will be by an action for patent infringement in a United States federal court, although some countries such as France and Austria have criminal penalties for wanton infringement. Typically, the patent owner will seek monetary compensation for past infringement and will seek an injunction prohibiting the defendant from engaging in future acts of infringement. The accused infringer has a right to challenge the validity of that patent in question and this limits the ability of the patent owner to successfully assert the patent in civil litigation. Civil courts hearing patent cases can, and often do declare patents invalid.

The grounds on which a patent can be found invalid are set out in the relevant patent legislation and vary between countries. Normally, these grounds are a sub-set of the requirements for patentability in the relevant country. Whilst an infringer is free to rely on any available ground of invalidity such as prior publication for example, some countries have sanctions to prevent the same validity questions being re-litigated. An example is the UK Certificate of contested validity. Not all patent rights are determined through litigation but resolved in a private manner through patent licensing. These are effectively contracts in which the patent owner agrees to forego their right to sue the licensee for infringement of the licensor's patent rights, usually in return for the payment of a royalty. Companies engaged in complex technical fields enter into many license agreements associated with the production of a single product. Indeed it is also common for competitors in such technological fields to licence patents to each other under cross-licensing agreements in order to share the benefits of using each other's patented inventions. However, for those that seek to enforce patent rights, it is quite an onerous task to do so, particularly on a trans-national basis.

2.7 Cross-border enforcement of patents

The absence of transnational enforcement mechanisms and more particularly the territorial nature of patent rights have led to a cautious approach with regard to the possibility of enforcing foreign patent rights in a domestic court environment. Courts across Europe possess the legal mechanisms to permit cross-border patent enforceability. The private international rules applicable to the enforcement of patent rights may lead to a concentration of litigation in a single forum. This approach, once recognized and accepted will be the first significant move towards the creation of an effective mechanism towards the international protection of patent rights. However the possibility of an appropriate multinational patent enforcement must be tempered with the issues associated with private international law issues. For example, forum selection is largely based on general rules that were more than likely not designed for the purposes of providing resolutions to international patent disputes. Important issues are whether the respective Court can accept jurisdiction over defendants not living in the Forum State and whether or not the scope of an order can be extended to cover several Member States. The various ways jurisdiction rules are interpreted and the uncertainty about the forum options open to the plaintiff

may lead to tactics, some possibly abusive, in patent infringement disputes. Selecting the applicable law to patent infringement disputes is a critical issue. It is essential to construct and apply choice of law rules according to the specific features of patent law.¹⁶ The ever increasing cross-border litigation will give rise to more difficulties in the recognition and enforcement of foreign judgments.

3. Problems & Enforcement of Patent Rights in the EU

Since the establishment of the European Community, it was accepted that a fully integrated European market requires a patent with unitary and autonomous character – a real Community patent. As mentioned above, The European Patent Convention (EPC) signed in 1973, provided for a centralized patent prosecution mechanism, these instruments enabling patentees to exploit their IP rights on a global scale. This fell short of a fully integrated system because patent litigation has remained confined to the jurisdiction of national courts. Thus a single market remains impossible to realize owing to the shortcoming. An attempt was made at resolving this through the signing of the Community Patent Convention¹⁷ in Luxembourg in December 1975 but it never came into force.

It was essentially the provisions for legal enforcement which proved to be the stumbling block for the ratification of the Community Patent Convention. The Community Patent Convention, despite never becoming a law has been a source of inspiration to some when it comes to dealing with cross border enforceability issues relating to national patents. This was borne out in a number of cases such as that of *Schellens v Velouta*.¹⁸ This case saw a scenario where the plaintiff held a European patent in 10 countries to weave Jacquard velvet. The President of the District Court of The Hague was requested to enjoin the alleged cross-border patent infringement in all designated countries with corporate seat in Belgium. The President sought specific guidance from the Community Patent Convention in order to interpret the relevant provision of the Brussels Convention¹⁹ in relation to special jurisdiction.

Though the Community Patent Convention has ultimately provided a guiding light in a number of cases, such as that outlined above, its provisions have never been enforced. In 1999 there was potential for some progress when the European Patent Organisation proposed what became known as the European Patent Litigation Agreement (EPLA), an international judicial system across the EPC countries to decide on infringement and validity. Movement continued and the following year a Community Patent was proposed by the European Commission. Some years later, in 2006 to remedy the significant shortcomings of the current situation of patent litigation in Europe, a number of Member States and third countries prepared, under the auspices of the EPO, a draft European Patent Litigation Agreement (EPLA). Judges from across Europe agreed a protocol known as the Second Venice Resolution on how the EPLA would work in practice, including provisions for documentation, expert evidence and hearings. In 2007 a leaked interim legal opinion for the European Parliament suggested that the EPLA was incompatible with EU treaties. It was also reported that the proposal to operate outside the EU judicial system was unworkable with no right of appeal to the European Court of Justice. Therefore this system would only have addressed the above-mentioned shortcomings in relation to European patents only. Although the legal advice was never published officially the EPLA was effectively shelved at this point.²⁰ The proposal was also stifled by insufficient political support from Member States in the Council for the necessary involvement of the Community. Europe has not yet been capable of establishing a single and affordable

¹⁶ Pertegas – Sender, M. (2002) *Cross-Border Enforcement of Patent Rights* (Oxford University Press: Oxford), 10.

¹⁷ Convention for the European Patent for the Common Market, 26 January 1976, 1976, O.J. L 17/1 [hereinafter *Community Patent Convention*]

¹⁸ (1997) IER 1997/20

¹⁹ Art 5(3), Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, 27 September, 1968, 1972 O.J. L 299 32

²⁰ Anon, Key stage timeline retrieved on 18 September 2010 from http://www.klgates.com/files/upload/Europe_PatentLit_time_v3.jpg

Community-wide patent and integrated litigation system despite repeated calls by many Heads of State Government.

Unfortunately, the Community patent project with a unified patent litigation system remains just that - a project. Contrary to noticeable progress concerning some details of the project during the French EU presidency, the overall result was that the project appeared to have been assigned to the slow lane during France's tenure. Perhaps the French president, Mr. Sarkozy was distracted from this topic by the need to fight the global economic crisis, which became the priority during the French tenure; such might be identified as the reason for the lack of results on the matter at this time.

The outlook for the EU Community Patent Project appeared to be bleaker during the reign of the Czech Republic, holders of the presidency of the EU from January to June of 2009 who saw fit to issue a rather dull commitment to the EU Community Patent stating; "The Czech Presidency will actively continue its efforts to improve the patent system in Europe, in particular to make fundamental progress in the preparation of the integrated judiciary for patents and the creation of a single Community patent".²¹ However, in reality it appears that Intellectual Property politics was not important to the Czech Government when they held the presidency of the EU. In addition, the President of the Czech Republic is a very outspoken EU skeptic who, in all likelihood was not supportive of the project. Additionally, the five year term of office of the EU Commission lapsed in June 2009 and one could not expect any further long term strategic initiatives from the Commission as it then stood. The European Parliament was elected last year and campaigning appeared to be the priority of all concerned.

3.1 Stifles innovation

It is clear that the lack of a unified patent litigation system is undoubtedly stifling innovation. Such innovation is an important contributor to competitiveness growth and job creation. International enforcement of patent rights may involve legal proceedings in multiple jurisdictions (and even proceedings within proceedings in some countries, such as Germany), which are generally subject to the laws of the country granting the patent. It has been claimed by stakeholders that the current litigation system leads to complexity and legal insecurity all flowing from the risk of contradicting court decisions in different Member States.

3.2 Expense

The current system also involves considerable expense. The aggregate costs of enforcing patent rights in multiple jurisdictions can be enormous. A February 2009 report requested by the European Commission cites the average legal costs parties must bear in patent litigation in four countries, namely, France, Germany, the Netherlands and the U.K. The report estimates that, in big commercial cases, at first instance, party costs amount to €200,000 in both France and the Netherlands, €250,000 in Germany and €1.5 million in the U.K. Such costs often prevent small and medium-sized enterprises (SMEs) from enforcing their patent rights in all the jurisdictions in which a pan-European infringement might take place. This problem is reflected further by comments made by former EU Internal Market Commissioner Charlie McCreevy where he pointed out that: "European businesses find the current patent litigation system complex, slow and costly."²² It is estimated that by 2013 a unified court system, designed to enforce patent rights, has the potential to save €148-€289million per annum²³ this would lead to substantial benefits for litigants and the overall European economy.

²¹ Czech EU Presidency Priorities and Work programmes (2009). Retrieved on 30 April 2009, from www.eubusiness.com/Institutions/czech-presidency.02/view

²² Beesley, A. (2009). EU Accord on pan-European Patents. The Irish Times, 5 December 2009.

²³ Harhoff, D. (2009). Economic Cost Benefit Analysis of a Unified and Integrated European Patent Litigation System. Retrieved on 20 May 2010, from www.ec.europa.eu/internal_market/indprop/docs/patent/studies/litigation_system_en.pdf.

3.3 A bloc-wide litigation system and beyond?

A turning point came in March 2009 when the European Union's executive arm proposed a single bloc-wide litigation system for defending patents, a move that would cut legal costs for companies. A cheap one-stop system for filing and defending a patent in the EU to nurture new business ideas and create jobs has been a goal for decades but thwarted by disagreement over which languages and court structure to use.

The European Commission formally asked the bloc's member states for a mandate to set up a unified regime for patent litigation that would have jurisdiction over existing European patents and give rise to a future single EU community patent. This would avoid the need for a company to defend a patent in several national courts avoiding the current expensive and time consuming process. Lobbyists for smaller firms welcomed the move as evidenced by the words of Jonathan Zuck, president of the Association for Competitive Technology: "We hope this development will give a new impetus to the conclusion of negotiations on the community patent, small and medium-sized firms cannot wait for it, they need it today,"²⁴ he said.

4. European and EU Patents Court (EEPC)

If the proposal becomes a reality it would result in the creation of a specialized European Patent Court allowing cases to be heard before expert judges. The unified court holds the potential to translate into real savings as parties would no longer be required to litigate in parallel in different countries incurring high costs. The proposed court will include local and central chambers under a common appeal court. In the initial stages it is proposed that parties will be able to use national courts allowing a level of confidence to build up gradually in the new system. The proposal would see a new system of courts giving a role to the EU's top court, the European Court of Justice. It would need backing from the bloc's 27 member states and the wider group of 35 nations who are party to the European Patent Convention.

The proposed name for the court is *The European and EU Patents Court (EEPC)* and it would have the mandate to govern not just the EU countries, but also non EU European Patent Convention countries who elect to submit to the court. The European Commission pointed out that outstanding issues concerning other components of the patent reform package such as the regulation on the community patent and the relationship between the EU and the EPO (European Patent Office) will need to be addressed. The draft agreement for the EEPC provides for 3 judges to sit in the Court of First Instance, which would be comprised of local divisions in the various Contracting States - or regional divisions of States that have grouped together; and possibly also a central division. One of the judges sitting would have relevant technical qualification at least at university degree level in the field of technology concerned, plus some other relevant experience. Alternatively, a case could be heard by a single judge, if the parties agreed. A Court of Appeal would be set up with a multi-national panel of 5 judges (3 legally qualified, 2 technically qualified). A Contracting State would be one from the EU or from a state that has contracted into the system from one of the European Patent Convention countries. On the current draft, a choice of 23, possibly 29, languages would be available for the various courts. The main features of the envisaged Unified Patent Litigation System can be summarized as follows:

- It would comprise a first instance with local and regional divisions as well as one central division, a second instance and a Registry.
- All divisions would form an integral part of a single judiciary with uniform procedures.
- Judges of the court structure established in the framework of the Unified Patent Litigation System should have a high degree of specialisation in patent litigation and technical expertise.

²⁴ Zuck J. 2009. EU Community Patent System a Possibility. Association for Competitive Technology. Retrieved on 15 November 2009 from www.actonline.org.

- A training framework for judges of the unified judiciary would be set up in order to improve and increase available patent litigation expertise and to ensure a broad geographic distribution of such specific knowledge and experience.
- A pool of patent judges consisting of legally qualified and technically qualified judges would reinforce the local and regional divisions of the court structure established in the framework of the Unified Patent Litigation System.
- The court structure established in the framework of the Unified Patent Litigation System would have jurisdiction, both with respect to European and future Community patents, for infringement actions, actions or counterclaims for revocation, actions for declaration on non-infringement and actions for compensation in respect of the protection conferred by a published patent application. Moreover it would deal with actions concerning compulsory licences for Community patents. Patents granted by national patent offices would remain outside the scope of the future litigation system.
- The court structure established in the framework of the Unified Patent Litigation System would be solely competent for revocation actions and infringement actions. However prior to the date this court structure has become operational, applicants and patentees can be entitled, for pending applications and granted European patents, to opt out of the system.
- Decisions of the court structure established in the framework of the Unified Patent Litigation System would have in principle effect throughout the territory or territories where the respective patent is in force.
- The court structure established in the framework of the Unified Patent Litigation System would have essentially the power;
 - to declare a European or a Community patent invalid;
 - to order the infringer of such a patent to cease and desist; –
 - to order the destruction of infringing goods or materials used to manufacture infringing goods; –
 - to order the payment of damages to the injured party and for the infringer to inform the injured party of the identity of any third person involved; –
 - to issue provisional and protective measures, including preliminary injunctions, orders for inspection of property, freezing orders and sequestration.
- The decisions of the Court of First Instance could be appealed to the Court of Appeal.
- The Court of Justice of the European Communities would rule on preliminary questions asked by the court structure established in the framework of the Unified Patent Litigation System on the interpretation of EC law and on the validity and interpretation of acts of the institutions of the Community.²⁵

4.1 The Outlook for a European and Community Patent Court

On May 2010, a hearing was held at the European Court of Justice (ECJ) following a request by the European Council to the ECJ to consider the Commission's plans and offer an opinion on compatibility of the proposed unified patent litigation system with EU treaty rules. The proposed EEPC has generated much debate and indeed thrown up a number of issues. Some observations made to the ECJ at the hearing appeared to be making the allegation that the EU is attempting to set up an international judicial body, when it has remit under the EU

²⁵ Commission of the European Communities. (2009) Recommendation from the Commission to the Council To authorise the Commission to open negotiations for the adoption of an Agreement creating a Unified Patent Litigation System. 5. Retrieved on 22 July 2010 from http://ec.europa.eu/internal_market/indprop/docs/patent/recommendation_sec09-330_en.pdf

Treaties, Rome and Lisbon to set up an EU wide body only. Unsurprisingly, questions were posed by various parties about the role of the ECJ as a last resort for guidance on EU legislation and how that would fit with the use of the EEPC by non-EU countries. However it was argued by the Romanian government that this could be solved quite simply by accepting that to date there has been no role for the ECJ in relation to patents t therefore they argued that there should be flexibility in designing any such role for the ECJ.²⁶ However it appears that other Governments such as Ireland and Lithuania governments disagree with this analysis and indeed with the proposals for a Patent Court. Ireland for example expressed ‘serious doubts’²⁷, at least in the present state of development of Community law in the field of patents, as to whether the European Union has competence to conclude jointly with the Member States an agreement such as that envisaged. Moreover, they submitted that it is not certain that there is any legal basis upon which such an agreement could be concluded. The Lithuanian Government explained that the Treaty rules do not permit the European Union to take action in the field of litigation concerning industrial property rights.²⁸

Yet to be discussed are concerns and considerations about the logistics of the current proposal for the EU Patent and the proposed associated court system, the EEPC. While there are a host of options on language in an apparent attempt to please everyone, the result is uncertainty that may not please anyone and may present a stumbling block. The reality is that the EEPC appears to lack any real substantive detail. Even the framework of the proposed system is unclear. It will undoubtedly be difficult to find sufficient judges with appropriate technical qualifications at least at university degree level - and presumably some judging experience not to mention the range of language skills that will be necessary to run the system. It is important that whatever system is adopted, that it starts out with a serious chance of being positive and successful. Unfortunately, as observed by the Spanish Government - the EU Patent - and the EEPC - is still at an embryonic stage.²⁹

6. Concluding Remarks

A key component of the Lisbon strategy for Growth and Jobs is to improve the way in which intellectual property rights (IPRs) are handled in Europe, as intellectual property rights, and patents in particular, are linked to innovation which is an important contributor to competitiveness. Patents are indeed a force for promoting innovation, growth and competitiveness.

The central aspect of a future Community patent would be its unitary character.³⁰ Thus, a patent would be issued, acquired, revoked and expire for the Community as a whole.³¹ Unlike the current jurisdictional system applicable to parallel patents, the future Community Patent has the propensity to introduce a unitary enforcement system specifically tailored for cross-border patent disputes.

6.1 A continuing fragmented single market

The current situation which sees a fragmented single market for patents has serious implications for the competitiveness of Europe in relation to the challenges emanating from the US, Japan and emerging economic powers such as China. The EU lags behind the US and Japan in terms of patent activity. Even in Europe, the US

²⁶ European Court of Justice.(2010)Report of the Hearing on the Draft Agreement creating a Unified Patent Litigation System (currently called the ‘European and Community Patents Court’) – Compatibility with the Treaty. Retrieved on 25 September 2010 from <http://epla.wdfiles.com/local--files/forum:thread/hearing.pdf>

²⁷ Ibid.

²⁸ Ibid.

²⁹ Halford-Harrison, R.(2010) All together now? Moving towards centralized EU patent enforcement, Retrieved on 20 September 2010 at <http://www.klgates.com/newsstand/detail.aspx?publication=6502>

³⁰ Pertegas-Sender, M. *supra* note 16, 11.

³¹ European Commission,(2000). Explanatory Memorandum To The Commissions Proposal For a Council Regulation on the Community Patent, Retrieved on 20 November 2009 from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0412:FIN:EN:PDF>

and Japan patent more than the EU – In 2006 the European Patent Office (EPO) recorded 137 patents per million population from the EU whilst 143 patents per million population were recorded from the US and 174 million emanated from Japan.³² Studies have shown that a European patent designating 13 countries is roughly 11 times more expensive than a US patent and 13 times more expensive than a Japanese patent if processing and translation costs are considered. Analysis of total costs with up to 20 years of protection, European patents are almost nine times more expensive than Japanese and US patents.³³ In today's increasingly competitive global economy, it is therefore not really sustainable for the EU to lose ground in an area as crucial for innovation as patent policy.

6.2 Cross border enforcement – the missing link

Until recently, cross border enforceability was the missing column in the continuing construction of an international patent protection system. The enforcement of foreign patent rights was traditionally viewed as a major threat to the legal independence and territorial scope of patent rights. This is still evident in some of the submissions made to the hearing held in May at the ECJ on the proposals for a unified litigation system referred to above. Patent litigation is associated with the apparent accepted theory that it is necessary to enforce territorially confined rights in each of the jurisdictions under whose legal systems they arose. This, combined with the absence of supranational enforcement mechanisms has led to a very cautious approach regarding the possibility of enforcing foreign patent rights before a domestic court.

It is now desirable that the increasing global nature of commerce is reflected in a fully cohesive international patent protection system. Real and potentially drastic changes of the European patent landscape would result if the enthusiasm and various breakthroughs on an enhanced patent system are now seized upon by Belgium, the current holders of the EU Presidency and allowed to result in something tangible that will further the EU Community Patent project. It would be refreshing to see firm movement on this project as the enforcement system set up by the Community Patent Convention proves to be a major source of inspiration to a number of judicial authorities when they found themselves tasked with presiding over cross border enforceability issues relating to national patents as discussed in *Schellens v Velouta* above. Progressive and indeed prolific developments in this area will only occur if provision is made for the full harmonization of patent law through the supra-nationalization of patent enforcement mechanisms. This will also bring an end the rigid adherence of patent rights to the notion of territoriality which contributes in no small way to the lack of completion of this final chapter in the construction of a truly international patent protection system.

The potential benefits of a functioning Community Patent Project are many and varied harmonization would bring about benefits divided between those associated with costs savings and efficiency and those associated with the uniformity and certainty of protection.

³² Report of the Maastricht Economic Research Institute on Innovation and Technology (MERIT) and the Joint Research Centre (Institute for the Protection and Security of the Citizen) (2006). European Innovation Scoreboard 2006 comparative analysis of innovation performance, 16. Retrieved on 25 November 2009 from www.proinno-europe.eu/doc/EIS2006_final.pdf

³³ Van Pottelsberghe de la Potterie, B. and Didier, F. (2006). The Cost Factor in Patent Systems. *Journal of Industry, Competition and Trade* Volume 9 (Issue 4) 329-355.