

TRADE MARKS PATENTS & DESIGNS FEDERATION (TMPDF)

TMPDF comments on Commission proposals for Council decisions:

- A. Conferring jurisdiction on the Court of Justice in disputes relating to the Community patent COM (2003) 827 final 2003/0326 (CNS);***
- B. Establishing the Community Patent Court and concerning appeals before the Court of First Instance COM (2003) 828 final 2003/0324 (CNS).***

MAIN AND GENERAL POINTS

Overall system: The proposed decisions are so framed as to suggest that the judicial arrangements for the Community patent will be based almost entirely on continental civil law systems. A continental law approach is not good for British Industry. Unless procedures can be established, under suitable rules of procedure, that achieve reasonable alignment with the practices of our common law system, our member companies may be reluctant to use the Community patent system.

Qualifications of judges and use of assistant rapporteurs: We consider that those appointed as judges should have experience of both patent validity and patent infringement litigation. Moreover, chambers of judges should as a whole have sufficient technical awareness to be able to hear most cases without technical assistance, save that provided by the parties. Where necessary, court experts should be appointed *ad hoc*. There should not be a permanent cadre of assistant rapporteurs. (See detail points below.)

Language of proceedings: It is our view that the normal language of proceedings should be that in which the patent is granted. Use of the language of the state where the defendant is domiciled will lead to major complications where this is a recondite language and will not satisfactorily meet the situation where there are several defendants from different states. This could lead to UK companies being cited as the main defendant wherever possible.

Rules of procedure: It is important that these should be made available at an early stage, before the decision establishing the Community Patent Court is adopted. Until the rules are available, it is impossible to foresee whether the proposed jurisdictional arrangements are likely to be satisfactory.

User group: We consider that it is important that a User Group to maintain an overview of practice in the Community Patent Court and Court of First Instance and liaise with the judges of the courts as necessary should be established at an early stage. The group should include representatives of industry and the patent professions in Europe as well as the Commission and possibly the member states.

DETAIL

A. Conferring jurisdiction on the Court of Justice

Recital 3 (concerning industry reliance on protection of inventions): This recital is both inaccurate and contentious. It should be omitted. Were it to remain as part of the decision, it might be referred to in the future in justification of amendments to the Community patent regulation designed to abolish the EPC route to national patent protection and to compel industry to use the Community patent system, even if unsatisfactory.

It is not true to say that industry **relies** on effective “Community wide” protection for its inventions. Patent protection in a limited number of states, where the majority of products or

processes embodying the invention are to be marketed or used, is usually sufficiently effective.

The statement that the creation of a Community patent system and a common jurisdiction will provide “the missing elements” for the system of protection in the Union is also unsound (whatever the expression “missing elements” means). A common system for ensuring that national patents are interpreted and litigated in a consistent predictable way (if trustworthy, accessible and not too costly) would have advantages and is missing at present, but could be provided in other ways than by the proposed jurisdiction system for the Community patent, e.g., as by the draft European Patent Litigation Agreement.

Articles 4: Entry into force

The article contains no requirement that the decision should enter into force by 1 January 2010 at the latest, as anticipated in article 53a of the draft Community patent regulation.

It should be made clear in this decision that the Court of Justice will assume jurisdiction for Community patents, and that transitional, national court, arrangements will end, by 1 January 2010. The present text of article 4 leaves it in the power of one (or more) member state(s) to determine when, if ever, the transitional jurisdiction of national courts is to end, by withholding its acceptance of the decision. The article should be revised to avoid this.

Furthermore, until it is clearly decided that the Court of Justice will definitely assume jurisdiction, and when, the Community patent regulation itself should not enter into force. Article 63 of the regulation should be revised to ensure this.

B. Establishing the Community Patent Court and concerning appeals before the Court of First Instance.

Rules of procedure:

Issues that are crucially important in establishing the powers of the Community Patent Court and the operation of the proposed jurisdictional arrangements are to be dealt with in rules of procedure, not yet available. Such matters include legal aid, taking of evidence and ordering its production, experiments, hearing and cross-examination of experts and other witnesses, assessment of damages and other remedies. The rules should be prepared and made available as soon as possible, and should not be left until after the decision to establish the Court has been taken. Potential users need to know and be able to comment on the proposed procedures well in advance of the decision setting up the proposed system. Without knowing the procedures under which a Community Patent will be litigated, an informed choice as to whether to apply for a Community patent is not possible.

As regards the assessment of damages and other remedies against infringers, such as account of profits, the decision is silent on procedures. It should be made clear whether or not a procedure separate from the main trial is envisaged. In the assessment procedure, the services of a rapporteur with financial expertise will often be necessary.

Transitional period:

Section 6 of the explanatory memorandum says that before the national courts, the Community patent will enjoy a comprehensive presumption of validity excluding the simple plea for invalidity as a defence against an infringement action. It is unclear why this remark has been included in the memorandum when it is not supported by the proposed legislative provisions, nor is its scope clear. The presumption of validity in the national courts should be no greater or less than the presumption in the Community Patent Court. As yet, the extent of

the presumption of validity in the Community Patent Court does not clearly appear from the draft legislative provisions. We consider that it should be based on the balance of probabilities, i.e., the patent should be presumed valid unless a party seeking revocation shows that it is more probable than not that the patent lacks validity.

Moreover, as we have noted in relation to the Regulation itself, a party seeking a declaration of non-infringement should be able to put validity in issue. The Regulation remains silent on this – it is perhaps something that could be mentioned in this Decision.

Recital 3 - (Industry reliance on protection for inventions):

See comments in part A above in connection with conferring jurisdiction on the Court of Justice.

Article 4 - Annex (II) to the Protocol on the Statute of the Court of Justice:

Article 2 - Number, appointment and term of office of judges of the Community Patent Court:

Paragraph 1: Seven judges may be insufficient if the system is successful. The article should provide for the number to be increased if necessary.

Paragraph 2: It is most important for high quality, reliable, decision making that the high level of legal expertise in patent law required of the Community patent court judges should include extensive experience of both validity and infringement litigation.

Moreover, the issues in patent cases have to be resolved in the context of the technology described. It is essential for sound and fair decisions that the judges themselves should understand the technical details of the cases before them and be able to assess the wide technical implications of patent claims and alleged infringing acts. Except in cases of particular technical complexity (discussed under article 7 below), chambers of judges, as a whole, should have sufficient technical awareness among themselves to hear most cases without additional technical support, save that provided by the parties and their witnesses. Such awareness may for example be derived from long experience of dealing with technical matters arising in patent cases. A requirement for technical awareness in at least some areas of technology should be included in this paragraph.

This article makes no reference to linguistic skills, though these are mentioned in recital (7a) of the draft Community Patent Regulation. Judges appointed to the Court should be highly competent in at least one of the procedural languages of the EPO, in which Community patents will be granted.

The article should also make clear that the judges should come from a range of legal backgrounds, and should include some with a common law background.

Article 3 - Advisory Committee:

Paragraph 1: It does not appear from the text that the list to be provided by the advisory committee will be restricted to people with patent experience. It should. We consider that the candidates proposed by the advisory committee should have a high level of experience and of competence in both patent law and one or more technical fields.

Paragraph 2: As proposed, the membership of the advisory committee is to be drawn entirely from among lawyers of the Court of Justice, its subsidiary bodies and other lawyers, with possibly only minimal representation of patent lawyers. The membership should be more widely drawn and should include representatives of European industry, which will be the users of the system and must have confidence in

it. Member states too should be represented. It should be emphasised that members of the committee should be conversant with the patent field.

Article 7 - Assistant rapporteurs:

We are opposed to the proposed system of permanent technical “experts” appointed on 6-year contracts as assistant rapporteurs. This will not only be very expensive but unsatisfactory for the following reasons:

- a) The technical field to be covered by each “expert” is so broad that he/she will not be expert in most of it. If the requirement is that the expert should merely have a general competence in a particular broad field, then it should be readily possible to secure judges with this;
- b) If the “expert” is to be the only person having technical awareness in the chamber hearing a case, he/she will inevitably be *de facto* the only or main arbiter of, *inter alia*, technical evidence and fact, patent claim validity and interpretation, whether particular acts infringe. (Indeed, the article makes clear that assistant rapporteurs will participate in the preparation, hearing and deliberation of cases, including having the right to question the parties.) Judges who are not technically aware will either have to trust the assistant rapporteur’s opinions, basing their judgement on his/her report, or ignore them without a clear understanding of why they do so. This is a very unsatisfactory way for the court to run.

The proper structure is to have panels of judges who among themselves have sufficient technical awareness to hear the great majority of cases without further direct assistance (save that given by the parties’ witnesses) and who have power to involve truly expert technical assistance *ad hoc* when the complexity of a particular case requires it. There should not be a cadre of permanent technical “experts”.

We are concerned too that the presence of a technical expert as part of the court may imply that the parties’ experts may not readily be heard.

Article 10 - Applicability of provisions from title III of the Statute of the Court of Justice:

We strongly disagree with the non-application of article 43 of the statute and the remarks in the explanatory memorandum that justify this. Whether or not a particular product or process falls within the scope of an injunction ordering the defendant not to infringe is a matter for the Community Patent Court, which issued the injunction, not for a national enforcement authority. It would be ridiculous for different national authorities to be able to reach differing understandings of the Community Patent Court decision. Their duty must be restricted to enforcement of the decision. The system must be robust enough to deal with defendants who attempt to frustrate injunctions by placing different embodiments of the proscribed invention on the market.

Article 11 – European Patent Attorney:

In many patent cases, a litigant will rely on his patent attorney. We consider it unnecessary, and an unfair burden upon litigants, that a separate lawyer must also always be employed, particularly when the patent attorney is qualified in court practice (e.g., by holding a litigator’s certificate, as available in the UK). Article 19 of the statute should be disapplied in such situations.

Article 12 – Oral and written procedure:

We consider that it should be the responsibility of the parties to present what they consider to be the main features of the case during the oral procedure. We do not agree that this should be done by the Judge acting as Rapporteur. A presentation by the

Judge Rapporteur could prejudice the positions of the parties before the evidence has been fully considered.

As in the case of a number of other articles, the impact of this article cannot be assessed without sight of the accompanying rule of procedure. However, we are concerned that paragraph 2 makes no reference to the hearing and cross-examination by the parties themselves of witnesses and experts, but merely refers to the examination of evidence. This apparent downgrading of the importance of expert and other witnesses and cross-examination on behalf of the parties should be rectified.

As regards paragraph 3, the Court should obtain the **agreement** of the parties before dispensing with oral procedure. It is not sufficient merely to hear them.

Article 13 – Production of evidence:

We strongly disagree with the disapplication of the first sentence of Article 24 of the Statute, which allows the Court to require production of all documents and information that it considers desirable. It is up to the Court, assisted by submissions of the parties, to decide what evidence it needs in order to determine the case. It may need to go further than provided for in the second paragraph of this article to order that evidence, under the control of either party, should be produced.

Article 14 – Interim and evidence protection measures:

The power provided in the second paragraph of this article for the Court to authorise description or physical seizure of goods and documents should not be restricted to interim measures or situations where there is a risk of destruction. The power should be a general one

The scope of this article may well depend on rules of procedure, as is the case for several other articles, and the extent to which the Court will have power to order discovery of documents and other evidence.

Article 22- Enforcement of decisions of the Community Patent Court:

We do not agree that an appeal should have suspensory effect, unless there is some special reason justifying suspension. A final decision of the Community court should normally be enforceable, regardless of appeal, since *inter alia* suspension will only encourage appeals. Thus, the presumption in this Article should be reversed.

In the final paragraph of article 22, we consider that it should be mandatory, not optional, for the Court to order that non-compliance with its decisions and orders should be sanctioned. Moreover, there should not be an upper limit on individual fines. Fines should be proportionate and related to ongoing damage. For example, in relation to the continued infringement of a patented process in an oil refinery, a EUR 50,000 fine would be derisory.

Article 23- Court fees:

We consider that this article should give more guidance as to what is to be regarded as an “appropriate” fee. While fees should perhaps be set at levels that deter frivolous actions, they should not be such as to deter those with a reasonable case from using the system. Mechanisms should, perhaps, be found to divert some of the large fees that patent owners will pay in respect of renewals away from national exchequers to meet the costs of the Court.

Article 25 – Language of proceedings:

Paragraph 1 provides that the language of the proceedings will be that of the EU state where the defendant is domiciled, even where this language is unfamiliar to the Court and the patent owner, and might even be unfamiliar to the defendant. This is wrong in

principle – the language of proceedings should be that of the language in which the patent was granted, as will be the case for defendants from outside the EU.

The article fails to deal with the situation when there are several defendants, from different EU states, as will often be the case for Community patents. It seems likely that patent owners bringing infringement actions will be able to “defendant shop”, i.e., they will select and name first a defendant such as an importer, distributor, seller or end user in a state where the language does not present a problem, rather than the primary infringer if he/she is domiciled in a state with a recondite language.

Since a large proportion (85%) of Community patents are likely to be granted in English, under the present proposal, British companies are likely to bear the brunt of actions for infringement of Community patents, even though their role will most often have been as a secondary infringer (distributor or user) rather than as a primary infringer. This will be an unfair trade disadvantage to the UK.

If the language of proceedings were to be the same as the language in which the patent was granted, the likelihood of “defendant shopping”, with its adverse effect on British companies, would be avoided.

Article 26 – Appeal against decisions of the Community Patent Court:

Once again, the impact of this article cannot be properly understood without reference to the presently non-existent rules of procedure. However it appears from paragraph 4 that, as a general rule, appeals against decisions of a procedural nature may only be brought after the Community Patent Court has issued a final decision. If this is so, this is the wrong approach, likely to create much unnecessary work, time wasting and expense, and likely to result in nearly every final decision being appealed. Many procedural decisions, such as refusals by the Court to allow disclosure or expert evidence or to order experiments, should be resolved before moving to substantive final decisions, in order to expedite the overall process, improve the quality of decisions and avoid unnecessary errors. If they are not, and the appeal on the procedural issue is successful, the likelihood is that the case will have to be remitted for a retrial.

The rules should make it clear that significant procedural decisions can be appealed as they arise.

Chapter II – Appeal proceedings before the Court of First Instance

Article 6 – Community Patent appeal proceedings:

Article 61a – Special chamber of CFI etc.

The same points apply regarding the qualifications of judges and the role of assistant rapporteurs as those made above in relation to the jurisdiction of the Community Patent Court (see remarks on articles 6 and 7 of Annex II to the statute of the Court of Justice).

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