Public Hearing

"On the threshold of unitary patent protection in Europe"

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The meaning of and challenges to unitary patent protection

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Mr Chairman, Members of Parliament, Ladies and Gentlemen. Thank you for inviting me to speak to you today.

I want to say first that I am here to express my personal view on the matters you have asked me to address. What I say therefore does not necessarily represent the views of my firm, or any of its clients, or any of the organisations in the intellectual property field that I belong to, although I have read some of the papers they and others have produced on these topics. However, I hope that what I say will represent a balanced view which many people would agree with.

It is relevant to say that I began my career in the practice of intellectual property in 1978. This was the year that the European Patent Convention came into force, and when the Community Patent Convention should have come into force, which of course it did not do. Therefore, for my entire career, there has been discussion of a unified patent system for Europe. This seems now more likely to happen than at any point in those last 33 years.

There is no doubt that the implementation of a unitary system for the grant and enforcement of patents in Europe would be of enormous advantage to European industry as a whole, and those who have been at the forefront of the developments over the last few years which have taken us to the point where we are now are to be congratulated. My brief today is to address some of the challenges that still remain so that the system which is eventually adopted can deliver the best possible results, but this should not detract from my overall belief in the benefits of such a system if it is implemented in the right form.

I have been asked to comment on the meaning and challenges to unitary patent protection. It is evident that a unitary system would have benefits compared to the non-unitary status quo. The existing system for the grant and enforcement of patents in Europe already creates many challenges for users, whether they are large corporations or small and medium enterprises (SMEs). There is general agreement that there needs to be progress in creating a unified system. The complexities as always lie in the details of how

such a system would operate in practice. The danger is the possibility of creating a system which would operate less favourably than the existing one for some or all classes of users, or in which users would not have confidence.

The European Patent Convention as it exists now includes countries beyond the European Union, but challenges exist in creating a unitary system even to which all EU member states can agree. The proposals now put forward will create differentials between countries which will remain part of the existing system under the Convention, and those which will belong to a new unified system, which will exclude two significant EU member states.

The proposals for unitary patent protection are intertwined with those for a unified patent court. It is in the aspect of enforcement of patents that many of the most significant challenges lie. Patents are a powerful form of intellectual property because they create monopolies. It is important that the right can be enforced against activities which invade the monopoly legitimately granted by the patent. However, patents may be granted where the scope of the monopoly is not justified and it is necessary to question the validity of the patent. The proposals for a unified grant regime for European patents will not by themselves eliminate issues relating to the quality of the patents emerging from the system and the backlogs of applications awaiting examination or under opposition. These issues exist throughout the world and not just in Europe.

Any system for the enforcement of patents should inherently have regard to the quality of the right which is sought to be enforced. Issues of concern are raised where the enforcement system is skewed in favour of a presumption that a patent should be enforced (for example by the grant of an injunction) when its quality has not been the subject of proper scrutiny in that context.

It will be a challenge for any unified system to ensure that the way questions of validity are handled does not introduce distortions in the exercise of rights between patent holders and third parties. Although this is sometimes seen as a particular issue for English lawyers, it is clear that these concerns are shared by users in other member states as well. The quality of the right being enforced must enter into consideration at the enforcement stage because it is then that the power of the monopoly created by the patent is most felt. Any examination prior to the grant of a patent can at best be imperfect, and despite the best efforts of the granting agencies including the EPO, significant numbers of potentially invalid patents will continue to be granted. Detailed discussion of how to address these quality issues is outside the scope of this brief talk, but current international efforts such as the Patent Prosecution Highway, directed at reducing backlogs and the time to grant of a patent, may have as yet unforeseen effects on patent quality. In the United States, the activities of so-called "patent trolls", facilitated by the pro-patentee procedures in certain courts and the encouragement of "forum shopping", should provide us with sufficient examples of what any litigation system for Europe should strive to avoid.

The outcome of any enforcement action should as far as possible be independent of the choice of court or division. This is of course influenced by the identity and expertise of

the judges of the court. Where there may be perceived to be differences in the composition of the court which may have an effect on the outcome then forum shopping will ensue. It will be undesirable to create a system in which the concept of forum shopping is built in from the outset. On the contrary, best practice would strive to eliminate these effects as completely as possible. This presents further challenges under the proposals in their current form, including local divisions which may take on national characteristics from the Member State in which they are based.

A further challenge for a so-called unified system will be to provide cost effective use of resources over the wide area of Europe which will be included. It should be an objective of the system to facilitate its accessibility to all classes of users. It will be a challenge to ensure that such a system avoids increasing cost and legal uncertainly for both patent holders and those affected by the possibility of infringement, in particular where either of those parties are SMEs, but for the benefit of large industry as well. It will also be important to ensure that the administration of the court is efficient and its rules of procedure are of high quality and are applied consistently throughout all its divisions. It must be remembered that the fundamental purpose of the patent system is to stimulate and foster innovation and creativity.

The current proposals would make the unitary enforcement mechanism compulsory for all patent cases after a relatively short transitional period. This will force users to bring their cases to that court irrespective of its effectiveness and efficiency as discussed above, but also without regard to cost. There is precedent here in the history of the European Patent Office which is within my own knowledge and experience as a European Patent Attorney. In the early days of the EPO many users (including large corporations) did not trust the new system for their most important inventions and continued to use the existing national systems either in parallel with or in preference to the European system. In due course such reservations were in general overcome. In the main, the national routes to protection can still be used, but there is now sufficient trust in the EPO (even with any imperfections which remain) to make it the preferred route for obtaining patent protection in Europe. The challenge here is to provide users with sufficient incentive to become used to the new system by adopting a transitional period of sufficient length, and to provide adequate opportunities for review and improvement of the system, so that users can see that their concerns are being listened to and addressed.

I would also comment that exclusivity of the unitary system of enforcement in all cases may be neither necessary nor desirable. The United Kingdom has recently made admirable strides in providing a real and effective forum for patent litigation for SMEs in the form of the Patents County Court. Such an option for resolution of disputes of a local nature could be preserved without detracting from the usefulness and effectiveness of a unitary system.

It is an inherent factor in any European Union endeavour that the issue of languages must be addressed. This has been a challenge in the creation of a unified system for the last 30 years. Language issues are more important in the field of patents than for trade marks or designs, because the right conferred by a patent is entirely created by the language in

which it is expressed. The interpretation of the scope of patent claims is essentially an exercise in linguistic analysis, in accordance with rules which have developed as to how that analysis should take place, and which even now do not have complete uniformity in the laws and practice of the different member states. One of my professional activities involves editing a text book on UK patent law and in writing the part of that book concerned with the interpretation of patents. That task of interpretation is of considerable complexity even when conducted in one language. The EPO currently operates in three languages. It is noted that one of the principal reasons for the non-participation of Spain and Italy in the unified patent system is because of the issue of language. It is tempting to throw up one's hands and say that the problem is insoluble, or, as a native English speaker, to advocate the use of English as a single language (although it should be noted that this solution has been proposed by representatives of other member states also). As a compromise, a three language system like that of the EPO would be a logical one to continue with in the new regime, including in the context of enforcement.

A further challenge will be to ensure that the enormous body of case law relating to the grant and enforcement of patents in Europe does not acquire further layers of complexity as a result of the creation of a unified system. Substantive law of patents is governed by the European Patent Convention, but there is no common system of law on infringement, and the EPO does not deal with matters of infringement. Any proposed unitary solution should beware of making patent law subject to the type of review and deliberation by the Court of Justice which has characterised the development of trade mark law since Harmonisation in that area, which would result if aspects of patent law were to become part of EU law, leading to more complexity and delay. At the moment, fundamental questions of patent law are not generally within the jurisdiction of the Court of Justice and it is my understanding that it is not the intention of the current proposals that they should become so.

I would end by saying that there is clear support amongst users of the patent system in Europe for a unitary procedure for the grant and enforcement of patents which enhances the competitiveness of European Industry and gives an effective forum for the resolution of patent disputes on a European wide basis. The implementation of such a system is long overdue. Nevertheless, despite the considerable progress that has been made over the last relatively short period of intense activity (which pays tribute to the tenacity and foresight of those within the Commission who have continued to devote considerable energies to it), if the current proposals could be improved by further deliberation, it would be better to take those further steps. We have been waiting for a long time to get to where we are now and to paraphrase the American poet Longfellow, it would be better to take the time it needs to do the thing right, rather than to have to take more time to explain afterwards if it is not right.

Thank you for your attention.