EPLA Yearbook 2003 - 2004

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Dear Member,

It is my great pleasure to write this short foreword as your new President. After almost a year in this post, I now appreciate the extent of the challenge of combining such a position with an active legal practice. It is therefore all the more essential for me, on your behalf, to thank Pierre Veron, our founder and President for the previous three years, for his truly outstanding service to the Association.

Our activities this year have continued to be dominated by the draft Community Patent Regulation and proposals for a CPC on the one hand and the draft European Patent Litigation Agreement and proposals for a EPC on the other hand. It is very disappointing that both projects have made so little progress.

At the time of writing the draft Regulation remains in “intensive care” (the Commission’s own expression). Perhaps the patient is already dead from that virulent combination of politics and language issues. We can only await the attitude of the Dutch Presidency and our new Irish Commissioner with interest.

The draft Agreement has also been put on hold since November 2003 pending “developments” with the CPC. There seems to be growing support from certain EC Governments, the AIPPI (see the Resolution in this Year Book) Industry, Judges and the EPO for the Agreement. However, at least two significant problems remain. The Commission appears to maintain its legal objection to EU Member States legislating in this area and the Working Party has yet to confront the abiding problem of the language of proceedings in the proposed Regional Divisions of the EPC.

All this and other subjects will be fully discussed at our Congress on November 8th and I look forward to seeing you there.

One further major project for the coming year will be to re-build and expand the Association’s web-site.

Finally, may I also extend a warm welcome to patent litigators from the newly acceded states. I urge existing members to encourage these lawyers to participate fully in our Association.

Yours sincerely

K.M. Mooney
President
Last quarter 2002

- 8 November 2002 General Assembly
- 3 December 2002 Visit to Mr Noteboom (Internal Market DG, Head of Unit, Industrial Property)
- 16 December 2002 Memorandum to EU Commission: Community patent Court should have regional panels
- 17 January 2003 Reply Th. Stoll
The Common Political Approach

- 3 March 2003 The Council reaches a "Common Political Approach" (Community Patent Court centralised)
- 4 March 2003 Information to members
Reform of the Community courts
Treaty of Nice of February 26, 2001 Article 229 A

"The Council may confer jurisdiction on the Court of Justice in disputes relating to the application of acts adopted on the basis of this Treaty which create Community industrial property rights."
Reform of the Community courts

Treaty of Nice of February 26, 2001 Articles 220 and 225 A

Court of Justice
of the European Communities

Review

Court of First Instance
of the European Communities

Appeal

Appeal on
points of law only
Judicial panel
Civil Service

Appeal on
points of law and facts
Judicial panel
Industrial Property

Appeal on
points of law and facts
Judicial panel
Competition

21/11/2003
EPLA's position paper 16 march 2003

- Community Patent Court system different from other Court systems for IP rights (European Parliament)
- Users friendly Court system
- 'Competition' should be available to avoid bottle-necks
- Consider competition Community patent vs European patent
- Centralisation does not mean harmonization nor predictability
Draft proposal regulation

- 16 April 2003 Draft proposal regulation
- 29 April 2003 Letter to Mr Noteboom: "we remain available"
- 21 May 2003 Reply "Thank you for your kind offer to share EPLA’s experience in patent litigation with the Commission, at the appropriate moment in the near future"
Legislative process

- Meetings of the IP Group of EU Council:
  - 22-23 April
  - 7-8 May
  - 21 May
  - 1, 10, 22, 23 July
  - last version 12445/03 12 September 2003

- European Parliament to be consulted again

- Stay of proceedings pending EPO opposition

21/11/2003
EPLA activities

- 5 June 2003 Board meeting in Düsseldorf
- 5 September Contact with ECJ and CFI
- 10 October 2003 Board meeting in Paris
- 21 November 2003 General Assembly in Brussels
European Patent Lawyers Association

Resolution concerning concentration and specialisation of national patent courts

EPLA, the Europe-wide non-profit organisation of lawyers specialised in patent litigation,

Having considered the following:
- that for many industrial enterprises, in particular small and medium-sized, national and European patents will still be widely used in the future, even beside the Community patent;
- that in the Community patent system itself the national courts will have jurisdiction for hearing the cases, at least in a first period;
- the wish of the industry and generally of all those involved in patent cases for specialised and experienced judges;
- the positive results in terms of quality and speed in the countries where only a limited number of courts has jurisdiction over patent cases, either by virtue of the statutory judicial organisation (de jure concentration) or as a consequence of the practitioners' choice to go by preference to the courts known for having experience in this field (de facto concentration);
- that even in countries where only a small number of courts deal with patent cases, the practitioners feel the need, and express the wish, to further reduce the number;
- that the existence of a very small number of specialised national patent courts would also facilitate it to leave European and Community patent litigation of first instance with existing national courts.

Recommends:
1) that in each European country the number of courts having jurisdiction in patent matters be reduced to a very minimal number, in most countries to one court only, and
2) that within these courts, the patent cases be brought systematically before the same chamber and the judges be given the possibility to stay in office for a reasonably long time in that chamber and thereby to acquire experience;
3) that at least in the interim period before the establishment of a European patent court system specialised national judges become more acquainted with patents and exchange their views;
4) that EPLA members in their countries work for the achievement of such concentration and specialisation.

And suggests that the appropriate European authorities take the necessary steps to that end with respect to the EU member states.

Adopted during the EPLA congress in Brussels, 21 November 2003
EPLA
European Patent Lawyers Association

Congress in Brussels, 21 November 2003

CONCENTRATION AND SPECIALISATION OF COURTS AT THE NATIONAL LEVEL

Peter Heinrich
• Litigation over Community Patents is still far away (not before 2010-2015).
• Patent litigator’s reality for next 10 years: European and national patents.
• Even regarding national patents in most countries there is a clear need for concentration and specialisation of courts.
• A high level of national patent courts with judges experienced in patent law will also have a positive influence on the quality of future European patent litigation.
• Direct (de jure) and indirect (de facto) concentration.

• *De jure*: Reduction of number of courts by law.

• *De facto*: Result of plaintiff’s choice between courts, where possible. Choice not always possible. May not result in concentration if plaintiff regards his case as “weak”.

LENZ & STAHELIN
ZÜRICH
PAST DEVELOPMENT AND PRESENT STATE OF CONCENTRATION AND SPECIALISATION OF PATENT LITIGATION COURTS IN 13 EUROPEAN COUNTRIES

[NOTICE: This report is based on information received from lawyers in each country. It may be not fully objective since the information is not equally detailed and contains value judgements and wishes.]

- **Netherlands**: 1 court (District Court of The Hague). Experienced judges are still to be recruited.
- **Sweden**: 1 court (District Court of Stockholm). A proposal exists to merge jurisdictions for appeals in opposition proceedings and for civil actions.

LENZ & STAEBELIN
ZURICH
- Finland: 1 court (Helsinki District Court). Judges are circulated within courts, therefore no sufficient specialisation possible. Work group in action for more specialisation of judges.

- Austria: 1 court (Commercial Court of Vienna). Nullity actions: Nullity Division of Patent Office.

- Hungary: 1 court (Metropolitan Court of Budapest). Nullity actions: Nullity Division of Patent Office.
- **Great Britain**: 2 specialised courts of 1st instance with experienced judges: *Patents Court* (part of High Court) and *Patents County Court* (for technically simple disputes between relatively small companies). Little need for further concentration (although necessity of P. County Court questionable).

- **Belgium**: 1984 reduction of number to 5. *De facto* concentration to 2. Still insufficient (1 court would be adequate). Rotation of judges is to be avoided.

- **Germany**: 12 first instance courts. *De facto* concentration to 3 of them. Nullity actions are dealt with by the Bundespatentgericht. Sufficient specialisation, although too much rotation of judges in some courts.

- **Italy**: Number first instance courts reduced from 450 to 12 recently. *De facto* concentration to 6. Milan and Rome will form specialised divisions.
**Switzerland:** 26 first instance courts. *De facto* concentration to 4 commercial courts. Now initiative to create one single patent court. Problems: "Federalism" (decentralisation), financial self-sufficiency of new patent court.

**Denmark:** 2 courts (E and W divisions of High Court), but normally start with procedure for interim injunction before normal city courts. Proposal of reduction of number of such courts from 82 to 25.

**Spain:** Ordinary courts have jurisdiction for infringement and validity cases. *De facto* concentration to 4 courts, but no specialised patent courts. No sufficient specialisation of judges.
Result:

- 1 SINGLE first instance COURT for patent infringement cases: Austria, Finland, Hungary, Netherlands, Sweden
- 2 COURTS of first instance: Great Britain, Denmark
- 5 COURTS of first instance: Belgium
- 10 or MORE COURTS of first instance: France, Germany, Italy, Switzerland, Spain
Further steps to go

- 1 - 3 courts per country preferable.
- Including preliminary injunctions.
- This would also permit to link national courts with a decentralised European court system.
- Courts having jurisdiction over European patents AND national Patents AND later also European Community patents would benefit from a higher number of cases and therefore better possibility of specialisation.
• In the interim period before the establishment of an European court system, specialised national judges could become more acquainted with patents. And exchange their views.

• The same would be even more true if EPLP (EPLA), the proposed court system for European patents, were not realised: EUROPEAN patents would then need an efficient NATIONAL court system.

• Draft EPLA resolution.
END
LATEST DEVELOPMENTS IN THE EC COMMISSION'S WORK ON THE COMMUNITY PATENT

The project of the Community Patent was supposed to be finally decided upon by the Council in this month of November 2003. The Italian Presidency had scheduled a final decision for 10 November 2003. However, there are still differences on rather minor questions which have prevented a final decision.

What are the remaining differences? Please put the two papers, September 4 and October 30, before you.

1. The first issue is about compulsory licences. Art. 21 of the draft Regulation dated September 4, 2003, allows the grant of a compulsory licence for lack or insufficiency of exploitation of a Community Patent to any person filing an application four years or later after the patent application was filed and three years or later after the patent was granted, provided that the patent proprietor has not exploited the patent in the Community. This is a far reaching provision which goes even beyond Art. 31 TRIPS which says that compulsory licences shall be authorized predominantly for the supply of the domestic market of the Members authorizing such use. This limitation is incorporated in Art. 22.1 (d), but Art. 21.1 is much wider: lack of exploitation.

However, this part of the compulsory licence is not the issue presently. What is debated is clause Art. 21.3 of the September draft whereby, if it is necessary to remedy a practice determined to be anti-competitive, the Commission or the Community Patent Court may authorize the exploitation of a Community Patent. There are Member States who demand that this decision should be decentralized to the anti-trust authorities of the Community Member States. This is, because Art. 81 para. 1 and 3 EC are in the process of being decentralized in the Community: Decisions regarding Art. 81.3 of the EC Treaty are going to be decided upon by the authorities and the courts of Member States. Why, it is asked, should the compulsory licence in case of anti-competitive practice be decided by the Commission and not by Member States. The proposal of the Italian Presidency (Paper of October 30) regarding this issue is to delete the compulsory licence provision regarding anti-competitive practice altogether.

2. The next issue debated at the moment is of course the compulsory translation of the Community Patent. It is being discussed, what legal effect these translations would have. Please read Art. 24 (c) of the September draft. According to para. 2 of this provision, the compulsory translation shall be regarded as authentic text of the patent in the event of the translation conferring narrower protection.
This is highly controversial and hotly debated. One solution would be to have a presumption that the compulsory translation is identical with the original, a presumption which can be disproved (refuted). The Italian Presidency proposes to delete Art. 24 c altogether (Paper of October 30).

3. The next issue is also related to the compulsory translations. Art. 24 a.3 of the draft provides for a maximum of two years to hand in those translations. The Commission wants to reduce this time limit against the protests of industry.

4. The so-called "Judicial Paper on the Central Court" eagerly awaited by us has not been made public by the Commission, which had planned to publish it in September. It might be that this paper, which would arouse new controversies, will be published only after the final decision of the Council on the Regulation.

Therefore, the main problem of the court procedure has not been clarified: The language the Court has to use in the proceedings. The basic decision on 3 March 2003 was, that it should be the language of the defendant, which is highly impractical. My impression is that even the European Court of Justice does not realize the complexity of the technical procedures to be dealt with in a great number of different languages. We will discuss this question in the workshop chaired by Willem Hoyng.

Not solved is the second main problem: What civil (private) law the central court should apply. We will deal with that question in the workshop chaired by myself.

The third main problem "technical judges or assistants" will be the subject of a third workshop chaired by Edward Nodder.

5. The diplomatic conference on the European Patent Convention originally scheduled for May 2004 will now be postponed to the autumn of 2004.

6. The EPLP project (I prefer this abbreviation to EPLA, which is protected for our association) is presently in a state of waiting. It is awaiting the further progress of the Community Patent, despite the fact that the EPLP project does deal with half a million of existing European Patents, which would not profit from a central court system regarding the Community Patent.

The people interested in EPLP at present try to push forward a compromise according to which the Community Patent Court would also serve as a court for European Patents according to the European Patent Convention. Regarding the European Patents, perhaps we must come back to the old system of the Luxem-
bourg Convention on the Community Patent which means that the national courts can ask the Community Patent Court for a decision on infringement and validity questions, but that they decide on all other questions according to their national law.

7. This is my summary of the present situation. The Community Patent Regulation will be decided upon in the near future. We will pass on the results of our three workshops to the Commission and to the Council immediately after the Congress. Many questions remain open until we see the "Judicial Paper on the Central Court" prepared by the Commission. There also, we will use our expertise in patent infringement cases to offer good advice to the Commission, to the Council and to the European Court of Justice.

Prof. Dr. Winfried Tilmann

18 November 2003
Community Patent
vs.
European Patent
Litigation Agreement

Dr. Jochen Pagenberg
München/Paris
Mandate by the Intergovernmental Conference in Paris 1999 to propose a

- Structure of an Optional Protocol on the Settlement of Litigation concerning European Patents (EPLP)

- with an integrated judicial system, including uniform rules of procedure and a common court of appeal

The Proposal of Mr. Willems

Creating (also) a single or "common" European court of first instance residing in one city with

- a "pool of judges" (no chambers)
- a "peripatetic" structure with hearings at different locations and ad hoc panels of judges

- languages English, German and French
Criticism

- not enough experienced judges for 600 or 1000 cases (ca. 50 judges needed)
- necessity of integration of local courts as a guarantee for quality and predictability

Counter Proposal

- Centralisation of national patent courts
- Integration under a common supranational EPJ
- No limitation of languages in the first instance

A COMMON SUBSTANTIVE LAW AS WELL AS A COMMON CODE OF PROCEDURE

- The same competence as the proposed central court

Exclusive jurisdiction for infringement and validity inter partes for European and for parallel national patents

Proposed Practice of European First Instance Courts

- Plaintiff may choose among several courts
- He cannot file a second suit in another country
- Declaratory judgement action follows infringement action (prevention of torpedo litigation)
- uniform procedural rules
AIPPI Special Committee

Q 165

Resolution Melbourne

To improve the quality and predictability of court decisions in patent cases in the European Union, AIPPI recommends

1. A concentration of jurisdiction to one or few specialized chambers of first instance in each Member State or group of Member States which would form together the first instance European Patent Court.

Litigation should be conducted in the language of the seat of the respective national chamber.
2. AIPPI is of the opinion that the European Court shall apply a uniform code of civil procedure and uniform rules of evidence and substantive law.

3. AIPPI is of the opinion that multiple litigation as well as abusive torpedo litigation should be avoided.

Recent Cases Europe
ca. 1600

30 (CH) 700 (DE) 40 (ES)
15 (DK) 20 (FI) 300 (FR)
10 (IR) 300 (IT) 70 (NL)
40 (SE) 85 (UK)
Parallel Litigation ca. 5-10%

Number of EP Cases in 4 Countries ca. 500

DE: 420
NL: 55
CH: 25
SE: 13
Goals of a European Patent Litigation System (EPLA)

- Preventing Parallel Litigation
- Cost Control
- Improvement of Quality
- Efficiency
- Predictability

Number of Judges Needed and Duration Of Litigation

Ca. 200 Professional Judges (Patents) in EU 6 (UK), 6 (SE), 6 (FI), 108 (DE), 6 (NL), 3 (DK), 60 (FR)

Ca. 70 technical Judges UK, FI, CH (part time), DE (Nullity) und SE (part time)
Experience with European Instances vs. National Courts

Efficiency??

D'dorf: 480 Cases/6 Judges
= 80 Cases/Judge
EuG: 400 Cases/15 Judges
= 26 Cases/Judge
(Duration ca. 2 years = 13 Cases/Judge)

Combined Litigation
(Litigation plus Nullity):
Hearing ca. 1 full day
= 25 Cases per Judge

Goals of a European Patent Litigation System
- Preventing Parallel Litigation
- Cost Control
- Improvement of Quality
- Efficiency
- Predictability

Advantages of EPLA

(1) Accession to EPLA is voluntary, i.e. the system must prove its Quality and Efficiency itself, in order to succeed

(2) Most experienced courts of each country act as regional chambers. Proceedings in the language of the judges. Plaintiff chooses court.
(3) Additional foreign judges who speak the local language improve Harmonisation

(4) Central Appeal Court guarantees Harmonisation in second Instance
- Uniform procedural and interpretation rules
- Predictability of case law

(5) Court system must support itself
- Reasonable cost
- Inclusion of national courts allows gradual shifting of cases

(6) Each country may institute regional chambers but carry the cost itself
- Chambers must have enough cases
- Reasonable length of proceeding
- Efficient Case-Management

Evidence Rules:
- Inexpensive and efficient institutes
  - (French) saisie contrefaçon - no
  - (English) discovery

Proposed Practice of European First Instance Courts
- Plaintiff may choose among several courts
- He cannot file a second suit in another country
- Declaratory judgement action follows infringement action (prevention of torpedo)
- Uniform procedural rules
Proposed Practice of European First Instance Courts

- concentration of patent litigation in each member state (or group of member states) under a common European roof
- choice of jurisdiction according to Brussels Convention

- language of the seat of the respective regional court
- Declaratory judgement action follows infringement action (prevention of torpedo)
- uniform code of civil procedure
- uniform rules of evidence and substantive law

The Community Patent

Commission Working Paper
KOM (2002) 180
of August 30, 2002
All actions relating to certain aspects of the Community Patent should come under the jurisdiction - in the first instance of Community Patent courts (CPC) of Member States and - in the second instance of the European Chamber of intellectual property under Art. 225a, 229a CT (Nice).
a. The use of existing national courts with experience in patent cases as first instance courts (CPC) for Community Patent litigation follows, for the first instance, the example of the Community Trademark Regulation.

b. The number of the CPCs per Member State should be limited.

CPCs for two or more Member States can be created by agreement between Member States.

Thus, the factors

- speed
- cost effectiveness
- local language
- closeness to users, and
- use of existing infrastructure and expertise

are best taken care of.

The unitary application of community law will be safe-guarded by the control of the CPC by the ECIP acting as an appeal court. The ECIP may give leave to an appeal to the Court of First instance regarding important questions of law.
In patent cases two instances considering factual questions are indispensable. Therefore, the CPC and ECIP will decide on questions of fact and of law. The implementing Regulation may restrict the extent to which ECIP considers the factual basis for the decision of the CPC.

**Commission**

**Proposal**

"High Quality and Experience of Judges"

- Which Judges?
- ....6 Judges ???
- 500 Cases need 20 to 30 Judges

**Technical Experts as grey Eminences?**

- Are they Judges?
- Can they vote?
- How many?

3 Engineers ???
Critical Points

- No consideration of Protocol Courts
- Technical judges are not experts
- Local courts only after many years (120-150 cases)
- Inexperienced judges change every 3 years

Criticism
Need for Improvement
“Establishment of a regional section each time the number of cases before the central sections (in Luxembourg) exceeds 120 in a calendar year”

“A regional section of the CPP shall be established in the Member State to which the highest proportion of Community patent litigation can be linked on the basis of the domicile of the parties”

“Where a regional section is established in a Member State, that regional section shall deal with actions where the defendant is domiciled in that Member State”

“The language of proceedings shall be the language in which the Community patent was granted, or

The language of proceedings shall be the official language of the Member State where the defendant is domiciled”
"If the CPC finds that the use of a given language would not enable all parties to the proceedings to follow.. and only the use of another official EU language makes it possible to remedy that situation the CPP may designate that other language as language of the case"
COST

Questions
Cost covered?
Which cost system?

Fixed Court Fees
or
Value of Litigation

Salaries of Judges
65,000 DE
220,000 UK
120,000 EPA
Fixed cost in first Instance

UK: ca. 1500 €
NL: except for money claims 193 €
SE: 50 €
FI: 160 €

Court fees for 500,000 € litigation value:

DE: 8,868 €
CH: Zurich 17,500
Berne 20,000
DK: Filing 2,010
and Fixing of hearing 10,051

Commission Proposal
"High Quality and Experience of Judges"

- Which Judges?
- ...6 Judges??
- 500 Cases need 20 to 30 Judges

Technical Experts as grey Eminences?

- Are they Judges?
- Can they vote?
- How many?
- 3 Engineers??

Language

Recital (7c)
The Community Patent Court will conduct the proceedings in the official language of the Member State where the defendant is domiciled.
Languages

- 21 Languages in First Instance?
- Choice of Patentee or Choice of Infringer?
- Simultaneous Translation for Judges

Language of Proceedings

- Language of the seat of the defendant in the EU
  One of the inexplicable mistakes of the Commission

  Why should the defendant enjoy a preferential treatment?
**Szenario:**
- Defendant with residence in Japan
- Such an action not foreseen
- Solution unclear

**Simultaneous Translation**
- impractical
- expensive (Translations of briefs and exhibits into Lettische??)
- for judges not acceptable
- increased cost over today

**Szenario:**
- Let.. Claim has been wrongly translated – narrower than the granted English claim
- Defendant has started use
- Prior right for the life of the patent
- Unclear whether this is effective for the entire EU ??

**Artikel 24 b**
1. If the translations provided for in Article 24a are not deposited by the deadline laid down in paragraph 3 of that Article, the Community patent shall be deemed to be void ab initio.
Art. 24c: Authentic text of a Community Patent

(2) [...] the translation of the claims [...] into an official language of the Member State in which the act of infringement was committed shall be regarded as genuine text of the application. In the event of the translation conferring narrower protection than the one conferred by the application, in the language of the proceedings.

(4) Any person who, in that State, in good faith is using or has made effective and serious preparations for using an invention the use of which would not constitute infringement of the patent in the original translation may, after the corrected translation takes effect, continue such use in the course of his business or for the needs thereof without payment.

Szenario:
- Claim has been wrongly translated
  - narrower than the granted
    English claim
- Defendant has started use
- Prior right for the life of the patent?
- Unclear whether this is effective for the entire EU??
- Several patent versions?

Chaotic:
What happens if there are wrong translations in 10 countries?
10 different prior rights in the EU??
Sacrifice unitary character of CP??
General Criticism

Commission does not want the best system but a weak political solution which the industry will not use.

Compromise

still possible?

Proposal: Coexistence of EPLA and CP

Quality guaranteed
Predictability
Reserve of manpower in case of high quantities of cases
Gradual linguistic improvement of judges

Further Advantages

Appeal Court of EPLA and CP under one roof
600,000 European patents
CH included in European system
Preventing a jurisdictional monopoly
Industry:

„Abandon the present project of the Common Approach“

Criticism by Industry
(UNICE, MEDEF, BDI)

- Unitary Character – only one language relevant
- Translation Cost – main claim sufficient
- Infringer’s interests over patentee’s not acceptable
- Different levels of examination – unitary patent ??

Attitude of Commission Officials
(17.11.2003)

Nootboom:
„A lot of people, including me, are really getting fed up talking about patents“
RESOLUTION ON LANGUAGES

The European Patent Lawyers Association (EPLA) adopted the following resolution on the languages of the proceedings before the CPC (Community Patent Court):

Taking into consideration:

1. that the present proposal (Art. 1.7 of the Common Political Approach of March 3, 2003) states that the CPC will conduct the proceedings in the official language of the Member State where the defendant is domiciled;

2. that after the Enlargement of the EU this proposal means that the Court has to conduct proceedings in 21 different languages;

3. that it is essential for a successful community patent system that disputes are settled in efficient proceedings by expert judges;

4. that the present proposal will not be able to achieve such settlement of disputes. The proposed proceedings will involve costly and time consuming translations and will make a direct exchange of views between the parties and the Court during the hearings in many cases virtually impossible, the latter being very important for the good administration of justice in patent cases;

5. that under the law of the EU as it stands at present a defendant domiciled in the EU who engages in activities outside his country of domicile or who is summoned as a co-defendant in patent proceedings outside his country of domicile has to defend himself in a language which is not necessarily the language of the Member State where he is domiciled (compare Art. 5 under 3 and Art. 6 under 1 of the Regulation on Jurisdiction);

6. that the present proposal does not give a solution for proceedings involving a defendant from outside the EU or proceedings involving multiple defendants;

7. that the present proposal has not addressed the issue of the Court partially invalidating a patent granted in a different language than the language of the proceedings;

8. that EPLA, although convinced that the language system as proposed in the European Patent Litigation Agreement would lead to a more efficient and better system, has noticed the concern for the rights of the defendants who operate within the border of their own Member State more especially the medium and small enterprises;

9. that it is important for third parties to be able to take knowledge of the judgments of the courts.
Resolves that:

1. If the present proposal remains unamended, a viable and credible Community Patent will not be possible and the only solution would then lie in having the specialized Courts of the Member States dealing with Community Patent litigation (compare the Community Trademark).

2. In order to achieve a more workable solution the proposal should be amended as follows:

   a) If a defendant acts or threatens to act outside the Member State where he is domiciled, the language of the proceedings will be one of the languages of the European Patent Convention as chosen by the plaintiff.

   b) If the defendant is domiciled outside the EU, the rule established under a) will apply.

   c) In proceedings with more defendants which are not all domiciled in the same Member State, the rule established under a) will apply.

   d) The Court will deliver a judgment in the language of the proceedings but if the language of the proceedings is not one of the EPC languages, the Court will also make available a translation of its decision in the language in which the patent was granted.

   e) If the decision of the Court contains an amendment of the patent, the part of the decision formulating the amendment will be in the language in which the patent was granted.
CONFLICT OF LAWS

Introduction

The issue to deal within our group is described as "conflict of laws". In our programme it reads that the Community Patent system will create a civil law court without a civil (private) law already existing on Community level; this raises difficult questions of international private law (Rome I and draft II; draft Hague Convention).

May I introduce our subject in a few words.

1. The Community Patent Regulation itself provides for certain private law claims between parties of a patent case.

For instance, Art. 5 of the draft Regulation deals with claiming the right to the Community Patent. If the Community Patent has been granted to a person who is not entitled, the person entitled may claim to have the patent transferred to him. Art. 30 does not provide for an exclusive jurisdiction of the Court of Justice regarding this claim. Therefore, this claim must be dealt with by national courts. Art. 46 says that the national courts shall have jurisdictions in actions relating to Community Patents which do not come within the exclusive jurisdiction of the Court of Justice. That is a case of a European claim dealt with by national courts.

2. The opposite case is the Central Court applying national law. One big group of such claims are concerning the Community Patent as an object of property. According to Art. 14 the Community Patent as object of property shall be dealt with as a national patent of the Member State, where the applicant or owner has his residence or establishment, or where the European Patent Organisation has its seat. Questions regarding the Community Patent as an object of property concern all conflicts regarding the question who is the proprietor of the patent or has any right on the patent. Here the Community Patent Court must decide, but it applies national law.

3. A third group are national law claims to be decided upon by national courts. In this category fall claims arising out of licence contracts. These questions also belong to the competence of the national courts, irrespective of whether you apply art. 46 or whether you think that these questions do not relate to a Community Patent but to a licence contract.
4. A fourth and difficult group of claims regards the sanctions for infringement which are completely or partly dealt with by the Regulation itself. Art. 44, for instance, says that the central court shall have the power to order payment of compensation including aspects of undeserved profits (Art. 44.2). The claim shall be decided upon by the central court. However, there might be manifold civil law questions regarding this claim, which are not dealt with by the Regulation. What is about set-off and counter arguments of any kind? The central court would have to apply international private law to decide which is the national law to be applied.

However, there may be cases, where the problem is situated in more than one Member State and where it will be difficult to decide which national law to apply by the rules of international private law.

What shall be done in these cases? Should the central court develop a civil law of the Community out of the traditions of Member States? Or is it necessary that the Community legislator creates a civil law solution regarding these questions?

I have prepared a list of questions which has been distributed to you and I invite your comments.

Prof. Dr. Winfried Tilmann

18 November 2003
ANNEX: LIST OF QUESTIONS

1. Are claims arising out of Art. 5 to be dealt with by national courts according to Art. 46? Which is the competent court in such a case under Art. 47 and Regulation (EC) No. 44/2001 (only Art. 2 or also Art. 5 of that Regulation)?

2. Are all questions as to the proprietor of the patent or regarding the right on the patent to be dealt with by the Central Court applying, according to Art. 14, the national law of the Member State, where the applicant or owner has his residence or establishment, or where the European Patent Organization has its seat?

3. Claims arising out of licence contracts, are they to be decided by national courts?

4. Who is competent to decide on civil law questions regarding sanctions for infringement which are completely or partly dealt with by the Regulation itself (e.g. set off, counter arguments of any kind)?

   a) Will the Central Court decide? Which national law will he apply according to international private law?

   b) What shall be done if the problem is situated in more than one Member State?

   c) Should the Central Court develop, in these cases, a civil-law-solution out of the tradition of Member States?

Prof. Dr. Winfried Tilmann

18 November 2003
EPLA Congress 2003

Summary of the Session of Working Committee B

on 21 November 2003
in Brussels

by Reinhardt Schuster
(committee chairman)

Judges participating:
Dr. Meier-Beck (German Federal Supreme Court) and EC Justice Jung

- Community Patent -
"Enforcement Including Preliminary Measures"
(Potential Sources of Legal Guidance Concerning Harmonization)

A. General points:

Who should lead the harmonization of European patent law?

a) The Community Patent Court by means of the very general and incomplete provisions of the CP Regulation on enforcement in combination with the Rules of Procedure to be established by the Community Patent Court.

b) The EU legislator either by means of the Community Patent Regulation or other EU sources of law, e. g. the EU Directive on Harmonization of Enforcement of IP law in the EU.
Conclusions:

→ The **EU legislator** should regulate and harmonize the law of enforcement, down to a sufficiently complete and detailed level. But the very details could be left to the court practice and court rules.

→ The concept of **Court Rules** of a single or multiple Community Patent Courts as **main source** for providing a basis for **harmonizing enforcement law** was **not supported**.

→ For improving the enforcement and sanction system of the Community Patent Regulation, it is necessary to take into account:

1. The Proposal for the **EU Directive** on **Harmonization and Enforcement of IP laws** in the EU as far as the first contains proposals suitable for patents.
2. The Proposal for the **EPLP / EPLA**.
Starting from the present draft of the **Council Regulation on the Community Patent**, Articles 42 - 45, and partly also from corresponding provisions of the Draft for a **EU Directive on measures and procedures to ensure the enforcement of intellectual property rights** and the **EPLP / EPLA**, certain key elements of an efficient and desirable enforcement system for the Community Patent were discussed from a practitioners and patent litigators view.

B. Details and Key Elements

1) Preliminary injunctions:
   - Preliminary injunctions should be available if there is sufficient urgency of the case and after a hearing has taken place looking on the merits of the case on a provisional basis.
   - The scope of preliminary injunctions should also cover future infringement, if impending
   - French-type "saize contrefaçon" was found to be desirable, but not as requirement for filing an action. A possibility for additional court orders for producing evidence during litigation were also supported.

2) Permanent injunctions:
   The Court should have the freedom to grant a permanent injunction for known embodiments (narrow injunction) in appropriate cases, but also concerning modifications or future embodiments in appropriate cases (broad injunction).

3) Confiscation of infringing goods:
   a) Yes, from the defendant.

   b) Not with compulsory effect against thirds who are not party to the litigation

   c) Duty of the defendant for recall:
      Approved as obligation to make efforts to recall the infringing goods from commercial customers against return of money plus bearing the costs, without means to compel the customer if he does not like to return.
      → Approved by a majority, but not an overwhelming majority.
4) Damages:

a) As damages should be available:
   reasonable royalty + lost profit of patentee + profits made by
   infringer (at choice of plaintiff)

b) No punitive damages should be available, also not if the in-
   fringement was committed willfully;

c) The following was not found to be punitive and to be wanted,
   subject to restrictions the courts may face under national laws
   restricting punitive damages:
   
   (1) **Double** reasonable royalty as minimum damage (as in
       EU Directive on Enforcement)
   (2) Astrainte / fine in case of non-compliance with in-
       junction: to be **paid to patentee** (rather than to the
       state or court)

d) Necessary translation of patent or claims and impact on claim
   for damages:
   → No conclusion was possible until the situation with respect
   to the issue of translation has become clear and decided.

e) Statutory period of limitation (Art. 45): 5 years from knowl-
   edge of infringement. The maximum period is 10 years after
   the infringing act.
   → Was found acceptable.

Further issues addressed in the PowerPoint agenda submitted by the
Chairman as proposal could not be covered due to lack of time, in par-
icular the details for the proposed EU directive on measures and proce-
dures to ensure the enforcement of intellectual property rights could not
be discussed.
RESOLUTION ON EXPERTS

EPLA believes that the needs of the Community Patents Courts will be best met by the adoption of a system whereby:

- only highly experienced patent judges can be appointed;

- technical advisors should NOT be appointed to assist the Court (there being serious concerns as to their legal status, how they may interact with the judges outside the Court, and the likelihood of them confusing issues of fact and law);

- parties may appoint and remunerate their choice of independent expert(s) to consider the technical issues and prepare evidence to assist the Court;

- such independent party experts and any Court-appointed experts can be held to account by the availability of cross-examination;

- the precise arrangements for the giving of technical assistance to the Court to be determined within the above guidelines by an early case management conference – if possible with the same panel of Judges who will hear the trial.

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EPLA WORKING COMMITTEE

Technical Assistance for the Court

Edward Nodder, Bristows, UK
21 November 2003

Introduction

- The technical nature of patent cases means that Judges frequently require expert assistance in understanding the technology
- The Courts in different EU jurisdictions have very different ways of obtaining this expert assistance

Introduction

- The latest proposals for the Community Patent Court suggest a panel of three specialist Judges, assisted by a technical advisor
- As yet, there has been no specific proposal for how any necessary technical assistance will be provided

Aim of this Session

- To consider the different systems that are currently in use in the EU, and to explore the advantages and disadvantages of these systems
- To try and reach agreement on the best system for use in the new CPC and to formulate a resolution of EPLA to assist the European Authorities
Overview of Expert Systems

- There are a range of different systems for the provision of expert evidence in use throughout the EU.
- These broadly fall into two types: Court expert systems and party expert systems.

Court Expert System - Overview

- The Court chooses and appoints an expert, and the Court normally has discretion as to the technical areas in which evidence is required.
- Proceedings are usually based mainly on written evidence.
- Cross-examination and questioning is usually very limited.

Court Expert System - Germany

- The German Court system generally adopts a Court expert system.
- Parties may recommend experts.
- Proceedings are mainly in writing.
- There is no cross-examination, and there is usually only limited questioning of the expert by the Court.

Overview of Expert Systems

- As well as different types of expert, different EU jurisdictions vary in the extent to which expert evidence is presented orally or in writing.
- There is also variation in the extent to which the cross-examination and questioning of experts is permitted in the different jurisdictions.
Court Expert System - Netherlands

- In the Netherlands, the Court may get an expert opinion in technically complex cases:
  - The Court may get an opinion from the Dutch Patent Office or from a neutral expert
  - The Court very occasionally asks questions to the expert at the hearing, but the parties are not usually able to do so

Court Expert System - Spain

- In Spain, it is common for the Court to appoint experts in patent cases:
  - The Judges are not usually specialist patent judges
  - The Court normally appoints between one and three technical experts
  - The experts are chosen by lot from a list held by the Court

Party Expert System - Overview

- Often described as an ‘adversarial’ system
- Parties can appoint one or more technical experts
- There is normally little restriction from the Court as to the topics that may be addressed by the expert evidence
- Extensive cross-examination is common where party experts are used

Party Expert System - UK

- The UK patent courts use party experts almost exclusively:
  - One or more independent technical experts are appointed by each party. Their duty to the Court overrides any duty to the party appointing them.
  - At trial, there is normally extensive cross-examination of the expert by the other party’s lawyers, and the Judge frequently asks questions of the experts
Overlap of Expert Systems

- The Italian system:
  - The Court appoints a CTU (Consulente Tecnico di Ufficio) to carry out the 'expertise'
  - Party experts make submissions to the CTU to assist them with preparation of their report

- Other jurisdictions:
  - In some jurisdictions where court experts are used, it is common for parties to annex written reports from party experts to their submissions

Proposals for the CPC

- Panel of three Judges specialised in patent litigation is suggested
- Technical advisor appointed to assist the panel
- Commission Working Document suggested that the technical advisor might be a patent agent specialised in one of three areas (chemistry, physics or engineering)

CPC – Role of the Technical Advisor

- Helps Court to understand the technical background and focus on the key issues in the case from the start
- Patent agent expert unlikely to be specialised enough to properly embody the skilled person or describe necessary information on the common general knowledge at the priority date in the precise field

CPC – Additional Expert Evidence

- As the technical advisor is likely to have a fairly general technical background, additional expert evidence will probably be required
- Two main possibilities:
  1. Further, more specialised technical expert(s) are appointed by the Court
  2. The Parties appoint one or more independent technical expert(s)
CPC – Additional Expert Evidence

- The key aims when considering the best method of provision of additional technical expert assistance are as follows:
  1. To ensure that the Court has the necessary technical information to properly and fairly consider the dispute
  2. To ensure that any technical expert opinions are sufficiently objective, broad and well balanced

Court Experts v Party Experts

- Key Factors when looking at the advantages and disadvantages of each system are:
  - Cost
  - Scope of Investigation
  - Impartiality
  - Timing
  - Presentation/Challenging of Evidence

CPC – Additional Expert Evidence

- Key aims of additional technical assistance (continued):
  3. To ensure that the Court and the parties have sufficient opportunity to investigate and challenge the expert opinion(s) if necessary
  4. To ensure that the process is not prohibitively expensive or slow

Cost

- The relative expense of is one of the key criticisms of party expert systems such as UK:
  - The cost of preparation of extensive expert evidence
  - Potential duplication of effort between the parties
  - A long trial is expensive
  - New UK streamlined procedure – no experiments or disclosure and cross-examination is limited to issues specified by Court
Cost
- However, in jurisdictions where a court expert is appointed, it is common for parties to also use their own expert which can increase the cost:
  - Party expert often retained initially to advise on the viability of a claim
  - Party experts assist with formulating queries for the court expert and reviewing the court expert's report
  - Party experts' reports are often annexed to submissions

Scope of Investigation
- Where party experts are used, there is likely to be a more thorough investigation of the facts and technical basis of a dispute
- But, some consider that such a thorough investigation is unnecessary when it is often possible to obtain the same result in a different jurisdiction at less cost

Scope of Investigation
- In a party expert system, the parties will take great care to ensure that they appoint an expert who embodies the skilled person of the patent as far as possible
- Where the expert is appointed by the Court, this is less likely to be the case

Scope of Investigation
- The downside of this, however, is that an expert who is very eminent in a technical area may be less likely to read around that area, and locate additional literature that is relevant to the case
- An expert with less existing knowledge of the technical background may carry out a more thorough investigation
Scope of Investigation

- The evidence submitted by a party expert may be more comprehensive and focused:
  - A party expert may be given more comprehensive instructions at the outset
  - A party expert is likely to be given more support in preparing their report
  - A party expert is more likely to address the key questions in the case in their evidence

Impartiality

- One criticism of party experts is that they may become too involved with the legal team and therefore unwilling to consider other views:
  - In the UK, however, an expert's duty to the Court overrides his duty to the party retaining him. He therefore has an obligation to point out any unfavourable facts and conclusions
  - In addition, a respected academic would not want to tarnish his reputation by giving biased evidence

Impartiality

- Experts in a field frequently come to different views on a technical matter
- If a single court expert is appointed, the Court will only have that view, and there may be no opportunity to challenge or expand it
- If there are two or more party experts, the Court has the benefit of hearing the issue debated

Timing

- A common criticism of court-appointed experts is that they can introduce significant delay into proceedings. This is also the case where a patent office is asked to provide an opinion
- Party experts have lawyers and clients to ensure that things move along more quickly.
- This problem could perhaps be overcome by setting strict deadlines for the expert?
**Timing**
- One problem with the use of court experts is that parties may not know their view on the technical issues until late in the proceedings:
  - It may therefore be difficult for a party to initially decide whether or not to bring an action.
  - It is more difficult for parties to prepare their cases, particularly in the early stages.
  - This is a particular problem in jurisdictions that rely heavily on the view of a court expert.

**Presentation/Challenging of Evidence**
- In the UK, the Judge does not normally see expert evidence until just before the trial, but in other jurisdictions, expert evidence is produced to the Court well in advance of the hearing.
- The latter may be more preferable as the Judge can manage evidence more actively and is familiar with the subject matter in advance.

**Presentation/Challenging of Evidence**
- Normally, in jurisdictions where a Court expert is appointed, there is limited oral evidence, and limited opportunity to cross-examine the expert. The Court may have the opportunity to put questions to the expert.
- In contrast, where party experts are appointed, cross-examination is often extensive, particularly for key experts.

**Presentation/Challenging of Evidence**
- The Court can gain a considerable advantage from hearing the reasoned opinions of rival technical experts debated in Court.
- If cross-examination of a Court expert is not permitted, their opinion is allowed to go unchallenged which could put one party at a considerable disadvantage.
Presentation/Challenging of Evidence

- The UK does make provision for a Court expert to be appointed instead of, or in addition to, party experts but this is rarely invoked
- Where this provision is used, the Court expert can be cross-examined by either party
- There is no reason why cross-examination should be limited to party experts

Conclusion

- All of the advantages and disadvantages of existing systems need to be weighed up when considering the best system to use for the new Community Patent Court
- Important to bear in mind that elements of systems of different jurisdictions can be combined to create a new and better system

Conclusion

- Examples of possible combinations of elements from different systems include:
  - The use of party experts but with cross-examination limited to specific issues
  - The use of court experts, but with the opportunity for parties to cross-examine the expert to challenge or expand their views on the technical issues

Next Steps For This Working Committee

- Discussion of the advantages and disadvantages of the different systems in use in different European jurisdictions
- If possible, agreement on the most appropriate system for use in the new CPC
- Preparation of a resolution of EPLA for to assist the European Authorities
Draft Resolution

"EPLA believes that the needs of the Community Patents Court will be best met by the adoption of a system whereby:

- parties to patent litigation may appoint and remunerate their choice of independent expert(s) to consider the technical issues of a case and prepare evidence for the Court.
- Such experts shall have a duty to the Court which overrides any duty to the party that appointed them.
- The Court shall have the power to limit the issues to be addressed in the evidence of such experts and to limit the issues on which they may be cross-examined during the trial of an action."
1 Community patent - progress

The Community patent jurisdiction

by Johannes Karcher

2 State of play

- Commission working document of 30 August 2002
- Common political approach of 3 March 2003
- Formal Commission proposals planned for December 2003

3 Common political approach of 3 March 2003

- Centralized Community jurisdiction
- Conferral of jurisdiction on the Court of Justice, Article 229a ECT
- Establishment of the Community Patent Court (CPC) as a judicial panel, Article 225a ECT
- Specialized Judges
- Technical experts
- Language of procedure
- Appeal to the Court of First Instance (CFI)
- Establishment at the latest by 2010

4 Formal proposals establishing the Community patent jurisdiction

1 Decision conferring jurisdiction on the Court of Justice relating to the Community patent

2 Decision establishing the Community Patent Court and concerning appeals before the Court of First Instance

5 Article 229a ECT – Conferral of jurisdiction

- Legal basis to confer jurisdiction for disputes on Community IP rights on the Court of Justice
- Instrument: Council decision and adoption by MS
- Jurisdiction of ECJ extending to private party litigation

6 Article 229a ECT- Subject matter of conferral

- infringement and validity
- use of the invention and prior use
- interim and evidence-protection measures
- damages and compensation

7 Article 225a ECT

- Legal basis for Council decision to create judicial panels for first instance litigation in specific areas
- Judicial panels are attached to the CFI
- ECJ Statute and ECT provisions relating to ECJ apply unless decision provides otherwise
- Judges of the panel establish Rules of Procedure
- Appeal to CFI

8 Decision establishing the CPC and concerning appeals before the CFI
• Provisions establishing the CPC
• Application of ECT provisions
• Application of provisions of the ECJ Statute
  – organisation
  – procedure
• Appeal to the CFI

9 □ Organisation of CPC
• Judges and President CPC
• Assistant Rapporteurs (technical experts)
• Registrar
• Support staff

10 □ Judges
• High level of legal expertise in patent law
• Consultation of advisory committee
• Standard composition of chamber: 3 Judges

11 □ Assistant Rapporteur
• Appointed by the Council
• Persons whose independence is beyond doubt and possessing necessary legal qualifications
• High level of experience in relevant technical field
• Participation in preparation of cases, at hearing and in deliberation

12 □ Special Procedural Elements
• Production of evidence
• Evidence-protection measures
• Interim measures prior to main proceedings
• Judgement by default
• Settlement
• Revision
• Language of proceedings

13 □ Appeal to the CFI
• Specialised patent appeal chamber
• Uniform procedure at first and second instance

14 □ Grounds for Appeal
• Appeal on points of law
• Appeal on matters of fact
  – re-evaluation
  – restriction on new facts and evidence

15 □ Review by ECJ
• Article 225(2) ECT, Article 62 ECJ Statute:
  – exceptional legal remedy
  – serious risk that unity or consistency of EC law is affected
  – request of First Advocate General

16 □ Community patent jurisdiction –
Next steps

Formal Commission proposals for the necessary Council decisions by December 2003.

Community patent - progress

The Community patent jurisdiction

by

Johannes Karcher
Ladies and gentlemen!

The Community courts are not familiar with patent litigation and they are not part of the legislative process on the Community patent. You can therefore certainly not expect me to give an outlook on what will be the future court procedure in this new field of Community law. I only want to make some remarks on problems which come to my mind in the light of my experience of the functioning of the Community courts when I read the draft regulation on the Community patent.

This being said, I want to stress that I speak to you in a purely personal capacity. Most of the points which I will raise have not even been discussed inside the Community Courts. I can certainly not express any official opinion on these subjects.

7. If I understand well, the Council has reached a political agreement to use the legal basis of articles 225a and 229a of the EC Treaty as they have been adopted by the Nice Treaty for the creation of a single Community Patent Court in the form of a judicial panel based in Luxembourg and attached to the Court of First Instance. I will therefore not discuss alternative models like decentralised patent courts sitting in different Member States as they had been envisaged at a prior stage. And I do not want to talk neither about the important changes for the internal structure of the Court of justice which will result from this development when the single judicial institution of the European Union will consist of a number of courts on three different levels.
The present political agreement of the Council does not provide for the appointment of technical judges who have expertise in the major technical fields, but for the possibility of appointing technical experts as Assistant Rapporteurs in order to assist the judges in technical matters. This formula seems to me a workable compromise. It would provide the Patent Court and the Court of First Instance in its capacity as appeal court with the necessary technical expertise on the bench without disturbing the internal cohesion of the courts consisting of judges who are equal by their status and by their functions and workload as it is indispensable for the proper functioning of a Community court.

In my view, the need to set up a new Community Court in the field of industrial property is not limited to patent cases, but should also extend to cases under the Community Trade Marks Regulation. I do not mean by this that the present system of the Community Trade Mark Regulation under which national courts named Community Trade Mark Courts have jurisdiction for infringement cases should necessarily be changed, but that the jurisdiction of the CFI for actions under the Trade Mark Regulation against the boards of appeal of OHIM in \textit{ex parte} and \textit{inter partes} cases on registration of a Community trade mark should be transferred to a judicial panel for trade mark cases under article 225a of the EC Treaty. This would allow to solve the problems which the steadily increasing number of such cases poses to the CFI and to limit the jurisdiction of the Court of justice in this field to exceptional and important cases. Discussion for setting up a judicial panel for trade marks should start as soon as possible in parallel with the work on the judicial system for the Community patent. In the future both judicial panels could then be merged into a larger Community Industrial Property Court.

Against the judgements of the Community Patent Court there will lie an appeal on points of fact and of law before the Court of First Instance. Decisions given by the Court of First Instance on appeal in such cases may, where there is a serious risk for the unity or the consistency of Community law, exceptionally be subject to review by the Cour of justice under articles 225 of the EC Treaty and 61 of the Statute of the Cour of justice, upon a proposal made by the first advocate general and in a procedure of which the details are still to be laid down by the Council. A proposal to this purpose has recently been submitted to the Council. The exceptional review procedure does of course not only concern patent matters, but will apply to all decisions by which the Court of First Instance may in the future decide either on preliminary rulings or on appeals against decision of
any future judicial panel. The most delicate question among those let open by the Nice Treaty and mentioned in declaration nr. 13 to this Treaty was whether and how the ruling of the Court of justice on a point of law can produce effects for the parties when the decision of the Court of First instance which is subject to review was on appeal against a judicial panel. The solution proposed by the Court is that the Court of justice shall normally refer the case back to the Court of First instance, but may give final judgement if, having regard to the result of the review, the outcome of the proceedings flows from the findings of fact on which the decision of the Court of First Instance was based. I personally would have some sympathy for an alternative solution which has been put forward in a memorandum of the Council of the Bars and Law Societies of the European Union and according to which it would always be for the Court of First Instance to take the decision about the effect of the review on the case and it would be left to the parties to take the initiative for such a decision.

7. The major difference between the present jurisdiction of the Community courts and the future litigation in patent matters is that this will be the first time that Community courts are given jurisdiction for cases between private parties which are wholly of the nature of civil litigation while the present jurisdiction of the Community courts may be described as being of the nature of administrative or even constitutional court proceedings. From a procedural point of view there are of course great differences between a case for legal review of a decision of an administrative or governmental body on the one hand and a civil case between private parties for example relating to damages for infringement of patent rights on the other hand. The Community Patent will therefore require the development of a completely new law of civil procedure on Community level.

It may be useful to remember already at this stage that the legal basis of articles 225a and 229a of the EC Treaty will require a whole hierarchy of different instruments in order to set up the patent court system and its procedure. There will have to be an instrument submitted to ratification by the Member States under article 229a of the EC Treaty in order transfer to the Community courts the jurisdiction for litigation under the Community Patent Regulation. According to article 225a, the provisions of the EC Treaty and of the Statute of the Court of Justice shall apply to the future Patent Court unless the decision establishing the court provides otherwise. Finally the Court shall establish its own Rules
of Procedure. It is therefore important that a certain number of procedural questions of the new law of civil procedure for patent litigation are identified, discussed and solved at an early stage. They can certainly not all be let to the Rules of Procedure. Many problems - indeed all of those which I want to mention now - will have to be solved on the level of the Statute of the Court of justice and some must even to be introduced into the instrument submitted to ratification by the Member States.

7. The first problem for which new solutions must be adopted and which seems to be the only one which has been extensively discussed until now is the language of procedure. This question is of course highly delicate from a political point of view. Since the present rules for determining the language of procedure are shaped for cases to which a Community institution is a party and since these Community institutions must by definition be able to litigate in all official languages, the present rules can be of no help. If I am well informed the discussions have so far gone into the direction that the court proceedings in patent matters shall be conducted in the language of the Member State where the defendant is domiciled unless the court, upon request of the parties, otherwise decides.

I am personally not sure that this will be sufficient and practicable without being completed by some other criteria. As of May next year, there will be 21 possible languages of procedure before the Community courts among which for example Estonian or Lithuanian and even Maltese. Has one really measured the practical difficulties for a patent holder to file an action and to conduct litigation against the patent infringer before the Community courts in a language for which it will even be difficult to find translators in many places of Europe? I wonder whether one should not take some inspiration from principles normally used in order to establish jurisdiction in civil matters as expressed by article 5 of the so called “Brussels” Regulation n° 44/2001 on jurisdiction and enforcement of judgments in civil and commercial matters. Why should it not be possible to bring an action for patent infringement in the language of the place where the harmful event occurred? Someone who does business on the market of a Member State must expect to become party to court proceedings in the language of that Member State. One could therefore envisage allowing the patent holder to choose this language instead of the language of the defendant’s domicile for infringement actions.
7. An important part of any procedural system is how evidence is collected and produced. In this context, I would like to mention article 24 of the Statute of the Court of justice which enables the Community courts to require the parties to produce all documents and to supply all information which the Cour considers desirable. This rule is fully appropriate and necessary when an action for annulment is brought against a Community institution. It were however to be applied to civil litigation in patent cases it might result in a fully inquisitorial procedure, contrary to the procedural concepts of all Member States, and create an unbearable burden for the court. It seems to me indispensable to define clear rules in the Statute of the Court of justice which documents a party to patent litigation must produce in order to allow its opponent to prove his case, and, if so, under which conditions. This requires a delicate choice of the type of civil procedure which the community courts shall adopt and goes to some fundamental differences between legal systems. Just think of procedures for disclosure of documents in common law court procedures.

7. Another important question which should be examined is third party procedures and intervention. Under the present rule of article 40 of the Statute of the Court of justice, all interventions are accessory, auxiliary and voluntary. Does such an intervention suffice for the needs of civil litigation in patent matters? Should one not allow a third party to introduce autonomous claims? And is it not necessary to establish rules under which a third person which is not party to a proceeding can be forced to intervene or at least be bound by the judgement if it does not intervene? When there are claims against third persons for guarantee or indemnity in case of patent licences or transfer of patents procedural means such as those known before national courts as “third party notice”, “Streiverkündung” or “appel en cause” must be possible.

And should one really allow all Member States and institutions of the Communities to intervene in all cases before concerning the Community patent without even having to establish a specific interest in the result of the case as it would result from article 40 of the Statute of the Court of justice? It would indeed be a novelty for civil litigation to confer such a role to public authorities.

7. Another field which to which sufficient attention should be given is the enforcement of judgments. It shall of course take place according to the rules of civil procedure in
force in the State where it is carried out. Article 244 and 256 of the EC Treaty do indeed provide for this possibility for judgements of the Community courts. But if one looks at it more closely, one finds that the national exequatur procedures by which an order for enforcement is obtained according to these articles require in some Member States that the judgement is first addressed to the Ministry of Foreign Affairs, then goes to the Ministry of Justice and finally to a court which eventually appends the order for enforcement. The reason why such long and cumbersome procedures did not present much inconvenience until now is simply that judgements of the Community courts hardly ever need to be enforced: judgements on annulment are self-executing and if a Community institution is ordered to pay damages it obeys the judgement without enforcement. This will of course not be so for judgements in cases between private parties in patent matters where efficient enforcement procedures are indispensable. One should certainly avoid that the enforcement of judgements of the Community courts in patent matters is more difficult than the enforcement of any national judgement under the Brussels Regulation. I personally think however that there should be no exequatur formalities at all, and that judgments of the Community courts in patent matters should be as such accepted as an enforcement order by all national authorities. In any event, the appropriate rules should be put into the instrument submitted to ratification in the Member States under article 229a of the EC Treaty.

7. Fast and workable enforcement procedures will be of particular importance for orders relating to provisional or protective measures which are the last point which I want to mention. Interim measures are of course well known in the proceedings before Community Courts. But in their present fields of jurisdiction the urgency is normally expressed in terms of months or weeks and hardly ever in terms of days, while in patent matters it may be a question even of hours. And while a Community institution as a defendant is normally awaiting the outcome of pending interim measures proceedings, rapidity and surprise are extremely important in situations well known in national civil procedure under terms like “Arrest” or “saisie contrefaçon”. It is very important that efficient procedures are at the disposal of a patent holder for provisional or protective measures while or even before the main action is pending. If I look at the inevitable organisational problems which a Community court must face and, in particular, at the problems not only of language of procedure, but of the need
for internal translation in order to enable the judge to read the application and for
translation into the language of procedure of court decisions drafted by the judge
before they can become effective, I have doubts whether it will ever be possible
before a Community court to organise sufficiently fast and efficient proceedings for
provisional or protective measures in patent matters. I personally believe that the only
satisfactory and workable solution would be that national courts continue to have
parallel jurisdiction for provisional and protective measures in patent matters. Again
one could find some inspiration different in the principles laid down in the Brussels
Regulation (Article 31) for a solution where jurisdiction for provisional and protective
matters is different from jurisdiction as to the substance of the matter. This would
allow the applicant in cases of extreme urgency to obtain a provisional order from a
national court and then to file the main action before the Community Patent Court.
Once again, such a solution would of course have to be introduced into the instrument
submitted to ratification by the Member States.

Ladies and gentlemen! I hope that you do not conclude from my remarks that I am
sceptical or even opposed to the important development which the Community patent
announces to the Community courts. The creation of a civil procedure before Community
courts is a fascinating task and certainly a great challenge. If one wants it to become a
success, which I certainly do, one must identify, discuss and solve the difficulties in time.

I thank you for your attention.

*****
COUNCIL OF
THE EUROPEAN UNION

Brussels, 13 November 2003

14130/2/03
REV 2

Interinstitutional File:
2000/0177 (CNS)

PI 111

SECOND REVISED WORKING DOCUMENT
from: Presidency
to: Permanent Representatives Committee (Part 1)
No. prev. doc.: 14130/1/03 PI 111 REV 1
No. Cion prop.: 10876/00 PI 49
Subject: Proposal for a Council Regulation on the Community patent
- Second Revised Presidency compromise proposal concerning Recital 6 and Articles 2, 9a, 20, 21, 22, 24a to 24d, 44 and 53a

In the light of discussions in the Permanent Representatives Committee on 7 November 2003, delegations will find in Annex a second revised compromise proposal from the Presidency.

Changes in relation to 14130/1/03 PI 111 REV 1 are underlined.
Recital 6

(6) Any negative effects of a monopoly created by a Community patent should be prevented through a system of compulsory licences. This is without prejudice to the application of Community competition law by the Commission or national authorities. However, the Community Patent Court should be entrusted with the grant of compulsory licences in situations not falling under Community competition law.

Article 2

Community patent

1. The Community patent shall have a unitary character. It shall have equal effect throughout the Community and may only be granted, transferred, declared invalid or lapse in respect of the whole of the Community.

2. The Community patent shall have an autonomous character. It shall be subject only to the provisions of this Regulation and to the general principles of Community law. However, the provisions of this Regulation shall not exclude the application of Community competition law, nor of the law of Member States with regard to criminal liability and unfair competition, nor of the provisions of the Munich Convention to the extent that they are not covered by this Regulation.
Paragraphs 2a to 4 deleted.

**Article 9a**

**Government use**

Any provision in the law of a Member State allowing non-commercial use of national patents by or for the government may be applied to Community patents, but only to the extent that the use is necessary for essential defence or national security. The patentee should be informed as soon as reasonably possible about the act and be compensated in respect of the act by the government concerned. Any dispute as to whether a Community patent has been used as provided for in this Article or over the amount of compensation shall be decided by the national courts of the Member State concerned.

**Article 20**

**Licences of right**

1. The proprietor of a Community patent may file a written statement with the Office that he is prepared to allow any person to use the invention as a licensee in return for appropriate compensation. In that case, the renewal fees for the Community patent which fall due after receipt of the statement shall be reduced; the amount of the reduction shall be fixed in the rules relating to fees referred to in Article 60. Where there is a complete change of proprietorship of the patent as a result of legal proceedings under Article 5, the statement shall be deemed withdrawn on the date of entry of the name of the person entitled to the patent in the Register of Community Patents.

2. The statement may be withdrawn at any time by a written communication to this effect to the Office, provided that no-one has yet informed the proprietor of the patent of his intention to use the invention. Such withdrawal shall take effect from the date of receipt of that communication by the Office. The amount by which the renewal fees were reduced shall be paid within one month after withdrawal; Article 25(2) shall apply, but the six-month period shall start upon expiry of the above period.

3. The statement may not be filed while an exclusive licence is recorded in the Register of Community Patents or a request for the recording of such a licence is before the Office.
4. On the basis of the statement, any person shall be entitled to use the invention as a licensee under the conditions laid down in the implementing regulations referred to in Article 59. A licence obtained under the terms of this Article shall, for the purposes of this Regulation, be treated as a contractual licence.

5. On written request by one of the parties, the Community Patent Court shall determine the appropriate compensation referred to in paragraph 1 or review it if circumstances have arisen or become known which render the compensation determined obviously inappropriate.

6. No request for recording an exclusive licence in the Register of Community Patents shall be admissible after the statement has been filed, unless it is withdrawn or deemed withdrawn.

7. The Member States may not grant licences of right in respect of a Community patent.

**Article 21**

**Grant of compulsory licences**

1. The Community Patent Court may grant a compulsory licence for lack or insufficiency of exploitation of a Community patent to any person filing an application four years or later after the patent application was filed and three years or later after the patent was granted if the patent proprietor has not exploited the patent in the Community on reasonable terms or has not made effective and serious preparations to do so, unless he provides legitimate reasons to justify his inaction. In determining the lack or insufficiency of exploitation of the patent, no distinction shall be made between products originating within the Community and imported products.

2. On request, the Community Patent Court may grant a compulsory licence in respect of a first patent to the proprietor of a national or Community patent or to the proprietor of a plant variety right who cannot use his patent (second patent) or his national or Community plant variety right without infringing a Community patent (first patent), provided that the invention or new plant variety claimed in the second patent or plant variety right involves an important
technical advance of considerable economic significance in relation to the invention claimed in the first patent. In the case of a compulsory licence in respect of a dependent patent or plant variety right, the owner of the first patent shall be entitled to a cross-licence on reasonable terms to use the patented invention or protected plant variety.

3. When it is necessary to remedy a practice determined after judicial or administrative process to be anti-competitive under national merger law, the Community Patent Court may authorise exploitation of a Community patent at the request of the competent national authority.

3a. In times of crisis or in other situations of extreme urgency, including those relating to public health, the Community Patent Court may authorise at the request of a Member State the exploitation of a Community patent.

4. In the case of semi-conductor technology, exploitation shall be possible without the authorisation of the right holder only in the situations set out in paragraph 3a.

5. A licence or exploitation set out in paragraphs 1 and 2 may be granted only if the proposed user has made efforts to obtain authorisation from the patent holder on reasonable commercial terms and conditions, and if such efforts have not been successful within a reasonable period of time. However, the authority granting the licence may derogate from this condition in the situations set out in paragraph 3a. In these situations, the right holder shall be informed as soon as reasonably possible.

6. The detailed rules of application and the procedures to be used for applying the principles set out in this Article shall be laid down in the relevant instruments.
Article 22

Conditions applicable to compulsory licences

1. When granting the compulsory licence under Article 21, the Community Patent Court shall specify the type of use covered and the conditions to be met. The following conditions shall apply:

(a) the scope and duration of the exploitation shall be limited to the purpose for which it was authorised;

(b) the exploitation shall be non-exclusive;

(c) the exploitation shall be non-assignable, except with that part of the enterprise or goodwill which enjoys such use;

(d) the exploitation shall be authorised predominantly for the supply of the internal market of the Community;

(e) the Community Patent Court may, on reasoned request, decide to cancel the authorisation, subject to adequate protection of the legitimate interests of the persons so authorised, if and when the circumstances which led to it cease to exist and are unlikely to recur;

(f) the licence holder shall pay the right holder adequate remuneration, taking into account the economic value of the authorisation;

(g) in the case of a compulsory licence in respect of a dependent patent or a plant variety right, the exploitation authorised in respect of the first patent shall be non-assignable except with the assignment of the second patent or plant variety right.

2. Deleted.
**Article 24a**

Compulsory translations of the Community patent

1. When the patent is granted, the applicant shall file a translation of all the claims into all the official languages of the Community, unless all Member States which have a given language as their official language or one of their official languages agree to dispense with a translation into that language. The translation shall be filed, at the choice of the applicant, either directly with the Office or via the national patent office of a Member State which has as its official language or one of its official languages the language of the translation.

Where the translation is filed directly with the Office, the Office shall immediately make it available to the national patent offices of the Member States and to the public by publishing it on its Internet database.

Where the translation is filed via a national patent office, that office shall immediately transmit the translation to the Office, which shall make it available to the national patent offices of the other Member States and to the public by publishing it on its Internet database.

2. The decision of one or more Member States referred to in paragraph 1 to dispense with a translation must be communicated to the Commission in a statement, which it shall publish in the *Official Journal of the European Union*.

3. For the purposes of paragraph 1, if the translations into Community languages other than those required for the granting of the patent under the provisions of the Munich Convention are produced and filed at the Office within a maximum of three, six, nine, twelve, twenty-four months of the granting of the patent, under conditions specified by the implementing rules, the holder of the patent may exploit the rights conferred by that patent as from the date of publication of the notice of granting of the patent.

4. If the translations provided for in this Article are not filed within the deadline laid down in paragraph 3, the Community patent shall be deemed to be void ab initio.
Article 24b

Conversion into a European patent designating one or more Member States

1. Deleted.

2. The holder of the patent may, by a request filed with the Office within the time limit laid down in Article 24a(3) and under the conditions specified by the provisions of the Munich Convention, opt for the Community Patent to be converted into a European Patent designating one or more Member States.

Article 24c

Authentic text of a Community patent application or of a Community patent

p.m. (A proposal by the Spanish delegation is awaited).

Article 24d

Status of the translations

The translations referred to in Articles 24a and 58, which have been carried out by a person authorized under the law of a Member State shall be deemed in the Community to be in conformity with the original, until proved to the contrary.

Article 44

Actions or claims for damages

1. The Community courts referred to in Article 30 shall have the power to order the payment of compensation for damage underlying the actions referred to in Articles 31 to 36.
2. In determining the appropriate damages, the courts shall take into account all relevant aspects, such as the economic consequences to the injured party of the infringement, as well as the undeserved profits made by the infringer and the behaviour and the good or bad faith of the parties. The damages shall not be punitive.

3. For the purposes of paragraph 2, an alleged infringer who has his residence or principal place of business in a Member State whose official language, which is also an official language of the Community, is not the language in which the patent was granted or in which a translation of the patent claims has been made public in accordance with Article 24a or Article 58, is presumed not to have known nor to have had reasonable grounds for knowing that he was infringing the patent. In such a situation, damages for infringement shall be due only for the period from the time when he is notified of a translation of the patent claims in the official language of the Member State of residence or principal place of business of the alleged infringer.

3a The patent holder is not entitled to damages to the extent that, due to an inaccurate translation of the patent claims which has been made public in accordance with Article 24a or Article 58, an infringer did not know and did not have any reasonable grounds to know that he was infringing the patent.

4. Where the Member State referred to in paragraph 3 has two or more official languages which are also official languages of the Community, the infringer shall be entitled to notification in the official language of his choice.

Article 53a

Legal jurisdiction during the transitional period

1. Notwithstanding the provisions of Section 1 of this Chapter, and until the system of Community jurisdiction referred to in Article 30 has been put into place, by 1 January 2010 at the latest, competence to hear the legal actions referred to in Section 1 of this Chapter shall be governed by the provisions of this Section.
2. The date on which the Community courts referred to in Article 30 shall commence their activities shall be published by the Commission in the Official Journal of the European Union. Legal actions referred to in Section 1 of this Chapter and begun prior to that date shall be brought before the national courts, in accordance with the provisions of this Section.

3. By derogation from paragraph 2, during the period referred to in paragraph 1 the Commission shall have competence:

(a) to determine or review compensation in accordance with Article 20(5);

(b) to grant compulsory licences or authorise exploitation in accordance with Article 21.
COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.12.2003
COM(2003) 828 final
2003/0324 (CNS)

Proposal for a

COUNCIL DECISION

establishing the Community Patent Court
and concerning appeals before the Court of First Instance

(presented by the Commission)
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EXPLANATORY MEMORANDUM

1. BACKGROUND

In the Community, patent protection has long been provided for in two ways, neither of which is based on a Community instrument: National patents are granted by national patent offices on the basis of legislation of the respective Member State. The protection conferred is limited to the territory of that Member State and in case of dispute the patent right has to be enforced before the competent national courts. European patents are granted by the European Patent Office established by the Convention on the Grant of European Patents (European Patent Convention) of 5 October 1973 providing for substantive patent law and a single procedure of grant. Once granted, the European patent confers protection on the territory of those Contracting States which are designated by the right holder. Whereas the harmonised patent law of the European Patent Convention is essentially limited to the phase up to the grant of the European patent, its effects are determined according to the respective national patent law of each designated Contracting State. In case of dispute, litigation must also take place before the competent national courts. This situation, where the patent right is only granted in or with effect for individual Member States of the European Union entails for the right holder the risk of being forced to enter into multiple litigation in a number of Member States on the same patent issue with possibly variable results has long been criticised as inappropriate and unsuitable for the needs of European industry operating within the common market. Member States have already in the past undertaken great efforts to redress this situation in a Community context. The Community Patent Convention intending to create a unitary Community patent title was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent including a protocol on the settlement of litigation concerning the infringement and validity of Community patents. However these agreements never entered into force.

2. THE COMMUNITY PATENT

The European Council held in Lisbon in March 2000 launched a general programme to increase the competitiveness of the Union's economy and took up the issue again. As one concrete measure for improvement, the Council called for the creation of a Community patent system to address existing shortcomings in the legal protection for inventions thus giving an incentive for investments in research and development and contributing to the competitiveness of the economy as a whole. In the wake of the Lisbon European Council, the Commission put forward on 1 August 2000 a proposal for a Council regulation on the Community patent [COM(2000) 412 final] containing the relevant provisions applying to Community patents, in particular the provisions for the creation of a unitary Community patent title including the rights conferred by it, the possible actions for the enforcement of these rights, the grounds for invalidity as well as the mechanisms for the administration of granted Community patents such as their yearly renewal. It is foreseen that the grant of Community patents will be carried out by the European Patent Office. For this purpose the Community must accede to the European Patent Convention thereby charging the European Patent Office with the task of granting Community patents. Thus the European Patent Office will grant European and Community patents according to the same standards.
of the European Patent Convention ensuring uniformity and legal security of patent law in Europe. At the same time the European Patent Office’s high expertise as an examining patent office can be put to use for the Community patent.

3. **THE COMMUNITY PATENT JURISDICTION**

The establishment of a Community patent jurisdiction is a key element of the Community patent system. The Community patent title covering the territory of all Member States will not only be governed by the uniform provisions of Community law contained in the regulation of the Council on the Community patent. It will, at the latest by 2010, after a transitional period during which national courts will retain jurisdiction for the subject matter, also be enforceable before a Community jurisdiction whose decisions enjoy Community wide effect.

The legal basis to be used for the establishment of a Community patent jurisdiction was introduced into the EC Treaty by Article 2 (26 ff.) of the Treaty of Nice amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts which entered into force on 1 February 2003, inserting Article 229a and Article 225a into the EC Treaty. It is proposed that the Community patent jurisdiction will be established by two Council Decisions based on those Articles.

In order for the Court of Justice to assume jurisdictional responsibilities with regard to the Community patent, that jurisdiction must be conferred on it. Article 229a of the EC Treaty allows the Council to adopt provisions to confer jurisdiction to the extent that it shall determine on the Court of Justice in disputes relating to the application of acts adopted on the basis of the Treaty which create Community industrial property rights. To that effect, the Commission put before the Council a separate proposal for a Council Decision containing such a conferral of jurisdiction with regard to the Community patent. The Court of Justice should have jurisdiction in disputes relating to the infringement or the validity of a Community patent and a Community supplementary protection certificate, the use of the invention after the publication of the Community patent application, the right based on prior use of the invention, provisional and evidence-protection measures in the subject matter conferred, damages or compensation in the situations referred to above and orders of a penalty payment in case of non-compliance with a decision or order constituting an obligation to act or to abstain from an act.

The present Commission proposal for a Council Decision based on Articles 225a, 245 of the EC Treaty proposes the establishment of a judicial panel to be called "Community Patent Court" which would within the Court of Justice exercise at first instance the jurisdiction in disputes relating to the Community patent. The Decision also contains necessary provisions with a view to accommodating the new function of the Court of First Instance as appeal instance according to Article 225(2) of the EC Treaty against decisions of the Community Patent Court.

4. **THE COMMUNITY PATENT COURT**

Article 225a of the EC Treaty provides for the possibility to create judicial panels to hear and determine at first instance certain classes of action or proceeding brought in
specific areas. It is proposed that the Community Patent Court is established as a judicial panel in the sense of Article 225a of the EC Treaty. It would be competent for first instance litigation relating to the Community patent for which jurisdiction is conferred on the Court of Justice by the Decision of the Council based on Article 229a of the EC Treaty.

The EC Treaty itself already contains a number of provisions relevant to judicial panels. Judicial panels are according to Article 220(2) of the EC Treaty attached to the Court of First Instance. Article 225a(4) of the EC Treaty sets out the required qualifications for the judges of judicial panels and the appointment procedure. Judges shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office. Unlike the judges of the Court of Justice and the Court First Instance who are appointed by common accord of the governments of the Member States, the judges of a judicial panel are appointed by a unanimous decision of the Council. Article 225a(5) of the EC Treaty provides that the Rules of Procedure of a judicial panel are established by the panel itself in agreement with the Court of Justice and subject to the approval by the Council acting by a qualified majority. The EC Treaty provisions relating to the Court of Justice and the provisions of the Statute of the Court of Justice apply according to Article 225a(6) of the EC Treaty also to judicial panels unless the decision establishing a judicial panel provides otherwise. Appeals against decisions of the Community Patent Court will, according to Articles 225(2), 225a(3) of the EC Treaty be heard by the Court of First Instance. That appeal is limited to points of law unless otherwise provided for in the decision establishing the judicial panel.

With regard to the structure of the Community Patent Court, the proposal contains a centralised and specialised Community jurisdiction which will best ensure legal certainty regarding the unitary Community patent. The Community patent title covering the territory of all EU Member States should not only be granted according to the uniform standards of the European Patent Convention and after grant be governed by the uniform provisions of Community law contained in the Community patent regulation. It should also be effectively enforceable before a Community jurisdiction guaranteeing high quality decisions in a quick, inexpensive and uniform procedure. The Community Patent Court with its judges coming from different legal backgrounds within the Community would from its establishment develop a common Community patent case law ensuring legal certainty throughout the Community. These arguments in favour of a completely centralised Community jurisdiction have after a long and thorough discussion found the unanimous support of the Council as expressed in the common political approach of 3 March 2003. The judges of the Community Patent Court as a specialised Community jurisdiction should be sufficiently experienced in the field of patents. This has been expressly recognised by the Council who agreed in its common political approach that candidates for appointment must have an established high level of legal expertise in patent law and that judges shall be appointed on the basis of their expertise.

It is proposed that the Community Patent Court will consist of seven judges including the president. With the normal composition of the bench being three judges, six judges would allow to form two chambers within the Community Patent Court. The seventh member would appear necessary for the reinforcement of a chamber where needed, e.g. due to illness of a judge or for the chamber presided over by the president of the Community Patent Court who also has to assume tasks related to the administration and the representation of the Community Patent Court.
In special circumstances provided for in the Rules of Procedure, the Community Patent Court could sit in an enlarged composition, for example in cases where fundamental questions of patent law are concerned or in a reduced composition which could be the case for interim measures or simple cases in main proceedings.

The judges should be assisted in their work throughout the handling of the case by technical experts as agreed upon by the Council in its 3 March 2003 common political approach. For that purpose, use of “assistant rapporteurs” as foreseen in Article 13 of the Protocol on Statute of the Court of Justice shall be made. Such assistant rapporteurs, specialised in different technical fields, should actively participate in the preparation, the hearing and the deliberation of a case. However, they would not have a right to vote on the decision to take. Their input would be important in helping the judges to focus from the start of proceedings on the essential technical questions involved. Their role would not be to make the use of experts entirely superfluous but to enable the court as a whole to understand the technical aspects of the case quickly and accurately which is relevant for an efficient handling of a case and for a legally sound decision.

The Community Patent Court, though attached to the Court of First Instance should have its own registrar. With a view to an entirely different type of litigation and the case load of the Community Patent Court, a separate registrar would appear to be necessary to ensure swift and efficient proceedings before the Community Patent Court.

With a view to the first instance proceedings before the Community Patent Court, Article 4 of the Decision creates Annex II to the Protocol on the Statute of the Court of Justice including a number of provisions adapting the provisions of the Statute of the Court Justice which are applied to judicial panels according to Article 225a(6) of the EC Treaty. With a view to the special nature of litigation before the Community Patent Court, i.e. private party patent litigation, some provisions of the Statute of the Court of Justice cannot apply e.g. those concerning the review of the legality of Community acts, others need amendments e.g. those concerning the procedure, the production of evidence or the revision of a judgment and finally some provisions need to be added e.g. those concerning the enforcement of decisions of the Community Patent Court or court fees.

Any official EU language can, depending on the circumstance, become the language of proceedings before the Community Patent Court. The principle that will decide on the language of proceedings in a particular case centres on the place of domicile of the defendant in the Community. The Community Patent Court conducts the proceedings in the official EU language of the Member State where the defendant is domiciled, or in one of them to be chosen by the defendant, where in a Member State there are two or more official languages. However, at the request of the parties and with the consent of the Community Patent Court, any official EU language can be chosen as language of proceedings. Where the defendant is not domiciled in a Member State, the language of proceedings would be determined by the official EU language in which the Community Patent was granted.

The proposal provides that the proceedings before the Community Patent Court will not be free of charge. The Community Patent Court will hear litigation in which parties seek to enforce their private rights against competitors and who should therefore adequately contribute to the incurred court cost. In that respect, the
principle contained in Article 72 of the Rules of Procedure of the Court of Justice and Article 90 of the Rules of Procedure of the Court of First Instance that proceedings are free of charge will not be upheld for Community patent litigation. However, provisions on legal aid will have to be provided for in the Rules of Procedure of the Community Patent Court where a party is unable to meet the cost of proceedings as is the case in the Rules of Procedure in Articles 76 for the Court of Justice and 94. ff for the Court of First Instance.

5. THE APPEAL TO THE COURT OF FIRST INSTANCE

With the establishment of a Community Patent Court as a judicial panel in the sense of Article 225a of the EC Treaty which is attached to the Court of First Instance according to Article 220(2) of the EC Treaty, the latter will under Article 225(2) of the EC Treaty have jurisdiction to hear and determine appeals against decisions of the Community Patent Court.

For that purpose it is suggested to set up a special patent appeal chamber within the Court of First Instance with three judges having a high level of legal expertise in patent law providing the legal experience required for the highly specialised field of patent litigation. This appears to be necessary not only in first instance on the level of the Community Patent Court but also on appeal ensuring swift and efficient proceedings resulting in high quality decisions that merit the trust of the users from the very beginning of the system. The judges hearing the appeal will also be assisted by technical experts throughout the handling of the case. These "assistant rapporteurs" will be required to participate in the preparation, the hearing and the deliberation of the case.

The Community Patent Court in first instance and the patent appeal chamber of the Court of First Instance in patent appeal proceedings must, as the two stages of a uniform procedure, work to the same set of procedural rules. Therefore, those special Statute provisions that are necessary with a view to the specific nature of patent litigation which deviate from the Statute provisions of the Court of Justice as they would apply the Community Patent Court according to Article 225a(6) of the EC Treaty are also made applicable for the appeal proceedings before the Court of First Instance.

In principle Community patent disputes are heard by the Court of First Instance in second and last resort. A further appeal of a case to the Court of Justice is not foreseen. However, in exceptional cases, the decision of the Court of First Instance can be reviewed by the Court of Justice at the request of the First Advocate General according to Article 225(2) of the EC Treaty, Article 62 of the Statute of the Court of Justice where there is a serious risk of the unity or consistency of Community law being affected. The Court of Justice is expected to come forward with a request to change its Statute introducing further details for such a review procedure as called for in Declaration No 13 adopted by the Nice conference.

With a view to the enabling provision of Article 225(3) of the EC Treaty allowing, by way of Statute provision, to entrust the Court of First Instance in specific areas with jurisdiction to hear and determine questions referred for a preliminary ruling under Article 234 of the EC Treaty, the present proposal does not foresee any such competence for Community patent law provisions. While this question has been
considered and held to yield important potential synergies with a view to the Court of First Instance deciding on parallel material issues either as an appeal instance in Community patent litigation or at the request of national courts for a preliminary ruling, it was felt that for the time being this competence should remain with the Court of Justice. The establishment of the Community Patent Court dealing with a new kind of litigation on a Community level constitutes itself a major innovation for the Community legal order such that it would appear appropriate to gather sufficient practical experience in the operation of the new jurisdictional arrangements before taking further steps.

6. TRANSITIONAL PERIOD

As agreed by the Council in its 3 March 2003 common political approach, the Community Patent Court shall be established at the latest by the year 2010. Until that time national courts of Member States will have jurisdiction. This would be relevant for those Community patents which come into effect before the establishment of the Community patent jurisdiction. The Community patent regulation will contain special provisions governing this transitional period. It is foreseen that each Member State will designate for this purpose a limited number of national courts to exercise the jurisdiction which will at the end of the transitional period be conferred on the Court of Justice. With regard to legal remedies against a decision of a national court in first instance, the legal remedies allowed in the respective Member State are applicable. Except where the jurisdiction of a national court is based on the place where an infringement was committed, in which case the jurisdiction is limited to the acts committed in that Member State, the national courts will have Community wide jurisdiction. 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. According to Article 2 of the Commission proposal for a Council Decision conferring jurisdiction on the Court of Justice relating to the Community patent, legal actions of which national courts have been seised at the time when the conferral of jurisdiction on the Court of Justice will take effect will be decided by the competent national courts.

7. NEED FOR A COMMUNITY INTERVENTION

The present Decision relating to jurisdictional aspects of the Community patent system intends to redress the existing shortcomings of the current situation of patent protection in the Union. The objective is to establish Community wide patent protection which can be enforced before one single court operating to uniform standards. This objective can only be achieved at a Community level.

8. PROPOSED PROVISIONS

With regard to its structure, the present Decision contains three chapters relating to the Community Patent Court (Chapter I), the appeal proceedings against decisions of the Community Patent Court before the Court First Instance (Chapter II) and final provisions (Chapter III).
Chapter I - The Community Patent Court

Chapter I on the Community Patent Court contains two major elements. Articles 1 to 3 of the Decision contain provisions which set up the Community Patent Court, determine the EC Treaty provisions to be applied to the Community Patent Court and provide a legal basis for an annex to the Protocol on the Statute of the Court of Justice containing the Statute provisions as applied by the Community Patent Court. Article 4 contains the special provisions relating to the Community Patent Court which are to be annexed to the Protocol on the Statute of the Court of Justice (hereinafter "Statute").

Article 1 - Establishment of the Community Patent Court

Article 1 establishes a judicial panel to be called "Community Patent Court" for first instance Community patent litigation. The establishment of the Community Patent Court is based on Article 225a of the EC Treaty which allows for the creation of judicial panels to hear and determine at first instance certain classes of action or proceeding brought in specific areas. Pursuant to Article 220(2) of the EC Treaty, the Community Patent Court is attached to the Court of First Instance. The structure of the Community Patent Court had been subject to intensive debate in the Council as to the proper degree of centralisation. The Council, in its common political approach adopted on 3 March 2003 unanimously agreed on a fully centralised first instance. The proposal for the establishment of a Community Patent Court is built on this approach. Consequently, the Community Patent Court should have its seat at the Court of First Instance without any of the possibilities that had been under discussion in the Council allowing for the establishment of permanent regional divisions of the Community Patent Court in Member States.

Article 2 - Application of EC Treaty provisions

In accordance with Article 225a(6) of the EC Treaty, the provisions of the EC Treaty relating to the Court of Justice and the provisions of the Statute of the Court of Justice will apply to the Community Patent Court unless the Decision establishing the Community Patent Court provides otherwise. Article 2 contains a list of Articles chosen from the EC Treaty provisions relating to the Court of Justice that are applicable to the Community Patent Court subject to the subsequent provisions of Chapter I of this Decision. The same approach had been employed by Article 4 of Council Decision 88/591/ECSC, EEC, Euratom of 24 October 1988 establishing the Court of First Instance.

The EC Treaty provisions relating to the Court of Justice do not seem in their entirety to be suitable for the special litigation to be handled by the Community Patent Court. Not applicable of course are the provisions relating to the Court of Justice and the Court of First Instance themselves, or to special proceedings before them. Moreover, among those provisions of a more general nature, a number of Articles referring to acts of the Communities and in particular their nullification, such as Articles 231, 233, 242 of the EC Treaty, are not applicable to the Community Patent Court handling private party litigation not involving the annulment of Community acts.

Articles 241, 243, 244 and 256 of the EC Treaty will apply to the Community Patent Court. Article 241 of the EC Treaty allows private parties to plead for the non-application of a regulation on the grounds stated by Article 230(2) of the
The EC Treaty in allowing this plea for non-application ensures the protection against the application of illegal regulation provisions, a safeguard that should also apply in patent litigation. Parties should be allowed to attack indirectly the validity of relevant patent provisions. Article 243 of the EC Treaty states the principle that the Court can order any necessary interim measures. Such provision is also valid for private party litigation and should thus apply to the Community Patent Court. Articles 244 and 256 of the EC Treaty concern the enforcement of a judgment which is governed by the law of the Member State in which enforcement is sought. This provision should also apply to the judgments of the Community Patent Court.

With regard to interim measures (Article 14 of Annex II to the Statute) and the enforcement of decisions of the Community Patent Court (Article 22 of Annex II to the Statute) the Decision takes particular account of the special nature of Community patent litigation. The order of interim measures provided for in Article 243 of the EC Treaty should not be conditional upon main proceedings having already been instituted before the Community Patent Court; also, interim measures that have been found unjustified may give rise to a claim for adequate compensation for the injury thereby caused. Furthermore, the enforcement mechanism provided for in Article 256 of the EC Treaty does not seem to be entirely suitable for the enforcement of decisions of the Community Patent Court, and in particular for interim measures, in that it requires an order of enforcement to be appended to the decision by the national authority designated for this purpose by the Member State in which the enforcement takes place. Although the national authority would only verify the authenticity of the decision to be enforced, this would still result in unjustified delays. Consequently the order of enforcement should be appended directly to the decision by the Community Patent Court. Furthermore, decisions of the Community Patent Court should also be enforceable against Member States as they should be treated on an equal basis with other parties where they own or infringe a Community patent. Finally, the Community Patent Court should have the power to ensure the enforcement of certain decisions by an order of a penalty payment.

**Article 3 – Statute provisions for judicial panels**

This Article contains a provision inserting a new Title VI "Judicial Panels" into the Statute of the Court of Justice with a new Article 65 creating a legal basis to annex provisions to the Statute of the Court Justice relating to judicial panels created under Article 225a of the EC Treaty. This provision of a general character and applies equally to any future judicial panel to be established. According to Article 225a(6) of the EC Treaty, unless otherwise provided for in the decisions establishing them, judicial panels apply the provisions of the Statute of the Court of Justice. While the majority of the provisions of the Statute of the Court of Justice will also be suitable to apply to judicial panels, some special provisions are necessary in order to take the individual circumstances of the judicial panel concerned into consideration, e.g. concerning the organisation and composition of the panel and special procedural elements. Therefore, for each judicial panel established in the future, a corresponding annex will be created to deal with the Statute provisions to be applied by the judicial panel concerned. Consequently the new Article 65 of the Statute of the Court of Justice consequently lays down that the provisions relating to the jurisdiction, the composition, and the organisation of judicial panels, and the procedure before them are to be set out in an annex to the Statute of the Court of Justice.
Article 4 – Annex to the Protocol on the Statute of the Court of Justice

On the basis of the new Article 65 of the Statute of the Court of Justice which will be inserted by virtue of Article 3 of the present Decision as explained above, Article 4 creates an Annex II to the Statute of the Court of Justice entitled "The Community Patent Court" with the following elements:

Article 1 of Annex II lays down the jurisdiction of the Community Patent Court. Articles 2 and 3 of Annex II concern the appointment of judges, Article 4 the election of the president of the Community Patent Court.

Article 5 of Annex II identifies the provisions from Title I and II of the Statute which apply to the Community Patent Court followed by special provisions relating to the organisation of the Community Patent Court (Articles 6 to 9 of Annex II). Article 10 of Annex II prescribes that the procedure before the Community Patent Court shall be governed by Title III of the Statute followed by a number of special provisions that are necessary in view of particular requirements of the special type of litigation before it (Articles 11 to 25 of Annex II). Articles 47 ff and 53 ff. of Title IV of the Statute of the Court of Justice contain a parallel structure with regard to the Court of First Instance.

Finally, Annex II contains special provisions on the appeal to the Court of First Instance (Articles 26 to 28) and a legal basis to lay down in the Rules of Procedure necessary provisions for applying and, where required, supplementing it.

Article 1 of Annex II to the Statute – Jurisdiction

Pursuant to Article 229a of the EC Treaty, exclusive jurisdiction relating to the Community patent is conferred on the Court of Justice by a separate Council Decision allowing the Court of Justice to assume jurisdictional responsibilities in this field.

The present Article attributes within the Court of Justice the exclusive jurisdiction for these disputes relating to the application of Council regulation (EC) No.../... of ... on the Community patent and Council regulation (EC) No.../... of ... on the Community supplementary protection certificate to be exercised at first instance by the Community Patent Court. The jurisdiction of the Community Patent Court is determined by way of reference to the Council Decision conferring jurisdiction on the Court of Justice relating to the Community patent for which the Commission has put forward a separate proposal for a Council Decision. The Community Patent Court would thus have jurisdiction for the subject matter laid down in Article 1 of the Commission proposal for such a Council Decision, namely for disputes relating to the infringement or the validity of a Community patent and a Community supplementary protection certificate, the use of the invention after the publication of the Community patent application, the right based on prior use of the invention, interim and evidence-protection measures in the subject matters conferred, damages and compensation incurred in the situations referred to above and orders of a penalty payment in case of non-compliance with a decision or order constituting an obligation to act or to abstain from an act.

In a transitional period before the conferral of jurisdiction on the Court of Justice takes effect, disputes will be decided by national courts in accordance with the provisions
of the Community patent regulation. As provided for in Article 2 of the proposed Council Decision conferring jurisdiction on the Court of Justice relating to the Community patent, the Community Patent Court will not have jurisdiction for those disputes of which national courts have already been seised during that transitional period, since the conferral of jurisdiction does not extend to those disputes.

Article 2 of Annex II to the Statute – Number, appointment and term of office of judges of the Community Patent Court

Article 2 contains provisions relating to the judges of the Community Patent Court.

Paragraph 1 lays down the number of members of the Community Patent Court and their term of office. As to the size of the Community Patent Court, a total of seven judges including the president is proposed. The Community Patent Court will, according to Article 8 of Annex II to the Statute of the Court of Justice normally sit in chambers with three judges. Six judges would allow formation of two chambers. The seventh member would seem appropriate to give special support to the chamber presided over by the president of the Community Patent Court who will also have to perform other tasks relating for example to the administration and representation of the Community Patent Court. In addition, a complement of seven judges would enable all to sit and issue decisions together in accordance with Article 17(1) of the Statute of the Court of Justice which provides that only an uneven number of judges may sit. This number would also guarantee a smoothly operating jurisdiction in case of leave or sickness of judges and in general seems to be the number appropriate to the tasks to be carried out and the workload to be expected in the initial phase of the Community Patent Court. The judges will, according to Article 225a(5) of the EC Treaty, have to establish the Rules of Procedure of the Community Patent Court; a common practice under the adopted Rules of Procedure will have to be developed, and necessary adaptations in the light of experience be considered. The expected caseload in the initial phase is estimated for the first three consecutive years at around 50, 100 and 150 newly lodged cases which would mean a case load of 25, 50 and 75 new cases per year per chamber. This assumption is based on an expected number of 100 000 patents granted by the European Patent office per year of which around 50 000 would designate the Community and an annual litigation rate of 1 in 1 000 patents in force. When assessing the caseload that can reasonably be handled it must also be borne in mind that the Community Patent Court will have to develop a common jurisprudence necessitating in particular in the initial phase a number of fundamental decisions with corresponding need for intensive discussions.

As a term of office, a six year term with the possibility of renewal as is the case for the Court of Justice in Article 223(1) and (4) of the EC Treaty and for the Court of First Instance in Article 224(2) of the EC Treaty also seems appropriate for the Community Patent Court. The membership will be partially renewed every three years as foreseen for the Court of First Instance in Article 224(2) of the EC Treaty. Such a partial renewal of membership will ensure that the expertise built up by the court can be passed on from experienced judges to newly appointed judges and thus contribute to a stable jurisprudence and legal certainty. In order to establish this cycle where the Community Patent Court is only partially re-staffed at any one time, some members will need to have a shorter initial term of office. To that end, the present decision contains in its Article 7(2) a transitory provision whereby the president of the Council is to proceed to choose by lot the judges whose terms of office are to expire at the end of the first three years.
Paragraph 2 provides that judges are appointed from candidates presented by the Member States, and addresses the particular qualifications of members of the Community Patent Court. The EC Treaty itself prescribes in Article 225a(4) that eligible members of the judicial panels are "persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office". Paragraph 2 specifies this general provision which is meant to address all the different kinds of possible panels by laying down specific requirements relating to the necessary professional profile of possible candidates for judges of the Community Patent Court. As agreed by the Council in its common political approach of 3 March 2003, the members must be appointed on the basis of their expertise from candidates having an established high level of legal expertise in patent law. This is particularly important because the special nature of patent law requires much experience. The experience of the judges in this field will be crucial for the acceptance of the system by users by guaranteeing efficient proceedings and high quality decisions. The judges will be appointed after consultation of a committee to be set up in accordance with Article 3.

**Article 3 of Annex II to the Statute – Advisory committee**

Paragraph 1 provides that the judges will be appointed following consultation of an advisory committee to be set up for this purpose which is to give an opinion on the adequateness of the profile of candidates for membership of the Community Patent Court. The Council will be aided by the Committee's opinion in the appointment process in finding the best suited candidates for membership of the Community Patent Court. In the light of the specific requirements to be observed, the advisory committee may also provide a list of those candidates who possess the most appropriate high level of legal experience. In such a case the list must include twice the number of candidates as the number of judges to be appointed, in order to guard against any risk of a predetermination of the decision of the Council by the committee's opinion.

Paragraph 2 determines that the advisory committee shall be composed of seven members chosen from among former members of the Court of Justice, the Court of First Instance, the Community Patent Court or lawyers of recognised competence. The appointment of members of the committee and its operating rules shall be decided by the Council, acting by a qualified majority, on a proposal from the president of the Court of Justice.

**Article 4 of Annex II to the Statute - President of the Community Patent Court**

This Article concerns the president of the Community Patent Court who is to be elected by the judges from among their number for a term of three years with the possibility of re-election. The same principles are applied to the Court of First Instance in Article 224(3) of the EC Treaty. However, the transitory provision contained in Article 7(1) of the present Decision provides that the first president of the Community Patent Court exceptionally appointed in the same manner as its members, unless the Council decides that also the first president shall be elected by the judges. This approach had also been followed for the Court of First Instance in Article 11(1) of Council Decision 88/591/ECSC, EEC, Euratom of 24 October 1988 establishing the Court of First Instance.
Article 5 of Annex II to the Statute – Applicability of provisions from Titles I and II of the Statute to the Community Patent Court and its judges

In the first sentence, this Article contains a reference to those Statute provisions from Titles I and II of the Statute that shall also apply to the Community Patent Court. A corresponding provision for the Court of First Instance is contained in Article 47(1) of the Statute.

For the Community Patent Court are declared applicable from Title I of the Statute: Article 2 (oath), Article 3 (immunity), Article 4 (other occupation), Article 5 (resignation), Article 6 (deprivation of office) and Article 7 (term of office in case of replacement). The present Article does not contain a reference to Article 8 of the Statute relating to the Advocate General since a participation of the Advocate General in proceedings before the Community Patent Court is not foreseen.

From Title II are declared applicable: Article 13 (assistant rapporteur), Article 14 (requirement of residence), Article 15 (judicial vacations), the first, second and fifth paragraphs of Article 17 (composition and quorum) and Article 18 (challenge for bias). The present Article does not contain a reference to Article 9 (number of judges to be replaced), Article 12 (staff attached to the Court of Justice), Article 16 (chambers of the Court of Justice), the third and fourth paragraphs of Article 17 (quorum for grand chamber and full Court). These provisions relate to specificities of the Court of Justice and should not apply to the Community Patent Court.

In the second sentence, the present Article specifies that also in relation to the Community Patent Court the oath of the judges is taken before the Court of Justice who is also attributed the competence to take decisions concerning the immunity and other occupations of judges and their deprivation of office.

Article 6 of Annex II to the Statute – Registrar

The first sentence provides for a registrar of the Community Patent Court. Although the Community Patent Court is attached to the Court of First Instance, a separate registrar seems appropriate since the Community Patent Court will deal with an entirely different type of litigation and also the expected caseload will justify such a measure. A legal basis for the appointment of the registrar and the rules governing his service would seem necessary in the Statute. Unlike for the Court of Justice (Article 223(5) of the EC Treaty) and the Court of First Instance (Article 224(4) of the EC Treaty) no such provision is included in the EC Treaty for the panels to be created under Article 225a.

The second sentence declares the provisions of the Statute relating to the registrar of the Court of Justice applicable to the registrar of the Community Patent Court as is the case for the registrar of the Court of First Instance in Article 47(2) of the Statute. The provisions concerned are Article 3(4) (immunities), Article 10 (oath and duties of the registrar), Article 11 (replacement of the registrar) and Article 14 (requirement of residence).

Article 7 of Annex II to the Statute – Assistant rapporteurs

This Article deals with the question in which way technical expertise is incorporated on the side of the Community Patent Court. An appropriate incorporation of
technical expertise appears to be of particular importance for the efficiency and quality of the proceedings before the Community Patent Court. The judges of the Community Patent Court are confronted with cases involving highly complicated technologies from a wide range of technical fields. In this context, technical expertise can be considered essential in helping the judges to focus from the start of proceedings on the essential technical questions involved. The objective would not be to make the use of experts entirely superfluous but rather to enable the court as a whole to understand the technical aspects of the case quickly and accurately which is relevant for an efficient handling of a case and for a legally sound decision. The question has been subject to thorough discussions in the Council which reached agreement in its common political approach of 3 March 2003 that technical experts should assist the judges throughout the handling of the case. The present Article builds on this approach.

Paragraph 1 provides for technical experts of the Community Patent Court and specifies the framework within which they assume their function. Technical experts will assist the judges throughout the handling of the case as assistant rapporteurs. Article 13 of the Statute is applied to the assistant rapporteurs of the Community Patent Court. They are consequently appointed by the Council, acting unanimously, on a proposal from the Court of Justice. They shall be chosen from persons whose independence is beyond doubt and who possess the necessary legal qualifications. In this context, a thorough experience in patent law would seem necessary since the assistant rapporteur must have a good understanding of what technical aspects are relevant for a legally sound decision of the Community Patent Court. Assistant rapporteurs shall take an oath before the Court of Justice to perform their duties impartially and conscientiously and to preserve the secrecy of deliberations.

Paragraph 2 adds on to these elements providing that assistant rapporteurs must have a high level of expertise in the relevant technical field. The proposal does not foresee a fixed number of assistant rapporteurs but prefers to leave this question to be solved in the light of experience to be gathered. In order to reach the objective as outlined above, which is to provide the bench with technical expertise of a general kind, a limited number of assistant rapporteurs covering the basic divisions of technology such as one for each of the following seven fields would seem appropriate: inorganic chemistry and materials science, organic and polymer chemistry, biochemistry and biotechnology, general physics, mechanical engineering, information and communication technology, electrical engineering. Assistant rapporteurs shall like the judges be appointed for a term of six years with the possibility of reappointment.

Paragraph 3 contains a provision specifying the functions of the assistant rapporteurs within the Community Patent Court. As they shall assist the judges throughout the handling of the case, their participation is foreseen in the preparation, the hearing and the deliberation of cases. The details concerning their participation shall be laid down in the Rules of Procedure. Assistant rapporteurs shall have the right to ask questions to the parties to clarify relevant technical questions. They shall take part in the deliberation of the judges but do not have a right to vote.

Article 8 of Annex II to the Statute – Composition of the chambers and assignment of cases

Paragraph 1 provides that the Community Patent Court as a rule shall sit in chambers composed of three judges. This number also retained in the Council's common
political approach of 3 March 2003 seems to be most appropriate with a view to litigation to be handled striking the right balance between thoroughness and efficiency of case handling for the average cases.

Paragraph 2 addresses situations where there might be a need to deviate from the standard composition of a chamber of three judges. An enlarged configuration might be appropriate, for instance, in cases that involve fundamental points of law or where chambers take a different view on a legal matter. A reduced configuration might be considered for provisional measures or simple cases. The requirements for such a special composition shall be laid out in the Rules of Procedure to allow for the necessary flexibility including provisions on the quorum since the standard provisions of Article 17(3) (grand chamber) and Article 17(4) (full court) of the Statute do not apply to the Community Patent Court.

Paragraph 3 provides that the president of the Community Patent Court shall always preside ex officio over one of the chambers of the Community Patent Court. He shall also preside where the Community Patent Court in accordance with its Rules of Procedure sits in an enlarged composition. The presidents of the remaining chambers shall be elected by the judges from among their number for a term of three years with the possibility of re-election.

Paragraph 4 specifies that the composition of the chambers and the assignment of cases to the chambers is governed by the Rules of Procedure. The composition of the chambers and the assignment of cases will thus be predetermined in the Rules of Procedure but at the same time an appropriate degree of flexibility is left to adapt such rules in the light of efficient case handling. It opens, for example, the possibility of largely attributing the cases to the chambers on the basis of the field of technology concerned enhancing the expertise of the individual chamber by building up experience in the technical fields concerned.

Article 9 of Annex II to the Statute – Agreement on services of support staff

According to Article 12 of the Statute, officials and other servants are attached to the Court of Justice. They are responsible to the registrar of the Court of Justice under the authority of the president of the Court of Justice. The conditions under which these officials and other servants render their services to the Court of First Instance are according to Article 52 of the Statute determined by common accord between the president of the Court of Justice and the president of the Court of First Instance.

The present Article lays down the framework under which officials and other servants attached to the Court of Justice will render services to the Community Patent Court to enable it to function. This will be determined between the President of the Court of Justice or, where appropriate, the President of the Court of First Instance by common accord with the President of the Community Patent Court. As a rule, such an agreement will be reached between the president of the Court of Justice and the president of the Community Patent Court. However, there might also be situations where the common accord between the president of the Court of Justice and the president of the Court of First Instance has already taken account of the needs of the Community Patent Court so that in such a case the president of the Court of First Instance and the president of the Community Patent Court are in a position to agree on appropriate terms for the Community Patent Court. Finally, certain officials and other servants who directly support the president, the judges or
the registrar such as legal secretaries or officials of the registry shall be responsible to the registrar of the Community Patent Court under the authority of the president of the Community Patent Court. There is a corresponding provision for the Court of First Instance in Article 52 of the Statute.

**Article 10 of Annex II to the Statute – Applicability of provisions from Title III of the Statute to the procedure before the Community Patent Court**

Paragraph 1 of this Article declares Title III of the Statute applicable for the procedure before the Community Patent Court as is the case for the Court of First Instance in Article 47 of the Statute. The majority of procedural provisions contained in Title III of the Statute concerning basic principles of procedure before the Court of Justice can also apply to the Community Patent Court. They can be considered a set of common principles of Community court procedure. However, where necessary with a view to the special type of litigation before the Community Patent Court changes have to be made. The Community Patent Court will hear private party Community patent litigation. It will not be concerned with the review of the legality of Community acts but decide disputes between private parties. As a result, not all of the provisions contained in Title III of the Statute can apply in their present form. Hence, certain provisions of Title III of the Statute which are not relevant to the procedure before the Community Patent Court are disappplied (Articles 21(2), 22, 23, 40(1) and (3), 42, 43 of the Statute). Where the special nature of litigation before the Community Patent Court makes adaptations to the existing provisions of Title III of the Statute necessary, this has been done in Articles 11 to 25 of Annex II to the Statute.

The provisions from Title III of the Statute apply to the Community Patent Court as follows:

**Article 19 of the Statute on legal representation** is applied to the Community Patent Court with the amendments relating to the role of European patent attorneys which are proposed in Article 11 of Annex II to the Statute and who should have a right to speak before the Community Patent Court.

**Article 20 of the Statute** laying down the principal structure of the procedure consisting of two parts, a written and an oral part, its provisions on communications to the parties and the contents of the oral procedure are applied to the Community Patent Court with the proposed amendments contained in an Article 12 of Annex II to the Statute providing e.g. for exceptional cases to dispense with the oral procedure and allowing for proceedings to be conducted in electronic form.

**Article 21(1) of the Statute** concerns the necessary elements of written applications. Article 21(2) of the Statute concerns the annulment of measures issued by a Community institution. The Community Patent Court, however, will not be concerned with the review of the legality of Community acts and it is therefore not necessary for this power to apply to the Community Patent Court.

**Articles 22 and 23 of the Statute** concern appeals against EAEC arbitration awards and preliminary rulings. Since neither of these situations can arise before the Community Patent Court, these provisions should not apply to the Community Patent Court.
Paragraph 1 of Article 24 of the Statute places an obligation of the parties to produce documents and supply information considered desirable by the Court. This obligation seems too wide for private party litigation and consequently should apply to the Community Patent Court in a narrower sense as proposed in Article 13 of Annex II to the Statute. Paragraph 2 of Article 24 of the Statute places a general obligation on Member States and the institutions to provide necessary information.

Articles 25 to 30 of the Statute relate to the taking of evidence by witnesses and expert opinions, and should apply to the Community Patent Court: Article 25 (court's choice of expert), Article 26 (hearing of witnesses), Article 27 (powers with respect to defaulting witnesses), Article 28 (oath of witnesses and experts), Article 29 (hearing of witness or expert by judicial authority of residence), Article 30 (violation of oath).

The elements of the procedure contained in Articles 31 to 38 of the Statute can also apply to the Community Patent Court: Article 31 (principle of public hearings), Article 32 (examination of experts, witnesses and parties), Article 33 (minutes of hearings), Article 34 (establishment of case list), Article 35 (secrecy of deliberations), Article 36 (contents of judgments), Article 37 (signing of judgments and reading of judgment in open court) and Article 38 (adjudication upon costs).

Article 39 of the Statute concerns the order of interim measures in a special summary procedure. This Article should apply to the Community Patent Court with the adjustments specified in Article 15 of Annex II to the Statute proposing that Article 39 would extend to evidence-protection measures and that the Rules of Procedure shall determine who is competent to make orders.

Article 40 of the Statute deals with the intervention of third parties in proceedings supporting the form and order sought by one of the parties. Such intervention should also be possible before the Community Patent Court. However, Article 40(1), (3) of the Statute confers a special right of intervention for the institutions of the Communities, the Member States and other States which are parties to the Agreement on the European Economic Area and the EFTA Surveillance Authority to intervene in proceedings without the general requirement of the establishment of an interest in the result of the case as laid in Article 40(2) of the Statute. This unconditional right of intervention is inappropriately broad to apply to litigation before the Community Patent Court which concerns day to day disputes relating to rights of private parties.

Article 41 of the Statute contains provisions on a judgment by default and should apply to the Community Patent Court together with further specifications laid down in Article 16 of Annex II to the Statute.

Article 42 of the Statute provides for the possibility of third parties to contest a judgment prejudicial to their rights where they had not been heard. Such a provision is incompatible with the principle of legal certainty in private party litigation and should thus not apply to the Community Patent Court. Once a judgment of the Community Patent Court becomes final and can no longer be subject to appeal, there should be no further possibility to reopen the case except in the very limited situation of a revision under Article 44 of the Statute and Article 17 of its Annex II in case of a fundamental procedural defect or a criminal offence. In all other cases parties must be able to rely on the terms of a final judgment. Moreover, a situation envisaged by
Article 42 hardly arises in private party litigation where judgments only produce their effects upon the parties of the case which are bound by the judgment. Situations where third parties might be indirectly affected only arise where there are rights concerned with a patent which has been declared invalid. For these cases, the Rules of Procedure will need to make appropriate provisions ensuring that, where necessary, interests of third parties are already taken into account during the proceedings leading up to the judgment. These could provide, for example, that in case of an exclusive licence, both the right holder and the licensee would need to be sued together whereas in the case of a simple contractual licence the consequences of a declaration of invalidity pronounced in proceedings against the right holder might be left to the legal relationship between right holder and licensee.

Article 43 of the Statute providing for special proceedings in which the scope of a judgment can be subject to interpretation does not seem to be appropriate for private patent litigation and should consequently not apply to the Community Patent Court. The claims granted by the Community Patent Court must be clear and of such nature that they are directly enforceable without the need of further interpretation by the Community Patent Court. Moreover, the provision could be misunderstood as reserving any kind of interpretation of the judgment to the Community Patent Court. However, in the enforcement stage which is according to Articles 244, 256 of the EC Treaty provided for by national law, the competent authority will need to apply the terms of the judgment and decide on the question if a particular embodiment of an invention falls within the scope of an injunction not to infringe a patent. Finally, if systematically used by the defendant in the course of enforcement measures, this provision applied to the Community Patent Court would carry the risk of paralysis of Community patent litigation.

Article 44 of the Statute allowing for a revision of a judgment on the grounds of discovery of new facts, which were unknown at the time judgment was given, seems incompatible with the principle of legal security in private party litigation. Consequently, adaptations to this provision are proposed in Article 17 of Annex II to the Statute limiting a revision to cases of a fundamental procedural defect or a criminal offence in the proceedings that led to the judgment.

Finally, Article 45 of the Statute on time limits and Article 46 of the Statute on a liability bar against the Communities shall apply before the Community Patent Court.

Paragraph 2 of the present Article provides in its first sentence that further and more detailed provisions on the procedure before the Community Patent Court shall be laid down in the Rules of Procedure which, according to Article 225a(5) of the EC Treaty, are established by the Community Patent Court in agreement with the Court of Justice and subject to approval by the Council. The second sentence allows the Rules of Procedure to derogate from Article 40 of the Statute on intervention in order to take account of the special features of private party Community patent litigation. A corresponding provision is contained for the Court of First Instance in Article 53(2) of the Statute.

Article 11 of Annex II to the Statute – European Patent Attorney

This Article contains adaptations to Article 19 of the Statute on legal representation before the Court for the purpose of proceedings before the Community Patent Court.
In patent litigation, questions of technology play an important part in order to reach a legally sound decision. Technical expertise is required not only on the side of the Community Patent Court contributed by assistant rapporteurs but also on the side of the parties.

The first and second paragraphs recognise this important role of technical expertise for the parties giving European Patent Attorneys the right of audience before the Community Patent Court. A reference to the list maintained by the European Patent Office for the purpose of legal representation before it will ensure appropriate and uniform standards for qualifying persons which must be met for efficient proceedings.

The third paragraph applies Article 19(5) and (6) of the Statute to European Patent Attorneys. Where a European Patent Attorney appears before the Community Patent Court, he will enjoy the necessary rights and immunities and the Community Patent Court will have the powers normally accorded to courts of law under the conditions laid down in the Rules of Procedure.

**Article 12 of Annex II to the Statute - Oral and written procedure**

This Article adapts Article 20 of the Statute concerning the written and oral part of the procedure to proceedings before the Community Patent Court.

It is proposed to rephrase Article 20(4) relating to the conduct of the oral hearing. The obligation of the "reading of a report" by the judge rapporteur seems too rigid for daily trial court proceedings and should be replaced by a more flexible wording referring to the "presentation of the main features of the case". Since the wording of Article 20(4) of the Statute does not allow the hearing of a European Patent Attorney as foreseen before the Community Patent Court by the proposed Article 11 of Annex II to the Statute, the concerned wording should be replaced by the more general wording "hearing of the parties". The question of who actually addresses the court does not have to be enumerated as is currently done in Article 20(4) of the Statute but would be a question of proper legal representation. Finally the hearing of witnesses and experts is replaced by the more general wording of "examination of evidence".

Article 20(5) of the Statute which deals with the Advocate General should not apply to the Community Patent Court as the Advocate General will not participate in proceedings. Instead a provision is proposed that would allow in appropriate cases to pass to a written procedure. Article 20(1) of the Statute lays down the important principle that cases are only decided upon after an oral hearing. For certain cases, an oral hearing might not be appropriate e.g. in simple cases with uncontested facts or where the defendant accepts the plaintiff's claims. For such cases there should be the possibility to deviate from the principle of an oral hearing and exceptionally decide a case in a written procedure. Therefore, the Community Patent Court should have the possibility to dispense with the oral procedure after having heard the parties and in accordance with the Rules of Procedure.

Finally an enabling clause should be introduced which allows for the employment of technical means in the written and oral procedure before the Community Patent Court. This could, for example, apply to the submission of documents in the written procedure or video conferencing at the oral stage. The specification of the parts of
the procedure which can be conducted by electronic means and the conditions for so
doing should be left to the Rules of Procedure. Practice will show where, to what
extent and under what conditions electronic means should be employed. Moreover
technology is constantly developing and the Rules of Procedure would be best suited
to keep track of the widening technological possibilities by introducing necessary
changes into the procedure.

Article 13 of Annex II to the Statute – Production of evidence

Paragraph 1 of Article 24 of the Statute contains an obligation of the parties to
produce documents and supply information considered desirable by the Court. This
obligation seems too wide for private party litigation and consequently should apply
to the Community Patent Court in a narrower sense. In principle it is the obligation
of each party in private party litigation to bring forward the necessary evidence to
prove its contested claim. However, under special circumstance it would seem
justified to oblige the opposing party to produce evidence in favour of the other
party. A reasonable balance between the interests of parties would seem to be struck
as recognised by Article 43(1) of the Agreement on Trade-Related Aspects of
Intellectual Property Rights (TRIPS Agreement) of 15 April 1994 where a party has
presented reasonably available evidence to support its claims, and has, in
substantiating those claims cited evidence under the control of the opposing party. In
such a case the Community Patent Court may order that evidence be produced by the
opposing party, subject to the protection of confidential information.

Article 14 of Annex II to the Statute – Interim and evidence-protection
measures

This Article contains special provisions on interim and evidence protection measures.

Paragraph 1 concerns the order of interim measures. Article 243 of the EC Treaty
provides that the Court may in cases before it prescribe any necessary interim
measures. This provision which is also applied to the Community Patent Court by
Article 2 of this Decision does not foresee the ordering of interim measures before
main proceedings are pending. However, a need for such a possibility exists in patent
litigation where for example a preliminary injunction to stop an infringement is
necessary even before the main proceedings have commenced. Also Article 50(6) of
the TRIPS Agreement presupposes the possibility to prescribe interim measures in
cases where main proceedings have not yet been brought. Consequently the present
Article makes use of the possibility foreseen in Article 225a(6) of the EC Treaty to
derogue for judicial panels from the EC Treaty provisions relating to the Court of
Justice. It is proposed that interim measures shall not be conditional upon main
proceedings having already been instituted before the Community Patent Court.

Paragraph 2 provides for evidence-protection measures allowing an order to
authorize a detailed description or the physical seizure of infringing goods and
related documents in the event of actual or imminent infringement. The measure also
known in patent law as saisie-contrefaçon supplements the obligation of the parties
to produce evidence as laid down in Article 13 of Annex II to the Statute and has
proven to be a valuable instrument for the enforcement of intellectual property rights
and has therefore also been taken up in Article 8 of the Commission proposal for a
directive on measures and procedures to ensure the enforcement of intellectual
Paragraph 3 provides for a claim for adequate compensation in case of interim measures or evidence-protection measures where measures are revoked. Interim measures and evidence protection measures can have a significant economic impact on the party against whom they are ordered. It must also be born in mind that such orders are made in a summary procedure under Article 39 of the Statute, Article 15 of its Annex II at a stage where the judge does not yet have all the necessary elements of fact and evidence to give final judgment. Therefore an appropriate balance between the parties' legitimate interests requires that the applicant obtaining an interim or evidence-protection measure would have the obligation to compensate the opposing party for any injury caused where a measure is not upheld. Such a claim is also provided for in Article 50(7) of the TRIPS Agreement in relation to interim measures and in Articles 8(3) and 10(5) of the Commission proposal for a directive on measures and procedures to ensure the enforcement of intellectual property rights of 30 January 2003 for both measures concerned.

Article 15 of Annex II to the Statute – Special orders

This Article contains adjustments to Article 39 of the Statute on interim measures and measures relating to the suspension of enforcement. Article 39 of the Statute provides a basis for a summary procedure for these cases to be laid down in the Rules of Procedure which may differ from the rules laid down in the Statute. This provision takes account of the special situation and urgency of the measures concerned justifying, where appropriate, deviating from the rules governing main proceedings. For the purpose of proceedings before the Community Patent Court, evidence-protection measures, provided for under Article 14 of Annex II to the Statute should, with a view to their nature and in particular their urgency, qualify for those special measures to be ordered in a summary procedure.

A second amendment for the purpose of proceedings before the Community Patent Court is made with a view to the person entitled to make the orders concerned. Article 39 of the Statute attributes this competence to the president of the Court. This approach does not seem to leave the appropriate degree of flexibility for patent litigation before the Community Patent Court. The question whether the enforcement of a judgment should be suspended is closely linked to the individual case and might consequently be handled more efficiently by the chamber that made the judgment or one of its judges. Interim and evidence-protection measures will also be quite a common procedure in patent litigation and might therefore be better handled by the chamber which is competent for main proceedings or one of its judges. To refer the question who is competent to make orders in a summary procedure to the Rules of Procedure leaves the necessary flexibility to provide for the most suitable solution.

Article 16 of Annex II to the Statute – Judgment by default

This Article makes amendments to Article 41 of the Statute on a judgment by default.

Article 41 of the Statute foresees the possibility for a judgment by default where a defending party, after having been duly summoned, fails to file written submissions in defence. For private party patent litigation this should not be the only situation in which the Community Patent Court should be able to decide the case by a judgment by default. A judgment by default should also be possible where the defendant filed submission in the written part of the procedure but later, after having duly been
summoned, fails to appear at the oral hearing to defend himself. In this situation the Community Patent Court should be able to make a judgment by default which would end the case unless the defendant according to the second sentence of Article 41 of the Statute lodges an objection against the judgment within one month of its notification. Finally, a judgment by default should also be possibly against the plaintiff who, after having been duly summoned, fails to appear at the oral hearing.

**Article 17 of Annex II to the Statute – Revision of a judgment**

Article 44(1) of the Statute contains a provisions on the revision of a judgment unsuitable for private party litigation before the Community Patent Court. Article 44 allows the revision of a final judgment on the grounds that a decisive factor was unknown at the time the judgment was given. With a view to legal certainty, such grounds are insufficient to reopen a case in private party litigation. Parties must be able to rely on a judgment of the Community Patent Court where that judgment is no longer subject to an appeal even in a case where a decisive fact was unknown at the time of judgment. The reopening of cases must remain very exceptional and should be limited to the discovery of a decisive factor which was unknown to the party claiming the revision and only on the grounds of a fundamental procedural defect or an act which was held by a final court decision to constitute a criminal offence. Only in these very exceptional cases is it justified that a final judgment may legitimately be challenged.

**Article 18 of Annex II to the Statute – Settlement**

A dispute between the parties may not only be resolved by a final decision of the Community Patent Court in a judgment but also by a settlement between the parties before the Community Patent Court. The present Article lays out the legal basis for an in court settlement which can be concluded by the parties at any time in the course of proceedings. Such a settlement which is confirmed by the Community Patent Court has two important effects: it will terminate the proceedings before the Community Patent Court and it serves as an enforceable title under Articles 244, 256 of the EC Treaty in case a party does not comply with the terms of the settlement. The second sentence clarifies that a settlement cannot affect the validity of a Community patent which is exclusively governed by law and not subject to party autonomy. Of course, parties remain free to conclude a settlement including an agreement to surrender or voluntarily limit the patent.

**Article 19 of Annex II to the Statute – Wrongly addressed Community court**

Article 54(1) of the Statute concerns the obligation of the registrars of the Court of Justice and the Court of First Instance to forward documents addressed to one of them but accidentally lodged with the other. Article 54(2) of the Statute governs the situation that either the Court of Justice or the Court of First Instance is seised whereas the other court is the competent court. In this case the seised court can refer the action with binding effect. Both provisions shall apply mutatis mutandis also in relation to the Community Patent Court.

Article 54(3) of the Statute providing for the possibility to stay proceedings and wait for the ruling of the Court of Justice necessitates some changes and is separately treated in the following Article 20 of Annex II to the Statute.
Article 20 of Annex II to the Statute – Stay of proceedings

This Article contains rules on the stay of proceedings.

Paragraph 1 covers like Article 54(3) of the Statute for the Court of First Instance, the situations in which the Community Patent Court may, after hearing the parties, stay proceedings in order to wait for a decision of another Community court. The Community Patent Court should have the possibility to stay proceedings where there is a sufficient link between the questions at issue before it and those raised in a case before the Court of Justice or the Court of First Instance. A stay of proceedings can be considered where the Court of Justice is seised of a case raising the same issue of interpretation either by way of a preliminary ruling or in the context of a review in accordance with Article 225(2) of the EC Treaty. A stay of proceedings could further be considered where the Court of First Instance has to decide on the validity of the same Community patent that is also subject to proceedings before the Community Patent Court. Under these circumstances a stay of proceedings should be considered with a view to a uniformity of jurisprudence and efficient case handling.

Paragraph 2 provides for the possibility of the Community Patent Court to stay proceedings where it is seised of an invalidity action and where opposition proceedings are ongoing before the European Patent Office. No automatic stay of proceedings is foreseen. It is left to the Community Patent Court to decide this question in view of the circumstances of the individual case. The Community Patent Court may, after hearing the parties, stay proceedings until such time as a final decision is issued on the opposition. Such a final decision, i.e. a decision that is no longer subject to further legal remedy before the European Patent Office, can be issued by the Opposition Division or where an appeal is filed by the Board of Appeal of the European Patent Office.

Article 21 of Annex II to the Statute – Communication of decisions

This Article applies Article 55 of the Statute determining the decisions to be notified and their recipients with slight amendments to the Community Patent Court. The registrar shall notify final decision, decisions disposing of substantive issues in part only or disposing of a procedural issue concerning a plea of lack of competence or inadmissibility to all parties. Member States and the institutions of the Communities which have neither intervened nor been a party to the case shall only be informally sent the final decision of the Community Patent Court for information purposes. A formal notification of the full range of decisions seems inadequate.

Article 22 of Annex II to the Statute – Enforcement of decisions of the Community Patent Court

This Article concerns the enforcement of decisions of the Community Patent Court.

Paragraph 1 lays down two principles governing the enforceability of decisions of the Community Patent Court. Decisions of the Community Patent Court should always be enforceable if they are no longer subject to appeal. Enforcement commences where the decision of the Community Patent Court is res judicata. Consequently the appeal against a decision of the Community Patent Court preventing the res judicata effect should have a suspensory effect for the enforceability of the decision. However, a party that has won a case at first instance
can have a legitimate interest to start enforcing the terms of a decision even where the opposing party appeals the decision. To postpone any type of enforcement until after a decision on the appeal might dramatically reduce the value of proceedings before the Community Patent Court since the effective remedy might only be realised at a point in time where the party can no longer gather the economic benefit that the proceedings were meant to ensure. Moreover, it has to be born in mind that the Community Patent Court will have decided the case after a thorough examination. On the other hand if the enforcement is allowed prior to the decision reaching res judicata, safeguards are necessary to adequately protect a party against whom the enforcement is directed from damages if the decision is not finally upheld on appeal. The present Article strikes a balance between these interests of parties involved in allowing the Community Patent Court to declare its decisions enforceable while, if necessary, subjecting enforcement to the provision of security. Where the Community Patent Court subjects the enforcement to the provision of security, the defendant who successfully appeals a first instance decision which was enforced against him can always recover e.g. a paid sum if necessary from the security even where the opposing party in the meantime has fallen into insolvency. The kinds of situations in which a security would not need to be provided must be developed by the Community Patent Court. This could e.g. be the case for a judgment by default where the party against whom the decision is directed, though duly summoned, has not entered an appearance or where a party has accepted a claim.

Paragraph 2 simplifies the mechanism for the enforcement of decisions of the Community Patent Court. According to Article 225a(6) of the EC Treaty, the enforcement of the decisions of the Community Patent Court is governed by Articles 244, 256 of the EC Treaty unless the decision establishing the Community Patent Court provides otherwise. Under Article 256 of the EC Treaty, enforcement is governed by the rules of civil procedure in force in the State in the territory of which it is carried out. In order to be able to start such enforcement procedures, the national authority designated for this purpose by the Member State needs to append to the decision an order for its enforcement. For doing so, the national authority is entitled only to verify the authenticity of the decision. Even though the role of the national authority in this context is already limited to a formality check of the authenticity of the decision to be enforced, this would seem to be neither necessary nor suitable for the enforcement of decisions of the Community Patent Court. The Community Patent Court would itself be best placed to certify the authenticity of the enforceable decision. A special procedure to obtain an order of enforcement from a national authority would unduly prolong enforcement and would in particular present problems for the enforcement of interim measures which by nature require rapid actions, sometimes within hours. It is therefore proposed that the Community Patent Court itself would append the order of enforcement to its decision which a party could then directly enforce according to the national civil procedure law concerned. Paragraph 2 also allows the enforcement of decisions against Member States. Member States may, like any other person or legal entity, be a party to proceedings before the Community Patent Court. They may obtain a Community patent and they may be subject to infringement proceedings brought by other right holders. Consequently decisions of the Community Patent Court must be enforceable against them.
Paragraph 3 contains a further specificity concerning the enforcement of decisions of the Community Patent Court. Decisions ordering the defendant to act in a certain way or to abstain from certain acts are enforceable through an order of a penalty payment in case of non-compliance with the terms of a decision. The Community Patent Court itself should be able to order such a penalty payment for non-compliance with its decisions or orders. If for example the Community Patent Court orders a defendant to stop infringement, it should at the same time be able to make an order whereby the non-compliance would be sanctioned by an obligation to pay a certain sum of money. If such an order necessitated a separate application to the courts of Member States, valuable time could be lost in ensuring that the decision of the Community Patent Court is respected. The Community Patent Court may order a single amount to be paid in case of non-compliance with the court decision. It may also order the payment of a recurrent fine where the fines are dependent on circumstances to be specified by the court such as e.g. each case of non-compliance with the court decision or the non compliance within a certain time span. The individual fine must be proportionate with a view to the importance of the order to be enforced and may in any case not exceed an amount of EUR 50 000.

Article 23 of Annex II to the Statute – Court fees

This Article introduces Court fees for proceedings before the Community Patent Court.

Paragraph 1 contains the principle that appropriate court fees will be charged for proceedings before the Community Patent Court. While proceedings before the Court of Justice and the Court of First Instance are free of charge, it seems appropriate for Community patent litigation that parties adequately contribute to the costs incurred by the Community Patent Court. Before the Community Patent Court, the parties will litigate disputes about their subjective private rights. The costs of such a dispute between private parties should not entirely be left to be paid for by the public.

Paragraph 2 concerns the adoption of a schedule of fees which would provide for the individual fees as well as the amount to be charged. The schedule of fees should be adopted by the Council by qualified majority on a proposal from the Commission and after consulting the European Parliament and the Court of Justice or at the request of the Court of Justice and after consulting the European Parliament and the Commission. The amount to be charged would need to strike the right balance between the principle of fair access to justice and an adequate contribution of the parties for the services rendered by the Community Patent Court. This means on the one hand that fees must not be of a kind that they create a prohibiting effect rendering the enforcement of Community patents unduly costly. Also for defendants, in particular SMEs, the risk of being sued before the Community Patent Court must not present a financial threat inducing them to rather give up a position than having a dispute decided. On the other hand, parties should shoulder a fair share of the costs that their litigation creates. In addition to a balanced schedule of fees, the Rules of Procedure would need to provide for legal aid for parties unable to meet the costs as is the case in Article 76 of the Rules of Procedure of the Court of Justice and Articles 94 ff. of the Rules of Procedure of the Court of First Instance.

Paragraph 3 specifies that fees shall be paid in advance and that a party which has not paid a prescribed court fee may be excluded from further participation in the proceedings. Parties would pay the due amount according to the schedule of fees
before the Community Patent Court takes action. This shall ensure that the Community Patent Court will receive its fees without spending unnecessary resources on the collection of fees including the world wide enforcement against parties that are not paying their fees. The Community Patent Court will adjudicate upon costs in accordance with Article 38 of the Statute and the relevant provisions of the Rules of Procedure which would lay down detailed provisions on which party ultimately has to bear the costs as is the case for the Court of Justice in Articles 69 ff. and the Court of First Instance in Articles 87 ff of their respective Rules of Procedure. A party winning a case which had advanced a fee would thus be able to reclaim the fees from the losing party. Finally, it should be noted that the Community Patent Court "may" exclude parties from further proceedings. This allows the Community Patent Court to develop a practice under which circumstances fees exceptionally need not be paid in advance as may be appropriate in the case of urgent interim measures leaving no time for prior payment of fees.

Article 24 of Annex II to the Statute – Hearings in Member States

This Article clarifies that the Community Patent Court may hold hearings in Member States other than that in which its seat is located as agreed upon by the Council in its common political approach of 3 March 2003. It is for the Community Patent Court to decide in the individual case on the appropriateness of such hearings.

Article 25 of Annex II to the Statute – Language of proceedings

This Article lays down the principles governing the language of proceedings before the Community Patent Court.

Paragraph 1 provides that the Community Patent Court will conduct proceedings in the official EU language of the Member State where the defendant is domiciled or in one of them to be chosen by the defendant, where in a Member State there are two or more official EU languages. This principle which was recognised in the common political approach of the Council of 3 March 2003 shall ensure that an EU domiciled defendant who is confronted with claims of a plaintiff can defend himself in a language he knows or can be expected to know. Since the domicile of the defendant can regularly be determined with no great difficulty, the chosen rule is very clear contributing to legal certainty for the plaintiff. Where, however, the defendant is not domiciled in a Member State, the Community Patent Court shall conduct proceedings in the official EU language in which the patent was granted. This provision contains a clear rule for all other possible situations in which the defendant has his domicile in a third State.

Paragraph 2 provides as agreed upon by the Council in its 3 March 2003 common political approach that at the request of the parties and with the consent of the Community Patent Court, any official EU language can be chosen as language of proceedings to take account of their respective situations. Such an agreement of the parties would be likely e.g. where the defendant though domiciled in a different Member State originates from the same Member State as the plaintiff or where in particular companies communicate in the same international business language which the defendant would prefer to use in preference to the language of his domicile. Under normal circumstances, the Community Patent Court would consent to the joint request of the parties to change from one language of proceedings to another. However, for exceptional cases, the Community Patent Court should have
the power to reject the request e.g. where the request is made untimely causing difficulty to the Community Patent Court such as a corresponding request close to or at an oral hearing for which interpretation cannot be provided.

Paragraph 3 clarifies that the Community Patent Court may hear, in accordance with the Rules of Procedure, the parties in person, witnesses and experts in any language. The Community Patent Court must be allowed, where it considers necessary, to question any such person even where that person does not speak any of the official EU languages. In such a case, the registrar shall provide for interpretation into the language of proceedings and at the request of any party into the language used by that party at the oral hearing in accordance with the Rules of Procedure.

Paragraph 4 finally provides for the possibility of the Community Patent Court to allow the submissions of accompanying documents drawn up in a language other than the language of proceedings avoiding unnecessary and costly translations. However, the Community Patent Court may at any time order that such a translation be produced.

**Article 26 of Annex II to the Statute – Appeal against decisions of the Community Patent Court**

This Article contains provisions on the possibility to appeal decisions of the Community Patent Court.

Paragraph 1 lays down, that final decisions of the Community Patent Court may be appealed within two month of the notification of the decision. This provision corresponds to Article 56(1) of the Statute governing the appeal against decisions of the Court of First Instance. The additional wording of that Article relating to an appeal against decisions "disposing of substantive issues in part only or disposing of a procedural issue concerning a plea of lack of competence or inadmissibility" has not been retained for the Community Patent Court. A decision disposing of substantive issues in part would be a judgment of the Community Patent Court and could thus be appealed against. The same can be said for a decision declining competence or declaring an action inadmissible.

Paragraph 2 contains a specific provision on the possibility to appeal against interim measures made pursuant to Article 243 of the EC Treaty, orders for the suspension of enforcement made under Article 256(4) of the EC Treaty and evidence protection measures provided for in Article 14 of Annex II to the Statute. An appeal against such orders may be brought within two month from their notification. A corresponding provision for the Court of First Instance is contained in Article 57(2) of the Statute. In the situations referred to by Article 50(2) of the TRIPS Agreement where such an order has been made without the prior hearing of the party adversely affected by the measures, the legal remedy shall not consist of a direct appeal. Instead that party may, within two months of the notification, lodge an objection with the Community Patent Court which then shall, with due consideration of the arguments brought forward by the party adversely affected, review and modify, revoke or confirm the measures. That decision of the Community Patent Court would then be subject to an appeal. This procedure ensures that an appeal is reserved as a legal remedy against a considered decision of the Community Patent Court handed down after an inter partes procedure.
Paragraph 3 provides for an appeal against a decision dismissing an application to intervene within two weeks from the notification of the decision dismissing the application (see also for the Court of First Instance Article 57(1) of the Statute).

Paragraph 4 concerns the possibility of an appeal against other decisions taken by the Community Patent Court in the course of proceedings. The possibility to appeal against every decision disposing of procedural issues seems too wide and would risk paralysing the proceedings. Such appeals should only be possible where explicitly allowed in the Rules of Procedure. Unless otherwise provided for in the Rules of Procedure, any mistake in the procedure would have to be dealt with in the framework of the appeal against the judgment itself ensuring swift first instance proceedings while leaving sufficient safeguards for the parties. An isolated appeal against decisions of a procedural nature could be considered where an immediate appeal is justified by the importance of the disputed decision, for example in the case of a decision of the Community Patent Court on a challenge for bias.

Paragraph 5 clarifies that an appeal provided for in paragraphs 1 to 4 of this Article may only be brought by the party which has been unsuccessful, in whole or part, in its submissions (see also for the Court of First Instance Article 56(2) of the Statute). The procedure referred to in paragraphs 2 and 3 shall be conducted under the summary procedure provided for in Article 39 of the Statute (see also for the Court of First Instance Article 57(3) of the Statute).

Article 27 of Annex II to the Statute – Grounds for appeal

This Article contains the grounds for appeal. Article 225a(3) of the EC Treaty restricts the appeal against decision of a panel set up under that Article to points of law unless otherwise provided for in the decision establishing the panel.

Paragraph 1 provides for the Community Patent Court that an appeal may be based on points of law and matters of fact.

Paragraph 2 specifies on what grounds an appeal on points of law may lie. It could lie on the grounds of lack of competence of the Community Patent Court, a breach of procedure which adversely affects the interests of the appellant or the infringement of Community law by the Community Patent Court. This same list is contained in Article 58(1) of the Statute for an appeal on points of law against decisions of the Court of First Instance to the Court of Justice.

Paragraph 3 specifies on what grounds an appeal on matters of fact shall lie. While an appeal in private party litigation should not be restricted to points of law but should also allow parties to raise matters of fact, a full retrial of a case in second instance should be excluded. A full retrial would reduce the value of the first instance proceedings before the Community Patent Court and risk carrying the trial into the appeal instance before the Court of First Instance which would then risk that it would not be able to properly fulfil its function as an appeal instance, namely to concentrate on specific issues singled out by the parties for more detailed review at a higher level. To this end, an appeal on matters of fact may lie on the grounds of a re-evaluation of facts and evidence submitted to the Community Patent Court. On appeal, the Court of First Instance would be free to make its proper evaluation of the facts brought forward by the parties at first instance before the Community Patent Court. Also where there are contested facts, the Court of First Instance could make
its own evaluation of the evidence produced at first instance. However, the possibility for the parties to submit new facts or evidence for the first time during the appeal proceedings would be restricted to those situations where their submission by the party concerned could not reasonably have been expected during the proceedings before the Community Patent Court. This could, for example, be the case if a fact was unknown to a party and could, while applying due diligence, not have been known by that party or if the Community Patent Court took a view of the case that suggested known facts to be irrelevant. It is left to the Court of First Instance to establish through jurisprudence under what circumstances the submission of facts and evidence could not have been reasonably expected at first instance leaving the necessary flexibility to take account of all the possible situations that may occur in practice.

Paragraph 4 provides that no appeal shall lie regarding only the amount of the costs or the party ordered to pay them as does Article 58(2) of the Statute for appeals against decisions of the Court of First Instance.

**Article 28 of Annex II to the Statute – Decisions by the Court of First Instance and referral back to the Community Patent Court**

This Article concerns the decision by the Court of First Instance and a possible referral of the case back to the Community Patent Court.

Paragraph 1 provides that where the appeal is well founded, the Court of First Instance shall quash the decision of the Community Patent Court and give final judgment. Only in exceptional circumstances may the Court of First Instance refer the case back to the Community Patent Court for judgment. It seems essential for efficient and swift patent proceedings to avoid unnecessary referrals of a case back and forth between instances. Unlike in Article 61 of the Statute, which addresses the appeal against decisions of the Court of First Instance to the Court of Justice on points of law stating that the Court of Justice may give final judgment where the state of proceedings so permits or otherwise refer the case back to the Court of First Instance, the present Article states the rule that the Court of First Instance in patent appeal proceedings shall decide the case. This follows from the nature of patent appeal proceedings which can also take factual elements into consideration. The Court of First Instance can establish those facts that are missing in its view and then give final judgment whereas the Court of Justice can only use the established facts of the first instance which makes it necessary to refer back a case if further facts need to be established.

However, there are cases where a referral back to the Community Court would be appropriate. A referral back would seem appropriate where the case was not heard in substance before the Community Patent Court and a direct decision of the Court of First Instance would take away the entire first instance for the parties. Examples for such a referral back to the Community Patent Court would be cases where an appeal was brought forward against a judgment declining competence or deciding e.g. only on the liability as such but not the amount of damages. Another situation where a referral back could be considered is where the Community Patent Court committed a fundamental procedural mistake that had an effect on the judgment which could be the case e.g. with a violation of the right to be heard. In such a case the first instance proceedings might not be considered to be an effective legal remedy.
Paragraph 2 provides that the Community Patent Court shall be bound by the decision of the Court of First Instance on points of law where a case is referred back to it (see for the Court of First Instance Article 61(2) of the Statute).

Article 29 of Annex II to the Statute – Rules of Procedure

This Article provides that the Rules of Procedure of the Community Patent Court shall contain any provision necessary for applying and, where required, supplementing Annex II to the Statute. A corresponding provision for the Court of Justice and the Court of First Instance is contained on Article 63 of the Statute.

Chapter II – Appeal proceedings before the Court of First Instance

Chapter II contains amendments to the Statute of the Court of Justice with respect to the function of the Court of First Instance as Community Patent Appeal Court providing in particular for a specialised patent appeal chamber within the Court of First Instance and special provisions governing the procedure before it.

Article 5 – Number of Judges of the Court of First Instance

This Article proposes to raise the number of judges of the Court of First Instance by three judges from 15 to 18. Community patent cases would be heard by a specialised appeal chamber which should be set up within the Court of First Instance in accordance with Article 61a of the Statute as amended by Article 6 of this Decision. The three judges forming the patent appeal chamber should be additional judges with a view to the required professional profile of candidates and the increased case load of the Court of First Instance caused by Community patent appeal proceedings.

Article 6 – Community patent appeal proceedings

This Article inserts into the Statute of the Court of Justice an Article 61a containing special provisions concerning Community patent appeal proceedings before the Court of First Instance.

Paragraph 1 of the proposed Article 61a of the Statute as amended provides for a special chamber to be set up within the Court of First Instance for the purpose of hearing appeals against decisions of the Community Patent Court composed of three judges. Such a specialised chamber seems appropriate with a view to the special type of litigation before it. Litigation concerning the Community Patent is private party litigation in a field that requires a particular experience. It would be difficult to build up and maintain the necessary experience if such appeal proceedings were heard by different chambers. Instead, proceedings should be handled by only one chamber, thus concentrating the expertise within the Court of First Instance.

Paragraph 2 of Article 61a of the Statute as amended proposes that the judges sitting in the patent appeal chamber of the Court of First Instance should be judges having a high level of legal expertise in patent law. This provision is in line with the general approach followed in the establishment of a Community patent jurisdiction i.e. to create a specialised court system for litigation on the Community patent. One of the central demands to come forward with a Community patent system has been to provide for an increased legal security in the Union by a centralised and specialised jurisdiction with experienced judges. As this seems vital for the success of the entire
system, judges sitting at first instance as well as those sitting on appeal should have expertise in patent law. The present provision does not alter in any way Article 224 of the EC Treaty relating to the appointment of judges of the Court of First Instance. That Article, of course, also applies to the appointment of the judges meant to form the patent appeal chamber. With the present provision, the Council would only agree to present candidates and appoint judges with a particular professional profile.

The reference to Article 17(5) and Article 50 of the Statute clarifies that the establishment of a patent appeal chamber within the Court of First Instance is not meant to separate this chamber from the rest of the court. It shall merely be ensured that Community patent appeal cases in the standard composition are heard by specialised judges with particular experience in the field of law concerned. However, any Member of the Court of First Instance may sit in the patent appeal chamber where an additional judge needs to sit. This would be the case where the patent appeal chamber sits in accordance with Article 50 of the Statute with more than three judges which could be appropriate e.g. for cases that would reach beyond patent law and concern the unity and consistency of Community law. Also in the event that one judge of the patent appeal chamber is prevented from attending, a judge of another chamber can be called upon to sit in accordance with Article 17(5) of the Statute. Finally nothing should prevent that, where the caseload so permits, the patent appeal chamber is attributed other cases than Community patent cases such as Community trade mark or design cases in accordance with Article 50(2) of the Statute.

Paragraph 3 of Article 61a of the Statute as amended concerns the appeal procedure before the patent chamber of the Court of First Instance. The object of this provision is to ensure that the Statute provisions governing the procedure for Community patent litigation are the same for the complete trial of first and second instance. Where special procedural provisions are necessary in view of the special character of Community patent litigation i.e. private party litigation these should apply in a uniform manner for the Community Patent Court and the Court of First Instance on appeal. Article 53 of the Statute provides for the Court of First Instance that the procedure before it shall be governed by Title III of the Statute. The same will be valid for the Community Patent Court according to Article 10 of Annex II to the Statute. The special provisions amending Title III of the Statute with regard to the procedure at first Instance before the Community Patent Court are also made applicable to the procedure before the patent appeal chamber of the Court of First Instance. The following provisions of Annex II to the Statute are concerned: Assistant rapporteur (Article 7), provisions from Title III of the Statute that do not apply to patent litigation (Article 10), the role of European Patent Attorneys in the representation of parties (Article 11), the oral and written procedure (Article 12), the production of evidence (Article 13), interim and evidence-protection measures (Article 14), special orders in a summary procedure (Article 15), judgment by default (Article 16), the revision of a judgment (Article 17), settlement (Article 18), the obligation of all Community Courts to forward wrongly addressed documents and refer actions to the competent court (Article 19), the stay of proceedings (Article 20), the transmission of decisions (Article 21), the enforcement of decisions (Article 22) and Court fees (Article 23). For details, see the provisions referred to by the present Article.

The second sentence of Paragraph 3 provides that Member States and the institutions of the European Community shall have the right to intervene in Community patent cases before the Court of First Instance in accordance with Article 40(1) of the
Statute. This possibility is excluded by Article 10 of Annex II to the Statute for proceedings at first instance before the Community Patent Court. While such intervention at the first instance seems too broad for the entirety of cases at first instance, such a possibility seems appropriate for the second instance allowing Member States and the institutions of the European Community to contribute to the development of legal questions of Community patent law.

Paragraph 4 of Article 61a of the Statute as amended provides for the language of appeal proceedings which shall be the language of proceedings in which the case was conducted before the Community Patent Court. This ensures a uniform treatment of the entire case, both at first and second instance. Applications, decisions, written contributions, testimonies of witnesses, expert opinions etc. can be directly considered in second instance without further translations. Also parties might have disposed for their representation at first instance with regard to the language of proceedings and might wish that their representative who is familiar with the case also represents them before the Court of First Instance on appeal. A reference to the provision contained in Article 25(1) of Annex II to the Statute providing for the language of the Member State where the defendant is domiciled as language of proceedings before the Community Patent Court could not be made as the plaintiff of first instance might become the defendant in appeal. However, the further principles laid down in Article 25(2) to (4) of Annex II to the Statute concerning an agreement of the parties on the language of proceedings, the hearing of parties in person, witnesses and experts in a language other than the language of proceeding and the possibility to submit accompanying documents in a language other than the language of proceedings shall also apply to the appeal proceedings.

Chapter III – Final provisions

Chapter III contains final provisions concerning transitional provisions and the entry into force of this Decision.

Article 7 – Transitional provisions

Paragraph 1 of this Article concerns the appointment of the president of the Community Patent Court providing that the first president of the Community Patent Court shall be appointed in the same manner as its members unless the Council decides that also the first president shall be elected by the judges according to Article 4 of Annex II to the Statute. A parallel approach had also been taken for the Court of First Instance in Article 11(1) of Council Decision 88/591/ECSC, EEC, Euratom of 24 October 1988 establishing the Court of First Instance.

Paragraph 2 concerns the newly appointed first judges of the Community Patent Court. In order to establish a cycle where the Community Patent Court is only partially re-staffed at any one time, as foreseen by Article 2 of Annex II to the Statute, some members of the Community Patent Court will need to have a shorter initial term of office. The president of the Council shall proceed to choose by lot the judges whose terms of office are to expire at the end of the first three years which had also been foreseen for the Court of First Instance in Article 12 of Council Decision 88/591/ECSC, EEC, Euratom of 24 October 1988 establishing the Court of First Instance.
Article 8 – Entry into force

This Article contains provisions for the entry into force of this Decision. The entry into force should depend on the adoption of the Council Decision taken pursuant to Article 229a of the EC Treaty conferring jurisdiction on the Court of Justice relating to the Community patent and its acceptance by all Member States in accordance with their constitutional requirements. After the corresponding notification by Member States, the necessary preparations for the establishment of the Community Patent Court and the setting up of the patent appeal chamber of the Court of First Instance can commence.

However, Article 1 of Annex II to the Statute containing the provision attributing jurisdiction within the Court of Justice to the Community Patent Court should only enter into force on the date on which the Council Decision conferring jurisdiction on the Court of Justice enters into force which in turn is dependent on the publication of a notice by the president of the Court of Justice that the Community Patent Court and the appeal chamber within the Court of First Instance have been constituted in accordance with law. This ensures that the conferral of jurisdiction on the Court of Justice and the attribution of jurisdiction to the Community Patent Court take effect at the same point in time marking the end of the transitional period and the beginning of the Community jurisdiction.
Proposal for a

COUNCIL DECISION

establishing the Community Patent Court
and concerning appeals before the Court of First Instance

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 225a, 245 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Court of Justice³,

Having regard to the opinion of the European Economic and Social Committee⁴,

Whereas:

(1) The European Council held in Lisbon in March 2000 called for the necessary steps to increase the competitiveness of the Union in a modern, knowledge-based economy underlining the importance of effective Community-wide patent protection.

(2) The system of patent protection has been characterised by patents granted either by a national patent office in a Member State or by the European Patent Office with effect in a Member State and by enforcement of those patents before the national courts of the Member State concerned.

(3) Innovative European industry relies on effective Community-wide legal protection for its inventions. The creation of a Community patent system comprising a unitary Community patent title and the possibility of enforcing such a right before a Community jurisdiction to be established at the latest by 2010 after a transitional period in which national courts retain competence will provide the missing elements completing the system of patent protection in the Union.

(4) Council Regulation (EC) No .../2003⁵ creates a Community patent title. Holders of such a title will enjoy Community wide protection of an invention according to the uniform standards of the regulation.

¹ OJ C
² OJ C
³ OJ C
⁴ OJ C
⁵ OJ L
By Decision 2003/.../EC, the Council confers jurisdiction on the Court of Justice in certain disputes relating to the Community patent, recommending those provisions to the Member States for adoption in accordance with their respective constitutional requirements.

The second paragraph of Article 220 of the Treaty provides that judicial panels may be attached to the Court of First Instance under the conditions laid down in Article 225a thereof, in order to exercise, in certain specific areas, the judicial competence laid down in the Treaty.

The jurisdiction conferred on the Court of Justice under Article 229a of the Treaty in disputes relating to the Community patent should be exercised at first instance by a judicial panel established on the basis of Article 225a of the Treaty, to be called "Community Patent Court".

Article 225(2) of the Treaty provides that the Court of First Instance has jurisdiction to hear and determine actions and proceedings brought against decisions of the judicial panels set up under Article 225a of the EC Treaty. For this purpose a specialised patent appeal chamber should be created within the Court of First Instance to hear appeals against decisions of the Community Patent Court. Decisions made by the Court of First Instance on appeal against decisions of the Community Patent Court are according to Article 225(2) of the Treaty, exceptionally, subject to review by the Court of Justice where there is a serious risk to the unity or consistency of Community law.

In order to take account of the special nature of private-party Community patent litigation and to ensure a uniform procedure at both instances, amendments to the procedural rules contained in the Protocol on the Statute of the Court of Justice are necessary, both for the procedure at first instance before the Community Patent Court and on appeal before the Court of First Instance.

A centralised and specialised Community court system, holding exclusive jurisdiction for Community patent disputes and composed of a first-instance Community Patent Court and an appeal chamber within the Court of First Instance, should ensure expertise and decisions of the highest quality. It should guarantee efficient patent proceedings for the whole Community, the establishment of a common body of case-law and the uniform application of Community patent law.

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6 OJ L
HAS DECIDED AS FOLLOWS:

Chapter I

Community Patent Court

(Article 1

Establishment

A judicial panel, to be called "Community Patent Court", shall be attached to the Court of First Instance of the European Communities.

Its seat shall be at the Court of First Instance.

(Article 2

Application of Treaty provisions

Save as hereinafter provided for in this Chapter, Articles 241, 243, 244 and 256 of the Treaty shall apply to the Community Patent Court.

(Article 3

Statute provisions for judicial panels

The following Title VI is added to the Protocol on the Statute of the Court of Justice:

"Title VI

JUDICIAL PANELS

(Article 65

The provisions relating to the jurisdiction, the composition, and the organisation of judicial panels established under Article 225a of the Treaty, and the procedure before them, shall be as laid down in the annexes to this Statute."

(Article 4

Annex to the Protocol on the Statute of the Court of Justice

The following Annex [II] is added to the Protocol on the Statute of the Court of Justice:
Annex [II]

Community Patent Court

Article 1

The Community Patent Court shall have, at first instance, exclusive jurisdiction in disputes relating to the application of Council Regulation (EC) No.../... [of ... on the Community patent] and Council Regulation (EC) No .../... [of ... on the Community supplementary protection certificate] to the extent that jurisdiction is conferred on the Court of Justice pursuant to Article 229a of the EC Treaty.

Article 2

The Community Patent Court shall consist of seven Judges, who shall be appointed for a period of six years. The membership shall be partially renewed every three years, replacing four and three members alternately. Retiring members shall be eligible for reappointment.

The Judges shall be chosen from candidates presented by the Member States having an established high level of legal expertise in patent law. They shall be appointed by the Council on the basis of their expertise after consultation of a committee to be set up in accordance with Article 3.

Article 3

An advisory committee to be set up for this purpose shall, prior to the appointment decision of the Council, give an opinion on the adequacy of the profile of candidates with a view to the function of a Judge at the Community Patent Court. It may attach to its opinion a list of candidates possessing the most appropriate high level of legal experience. Such a list shall comprise a number of candidates twice the number of Judges to be appointed by the Council.

The advisory committee shall be composed of seven members chosen from among former members of the Court of Justice, the Court of First Instance, the Community Patent Court or lawyers of recognised competence. The appointment of members of the advisory committee and its operating rules shall be decided by the Council, acting by a qualified majority, on a proposal from the President of the Court of Justice.

Article 4

The Judges shall elect the President of the Community Patent Court from among their number for a term of three years. He may be re-elected.

Article 5

Articles 2 to 7, Articles 13, 14 and 15, the first, second and fifth paragraphs of Article 17, and Article 18 of the Statute shall apply to the Community Patent Court and its members.
The oath referred to in Article 2 of the Statute shall be taken before the Court of Justice and the decisions referred to in Articles 3, 4 and 6 of the Statute shall be adopted by that Court after hearing the Court of First Instance and the Community Patent Court.

*Article 6*

The Community Patent Court shall appoint its Registrar and lay down the rules governing his service. The fourth paragraph of Article 3 of the Statute and Articles 10, 11 and 14 thereof shall apply to the Registrar of the Community Patent Court *mutatis mutandis*.

*Article 7*

Technical experts shall assist the Judges throughout the handling of the case as Assistant Rapporteurs. The fourth paragraph of Article 3 and Article 13 of the Statute shall apply.

Assistant Rapporteurs must have a high level of expertise in the relevant technical field. They shall be appointed for a period of six years on a proposal from the Court of Justice. Retiring Assistant Rapporteurs shall be eligible for reappointment.

Assistant Rapporteurs are required, under the conditions laid down in the Rules of Procedure, to participate in the preparation, the hearing and the deliberation of cases. They shall have the right to put questions to the parties. They shall not have a right to vote.

*Article 8*

The Community Patent Court shall sit in chambers of three Judges.

In certain cases governed by the Rules of Procedure, the Community Patent Court may sit in an enlarged configuration, or be constituted by a single Judge. They shall contain provisions concerning the quorum.

The President of the Community Patent Court shall preside over one of the chambers of three Judges. In addition, he shall preside where the Community Patent Court sits in an enlarged configuration. The President of the remaining chambers shall be elected by the Judges from among their number for a term of three years. They may be re-elected.

The composition of the chambers and the assignment of cases to them shall be governed by the Rules of Procedure.

*Article 9*

The President of the Court of Justice or, where appropriate, the President of the Court of First Instance shall, acting by common accord with the President of the Community Patent Court, determine the conditions under which officials and other servants attached to the Court of Justice shall render their services to the Community Patent Court to enable it to function. Certain officials or other servants shall be responsible to the Registrar of the Community Patent Court under the authority of the President of the Community Patent Court.
Article 10

The procedure before the Community Patent Court shall be governed by Title III of the Statute with the exception of the second paragraph of Article 21, Articles 22 and 23, the first and third paragraphs of Article 40, Article 42 and Article 43 thereof. It shall be subject to Articles 11 to 25 of this Annex.

Such further and more detailed provisions as may be necessary shall be laid down in its Rules of Procedure. The Rules of Procedure may derogate from Article 40 of the Statute in order to take account of the specific features of litigation in the field of Community patents.

Article 11

The lawyer referred to in Article 19 of the Statute may be assisted by a European Patent Attorney whose name appears on the list maintained by the European Patent Office for the purpose of legal representation before it and who is a national of a Member State or of another State which is a party to the Agreement on the European Economic Area.

The European Patent Attorney shall be allowed to speak at hearings under the conditions laid down in the Rules of Procedure.

The fifth and sixth paragraphs of Article 19 of the Statute shall apply mutatis mutandis.

Article 12

By way of derogation from the fourth, fifth and sixth paragraphs of Article 20 of the Statute the following rules shall apply:

The oral procedure shall consist of the presentation of the main features of the case by the Judge acting as Rapporteur, the hearing by the Community Patent Court of the parties, and the examination of evidence.

The Community Patent Court may, in accordance with the Rules of Procedure and after having heard the parties, dispense with the oral procedure.

The Rules of Procedure may provide that all or part of the procedure may be conducted in electronic form, and the conditions for so doing.

Article 13

By way of derogation from the first sentence of the first paragraph of Article 24 of the Statute the following rule shall apply:

Where a party has presented reasonably accessible evidence sufficient to support its claims, and has, in substantiating those claims, cited evidence which is to be found under the control of the opposing party, the Community Patent Court may order that such evidence be produced by the opposing party, subject to the protection of confidential information.
Article 14

The competence of the Community Patent Court to prescribe any necessary interim measures shall not be conditional upon main proceedings having already been instituted before it.

Where there is a demonstrable risk that evidence may be destroyed even before the commencement of proceedings on the merits of the case, the Community Patent Court may, in the event of an actual or imminent infringement of a Community patent, authorise in any place either the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the documents relating thereto.

Where interim or evidence-protection measures have been revoked the Community Patent Court shall order the applicant, at the request of the defendant, to provide the defendant adequate compensation for any injury caused by these measures.

Article 15

Article 39 of the Statute relating to special orders in a summary procedure shall also apply to evidence-protection measures. The Rules of Procedure shall determine who is competent to make the orders.

Article 16

Without prejudice to Article 41 of the Statute, a judgment by default may be given against the party that, after having been duly summoned, fails to appear at the oral hearing.

Article 17

By way of derogation from the first paragraph of Article 44 of the Statute, the following rule shall apply:

An application for revision of a judgment may exceptionally be made to the Community Patent Court on discovery of a fact which is of such a nature as to be a decisive factor, and which, when the judgment was given, was unknown to the party claiming the revision, and only on the grounds of a fundamental procedural defect or of an act which was held, by a final court decision, to constitute a criminal offence.

Article 18

The parties may, at any time in the course of proceedings, conclude their case by way of settlement confirmed by a decision of the Community Patent Court. The settlement cannot affect the validity of a Community patent.

Article 19

The first and second paragraphs of Article 54 of the Statute shall apply mutatis mutandis to the Community Patent Court.
Article 20

Where the Court of Justice is seised of a case in which the same issue of interpretation is raised, or where the Court First Instance is seised of a case in which the validity of the same Community patent is called in question, the Community Patent Court may, after hearing the parties, stay proceedings before it until such time as the Court of Justice or the Court of First Instance shall have delivered judgment.

Where an opposition against the grant of a European patent designating the Community is filed with the European Patent Office, the Community Patent Court, seised of an invalidity action, may, after hearing the parties, stay proceedings until such time as a final decision is issued on the opposition.

Article 21

Article 55 of the Statute shall apply subject to the condition that Member States and institutions of the Communities which have neither intervened nor been a party to the case shall only receive the final decision of the Community Patent Court.

Article 22

Final decisions of the Community Patent Court shall be enforceable if they are no longer subject to appeal. Appeal shall have suspensory effect. However, the Community Patent Court may declare its decisions enforceable while, if necessary, subjecting enforcement to the provision of security.

The order for its enforcement is appended to the decision by the Community Patent Court. Decisions shall be enforceable against Member States.

The Community Patent Court may order that non-compliance with its decisions or orders constituting an obligation to act or to abstain from an act shall be sanctioned by a penalty payment. The penalty payment may consist in a single or a recurrent fine. The individual fine must be proportionate and may not exceed EUR 50 000.

Article 23

Appropriate court fees will be charged for proceedings before the Community Patent Court.

A schedule of fees shall be adopted by the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament and the Court of Justice or at the request of the Court of Justice and after consulting the European Parliament and the Commission.

Court fees shall be paid in advance. Any party which has not paid the prescribed court fees may be excluded from further participation in the proceedings.

Article 24

The Community Patent Court may hold hearings in Member States other than that in which its seat is located.
Article 25

The Community Patent Court shall conduct proceedings in the official EU language of the Member State where the defendant is domiciled, or in one of them to be chosen by the defendant, where in a Member State there are two or more official EU languages. Where the defendant is not domiciled in a Member State, the Community Patent Court will conduct the proceedings in the official EU language in which the Community Patent was granted.

At the request of the parties, and with the consent of the Community Patent Court, any official EU language can be chosen as language of proceedings.

The Community Patent Court may, in accordance with the Rules of Procedure, hear parties in person, witnesses and experts in a language other than the language of proceedings. In that case the Registrar shall cause everything said during the oral procedure to be translated into the language of proceedings and, at the request of any party, into the language used by that party in accordance with the Rules of Procedure.

The Community Patent Court may, in accordance with the Rules of Procedure, allow the submission of accompanying documents drawn up in a language other than the language of proceedings. It may at any time order that party to produce a translation of such documents into the language of proceedings.

Article 26

An appeal against a final decision of the Community Patent Court may be brought before the Court of First Instance within two months of the notification of the decision appealed against.

An appeal against a decision of the Community Patent Court made pursuant to Article 243 of the Treaty or the fourth paragraph of Article 256 thereof or pursuant to the second paragraph of Article 14 of this Annex may be brought before the Court of First Instance within two months of its notification. However, if the order has been made without a prior hearing of the party adversely affected, that party may, within two months of the notification, lodge an objection with the Community Patent Court, whose decision shall be subject to an appeal to the Court of First Instance.

An appeal against a decision of the Community Patent Court dismissing an application to intervene may be brought before the Court of First Instance within two weeks of its notification.

The Rules of Procedure may determine the situations and conditions under which an appeal may be brought against decisions of a procedural nature taken by the Community Patent Court in the course of proceedings.

An appeal as provided for in paragraphs 1 to 4 may be brought by any party which has been unsuccessful, in whole or in part, in its submissions. The appeals referred to in paragraphs 2 and 3 shall be heard and determined under the procedure referred to in Article 39 of the Statute.

Article 27

The appeal may be based on points of law and matters of fact.
An appeal on points of law shall lie on the grounds of lack of competence of the Community Patent Court, a breach of procedure before it which adversely affects the interests of the appellant, or an infringement of Community law by the Community Patent Court.

An appeal on matters of fact shall lie on the grounds of a re-evaluation of the facts and evidence submitted to the Community Patent Court. New facts and new evidence may only be introduced if their submission by the party concerned could not reasonably have been expected during proceedings at first instance.

No appeal shall lie regarding only the amount of the costs or the party ordered to pay them.

**Article 28**

If the appeal is well founded, the Court of First Instance shall quash the decision of the Community Patent Court and give final judgment. The Court of First Instance may in exceptional circumstances and in accordance with the Rules of Procedure refer the case back to the Community Patent Court for judgment.

Where a case is referred back to the Community Patent Court, it shall be bound by the decision of the Court of First Instance on points of law.

**Article 29**

The Rules of Procedure of the Community Patent Court shall contain any provision necessary for applying and, where required, supplementing this Annex.

**Chapter II**

**Appeal proceedings before the Court of First Instance**

**Article 5**

**Number of Judges of the Court of First Instance**

Article 48 of the Protocol on the Statute of the Court of Justice is replaced by the following:

"**Article 48**

The Court of First Instance shall consist of 18 Judges."

**Article 6**

**Community Patent appeal proceedings**

The following Article is inserted into the Protocol on the Statute of the Court of Justice:
"Article 61a

A specialised patent chamber of the Court of First Instance with three Judges shall hear appeals against decisions of the Community Patent Court.

Without prejudice to the fifth paragraph of Article 17 and Article 50, the Judges of the patent appeal chamber shall be chosen from candidates having an established high level of legal expertise in patent law and appointed on the basis of their expertise.

Article 7 and Articles 10 to 23 of Annex [II] to the Statute shall apply to the appeal procedure before the patent chamber of the Court of First Instance mutatis mutandis. Member States and institutions of the European Community shall have the right to intervene in accordance with the first paragraph of Article 40.

The appeal proceedings shall be conducted in the language of proceedings in which the case was conducted before the Community Patent Court. The second, third and fourth paragraphs of Article 25 of Annex [II] to the Statute apply."

Chapter III

Final provisions

Article 7

Transitional provisions

The first President of the Community Patent Court shall be appointed for a term of three years in the same manner as its members. However, the Council may decide that the procedure laid down in Article 4 of Annex [II] to the Protocol on the Statute of the Court of Justice shall apply.

Immediately after all members of the Community Patent Court have taken oath, the President of the Council shall proceed to choose by lot the Judges whose terms of office are to expire at the end of the first three years.

Article 8

Entry into force

Following its publication in the Official Journal of the European Union, this Decision shall enter into force on the day following notification by the last Member State of its acceptance of the provisions of Council Decision 2003/.../EC taken pursuant to Article 229a of the EC Treaty conferring jurisdiction on the Court of Justice relating to the Community Patent.
Article 1 of Annex [II] to the Protocol on the Statute of the Court of Justice shall become applicable on the date on which Council Decision 2003/.../EC conferring jurisdiction on the Court of Justice relating to the Community patent enters into force.

Done at Brussels, [...]

For the Council
The President
[...]
LEGISLATIVE FINANCIAL STATEMENT

Policy area: Industrial Property
Activity: Creation of the Community patent jurisdiction

TITLE OF ACTION: PROPOSAL FOR A COUNCIL DECISION ESTABLISHING THE COMMUNITY PATENT COURT AND CONCERNING APPEALS BEFORE THE COURT OF FIRST INSTANCE

1. BUDGET LINE(S) + HEADING(S)

Section IV - Court of Justice

2. OVERALL FIGURES

The creation of the Community patent jurisdiction has a financial impact on part A of the budget (human resources and other administrative expenditure). Community patent litigation brings a new type of litigation under the jurisdiction of the Court of Justice but also a considerable quantity of new cases in a specialised field which consequently requires new staff to handle cases. With the increasing number of Community patents being granted, the number of new cases before the Community Patent Court will rise sharply. The European Patent Office can be expected to grant each year 50,000 new Community patents which would, in view of a litigation rate of around 1 per 1,000 patents in force, increase the number of new proceedings at first instance by about 50 per year. In about 25% of the cases decided by the Community Patent Court an appeal to the Court of First Instance is likely to be filed. The resources which are considered necessary for the initial phase of the Community patent jurisdiction till 2014 can be brought in gradually according to the type and size of the tasks to be handled. Where additional staff are brought in, the calculation of the financial impact of human resources follows the general practice in this matter, i.e. newly created posts in the year of their creation are only calculated on a six-month basis.

- Necessary resources in the first five years of operation (2010-2014)

At the level of the Community Patent Court seven judges (including the president) have been considered appropriate to fulfil its function in the initial phase. Even before the new jurisdiction can start up its function, the judges will, according to Article 225a(5) of the EC Treaty, need to establish the first codification of a Community civil procedure law which in itself is a major undertaking. In the initial phase, a number of key decisions on fundamental questions will need to be taken by an enlarged bench. Each judge will need to be assisted by one legal secretary and one clerical secretary.

The highly technical Community patent litigation will also have consequences for the Court of First Instance hearing cases on appeal. With a view to the highly specialised and technical subject matter, a patent appeal chamber will need to be set up with three additional specialised judges at the Court of First Instance. Each judge will need to be assisted by at least one legal and one clerical secretary.
In addition, the special nature of patent litigation which deals with a subject matter involving the latest technological developments requires not only lawyers on the bench but also the attendance of technical experts. The Council in its 3 March 2003 common political approach decided that technical experts shall assist the judges throughout the handling of a case. To cover the more than 70 fields of technology, seven such technical experts (assistant rapporteurs) are foreseen for the first instance Community Patent Court in the following sub-divisions (1) inorganic chemistry and materials science, (2) organic and polymer chemistry, (3) biochemistry and biotechnology, (4) general physics, (5) mechanical engineering, (6) information and communication technology and (7) electrical engineering. With a view to the preparation of the technical questions raised by a case during first instance proceedings, the assistance of a reduced number of three technical experts during the appeal proceedings before the Court of First Instance in the more general sub-divisions chemistry, physics and mechanics would seem sufficient.

The Community Patent Court would also need a registrar who would be supported by six officials in the registry. The registry would need to operate in a particularly complex environment. The registry of the Community Patent Court would be responsible not only for keeping the register but also for the correspondence with parties and their legal representatives from all over the world, as cases could even involve e.g. two parties from non EU countries. The registry would need to be able to process incoming private party litigation in all of the official languages of the Community. It would have to respond orally and in writing to requests made by the parties (e.g. request for information on state of the case, scheduling of hearings etc.) or the judges (e.g. request for additional information, missing documents etc.). In order to safeguard the proper functioning of the court, such day to day contact between the parties and the court will not be able to rely on the regular translation or interpretation services but will have to be provided by the registry directly. Moreover, the registry would also be responsible for cooperation with the national authorities enforcing the decisions of the Community Patent Court under Articles 244, 256 of the EC Treaty. The Community Patent Court will only deliver the judgment whereas the terms of the judgment must be enforced by the competent authorities in the Member States. The registry must ensure communication in the official language of the Member State where the decision of the Community Patent Court is enforced.

A lecteur d'arrêt appears to be necessary in order to verify that the judgment, drafted by judges in a language which is not necessarily their mother tongue, is linguistically correct. This is current practice at the Court to safeguard quality standards and must also be provided for with respect to decisions of the new Community Patent Court and the patent chamber of the Court of First Instance. A researcher seems necessary in order to research the legislation and jurisprudence in Member States to provide data for the Community patent jurisdiction that is necessary to establish Community jurisprudence in this field. As jurisdiction in private party patent litigation will be completely new to the Community legal order, the researchers would be indispensable to investigate the existing concepts in Member States in order to allow the court to take them sufficiently into account when considering new cases. An additional legal secretary for the Advocate General seems necessary in view of review procedures under Article 225(2) of the EC Treaty before the Court of Justice against decisions of the Court of First Instance. All the patent decisions of the Court of First Instance would need to be evaluated as to their unity and consistency with
Community law. Where there is a serious risk that Community law might be affected, this person would support the Advocate General in the necessary proceedings before the Court of Justice. Apart from the staff that will be necessary to operate the Community Patent Court as such, the proposals must also provide the necessary reinforcement of the translation service. Finally the establishment of an IP library will be essential for the new jurisdiction. The relevant publications (from all Member States) such as law books, periodicals and collections of court decisions and also publications on all fields of technology as well as access to legal and technical data bases will need to be provided for.

- Phasing in of human resources

The new jurisdiction will necessarily go through a period in which staff may be recruited gradually according to the type and size of the tasks to be handled.

In the year before the estimated start of the Community jurisdiction, which is foreseen for 2010, a reduced number of staff will suffice for the necessary preparations. Only the judges with secretarial support will need to be appointed. It is important that all the judges are present from this moment. They will have to prepare the Rules of Procedure for patent proceedings which according to Articles 224(5), 225a(5) of the EC Treaty are adopted by the judges themselves. At this stage a librarian would also need to begin with the preparations to establish the IP library. Consequently a reduced figure of 14 staff has been introduced for the year 2009 in tables 2.3c), 7.1.

A considerable (but not yet the full) number of staff is only necessary as from the point when the Community patent jurisdiction takes up its function in 2010 (see increased expenditures set out accordingly in tables 2.3(c) and 7.2. A total of 70 personnel seems appropriate at the start of the new jurisdiction in order to fulfil its functions properly. This includes first of all the seven judges of the Community Patent Court. In particular in the initial phase, a number of key decisions on fundamental questions need to be taken by the court in which they establish important case law. Such decisions should be taken by an enlarged bench instead of a chamber of three judges. This number of judges is also necessary in order to guarantee a smoothly operating jurisdiction in case of sickness or leave of a judge. As concerns the three judges of the patent appeal chamber of the Court of First Instance, it is important to note that appeals will be filed from the time when the system becomes operational, in particular concerning interim measures or evidence-protection measures. Furthermore all the technical experts, seven for the Community Patent Court and three for the Court of First Instance, need to be present from the start of the operation. Cases may come from any of the existing fields of technology and as a consequence this number cannot be reduced in this initial phase. The president of the Community Patent Court who will apart from his jurisdictional functions also have to deal with administrative matters and the representation of the first private party Community jurisdiction will need to be assisted in his work by a chef de cabinet from the beginning. A lecteur d'arrêt for the Community Patent Court and the Court of First Instance will be necessary from the first year of operation since decisions will be delivered right from the start by both courts.

However, five legal secretaries for the Community Patent Court and two for the Court of First Instance, ten clerical secretaries and one researcher will suffice for this initial period of operation of the Community patent jurisdiction. Finally, in view of
the case load of this initial phase, a first (modest) reinforcement of the translation and interpretation capacities of the Court of Justice by ten translators and ten interpreters seems sufficient.

Certain posts can be phased in at a later stage as the case load rises. (see increase of expenditure in tables 2.3(c), 7.3 and 7.4 below). This concerns secretarial support, where eleven further staff are foreseen for 2012. For 2014, three further legal secretaries are foreseen for the judges of the Community Patent Court and the Court of First Instance so that each judge finally will be assisted by one legal secretary. In the same year, one additional legal secretary for the Advocate General for review proceedings seems necessary as the judgments of the Court of First Instance on appeal against decisions of the Community Patent Court will have reached a number where their scrutiny in view of possible review proceedings justifies an additional post. Also a second researcher would only be necessary in 2014 as the case load increases. Finally, the translation and interpretation capacities of the Court of Justice can be expanded in relation to increasing case load on a step-by-step basis, i.e. by another ten staff in 2012 and another eighteen in 2014. The total staff for the Community patent jurisdiction will thus by 2014 amount to 114 posts.

2.1. Total allocation for action (Part B): EUR million for commitment

None

2.2. Period of application:

Start: 2009
Expire: open ended

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) (see point 6.1.1)
   Not applicable

(b) Technical and administrative assistance and support expenditure (see point 6.1.2)
   Not applicable

(c) Overall financial impact of human resources and other administrative expenditure (see point 7)
2.4. **Compatibility with financial programming and financial perspective**

Not applicable

2.5. **Financial impact on revenue:**

[...] Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

OR

[X] Proposal has financial impact – the effect on revenue is as follows:

The proposal provides that parties will be charged appropriate court fees for Community patent litigation at first and second instance (See Article 23 of Annex II the Statute). However, the amount of revenue cannot be estimated at present. The amount to be charged would need to strike the right balance between the principle of a fair access to justice and an adequate contribution of the parties for the services rendered by the Community patent jurisdiction to solve their private disputes. In any case, the revenues from court fees will only contribute in a modest way to cover the overall incurred costs and could by no means be expected to lead to a self financing system. A schedule of fees laying down the exact fees to be paid will be adopted by the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament and the Court of Justice or at the request of the Court of Justice and after consulting the European Parliament and the Commission.
3. BUDGET CHARACTERISTICS

<table>
<thead>
<tr>
<th>Type of expenditure</th>
<th>New</th>
<th>EFTA contribution</th>
<th>Contributions form applicant countries</th>
<th>Heading in financial perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-comp</td>
<td>Non-diff</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

4. LEGAL BASIS

Articles 225a, 245 of the EC Treaty.

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The proposed Council Decision is part of the overall project to establish the Community patent system. By way of revision of the European Patent Convention and accession of the Community to the same, the European Patent Office shall be empowered to grant Community patents which will confer rights on their holders according to the regulation of the Council on the Community patent. Disputes concerning in particular the infringement and validity of these rights shall, after a transitional period, be brought before a Community jurisdiction. These measures shall reform the system of patent protection in Europe, which has been characterised by national patent titles enforceable before national courts, and make the necessary adaptations for the needs of European industry which increasingly operates transnationally within the common market. The measures are designed to increase the competitiveness of the Union's innovative industries by creating a Community wide uniform patent protection which can be enforced before a single Community jurisdiction rendering decisions with Community wide effect.

Within this overall project, the objective of the present proposal is to establish a Community Patent Court for first instance Community patent litigation and to provide for the necessary provisions with a view to accommodating the new function of the Court of First Instance as appeal instance against decisions of the Community Patent Court.

5.1.2. Measures taken in connection with ex ante evaluation

The necessity to create a patent system covering the Community as a whole has been recognised for decades. The first initiative to create such a system resulted in the European Patent Convention of 5 October 1973 which harmonised the grant of the European patent by the European Patent Office but neither included provisions on the rights conferred by such a patent nor created a single jurisdiction to deal with disputes. This is still left to national legislation and jurisdiction of the Contracting States. In a second initiative, EC Member States tried to create a Community patent on the basis of an international agreement including an integrated jurisdiction. The Community Patent Convention was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent.
which included a protocol on the settlement of litigation concerning the infringement and validity of Community patents. The Convention however never entered into force. In the context of the Amsterdam European Council of June 1997 (action plan for the single market), the Commission published a green paper on the promotion of innovation by patents. The consultations on the green paper including the comments made in the hearing on 25 and 26 November 1997 showed clear support for the creation of a Community patent system. Finally, the Lisbon European Council in March 2000 took up the issue and called for the creation of a Community patent system. The Council in its 3 March 2003 common political approach reached agreement on a number of key issues of the Community patent system including the jurisdictional aspects calling for the establishment of the Community Patent Court on the basis of Article 225a of the EC Treaty.

5.2. **Action envisaged and budget intervention arrangements**

The proposal constitutes a major element of the envisaged Community patent system. It contains the necessary legal provisions to set up a Community Patent Court which will deal with the Community patent related disputes for which jurisdiction is conferred on the Court of Justice. It also contains necessary provisions with a view to accommodating the new function of the Court of First Instance as appeal instance against decisions of the Community Patent Court. An efficiently functioning Community patent jurisdiction requires adequate resources. Court staff need to be employed (judges, registrar, assistant rapporteurs, legal secretaries, lecteurs, researchers, secretaries, translators, interpreters, librarian), court rooms and equipment (office equipment, ICT facilities, library) have to be provided.

5.3. **Methods of implementation**

The necessary staff identified in 5.2. will be regular staff employed by the Court of Justice.

6. **FINANCIAL IMPACT**

6.1. **Total financial impact on Part B - (over the entire programming period)**

Not applicable

6.2. **Calculation of costs by measure envisaged in Part B (over the entire programming period)**

Not applicable

7. **IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE**

7.1 **The year before the Community patent jurisdiction becomes operational (2009)**

The following tables show the impact on staff and administrative expenditures in 2009, the year before the Community patent jurisdiction becomes operational.
7.1.1. Impact on human resources

<table>
<thead>
<tr>
<th>Types of post</th>
<th>Staff to be assigned to management of the action using existing and/or additional resources</th>
<th>Description of tasks deriving from the action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of permanent posts</td>
<td>Number of temporary posts</td>
</tr>
<tr>
<td>officials or temporary staff</td>
<td>judges</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>3</td>
</tr>
<tr>
<td>total</td>
<td>14</td>
<td>14</td>
</tr>
</tbody>
</table>

7.1.2. Overall financial impact of human resources

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (EUR)</th>
<th>Method of calculation *</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges</td>
<td>2 825 000</td>
<td>CPC: 275 000 EUR X 7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>officials (B, C)</td>
<td>432 000</td>
<td>108 000 EUR X 4</td>
</tr>
<tr>
<td>total</td>
<td>3 257 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

7.1.3. Other administrative expenditure deriving from action in 2009

<table>
<thead>
<tr>
<th>Budget line (number and heading)</th>
<th>Amount EUR</th>
<th>Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall allocation (Title A7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0701 – Missions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07030 – Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07031 – Compulsory committees ¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07032 – Non-compulsory committees ¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07040 – Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0705 – Studies and consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information systems (A-5001/A-4300)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure - Part A: Library</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

¹ Specify the type of committee and the group to which it belongs.
I. Annual total (7.1.2. + 7.1.3.)
EUR 3 257 000

II. Duration of action
indefinitely

7.2. First two years of operational Community patent jurisdiction (2010-2011)

The following tables show the impact on staff and administrative expenditures in 2010-2011, the first two years from the start of the Community patent jurisdiction.

7.2.1. Impact on human resources

<table>
<thead>
<tr>
<th>Types of post</th>
<th>Staff to be assigned to management of the action using existing and/or additional resources</th>
<th>Description of tasks deriving from the action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of permanent posts</td>
<td>Number of temporary posts</td>
</tr>
<tr>
<td>officials or temporary staff</td>
<td>judges</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>registrar</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>other A</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>1</td>
</tr>
<tr>
<td>subtotal</td>
<td></td>
<td>49</td>
</tr>
<tr>
<td>Other human resources for general services of the Court of Justice</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>subtotal</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>total</td>
<td></td>
<td>70</td>
</tr>
</tbody>
</table>
7.2.2. **Overall financial impact of human resources**

7.2.2.1. **Overall financial impact on human resources in 2010**

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (EUR)</th>
<th>Method of calculation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges CPC and CFI</td>
<td>2 825 000</td>
<td>CPC: 275 000 EUR X 7,  CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>registrar CPC</td>
<td>138 000</td>
<td>275 000 EUR / 2</td>
</tr>
<tr>
<td>officials for CPC and CFI (A, B, C, D posts)</td>
<td>324 000</td>
<td>108 000 EUR X 3</td>
</tr>
<tr>
<td></td>
<td>1 890 000</td>
<td>108 000 EUR X 35 / 2</td>
</tr>
<tr>
<td>subtotal</td>
<td>5 177 000</td>
<td></td>
</tr>
<tr>
<td>other human resources for general services of the Court of Justice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>librarian</td>
<td>108 000</td>
<td>108 000 X 1</td>
</tr>
<tr>
<td>translators / interpreters</td>
<td>1 080 000</td>
<td>108 000 EUR X 20 / 2</td>
</tr>
<tr>
<td>total</td>
<td>6 365 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months. Newly created posts in 2010 are calculated for six months.

7.2.2.2. **Overall financial impact on human resources in 2011**

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (EUR)</th>
<th>Method of calculation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges and registrar</td>
<td>3 100 000</td>
<td>CPC: 275 000 EUR X 8,  CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>officials for CPC and CFI (A, B, C, D posts)</td>
<td>4 104 000</td>
<td>108 000 EUR X 38</td>
</tr>
<tr>
<td>subtotal</td>
<td>7 204 000</td>
<td></td>
</tr>
<tr>
<td>other human resources for general services of the Court of Justice (translators, interpreters, librarian)</td>
<td>2 268 000</td>
<td>108 000 EUR X 21</td>
</tr>
<tr>
<td>total</td>
<td>9 472 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.
### 7.2.3. Other administrative expenditure deriving from the action

#### 7.2.3.1. Other administrative expenditure deriving from action in 2010

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Amount EUR</th>
<th>Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall allocation (Title A7)</strong></td>
<td></td>
<td>p.m.</td>
</tr>
<tr>
<td>A0701 – Missions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07030 – Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07031 – Compulsory committees (^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07032 – Non-compulsory committees (^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07040 – Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0705 – Studies and consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Information systems (A-5001/A-4300)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other expenditure - Part A: Library</strong></td>
<td>750 000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>750 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

\(^1\) Specify the type of committee and the group to which it belongs.

#### 7.2.3.2. Other administrative expenditure deriving from action in 2011

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Amount €</th>
<th>Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall allocation (Title A7)</strong></td>
<td></td>
<td>p.m.</td>
</tr>
<tr>
<td>A0701 – Missions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07030 – Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07031 – Compulsory committees (^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07032 – Non-compulsory committees (^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07040 – Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0705 – Studies and consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Information systems (A-5001/A-4300)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other expenditure - Part A: Library</strong></td>
<td>1 000 000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 000 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

\(^1\) Specify the type of committee and the group to which it belongs.
## I. Annual total (7.2.2 + 7.2.3)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual total in 2010</td>
<td></td>
<td>7 115 000</td>
</tr>
<tr>
<td>Annual total in 2011</td>
<td></td>
<td>10 472 000</td>
</tr>
</tbody>
</table>

## II. Duration of action

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of action</td>
<td>indefinitely</td>
</tr>
</tbody>
</table>

### 7.3. Third and fourth year of operation of the Community patent jurisdiction (2012 – 2013)

The following tables show the impact on staff and administrative expenditures in 2012 and 2013, the third and fourth year of the operation of the Community patent jurisdiction.

#### 7.3.1. Impact on human resources

<table>
<thead>
<tr>
<th>Types of post</th>
<th>Staff to be assigned to management of the action using existing and/or additional resources</th>
<th>Description of tasks deriving from the action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of permanent posts</td>
<td>Number of temporary posts</td>
</tr>
<tr>
<td>officials or temporary staff</td>
<td>(1 president, 6 judges); CFI: 3 judges</td>
<td></td>
</tr>
<tr>
<td>judges</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>registrar</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>A</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>other A</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>C</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>subtotal</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>other human resources for general services of the Court of Justice</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>subtotal</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>total</td>
<td>91</td>
<td>91</td>
</tr>
</tbody>
</table>
7.3.2. **Overall financial impact on human resources**

7.3.2.1. Overall financial impact on human resources in 2012

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (EUR)</th>
<th>Method of calculation *</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges and registrar</td>
<td>3 100 000</td>
<td>CPC: 275 000 EUR X 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>officials for CPC and CFI (A, B, C, D posts)</td>
<td>4 104 000</td>
<td>108 000 EUR X 38</td>
</tr>
<tr>
<td></td>
<td>594 000</td>
<td>108 000 EUR X 11 / 2</td>
</tr>
<tr>
<td>subtotal</td>
<td>7 798 000</td>
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</tr>
<tr>
<td>other human resources for general services of the Court of Justice</td>
<td>2 268 000</td>
<td>108 000 EUR X 21</td>
</tr>
<tr>
<td>(translators, interpreters, librarian)</td>
<td>540 000</td>
<td>108 000 EUR X 10 / 2</td>
</tr>
<tr>
<td>subtotal</td>
<td>2 808 000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10 606 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months. Newly created posts in 2012 are calculated for six months.

7.3.2.2. Overall financial impact on human resources in 2013

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (£)</th>
<th>Method of calculation *</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges and registrar</td>
<td>3 100 000</td>
<td>CPC: 275 000 EUR X 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>officials for CPC and CFI (A, B, C, D posts)</td>
<td>5 292 000</td>
<td>108 000 EUR X 49</td>
</tr>
<tr>
<td>subtotal</td>
<td>8 392 000</td>
<td></td>
</tr>
<tr>
<td>other human resources for general services of the Court of Justice</td>
<td>3 348 000</td>
<td>108 000 EUR X 31</td>
</tr>
<tr>
<td>(translators, interpreters, librarian)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>11 740 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.
Other administrative expenditure deriving from action in each of the years 2012 and in 2013

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Amount EUR</th>
<th>Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall allocation (Title A7)</td>
<td>p.m.</td>
<td></td>
</tr>
<tr>
<td>A0701 – Missions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07030 – Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07031 – Compulsory committees ¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07032 – Non-compulsory committees ¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07040 – Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0705 – Studies and consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information systems (A-5001/A-4300)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure - Part A: Library</td>
<td>1 000 000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1 000 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

¹ Specify the type of committee and the group to which it belongs.

I. Annual total (7.3.2 + 7.3.3)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual total in 2012</td>
<td>EUR 11 606 000</td>
</tr>
<tr>
<td>Annual total in 2013</td>
<td>EUR 12 440 000</td>
</tr>
</tbody>
</table>

II. Duration of action

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>indefinitely</td>
</tr>
</tbody>
</table>

7.4. End of the initial phase (2014)

The following tables show the impact on staff and administrative expenditure in 2014 marking the end of the initial phase when the staffing of the Community patent jurisdiction will be completed.
### 7.4.1. Impact on human resources

<table>
<thead>
<tr>
<th>Types of post</th>
<th>Staff to be assigned to management of the action using existing and/or additional resources</th>
<th>Total</th>
<th>Description of tasks deriving from the action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of permanent posts</td>
<td>Number of temporary posts</td>
<td></td>
</tr>
<tr>
<td>officials or temporary staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>judges</td>
<td>10</td>
<td>10</td>
<td>CPC: (1 president, 6 judges); CFI: 3 judges</td>
</tr>
<tr>
<td>registrar</td>
<td>1</td>
<td>1</td>
<td>registrar of CPC</td>
</tr>
<tr>
<td>A</td>
<td>10</td>
<td>10</td>
<td>assistant rapporteurs: 7 CPC, 3 CFI</td>
</tr>
<tr>
<td>other A</td>
<td>16</td>
<td>16</td>
<td>CPC 9 (7 legal secretaries, 1 lecteur, 1 chef cab. president)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CFI: 4 (3 legal secretaries, 1 lecteur)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CPC and CFI: 2 researchers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ECJ: 1 legal secretary for review procedure</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>6</td>
<td>6 (registry CPC),</td>
</tr>
<tr>
<td>C</td>
<td>21</td>
<td>21</td>
<td>CPC: 15 (secretaries); CFI: 6 (secretaries)</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
<td>1</td>
<td>chauffeur president CPC</td>
</tr>
<tr>
<td>subtotal</td>
<td>65</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Other human resources for general services of the Court of Justice</td>
<td>1</td>
<td>1</td>
<td>librarian</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>24</td>
<td>translators</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>24</td>
<td>interpreters</td>
</tr>
<tr>
<td>subtotal</td>
<td>49</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>114</td>
<td>114</td>
<td></td>
</tr>
</tbody>
</table>
7.4.2. Overall financial impact of human resources

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>Amount (EUR)</th>
<th>Method of calculation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>judges and registrar</td>
<td>3 100 000</td>
<td>CPC: 275 000 EUR X 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFI: 300 000 EUR X 3</td>
</tr>
<tr>
<td>officials for CPC and CFI (A, B, C, D posts)</td>
<td>5 292 000</td>
<td>108 000 EUR X 49</td>
</tr>
<tr>
<td></td>
<td>270 000</td>
<td>108 000 EUR X 5 / 2</td>
</tr>
<tr>
<td>subtotal</td>
<td>8 662 000</td>
<td></td>
</tr>
<tr>
<td>other human resources for general services of the Court of Justice (translators, interpreters, librarian)</td>
<td>3 348 000</td>
<td>108 000 EUR X 31</td>
</tr>
<tr>
<td></td>
<td>972 000</td>
<td>108 000 EUR X 18 / 2</td>
</tr>
<tr>
<td>subtotal</td>
<td>4 320 000</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>12 982 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months. Newly created posts in 2014 are calculated for six months.

7.4.3. Other administrative expenditure deriving from the action

<table>
<thead>
<tr>
<th>Budget line (number and heading)</th>
<th>Amount EUR</th>
<th>Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall allocation (Title A7)</td>
<td>p.m.</td>
<td></td>
</tr>
<tr>
<td>A0701 – Missions</td>
<td></td>
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<tr>
<td>A07030 – Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07031 – Compulsory committees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07032 – Non-compulsory committees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A07040 – Conferences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A0705 – Studies and consultations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information systems (A-5001/A-4300)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure - Part A: Library</td>
<td>1 000 000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1 000 000</td>
<td></td>
</tr>
</tbody>
</table>

The amounts are total expenditure for twelve months.

1 Specify the type of committee and the group to which it belongs.

I. Annual total (7.4.2 + 7.4.3)        Eur 13 982 000
II. Duration of action                  indefinitely

64

156
8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The Council in its 3 March 2003 common political approach (point 5) foresees a review mechanism of the Community patent system including the jurisdictional arrangements. Regarding the contents of the present Decision, the organisation of the Community Patent Court and the provisions of the Statute of the Court of Justice relating to the work of the Community Patent Court at first instance and the Court of First Instance on appeal would have to be reviewed in the light of experience gathered. The Commission will need to consult the Court of Justice and interested circles to collect data on the functioning of the Community patent jurisdiction and will have to evaluate the collected data and where appropriate suggest changes to the current Decision.

8.2. Arrangements and schedule for the planned evaluation

On the basis of the common political approach adopted by the Council on 3 March 2003, the Commission will present a report on the functioning of all aspects of the Community patent including the jurisdictional arrangements five years after the grant of the first Community patent. Further reviews will be made periodically.

9. ANTI-FRAUD MEASURES

This does not apply. The proposal deals with the establishment of a Community Patent Court and the appeal procedure before the Court of First Instance and does not cover a policy area with a risk of fraud.
IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

TITLE OF PROPOSAL

Proposal for a Council Decision establishing the Community Patent Court and concerning appeals before the Court of First Instance.

DOCUMENT REFERENCE NUMBER

[...]

THE PROPOSAL

1. Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?

The object of the Community patent system is to provide a Community wide patent protection which can be enforced before one single court operating to uniform standards and whose decisions enjoy Community wide effect. This objective can only be achieved at a Community level.

THE IMPACT ON BUSINESS

2. Who will be affected by the proposal?

– which sectors of business

All sectors of business that deal with technical inventions which can be subject to patent protection are concerned by the Community patent system. They can in case of conflict be party to litigation before the Community jurisdiction.

– which sizes of business (what is the concentration of small and medium-sized firms)

Potentially every size of business can be a party to Community patent litigation before the Community patent jurisdiction. For example, the holder of a Community patent may as a plaintiff wish to enforce his rights flowing from the Community patent title before the Community Patent Court. A third person may as a plaintiff wish to attack the validity of such a Community patent granting exclusive rights to its holder that he considers to be invalid. As defendant the right holder may wish to defend the validity of his patent or as a third person defend himself against an alleged infringement of a Community patent.

The Community patent system intends to make patenting of inventions more attractive especially for SMEs which will particularly increase the significance for this group. So far patenting is done in or with effect for individual Member States.
and the enforcement must take place before the national courts of the respective Member States their national patent law and their national legislation on the court procedure which is particularly cumbersome for SMEs. The Community patent jurisdiction will allow to enforce a unitary patent right valid in the entire Community in one single court procedure operating to common standards.

3. What will business have to do to comply with the proposal?

The effect for businesses will be felt only in cases of litigation over a Community patent. In that case they have to familiarise themselves with the proceedings before the Community patent jurisdiction.

4. What economic effects is the proposal likely to have?

The proposal will only have an economic effect in combination with the other legal instruments creating a Community patent system. The Community patent system as a whole will have a positive economic impact. In particular:

- on investment and the creation of new businesses

The Community patent system will have a positive impact on investments due to a better Community wide legal protection of inventions. The return on investments in innovative technologies will be more secure serving as an incentive for more investment. Moreover, since better legal protection will be rendered less costly, businesses will be able to make more efficient use of their existing budget for research and development which will lead to more inventions which in turn will stimulate investments to economically exploit these inventions. Since effective patent protection often serves as the legal basis for an economically successfully operating business, a more comprehensive, easier and less costly patent protection will promote the creation of new businesses.

- on the competitiveness of businesses

The Community patent system will make patent protection more effective, easier and less costly not only for those businesses that already make use of patent protection but also make patenting more easily accessible for other businesses and in particular for SMEs. The possibility to protect an invention and with it the associated investment into it with Community wide effect will increase the ability of all businesses that make use of this possibility to compete in the common market. Moreover, the competitiveness of European industry will be increased on a global scale compared to the major trading partners and competitors. Today patent protection, for example in the United States or Japan, is considerably less costly than in Europe under the national and the European patent system. Consequently US and Japan based companies can develop patented products at a considerably lower price which later are marketed world wide. The Community patent system intends to eliminate this obstacle for the competitiveness of the European industry.

- on employment

An increased investment in inventive technologies and a strengthened competitiveness of the European industry will lead to the creation of new jobs. The creation of new jobs can be expected across the full range of technical fields and
their related industries. In particular the modern, innovative technologies which are playing a steadily increasing role in a knowledge based global economy will benefit.

5. Does the proposal contain measures to take account of the specific situation of small and medium-sized firms (reduced or different requirements etc)?

This does not apply. No distinction according to the size of companies can be made with regard the establishment, the organisation and the procedure before the Statute the Community Patent Court and the Court of First Instance on appeal.

CONSULTATION

6. List the organisations which have been consulted about the proposal and outline their main views:

The necessity to create a patent system covering the Community as a whole has been recognised for decades. The first initiative to create such a system resulted in the European Patent Convention of 5 October 1973 which harmonised the grant of the European patent by the European Patent Office but neither included provisions on the rights conferred by such a patent nor created a single jurisdiction to deal with disputes. This was still left to national legislation and jurisdiction of the Contracting States. In a second initiative, EC Member States tried to create a Community patent on the basis of an international agreement including an integrated jurisdiction. The Community Patent Convention was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent which included a protocol on the settlement of litigation concerning the infringement and validity of Community patents. The Convention however never entered into force. In the context of the Amsterdam European Council of June 1997 (action plan for the single market), the Commission published a green paper on the promotion of innovation by patents. The consultations on the green paper including the comments made in the hearing on 25 and 26 November 1997 showed clear support for the creation of a Community patent system. Finally, the Lisbon European Council in March 2000 took up the issue and called for the creation of a Community patent system. The Council in its 3 March 2003 common political approach reached agreement on a number of key issues of the Community patent system including the jurisdictional aspects calling for the establishment of the Community Patent Court on the basis of Article 225a of the EC Treaty.
Proposal for a

COUNCIL DECISION

conferring jurisdiction on the Court of Justice in disputes relating to the Community patent

(presented by the Commission)
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EXPLANATORY MEMORANDUM

1. BACKGROUND

In the Community, patent protection has long been provided for in two ways, neither of which is based on a Community instrument: National patents are granted by national patent offices on the basis of legislation of the respective Member State. The protection conferred is limited to the territory of that Member State and in case of dispute the patent right has to be enforced before the competent national courts. European patents are granted by the European Patent Office established by the Convention on the Grant of European Patents (European Patent Convention) of 5 October 1973 providing for substantive patent law and a single procedure of grant. Once granted, the European patent confers protection on the territory of those Contracting States which are designated by the right holder. Whereas the harmonised patent law of the European Patent Convention is essentially limited to the phase up to the grant of the European patent, its effects are determined according to the respective national patent law of each designated Contracting State. In case of dispute, litigation must also take place before the competent national courts. This situation, where the patent right is only granted in or with effect for individual Member States of the European Union including for the right holder the risk to be forced to enter into multiple litigation in a number of Member States on the same patent issue with possibly even variable results has long been criticised as inappropriate and unsuitable for the needs of the European industry operating within the common market. Member States have already in the past undertaken great efforts to redress this situation in a Community context. The Community Patent Convention intending to create a unitary Community patent title was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent including a protocol on the settlement of litigation concerning the infringement and validity of Community patents. However these agreements never entered into force.

2. THE COMMUNITY PATENT

The European Council held in Lisbon in March 2000 launched a general programme to increase the competitiveness of the Union's economy and took up the issue again. As one concrete measure for improvement, the Council called for the creation of a Community patent system to address existing shortcomings in the legal protection for inventions thus giving an incentive for investments in research and development and contributing to the competitiveness of the economy as a whole. In the wake of the Lisbon European Council, the Commission put forward on 1 August 2000 a proposal for a Council regulation on the Community patent [COM(2000) 412 final] containing the relevant provisions applying to Community patents, in particular the provisions for the creation of a unitary Community patent title including the rights conferred by it, the possible actions for the enforcement of these rights, the grounds for invalidity as well as the mechanisms for the administration of granted Community patents such as their yearly renewal. It is foreseen that the grant of Community patents will be carried out by the European Patent Office. For this purpose the Community must accede to the European Patent Convention thereby charging the European Patent Office with the task of granting Community patents. Thus the European Patent Office will grant European and Community patents according to the same standards
3. **THE COMMUNITY PATENT JURISDICTION**

The establishment of a Community patent jurisdiction is a key element of the Community patent system. The Community patent title covering the territory of all Member States will not only be governed by the uniform provisions of Community law contained in the regulation of the Council on the Community patent. It will, at the latest by 2010, after a transitional period during which national courts will retain jurisdiction for the subject matter, also be enforceable before a Community jurisdiction whose decisions enjoy Community wide effect.

The legal basis to be used for the establishment of a Community patent jurisdiction was introduced into the EC Treaty by Article 2 (26 ff.) of the Treaty of Nice amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts which entered into force on 1 February 2003, inserting Article 229a and Article 225a into the EC Treaty. It is proposed that the Community patent jurisdiction will be established by two Council decisions based on those Articles.

In order for the Court of Justice to assume jurisdictional responsibilities with regard to the Community patent, that jurisdiction must be conferred on it. Article 229a of the EC Treaty allows the Council to adopt provisions to confer jurisdiction to the extent that it shall determine on the Court of Justice in disputes relating to the application of acts adopted on the basis of the EC Treaty which create Community industrial property rights. The present decision sets out that conferral of jurisdiction with regard to the Community patent and at the same time specifying the extent of the conferral (Articles 1 and 2). As provided for by Article 229a of the EC Treaty the Council shall recommend the provisions conferring jurisdiction on the basis of that Article to the Member States for adoption in accordance with their respective constitutional requirements (Article 3).

The Commission put before the Council a separate proposal for a decision based on Articles 225a, 245 of the EC Treaty proposing the establishment of a judicial panel to be called "Community Patent Court" which would, within the Court of Justice, exercise at first instance the jurisdiction in disputes relating to the Community patent. That decision also contains the necessary provisions with a view to accommodating the new function of the Court of First Instance as appeal instance according to Article 225(2) of the EC Treaty against decisions of the Community Patent Court.

4. **TRANSITIONAL PERIOD**

As agreed by the Council in its 3 March 2003 common political approach, the Community jurisdiction shall be established at the latest by the year 2010. Until that time national courts of Member States will have jurisdiction. This would be relevant for those Community patents which come into effect before the establishment of the Community patent jurisdiction. The Community patent regulation will contain special provisions governing this transitional period. It is foreseen that each Member...
State designates for this purpose a limited number of national courts to exercise the jurisdiction which will at the end of the transitional period be conferred on the Court of Justice. According to Article 2 of the present decision, legal actions of which national courts have been seised at the time when the conferral of jurisdiction on the Court of Justice will take effect will be decided by the competent national courts.

5. **NEED FOR A COMMUNITY INTERVENTION**

The present decision relating to jurisdictional aspects of the Community patent system intends to redress the existing shortcomings of the current situation of patent protection in the Union. The objective is to establish Community wide patent protection which can be enforced before one single court operating to uniform standards. This objective can only be achieved at a Community level.

6. **PROPOSED PROVISIONS**

**Article 1 – Conferral of jurisdiction on the Court of Justice**

This Article contains the subject matter for which exclusive jurisdiction is conferred on the Court of Justice.

Under point (a), the Court of Justice shall have jurisdiction in disputes relating to the infringement and the validity of the Community patent. Which actions relating to those disputes are allowed will be governed by the Community patent regulation. The draft Community patent regulation foresees in this respect an action to stop infringement (Articles 33, 43) as well as an action for the declaration of non-infringement (Article 34). The Court may also order the confiscation of infringing items or other appropriate penalties (Article 43). Concerning the validity of a Community patent, the draft regulation provides for an invalidity action (Article 31) and a counter claim for invalidity (Article 32).

Where a Community supplementary protection certificate extending the period of protection of an invention protected by a Community patent has been granted, disputes relating to its infringement or validity shall also come under the jurisdiction of the Court of Justice. In this regard, the Commission intends to come forward with a proposal for the creation of a Community supplementary protection certificate extending the protection conferred by Community patents in the way as is the case for national patents under Council regulation (EEC) No 1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products [OJ L 182, 2.7.1992, pp. 1-5] and regulation (EC) No 1610/96 of the European Parliament and the Council of 23 July 1996 concerning the creation of a supplementary protection certificate for plant protection products [OJ L 198, 8.8.1996, pp. 30-35].

Under point (b), jurisdiction is conferred for disputes relating to the use of the invention after the publication of the Community patent application and the right based on prior use of the invention. In that respect, the draft Community patent regulation allows a claim for reasonable compensation against any person who, in the period between the publication of the Community patent application and the grant of the Community patent, has made such use of the invention that would be prohibited by virtue of the granted Community patent (Articles 11, 35). Furthermore the draft
Community patent regulation provides for a right based on the prior use of the invention (Articles 12, 36). Where the invention was used before the filing date of a Community patent, the prior user has the right to continue use of the invention for his business purposes and may invoke this right against the Community patent or a Community supplementary protection certificate.

Under point (c), jurisdiction is also conferred with regard to interim measures in the subject matter conferred. To the extent that the Court of Justice has jurisdiction relating to the Community patent, circumstances may require appropriate interim measures to be ordered under Article 243 of the EC Treaty before a decision in main proceedings can be made. The conferral of jurisdiction for interim measures is not limited to orders of interim measures in pending cases making such orders possible even before main proceedings are brought. Also, the Court of Justice shall have jurisdiction for evidence-protection measures which will be provided for in the context of the Commission proposal for a Council decision establishing the Community Patent Court and concerning appeals before the Court of First Instance.

Under point (d), jurisdiction is conferred to award damages or compensation in the situations for which jurisdiction is conferred under number one to three of this Article. Claims falling into this category are granted in Article 44 of the draft Community patent regulation awarding e.g. claims for damages of the holder of the Community patent in particular in the case of an infringement of a Community patent but also claims of third parties against the right holder where the latter has unduly exercised his rights and caused prejudice to those parties. Finally, in the context of the Commission proposal for a Council decision establishing the Community Patent Court and concerning appeals before the Court of First Instance, a claim for compensation for injuries caused by provisional or evidence-protection measures is foreseen.

Under point (e), jurisdiction is conferred for orders of a penalty payment in case of non-compliance with a decision or order of the Community Patent Court constituting an obligation to act or to abstain from an act. The Community Patent Court itself should be able to order such a penalty payment for non-compliance with its decisions or orders. If for example the Community Patent Court orders a defendant to stop infringement, it should at the same time be able to make an order whereby the non-compliance would be sanctioned by an obligation to pay a certain sum of money. If such an order necessitated a separate application to the courts of Member States, valuable time could be lost in ensuring that the decision of the Community Patent Court is respected.

In so far as this decision does not confer jurisdiction on the Court of Justice, national courts retain their jurisdiction. Article 46 of the draft Community patent regulation clarifies in this regard that national courts remain competent for any action for which exclusive jurisdiction is not conferred on the Court of Justice which for example is the case in disputes concerning the ownership of a Community patent.

**Article 2 – Transitional provision**

Article 2 contains a transitional provision relating to the extent of the conferral of jurisdiction. The Community jurisdiction will only be established after a transitional period in which national court shall have jurisdiction. The question arises to what extent the conferral of jurisdiction on the Court of Justice will apply with regard to
disputes already existing at the time when the conferral takes effect. Article 2 provides for a clear cut rule that those disputes of which a national court has been seised prior to the conferral of jurisdiction on the Court of Justice will not be affected by the conferral. Consequently they will be decided by the respective national court before which the case is already pending.

Article 3 – Adoption by Member States

In Article 3, the Council recommends the provisions conferring jurisdiction as contained in Articles 1 and 2 of this decision to Member States for adoption in accordance with their respective constitutional requirements as foreseen in Article 229a of the EC Treaty. For reasons of transparency and in order for the Council to monitor developments, Member States shall notify the Council as soon as possible of necessary measures to be taken and of their adoption.

Article 4 – Entry into force

This Article governs the entry into force of this decision and with it the conferral of jurisdiction on the Court of Justice as laid down by it. The entry into force is made dependent on two events. The first condition is the notification by Member States of their acceptance of the conferral after adoption in accordance with their respective constitutional requirements as foreseen in Article 229a of the EC Treaty and Article 3 of the present decision. However, once Member States have effected that notification, the decision cannot automatically enter into force conferring the jurisdiction from Member States on the Court of Justice. The Council has agreed in its 3 March 2003 common political approach that national courts shall have jurisdiction in a transitional period where Community patents will already be granted but where the Community jurisdiction to be established at the latest by 2010 has not yet been created. In order to avoid a situation where there are granted Community patents but no competent jurisdiction before which rights can be enforced, the conferral of jurisdiction must not happen at a point in time where the Community jurisdiction is not yet operational. Hence, the entry into force of the present decision should secondly depend on a ruling published by the President of the Court of Justice in the Official Journal of the European Communities that the Community Patent Court and the patent appeal chamber within the Court of First Instance have been constituted in accordance with law.
Proposal for a

COUNCIL DECISION

conferring jurisdiction on the Court of Justice in disputes relating to the Community patent

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 229a thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee,

Whereas:

(1) The European Council held in Lisbon in March 2000 called for the necessary steps to be taken to increase the competitiveness of the European Union in a modern knowledge based economy underlining the importance of effective Community-wide patent protection.

(2) The system of patent protection has been characterised by patents granted either by a national patent office in a Member State or by the European Patent Office with effect in a Member State, and by enforcement of those patents before the national courts of the Member State concerned.

(3) Innovative European industry relies on effective Community-wide legal protection for its inventions. The creation of a Community patent system comprising a unitary Community patent title and the possibility of enforcing such a right before a Community jurisdiction to be established at the latest by 2010 after a transitional period in which national courts retain competence will provide the missing elements for the system of patent protection in the Union.

(4) Council Regulation (EC) No .../2003 of ... 2003 on the Community patent creates a Community patent title. Holders of such a title enjoy Community-wide protection of an invention according to the uniform standards of that Regulation.
The Court of Justice should be vested with jurisdiction in certain disputes relating to Community patents.

The jurisdiction conferred on the Court of Justice is to be exercised by the Community Patent Court by virtue of Council Decision No .../2003, adopted on the basis of Articles 225a and 245 of the Treaty. Those Articles allow for the establishment of judicial panels attached to the Court of First Instance to hear and determine at first instance certain classes of action brought in specific areas.

By virtue of Article 225(2) of the Treaty, the Court of First Instance has jurisdiction to hear and determine actions and proceedings brought against decisions of the judicial panels set up under Article 225a of the Treaty. Decisions given by the Court of First Instance on appeal against decisions of the Community Patent Court may, exceptionally, pursuant to Article 225(2) of the Treaty, be subject to review by the Court of Justice, where there is a serious risk to the unity or consistency of Community law.

HAS DECIDED AS FOLLOWS:

Article 1
Conferral of jurisdiction on the Court of Justice

The Court of Justice shall have exclusive jurisdiction over the following:

(a) infringement or validity of a Community patent and a Community supplementary protection certificate;

(b) the use of the invention after the publication of the Community patent application or the right based on prior use of the invention;

(c) interim and evidence-protection measures in connection with the subject matters conferred;

(d) damages or compensation in the circumstances set out in points (a), (b), and (c);

(e) the ordering of a penalty payment in case of non-compliance with a decision or order constituting an obligation to act or to abstain from an act.

Article 2
Transitional provision

The Court of Justice shall not have jurisdiction over those disputes of which a national court is already seised on the date at which this Decision enters into force.
Article 3

Adoption by Member States

The Council recommends the provision contained in Articles 1 and 2 of this Decision to the Member States for adoption in accordance with their respective constitutional requirements. Members States shall notify the Council as soon as possible of the measures to be taken and their adoption.

Article 4

Entry into force

This Decision shall enter into force after the notification to the Council by the last Member State of its acceptance of this Decision on the date of the publication in the Official Journal of the European Union of the ruling by the President of the Court of Justice that the Community Patent Court and the patent appeal chamber within the Court of First Instance have been constituted in accordance with law.

Done at Brussels, […]

For the Council
The President
[…]

11
LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Industrial property
Activity: Creation of the Community patent jurisdiction

TITLE OF ACTION: PROPOSAL FOR A COUNCIL DECISION CONFERRING JURISDICTION ON THE COURT OF JUSTICE IN DISPUTES RELATING TO THE COMMUNITY PATENT

1. BUDGET LINE(S) + HEADING(S)

The Community patent jurisdiction is created by two Council decisions. The present decision, based on Article 229a of the EC Treaty, confers jurisdiction relating to the Community patent on the Court of Justice. The second decision, based on Articles 225a, 245 of the EC Treaty and for which the Commission tables a separate proposal, will contain the necessary provisions establishing the Community Patent Court and concerning appeals before the Court of First Instance. The budgetary consequences will follow from that second decision causing human resources and other administrative expenditures. Judges, the registrar, assistant rapporteurs and other staff have to be appointed, court rooms, office space and equipment must be provided for. The present proposal, however, exclusively deals with the conferral of jurisdiction on the Court of Justice and does not itself engage the budget of the Community. It will only enter into force once the court system has been set up, i.e. on the date of the publication of the ruling of the President of the Court of Justice that the Community Patent Court and the patent appeal chamber of the Court of First Instance have been constituted in accordance with law.

Consequently, the present proposal does not contain any figures on the financial implications of the Community patent jurisdiction. These detailed figures are contained in the legislative financial statement in the annex to the Commission proposal for a Council decision establishing the Community Patent Court and concerning appeals before the Court of First Instance.

2. OVERALL FIGURES

Not applicable (see no 1).

3. BUDGET CHARACTERISTICS

Not applicable (See no 1).

4. LEGAL BASIS

Article 229a of the EC Treaty.
5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

The proposed Council Decision is part of the overall project to establish the Community patent system. By way of a revision of the European Patent Convention and an accession of the Community to it, the European Patent Office shall be empowered to grant Community patents which will confer rights on their holders according to the Regulation of the Council on the Community patent. Disputes concerning in particular the infringement and the validity of these rights shall, after a transitional period, be brought before a Community jurisdiction. These measures shall reform the system of patent protection in Europe which has been characterised by national patent titles to be enforced before national courts and make the necessary adaptations for the needs of the European industry which increasingly operates trans-nationally within the common market. The measures are designed to increase the competitiveness of the Union's innovative industries by creating a Community-wide uniform patent protection which can be enforced before a single Community jurisdiction rendering decisions with Community-wide effect.

Within this overall project, the Community patent jurisdiction shall be created by two Council decisions. The Commission presented a separate proposal for the establishment of a Community Patent Court and concerning appeals before the Court of First Instance. The objective of the present proposal is to confer jurisdiction relating to the Community patent on the Court of Justice which then will be exercised at first instance by the newly established Community Patent Court and by the Court of First Instance on appeal.

5.1.2. Measures taken in connection with ex ante evaluation

The necessity to create a patent system covering the Community as a whole has been recognised for decades. The first initiative to create such a system resulted in the European Patent Convention of 5 October 1973 which harmonised the grant of the European patent by the European Patent Office but did neither include provisions on the rights conferred by such a patent nor create a single jurisdiction to deal with disputes. This was still left to national legislation and national jurisdiction of the Contracting States. In a second initiative, EC Member States tried to create a Community patent on the basis of an international agreement including an integrated jurisdiction. The Community Patent Convention was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent which included a protocol on the settlement of litigation concerning the infringement and validity of Community patents. The Convention, however, never entered into force. In the context of the Amsterdam European Council of June 1997 (action plan for the single market), the Commission published a Green Paper on the promotion of innovation by patents. The consultations on the Green Paper including the comments made in the hearing on 25 and 26 November 1997 showed a clear support for the creation of a Community patent system. Finally, the Lisbon European Council in March 2000 took up the issue and called for the creation of a Community patent system. The Council in its 3 March 2003 common political approach reached agreement on a number of key issues of the Community
patent system including the jurisdictional aspects calling for the establishment of the Community Patent Court on the basis of Article 225a of the EC Treaty.

5.2. Action envisaged and budget intervention arrangements
Not applicable (see no 1).

5.3. Methods of implementation
Not applicable (see no 1).

6. FINANCIAL IMPACT
Not applicable (see no 1).

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE
Not applicable (see no 1).

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements
The Council in its 3 March 2003 common political approach (point 5) foresees a review mechanism of the Community patent system including the jurisdictional arrangements. Regarding the present Decision, the jurisdiction conferred on the Court of Justice would have to be reviewed as to the subject matter in the light of experience gathered. The Commission will need to consult the Court of Justice and interested circles to collect data on the functioning of the Community patent jurisdiction and will have to evaluate the collected data and, where appropriate, suggest changes to the current decision.

8.2. Arrangements and schedule for the planned evaluation
On the basis of the common political approach adopted by the Council on 3 March 2003, the Commission will present a report on the functioning of all aspects of the Community patent including the jurisdictional arrangements five years after the grant of the first Community patent. Further reviews will be made periodically.

9. ANTI-FRAUD MEASURES
This does not apply. The proposal deals with the conferral of jurisdiction on the Court of Justice relating to the Community patent and does not cover a policy area with a risk of fraud.
IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

TITLE OF PROPOSAL

Proposal for a Council decision conferring jurisdiction on the Court of Justice relating to the Community patent.

DOCUMENT REFERENCE NUMBER

[...]

THE PROPOSAL

1. Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?

The object of the Community patent system is to provide a Community wide patent protection which can be enforced before one single court operating to uniform standards and whose decisions enjoy Community wide effect. This objective can only be achieved at a Community level.

THE IMPACT ON BUSINESS

2. Who will be affected by the proposal?

- which sectors of business

All sectors of business that deal with technical inventions which can be subject to patent protection are concerned by the Community patent system. They can in case of conflict be party to litigation before the Community Patent Court and on appeal before the Court of First Instance to the extent that jurisdiction is conferred on the Court of Justice.

- which sizes of business (what is the concentration of small and medium-sized firms)

Potentially every size of business can be a party to Community patent litigation before the Community patent jurisdiction. For example, the holder of a Community patent may, as a plaintiff, wish to enforce his rights flowing from the Community patent title before the Community Patent Court. A third person may as a plaintiff wish to attack the validity of such a Community patent granting exclusive rights to its holder that he considers to be invalid. As defendant the right holder may wish to defend the validity of his patent or as a third person defend himself against an alleged infringement of a Community patent.
The Community patent system intends to make patenting of inventions more attractive especially for SMEs which will particularly increase the significance for this group. So far patenting is done in or with effect for individual Member States and the enforcement must take place before the national courts of the respective Member States their national patent law and their national legislation on the court procedure which is particularly cumbersome for SMEs. The Community patent jurisdiction will allow to enforce a unitary patent right valid in the entire Community in one single court procedure operating to common standards.

3. What will business have to do to comply with the proposal?

The effect for businesses will be felt only in cases of litigation over a Community patent. In that case they have to familiarise themselves with the proceedings before the Community patent jurisdiction.

4. What economic effects is the proposal likely to have?

The proposal will only have an economic effect in combination with the other legal instruments creating a Community patent system. The Community patent system as a whole will have a positive economic impact. In particular:

- on investment and the creation of new businesses

The Community patent system will have a positive impact on investments due to a better Community wide legal protection of inventions. The return on investments in innovative technologies will be more secure serving as an incentive for more investment. Moreover, since better legal protection will be rendered less costly, businesses will be able to make more efficient use of their existing budget for research and development which will lead to more inventions which in turn will stimulate investments to economically exploit these inventions. Since effective patent protection often serves as the legal basis for an economically successfully operating business, a more comprehensive, easier and less costly patent protection will promote the creation of new businesses.

- on the competitiveness of businesses

The Community patent system will make patent protection more effective, easier and less costly not only for those businesses that already make use of patent protection but also make patenting more easily accessible for other businesses and in particular for SMEs. The possibility to protect an invention and with it the associated investment into it with Community wide effect will increase the ability of all businesses that make use of this possibility to compete in the common market. Moreover, the competitiveness of European industry will be increased on a global scale compared to the major trading partners and competitors. Today patent protection for example in the United States or Japan is considerably less costly than in Europe under the national and the European patent system. Consequently US and Japan based companies can develop patented products at a considerably lower price which later are marketed world wide. The Community patent system intends to eliminate this obstacle for the competitiveness of the European industry.
An increased investment in inventive technologies and a strengthened competitiveness of the European industry will lead to the creation of new jobs. The creation of new jobs can be expected across the full range of technical fields and their related industries. In particular the modern, innovative technologies which are playing a steadily increasing role in a knowledge based global economy will benefit.

5. Does the proposal contain measures to take account of the specific situation of small and medium-sized firms (reduced or different requirements etc)?

This does not apply. No distinction according to the size of companies can be made with regard the subject matter of jurisdiction conferred on the Court of Justice.

CONSULTATION

6. List the organisations which have been consulted about the proposal and outline their main views:

The necessity to create a patent system covering the Community as a whole has been recognised for decades. The first initiative to create such a system resulted in the European Patent Convention of 5 October 1973 which harmonised the grant of the European patent by the European Patent Office but did neither include provisions on the rights conferred by such a patent nor create a single jurisdiction to deal with disputes. This was still left to national legislation and national jurisdiction of the Contracting States. In a second initiative, EC Member States tried to create a Community patent on the basis of an international agreement including an integrated jurisdiction. The Community Patent Convention was signed on 15 December 1975 in Luxembourg followed by the 15 December 1989 agreement relating to the Community patent which included a protocol on the settlement of litigation concerning the infringement and validity of Community patents. The Convention however never entered into force. In the context of the Amsterdam European Council of June 1997 (action plan for the single market), the Commission published a green paper on the promotion of innovation by patents. The consultations on the green paper including the comments made in the hearing on 25 and 26 November 1997 showed a clear support for the creation of a Community patent system. Finally, the Lisbon European Council in March 2000 took up the issue and called for the creation of a Community patent system. The Council in its 3 March 2003 common political approach reached agreement on a number of key issues of the Community patent system including the jurisdictional aspects calling for the establishment of the Community Patent Court on the basis of Article 225a of the EC Treaty.
The European Patent Lawyers Association comprises European lawyers who specialise in patent litigation. The members of EPLA have declared themselves in favour of a Community Patent which can be enforced before the Community Patent Court in litigation proceedings, which, regarding speed and cost, are comparable to the leading patent litigation courts in member states. Therefore, they have studied with interest the Proposal mentioned above. They want to give their opinion and advice to the EU-Commission and to the member states who will decide on that Proposal in the Council.

1. EPLA understands that the Proposal is based upon the Common Approach of March 3, 2003. Therefore, it only wants to reiterate briefly that EPLA was and is in favour of a reduced number of national patent litigation courts taking over the role of the first instance court of the Community Patent Court System, because it believes, that in doing so the expertise of the national judges can be used, the problem of a (possibly) small number of Community Patent cases in the initial stage would be taken care of (because those courts would be active also with litigation regarding European Patents and national patents) and that a central second instance court would be sufficient to guarantee a harmonised interpretation and application of Community Patent law.

2. Regarding technical experts (Annex II. Art. 7) EPLA believes that it is not necessary and not even advisable to have technical experts playing the role envisaged by the Proposal. The reasons for this are:
a) Only highly experienced patent judges can be appointed. This reduces the need for such experts.

b) There are serious concerns as to how the technical experts may interact with the judges outside the open hearing, and that there is a likelihood of them confusing issues of fact and law without the knowledge of the parties. This concern is increased because of the intention to appoint experts with relevant experience of patent law.

c) Nothing stands in the way of parties appointing and remunerating their choice of independent experts to consider the technical issues and to prepare a technical brief and evidence to assist the court.

d) Such independent party experts and any independent court-appointed experts can be held to account by the availability of cross-examination.

e) Precise arrangements for the giving of technical assistance to the court can be determined at an early case management conference (if possible with the same panel of judges who will hear the trial). This will help a speedy proceeding.

If, however, there are to be technical experts as proposed, EPLA advises against appointing those experts by means of a procedure which would appear to be equivalent to appointing judges. Actually, the technical experts are advisors of the judges; they belong to the staff of the court. Therefore, they should be appointed in the same way as other staff members. This would render the nomination procedure more flexible. A flexible procedure is necessary, because it must be anticipated, that technical experts ready to serve as full time staff members and having the quality to be expected will not be easily found on the market and that swift decisions must be taken. Further, EPLA believes that technical experts should be appointed because of their technical expertise alone.
Instead of recruiting a small number of technicians on a permanent basis as employees, a better option would be to choose from a pool of ad hoc experts e.g. from the Boards of Appeals of the EPO or the technical judges who exist in the national courts or simply from a pre-established list of university professors etc. A small number of employed experts will not be able to cover all technical fields, all languages required and they will soon be overworked if they have to draft technical opinions for the court.

3. A number of provisions deal with the role of member states and institutions of the Community in patent litigation proceedings regarding Community Patents (Annex II, Art. 10 (1), which does not exclude Art. 19 (1), 20 (2), 49 (1); Annex II, Art. 21, 55, 61 a (3), second sentence). EPLA believes, that there should be no role for member states and other institutions of the Community in patent litigation cases, which are purely civil law cases between private parties. The interest of the Community is sufficiently safeguarded by the possible role of the Advocate-General, to which we will refer later. EPLA sees a danger that private parties would try to engage their own member states to intervene on their behalf in patent litigation cases thereby introducing aspects of politics into such proceedings.

Furthermore, having regard to the great number of member states after the enlargement process and given the fact that the proceedings could be conducted in a language which the receiving member state and its officials would not understand anyway, the provision of information to member states regarding the existence and the results of proceedings of the Community Patent Court would be an unnecessary and costly burden on the Court and on the parties who have to contribute to the costs of the Court by court fees.

4. The Proposal, until now, does not contain special and appropriate rules regarding the participation of the Advocate-General. EPLA proposes a rule, according to which the Community Patent Court decides on a case by case basis whether an Advocate-General should take part in the proceedings or not. The reason for this proposal is that in the great majority of cases there will be no aspects of special interest to the Community or relating to the development of Community Law. The emphasis will be on the technical nature of the case as to which the Advocate-General, lacking technical experience, could not be expected to be able to contribute. Otherwise, the Proposal would have to be
amended so that at the level of the Advocate-Generals there would also be a person specialising in technical questions. However, this seems unnecessary; technical questions arising in patent proceedings, generally do not call for a contribution regarding Community interests or Community law.

5. The language-rules regarding the proceedings of the Community Patent Court and the Court of First Instance in Community Patent litigation are completely impractical and will impede a speedy and cost-effective procedure. They are unacceptable for the future parties and their representatives. They will stand in the way of parties using the Community Patent System. EPLA realises that the proposal tries to retain the basis of the Common Approach of March 3, 2003. However, the Council should be free to adopt a system which is clearly better for handling complex technical cases.

The objections of EPLA to this language-regime are not only based on the practical experience of its members. The proposed rules also contradict the spirit of Regulation 44/2001: According to that Regulation (Art. 2) a defendant may not only be sued in the country where he is domiciled (and where the court speaks his language). The defendant may also be sued in the member state where an infringement occurs (Art. 5 Regulation 44/2001), and this is happening in the majority of cases. Before the courts of the member state where the infringement occurs the defendant must argue his case in the language of that state. There is no reason to afford the infringer a better language-option in the Community Patent System than in proceedings governed by Regulation 44/2001.

If, however, the Council feels that it is bound by the Common Approach of March 3, 2003, in that the language of the defendant’s domicile must be used, EPLA urges the Council to include into that rule exceptions regarding cases, where there is no legitimate interest of the defendant to use his own language. The proposal of EPLA is as follows:

a) If a defendant acts or threatens to act outside the Member State where he is domiciled, the language of the proceedings will be one of the languages of the European Patent Convention as chosen by the plaintiff.
b) If the defendant is domiciled outside the EU, the rule established under a) will apply.

c) In proceedings with more than one defendant who are not all domiciled in the same Member State, the rule established under a) will apply.

d) The court will deliver a judgement in the language of the proceedings. However, if the language of the proceedings is not one of the EPC languages, the court will also make available a translation of its decision in the language in which the patent was granted.

e) If a decision of the court contains an amendment of the patent, the part of the decision formulating the amendment will be in the language in which the patent was granted.

6. Regarding court fees, EPLA believes that it is prudent not to believe that these court fees to be paid by the parties (ultimately the losing party) will be sufficient to cover the overall costs of the Community Patent Court and of the special chamber of the Court of First Instance. With few cases in the initial phase it must be expected that the court fees, at least at that stage, will contribute only a small percentage to the overall costs of the court. However, even when the number of proceedings increases, court fees cannot be prohibitive and should not deter parties from using the Community Patent System. Therefore, the Community must take into account that it will bear a large proportion of the costs of the Community Patent Court and the chamber of the Court of First Instance. This is, in the opinion of EPLA, another reason for using the existing national courts in the capacity of the first instance courts of a Community Patent Court.

7. Regarding the right of representation (Annex II, Art. 11), EPLA believes that the Proposal strikes the right balance. The Proposal is in line with the procedural rules of almost all member states. The great majority of member states admit only lawyers to represent the parties before the court in patent litigation proceedings, allowing patent agents to take part in the oral discussions, according to the procedural rules. Having regard to Regarding the education of patent agents and also their large number the great
number of patent agents (the great majority of whom have no experience in patent
litigation cases), this solution makes sense also on the Community level since in patent
litigation cases at this level, a great number of difficult civil law and civil procedural
law questions can arise of which the vast majority of patent agents will have little or no
experience. The judges of the Community Patent Court and of the Court of First
Instance, who are themselves lawyers, can and must expect from the representatives of
the parties that they are able to discern and to discuss with them legal questions on the
same level, having had the same legal education.

8. EPLA has some further remarks regarding questions of detail in the Proposal. These
are dealt within the Annex to this Statement.

EPLA
Board of Directors

12 February 2004
Annex

1. Regarding enforcement, Art. 244, 256 EC must be read together with Annex II, Art. 22 (2) and (3). The Community Patent Court will have only the power to impose financial sanctions. All other questions (including the enforcement of the financial sanctions) will be left to the member states. The formulation of Art. 22 (2) should make clear, that the decision is not "enforceable against member states", but that member states must comply with their duty to enforce decisions of the different bodies of the European Court of Justice acting in patent infringement cases.

2. In Annex II, Art. 5 (2), a reference to Art. 18 should be included. In Annex II, Art. 10 (1) the number of exceptions should be enlarged: Already in its Statement, EPLA has declared itself in favour of enlarging the exceptions by declaring the following articles as not being applicable: Art. 19 (1), Art. 20 (2), Art. 24 (2), Art. 49 (1), Art. 51, Art. 61 a (3), second instance. For the same reason, Annex II, Art. 21 should be deleted.

3. Furthermore, in Annex II, Art. 10 (1) an exception should be made regarding Art. 21 (1), referring to "brief statement". The Community Patent Court can expect to receive extensive and informative written statements. It is unnecessary to refer to the "pleas in law on which the application is based". The rule to be devised should refer to all technical and legal aspects of the case.

4. Again, regarding the exceptions in Annex II, Art. 10 (1) there is, in private patent litigation, no reason to give the court the right to require member states and institutions not being part of the case to supply all information which a court considers necessary for the proceedings. Furthermore, there should be no right of the court (Art. 25) to entrust to a "Committee or other organisation it chooses" the task of giving an expert opinion. The cost rule in Art. 29 (3) should be changed according to the usual rules in civil procedure law regarding costs, namely that the costs are carried by the losing party. However, there must be a cost-fixing and cost-controlling decision by the court in order to avoid unnecessary costs to be born by the losing party.
5. Annex II, Art. 12: There is no "sixth paragraph" in Art. 20.

6. Annex II, Art. 12 (3): The Community Patent Court should not have the right to dispense with oral proceedings. At least there should be a rule, that such a procedure can only be used if both parties agree.

7. Annex II, Art. 17: There must be a possibility for a revision of the court's decision if the patent is totally or partly invalidated after the court decision has become final. (For example, the patent may be revoked in appeal proceedings at the European Patent office after the infringement case has been decided in the favour of the claimant).

8. Annex II, Art. 27: EPLA supports this proposal, but proposes to add some words to the Explanatory Memorandum and to the Reasons for the proposal to the effect that the restriction in Art. 28 (3), (that new facts and new evidence may only be produced if their submission by the party concerned could not reasonably have been expected during the proceedings at first instance) is applied in a reasonable, not to restrictive way, taking into account that after a decision of the first instance the focus of the case could prove to be different from what the parties had expected during the first instance and that the oral hearing before the Community Patent Court, acting as first instance, may have produced results surprising to one party or to both parties. The Court of First Instance (as an appeal court) should not be forced to decide a case knowing or presuming that the decision is false, because there has been a presentation of relevant new facts to him which were excluded by the rule in Art. 27 (3).

9. Chapter II of Annex II assumes that all provisions of the Statute of the Court of Justice should be applicable to the specialised Patent Chamber of the Court of First Instance. However, the following rules should not play a role in patent proceedings:

   a) Advocate-General (Art. 49 and 53 (3)): The Advocate-General should participate in the patent civil law proceedings only if the court asks him to do so.
b) Regarding Art. 50, there is no need to add two non-specialised judges to the three judges of the patent chamber and/or for the court to sit in a "Grand Chamber". The two other judges of the Court of First Instance would not be able to participate in technical questions.

c) Art. 51 is not applicable to civil law cases.

d) There is no special rule for patent cases regarding an appeal against decisions of the Court of First Instance to the European Court of Justice. Therefore, the rules of Art. 56 to 59 and 61 apply. Art. 60 and Art. 62 are not applicable.

10. Regarding the new Art. 61 a (2):

a) The reference to Art. 15 should be deleted, because there is no need to enlarge the patent chamber by another two judges.

b) We have already referred to Art. 61 a (3), second sentence: Member States and institutions of the European Community should not have the right to intervene in civil law proceedings.
Delegations will find attached a Presidency Working Document for discussion in the Permanent Representatives Committee on 25 February 2004. Changes in relation to 15086/03 are indicated.

In preparing the document, the Presidency has drawn inter alia on the text which was submitted to the November 2003 Council, as well as on some of the texts discussed at that meeting. By bracketing parts of the text, the Presidency is simply signalling its belief that, if there is to be a solution, it has to lie in one or other combination of these provisions.
Article 24a

Compulsory translations of the Community patent

1. When the patent is granted, the applicant shall file a translation of all the claims into all the official languages of the Community, unless all Member States which have a given language as their official language or one of their official languages agree to dispense with a translation into that language. The translation shall be filed, at the choice of the applicant, either directly with the Office or via the national patent office of a Member State which makes such provision and which has as its official language or one of its official languages the language of the translation.

Where the translation is filed directly with the Office, the Office shall immediately make it available to the national patent offices of the Member States and to the public by publishing it on its Internet database.

Where the translation is filed via a national patent office, that office shall immediately transmit the translation to the Office, which shall make it available to the national patent offices of the other Member States and to the public by publishing it on its Internet database.

2. The decision of one or more Member States referred to in paragraph 1 to dispense with a translation must be communicated to the Commission in a statement, which it shall publish in the Official Journal of the European Union.

3. For the purposes of paragraph 1, if the translations into Community languages other than those required for the granting of the patent under the provisions of the Munich Convention are produced and filed at the Office within a maximum of [nine] [twelve] months of the granting of the patent, under conditions specified by the implementing rules, the holder of the patent may exploit the rights conferred by that patent as from the date of publication of the notice of granting of the patent.

1 The proposals for amendments to the European Patent Convention should also include a proposal to increase the period provided for in Article 99(1) of the Convention for filing notice of opposition from nine months to [twelve] [fifteen] months.
4. If the translations provided for in this Article are not filed within the deadline laid down in paragraph 3, the Community patent shall be deemed to be void ab initio.

Article 24c

Effects of inaccurate translations

1. Notwithstanding paragraph 3a of Article 44, an alleged infringer, who in good faith is using or has made effective and serious preparations for using the invention the use of which would not constitute infringement of the patent under the translation referred to in Articles 24a or Article 58 but constitutes infringement according to the language in which the patent was granted, may, in the Member State in the official language of which the inaccurate translation is provided, continue, subject to payment of adequate compensation, the use in question for business purposes within the territory of the Member State concerned, for two years from the moment at which a corrected translation has either been notified to him or made available to the public in accordance with the said Articles. This right may not be transferred. Article 10 is not applicable.

2. Where the alleged infringer proves that the inaccuracy of the translation referred to in paragraph 1 happens as a consequence of a misleading intention on behalf of the patent proprietor, the period of two years indicated in paragraph 1 shall be doubled.

3. Where the Member State referred to in paragraph 1 has two or more official languages which are also official languages of the Community, paragraphs 1 and 2 shall apply to the alleged infringer for the official language of his choice.
[Article 24d

Status of the translations

The translations referred to in Articles 24a and 58, which have been carried out by a person authorized under the law of a Member State shall be deemed in the Community to be in conformity with the original, until proved to the contrary. The presumption can at any time be refuted through a presentation of the original text.

Article 62

Report on the implementation of this Regulation

Not later than five years from the date on which the first patent designating the Community is granted, the Commission shall present to the Council a report on the operation of the Community patent system and where necessary make appropriate proposals for amending this Regulation. The assessment shall cover quality and consistency, the deadlines required for decisions, the time limit for the filing of translations of claims and the costs incurred by inventors. Subsequent reports on the operation of the Community patent system shall be presented by the Commission every five years.
2570th Council meeting

- COMPETITIVENESS -

(Internal market, Industry and Research)

Brussels, 11 March 2004

President: Ms Mary HARNEY
An Tánaiste (Deputy Prime Minister) and Minister for Enterprise, Trade and Employment of Ireland

Internet: http://ue.eu.int/
E-mail: press.office@consilium.eu.int

For further information call 32 2 285 67 00 – 32 2 285 63 19
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3. Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the above mentioned Council Internet site or may be obtained from the Press Office.

6648/04 (Presse 62)
COMMUNITY PATENT

The Council held extensive discussions on a limited number of questions still outstanding with regard to the proposal for a Council Regulation on the Community patent. In the absence of agreement on these issues, the Presidency concluded that it would reflect on how to proceed further.
1. NOTICE OF 2004 ANNUAL CONGRESS TO TAKE PLACE ON MONDAY 08 NOVEMBER 2004 AT HOTEL MERIDIEN, BRUSSELS

PLEASE NOTE THIS DATE IN YOUR DIARIES NOW

2. UPDATE ON COMMUNITY PATENT

Following the failure of the recent meeting of the Competitiveness Council to achieve unanimity on the terms of the Draft Community Patent Regulation, members of your Board (Messrs Mooney, Veron, Pagenberg and De Visscher) met with members of the Internal Market Unit responsible for this project (Messrs Nooteboom, Soderholm, Temmink and Karcher) on 08 June in Brussels.

The primary purpose of the meeting was to establish whether the draft Regulation will now be withdrawn or will proceed as it is or possibly amended.

The attitude of the Commission officials may be summed up as follows. They were encouraged by the fact that 20 Member States (out of a total of 25) had voted in favour of the draft Regulation but they cannot be sure that the opposition of the remaining 5 Member States can be overcome. Discussions are currently taking place with the next Dutch Presidency and much will depend on whether the Dutch Presidency will continue to give this project high priority. We shall be reporting again shortly on this.

With regard to the Commission’s attitude towards the European Patent Litigation Agreement (formally Protocol) which is currently in limbo pending a meeting of the Working Party in November 2004, the Commission officials repeated the often stated problem that arises over the competency of individual Member States to negotiate this Agreement. We repeated the EPLA view that it would be important for a dialogue to begin between the Commission and the Working Party, particularly if the Community Patent Regulation is withdrawn or further delayed. This suggestion was not rejected.

We also discussed with the Commission Officials the content of the EPLA Statement dated February 2004 concerning the Christmas 2003 Commission Proposals. (A further copy of our Statement is attached for your reference). Our views on the translation of claims, assistant rapporteurs (Court experts) and costs were listened to carefully and noted. However, we were informed that on essential issues such as the centralised Court system and the formal language of proceedings the terms of the Common Political Approach dated March 2003 will prevent significant amendment to the current draft Regulation.

It was agreed that contact between members of the EPLA and the Commission will be maintained. We shall report to the members of the EPLA from time to time and a full debate will be held at our next Congress in Brussels on 08 November to take place at the Hotel Meridien.
WPL/6/03 Rev. 1
Orig.: en
Munich, 20.11.2003

SUBJECT: Closing statement by the Working Party on Litigation

DRAWN UP BY: Chair of the Working Party on Litigation

ADDRESSEES: Working Party on Litigation (for decision)

This document has been distributed in English only.
1. At its fifth meeting on 19 and 20 November 2003, the Working Party on Litigation agreed on a draft Agreement on the establishment of a European patent litigation system and a draft Statute of the European Patent Court. It herewith submits the above drafts.

2. The working party has thus adhered to its mandate from the Paris and London intergovernmental conferences held on 24 and 25 June 1999 and 16 and 17 October 2000 respectively. It believes that the drafts' detailed and comprehensive provisions for a unitary European court system with a decentralised court of first instance, a centralised appellate court and a Facultative Advisory Council offer an optimum solution for users of the European patent system. It considers the drafts a suitable basis for an intergovernmental conference to establish a judiciary for the European Patent Organisation, remaining divergences having been reduced as far as possible.

3. The working party is conscious of the fact that the establishment of a litigation system for existing European patents is being paused, in view of the work being done by the European Union to introduce a Community patent with a judicial system of its own. The working party feels that its proposed judicial system for European patents also contains useful pointers towards practical solutions for the ongoing work on a Community patent court system. It will meet again on Wednesday, 8 December 2004. The time until the next meeting of the working party should be used for consultations with a view to resolving potential conflicts between the law of the European Union and the contemplated European Patent litigation system.
SUBJECT: Draft Agreement on the establishment of a European patent litigation system

DRAWN UP BY: European Patent Office acting on behalf of the sub-group of the Working Party on Litigation

ADDRESSEES: Working Party on Litigation (for opinion)

SUMMARY

The present document contains the Draft Agreement on the establishment of a European patent litigation system (WPL/2/03). The Draft has been revised in the light of the amendments agreed at the 4th meeting of the Working Party on Litigation in December 2002 and the 7th meeting of the sub-group of the Working Party on Litigation in May 2003.

Amendments made to WPL/3/02 at the above-mentioned meetings are indicated in the text by means of grey hatching and strikeout.
SUMMARY OF CONTENTS OF THE
DRAFT EUROPEAN PATENT LITIGATION AGREEMENT

Preamble

Sets out the endeavours of the Contracting States and the goals of the Agreement: improve the enforcement of European patents, enhance legal certainty and promote the uniform application and interpretation of European patent law.

Refers to the legal framework which surrounds the Agreement and from which many provisions are drawn: the EPC 2000, the TRIPs Agreement and Community law (in particular, the Agreement relating to Community patents of 1989, the Brussels and Lugano Conventions and Regulation 44/2001).

PART I GENERAL AND INSTITUTIONAL PROVISIONS
Chapter I General provisions (Arts. 1 to 9)

Set up a new international organisation, the European Patent Judiciary (EPJ), to settle litigation concerning the infringement and validity of European patents effective in the Contracting States which commit themselves to this new integrated judicial system.

List the organs of the EPJ: the European Patent Court and the Administrative Committee.

Set up the Facultative Advisory Council (FAC).

Lay down the autonomy, legal status, seat, privileges and immunities and liability of the EPJ, as well as the judicial independence of the European Patent Court.

Chapter II European Patent Court (Arts. 10 to 12)

Comprises the Court of First Instance, the Court of Appeal and the Registry.

The Central Division of the Court of First Instance, the Court of Appeal and the Registry shall be set up at the seat of the EPJ.

A number of Regional Divisions may be set up in the Contracting States by the Administrative Committee, and a sub-registry shall be set up at the location of any Regional Division.

Chapter III Administrative Committee (Arts. 13 to 19)

Composed of representatives of the Contracting States.
Supervises the European Patent Court, without prejudice to the Court's judicial independence.

Sets up Regional Divisions upon request, appoints judges and the Registrar and exercises legislative and budgetary powers.

**PART II**

**FINANCIAL PROVISIONS (Arts. 20 to 31)**

Based on the assumption that the EPJ will be financed by its own resources (court fees).

Contributions by the Contracting States are foreseen if the EPJ is unable to balance its budget with its own resources (distribution key: ratio of litigation activity or of number of European patents effective in the Contracting States).

Provisions on advances, budget, authorisation for expenditure, accounting period, auditing of accounts.

**PART III**

**SUBSTANTIVE PATENT LAW, JURISDICTION AND EFFECT OF DECISIONS**

**Chapter I**

Substantive patent law (Arts. 32 to 37)

Definitions of infringing acts and indirect infringement, rules governing limitations on the effects of European patents and reversal of the burden of proof when the subject-matter of the patent is a process for obtaining a new product, provisions concerning prior use.

**Chapter II**

Jurisdiction and effect of decisions (Arts. 38 to 44)

The European Patent Court will deal with European patents effective in one or more of the Contracting States.

It will have jurisdiction in respect of actions for actual or threatened infringement or for a declaration of non-infringement, actions or counterclaims for revocation, and actions for damages or compensation derived from the provisional protection conferred by a published European patent application.

After a 7-year transitional period, the Court will have exclusive jurisdiction to try actions for revocation and actions for infringement where the alleged infringer is domiciled in a Contracting State or where all parties are in agreement; moreover, it will have non exclusive jurisdiction to try actions for infringement where the alleged infringement occurred in a Contracting State even though the alleged infringer is not domiciled in a Contracting State.
Rules of Procedure will regulate the allocation of cases to the Central or a Regional Division of the Court of First Instance, taking account of the Brussels and Lugano Conventions as well as Regulation 44/2001: originary actions for revocation shall be brought before the Central Division; it will be possible to bring actions for infringement before either the Division of the country where the defendant is domiciled or the Division of the country where the alleged infringement occurred.

The application of Community law will be guaranteed by the Court of Justice of the European Communities which on request by the European Patent Court will issue preliminary rulings binding for the latter in so far as its decision takes effect in a Member State of the European Union.

The Contracting States will designate the European Patent Court as their national court for cases concerning the infringement and validity of European patents, so that decisions of the Court will be directly enforceable in all Contracting States without any form of recognition or exequeratur.

Chapter III Jurisdiction of national courts (Arts. 45 to 47)

National courts will retain jurisdiction to order provisional and protective measures provided for by their national law and to order provisional seizure of goods as security for any damages, compensation, costs or any other payment resulting from proceedings before the European Patent Court.

PART IV PROCEDURE BEFORE THE EUROPEAN PATENT COURT

Includes a chapter laying down basic procedural principles and two chapters on the powers of the European Patent Court and on provisional and protective measures.

Chapter I General Provisions (Arts. 48 to 59)

Lay down basic procedural provisions concerning case management, publicity, right to be heard, admissibility as a party, oral proceedings, party disposition.

Include a list of means of giving and obtaining evidence and rules on the onus of proof, production of evidence, witnesses, court fees and apportionment of costs (loser pays costs, apportionment when equitable).

Rules of Procedure shall lay down the details of proceedings before the European Patent Court.
Chapter II  
Powers of the European Patent Court (Arts. 60 to 69)

The Court’s power to order measures, securities, sanctions and fines as laid down in the Agreement is provided for in a general provision.

Specific powers are defined: the European Patent Court may order
- astreintes, where a party does not comply with an order of the Court
- injunctions, such as orders to desist from infringing acts
- forfeiture, meaning the destruction or disposal of infringing goods, materials or devices
- damages, which may not be punitive but must be adequate to compensate for the injury suffered and restore the injured party to the position he would have been in if no infringement had taken place.

Chapter III  
Provisional and protective measures (Arts. 70 to 75)

Finally, the European Patent Court shall have the power to order provisional and protective orders such as inspection of premises and the preservation of evidence ("saisie contrefaçon"), freezing orders and sequestration of allegedly infringing goods.

PART V  
PROCEDURAL REMEDIES

Two procedural remedies will be available before the European Patent Court: from decisions of the Court of First Instance an appeal shall lie to the Court of Appeal; as an extraordinary remedy any party may file a petition for review.

Chapter I  
Appeal (Arts. 76 to 81)

The appeal is the ordinary procedural remedy with suspensive effect.

As a general rule, only final decisions shall be appealable.

The appeal may only be based on the grounds that the facts alleged by the parties were not correctly established, or that, based on the established facts, the law was not correctly applied.

New facts or evidence may only be taken into consideration by the Court of Appeal in exceptional cases.
Chapter II  
Review of decision (Arts. 82 and 83)

As a limited judicial review, any party which is adversely affected by a decision against which an appeal is not or no longer possible may file a petition of review by the Court of Appeal.

A petition may only be filed on the grounds that a criminal act may have had an impact on the decision, or that a fundamental procedural defect has occurred in proceedings before the Court of Appeal.

PART Va  
FACULTATIVE ADVISORY COUNCIL (Arts. 83a to 83f)

The Court of Appeal shall perform the functions of the Facultative Advisory Council (FAC), i.e. deliver non-binding opinions on any point of law concerning European or harmonised national patent law, at the request of a national court or quasi-judicial authority.

Special provisions deal with the law applicable to the FAC and the procedure regarding the delivery of opinions. A reservation system enables the Contracting States to be bound only by Part Va, and thus to participate in FAC-related matters only (financing, voting rights in the Administrative Committee).

PART VI  
TRANSITIONAL AND FINAL PROVISIONS (Arts. 85 to 99)

Clarify the application of the Agreement to effective European patents and pending patent applications.

Transitional period of seven years, where national courts of the Contracting States will have a parallel jurisdiction to the European Patent Court.

Provisions on signature, ratification, entry into force and revision.
The following abbreviations are used in the left margins:

<table>
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<td>CPC 1989</td>
<td>Community Patent Convention, as amended by the Agreement relating to Community patents, 1989</td>
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<td>EPC</td>
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**SUBSTANTIVE PATENT LAW, JURISDICTION AND EFFECT OF DECISIONS**

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DRAFT AGREEMENT
ON THE ESTABLISHMENT
OF A EUROPEAN PATENT LITIGATION SYSTEM

Preamble

THE CONTRACTING STATES,

CONSIDERING that co-operation among the countries of Europe in the field of patents renders a significant contribution to the legal and economic integration of Europe,

WISHING to promote the uniform application and interpretation of European patent law, to improve the enforcement of European patents and to enhance legal certainty by setting up a European Patent Judiciary to settle litigation concerning the infringement and validity of European patents effective in one or more of the Contracting States,

WISHING additionally to promote the uniform application and interpretation of European patent law as well as of harmonised national patent law by enabling the European Patent Judiciary to deliver non-binding opinions on any point of law concerning European or harmonised national patent law,

DESIRING, for this purpose, to conclude an Agreement on the Establishment of a European Patent Litigation System which constitutes a special agreement within the meaning of Article 149a of the European Patent Convention as revised on 29 November 2000, and within the meaning of Article 19 of the Paris Convention for the Protection of Industrial Property as revised on 14 July 1967,
CONSIDERING that it is essential for this Agreement not to conflict with the Treaty establishing the European Economic Community and that the Court of Justice of the European Communities must be able to ensure the uniformity of the Community legal order,

CONSIDERING that it is also essential for this Agreement to take into account the Agreement on Trade-related Aspects of Intellectual Property Rights, annexed to the Agreement Establishing the World Trade Organization of 15 April 1994,

MINDFUL that the European Patent Judiciary should have an international character and represent equitably the different legal cultures of Europe,

HAVE AGREED AS FOLLOWS
PART I  GENERAL AND INSTITUTIONAL PROVISIONS

CHAPTER I  GENERAL PROVISIONS

Article 1  Definitions

(a) "Contracting State" means a State party to this Agreement.
(b) "Statute" means the Statute of the European Patent Court.
(c) "European Patent Convention" means the Convention on the Grant of European Patents of 5 October 1973, as last revised on 29 November 2000.
(d) "European patent" means a patent granted under the European Patent Convention.
(e) "Court of First Instance" means the European Patent Court of First Instance.
(f) "Court of Appeal" means the European Patent Court of Appeal.
(g) "European Patent Court" means the Court of First Instance, the Court of Appeal and the Registry.
(h) "Facultative Advisory Council" means the entity delivering non-binding opinions on points of law concerning European or harmonised national patent law.

Article 2  System of law for litigation concerning European patents

A system of law, common to the Contracting States, for the settlement of litigation concerning the infringement and validity of European patents is hereby established.

Article 3  European Patent Judiciary

(1) A European Patent Judiciary is hereby set up to settle litigation concerning the infringement and validity of European patents effective in one or more of the Contracting States. The European Patent Judiciary shall have judicial, administrative and financial autonomy.

(2) The organs of the European Patent Judiciary shall be:
(a) the European Patent Court, comprising the Court of First Instance, the Court of Appeal and a Registry

(b) the Administrative Committee.

(3) The European Patent Court shall perform the functions assigned to it by this Agreement.

(4) Subject to Article 5, the European Patent Court shall be supervised by the Administrative Committee.

Article 4 Facultative Advisory Council

Within the European Patent Judiciary, a Facultative Advisory Council shall be set up, functioning under the provisions of Part Va of this Agreement.

Article 5 Judicial independence

The European Patent Court, its judges and the Registrar shall enjoy judicial independence. In their decisions, the judges shall not be bound by any instructions and shall comply only with the provisions of this Agreement.

Article 6 Legal status

(1) The European Patent Judiciary shall have legal personality.

(2) In each of the Contracting States, the European Patent Judiciary shall enjoy the most extensive legal capacity accorded to legal persons under the national law of that State; it may in particular acquire or dispose of movable and immovable property and may be a party to legal proceedings.

(3) The European Patent Judiciary shall be represented by the President of the Court of Appeal.
Article 7  Seat

(1) The European Patent Judiciary shall have its seat in ***.

(2) The Court of First Instance shall comprise Regional Divisions located in those Contracting States in which such Divisions are set up in accordance with the Statute.

(3) Any Contracting State shall designate at least one national court which, if the European Patent Court wishes to conduct parts of the proceedings in that State, shall provide the facilities necessary for that purpose.

Article 8  Privileges and immunities

The Protocol on Privileges and Immunities of the European Patent Judiciary, annexed to this Agreement, shall define the conditions under which the employees of the European Patent Judiciary and such other persons specified in that Protocol as take part in the work of the European Patent Judiciary, shall enjoy, in each Contracting State, the privileges and immunities necessary for the performance of their duties.

Article 9  Liability

(1) The contractual liability of the European Patent Judiciary shall be governed by the law applicable to the contract in question.

(2) In matters relating to tort, delict or quasi-delict the liability of the European Patent Judiciary in respect of any damage caused by it or its employees in the performance of their duties shall be governed by the law of [state of seat of European Patent Judiciary]. Where such damage is caused by a Regional Division, the members of a panel of this Regional Division or its employees, the law of the Contracting State in which this Regional Division is located shall apply.
competent to deal with claims for damages; sentence 2 of paragraph 2 further underlines the concept of regionalisation. Moreover the liability of the judges from abroad participating in cases before the Regional Division shall be governed by the law of the Contracting State in which the Regional Division is located.

The third sentence has been drafted in the light of § 839(2) German Civil Code (BGB) and the interpretation of this provision by the courts. Such provisions have traditionally been considered a safeguard for judicial independence; in modern legal literature they are regarded as a safeguard for the res judicata effect of judicial decisions.

Cf. Art. 9 (3) EPC 2000

If such damage occurs in connection with a judicial decision terminating proceedings before the European Patent Court, the European Patent Judiciary shall be liable only if this decision involved a criminal breach of duty and there is no legal remedy against it.

(3) The personal liability of the employees of the European Patent Court towards the European Patent Judiciary shall be laid down in their Service Regulations or conditions of employment.
CHAPTER II  EUROPEAN PATENT COURT

Article 10  Court of First Instance

(1) The Court of First Instance shall comprise a Central Division set up at the seat of the European Patent Judiciary.

(2) The Administrative Committee shall have the power to set up or discontinue Regional Divisions of the Court of First Instance in accordance with the Statute.

Maximum 3 Regional Divisions per Contracting State / group of Contracting States (see Draft Statute Arts. 19 and 20(1))
Article 11  Court of Appeal

The Court of Appeal shall be set up at the seat of the European Patent Judiciary.

Article 12  Registry

(1) The Registry shall be set up at the seat of the European Patent Judiciary. It shall be managed by the Registrar and perform the functions assigned to it by the Statute.

(2) A sub-registry shall be set up at the location of any Regional Division.

CHAPTER III  ADMINISTRATIVE COMMITTEE

Article 13  Composition

The Administrative Committee shall be composed of the representatives and alternate representatives of the Contracting States. Each Contracting State shall be entitled to appoint one representative and one alternate representative.

Article 14  Chair

(1) The Administrative Committee shall elect a chairman and a deputy chairman from among the representatives and alternate representatives of the Contracting States. The deputy chairman shall replace the chairman ex officio if the latter is prevented from carrying out his duties.

(2) The chairman and deputy chairman shall hold office for three years. They may be re-elected.
Article 15  Meetings

Art. 29(1) EPC  (1) Meetings of the Administrative Committee shall be convened by its chairman.

Art. 29(2) EPC  (2) The members of the Executive Committee, as established under the Statute, or their substitutes, may take part in the deliberations of the Administrative Committee.

(3) Representatives of any other Contracting State to the European Patent Convention and of States entitled to accede to that Convention shall, on reasoned request, be admitted as observers.

Art. 30(3) EPC  (4) The Administrative Committee may allow any intergovernmental and international non-governmental organisation to be represented by observers.

Art. 29(3) EPC  (5) The Administrative Committee shall meet at least once a year. It shall also meet on the initiative of its chairman or at the request of at least three Contracting States or of the Executive Committee.

Article 16  Languages

Art. 31(1) EPC  The languages used in the deliberations of the Administrative Committee shall be English, French and German.

Article 17  Competence of the Administrative Committee in certain cases

Art. 33 EPC  (1) The Administrative Committee shall be competent to amend:

Letter (a): aiming at greater flexibility; see Art. 18(2)

(a) the provisions of the Statute

(b) the time limits laid down in this Agreement or the Statute.
(2) In conformity with this Agreement and the Statute, the Administrative Committee shall be competent to adopt or amend:

(a) the Rules of Procedure of the European Patent Court on a proposal from the Executive Committee, or from a Contracting State after hearing the Executive Committee

(b) its own Rules of Procedure

(c) the Financial Regulations

(d) the Service Regulations setting out the conditions of employment of judges and other staff of the European Patent Judiciary

(e) the Rules relating to Fees and the amounts of fees to be charged in proceedings before the European Patent Court.

(3) The Administrative Committee shall, in accordance with the Statute, appoint, re-appoint or remove from office, the judges and the Registrar of the European Patent Court.

(4) The Administrative Committee shall also perform any other duties assigned to it by this Agreement or the Statute.

Article 18 Voting

(1) The right to vote in the Administrative Committee shall be restricted to the Contracting States. Each Contracting State shall have one vote.

(2) A unanimous vote by the Contracting States represented and voting shall be required for the decisions which the Administrative Committee is empowered to take under Article 17, paragraph 1(a) and Article 86.
(3) A majority of three quarters of the votes of the Contracting States represented and voting shall be required for the decisions which the Administrative Committee is empowered to take under Article 17, paragraphs 1(b) and 2, Article 21, paragraph 2, Article 22, paragraph 1, Article 27, paragraph 2, Article 30, paragraph 4, and Article 91.

(4) Decisions other than those referred to in paragraphs 2 and 3 shall be taken by a simple majority of the Contracting States represented and voting.

(5) Abstentions shall not be considered as votes.
PART II  FINANCIAL PROVISIONS

Article 19  Budgetary funding
The budget of the European Patent Judiciary shall be financed from its own resources and, where necessary, from contributions made by the Contracting States. Regional Divisions shall be financed as laid down in Article 21a.

Article 20  Own resources of the European Patent Judiciary
The European Patent Judiciary's own resources shall consist of all its income from court fees and other sources.

Article 21  Level of fees, financial contributions from Contracting States
(1) The court fees charged by the European Patent Court shall be fixed at such a level as to ensure a balance between the parties' right to fair access to the European Patent Court and the principle that the European Patent Judiciary's own resources should cover its costs.

(2) If the European Patent Judiciary is unable to balance its budget out of its own resources, the Contracting States shall remit to it financial contributions whose level shall be determined by the Administrative Committee in accordance with the distribution key laid down in paragraphs 3 and 4.
The distribution key now proposed is based on three elements, following suggestions by CH, DE, FI, MC, SE:
(a) number of European patents in force in a Contracting State (theoretical probability of patent litigation);
(b) European patents in force in a Contracting State and the subject of litigation before the European Patent Court (actual patent litigation);
(c) equal distribution of part of the costs.

\[ x = 40, \quad y = 20 \]

The distribution key should be stable for a specified period, but updated regularly.

First distribution key and initial contributions, see Article 9.1

Covering the cost of Regional Divisions centrally out of the European Patent Judiciary budget would mean that States with small Regional Divisions or none at all would also be indirectly financing other Contracting States' Regional Divisions through their contributions under Article 21(2). On the other hand, if States setting up a Regional Division were

(3) Each Contracting State shall contribute as follows to the amount needed to balance the budget of the European Patent Judiciary:

(a) For \( x \) per cent of this amount, the Contracting State shall pay a proportion determined by the ratio of the number of European patents in force in that State to the number of European patents in force in all the Contracting States.

(b) For \( x \) per cent of this amount, the Contracting State shall pay a proportion determined by the ratio of the number of European patents in force in that State and the subject of litigation before the European Patent Court to the number of all European patents which are the subject of litigation before the European Patent Court.

(c) \( y \) per cent of this amount shall be borne by the Contracting States in equal parts.

(4) The ratios referred to in paragraph 3(a) and (b) shall be re-calculated every [five] years after the entry into force of this Agreement on the basis of the sum of the figures for the last three years preceding the year in which the re-calculation is to be made.

Article 21a Financing of Regional Divisions

(1) A Regional Division shall be financed by the Contracting State which sets it up, and, subject to Article 21, paragraph 2, out of income from court fees.
prepared to bear the cost but then claim a reduction in their financial contributions, the other Contracting States would also participate indirectly in the financing of Regional Divisions. It is therefore proposed that a Contracting State setting up a Regional Division staffed and equipped in accordance with its own needs bear all the costs, which thus will have no impact on the European Patent Judiciary budget.

With regard to salaries, all judges at the European Patent Court should be treated equally, irrespective of the Contracting State in which they work. The salary scheme to be adopted by the Administrative Committee should take account of the fact that, at least in the initial phase, there might be only a small number of judges working full time, some working part time, and some dealing only with single cases. Expenses, in particular travelling expenses for judges, should be dealt with in the financial regulations. A Regional Division's support staff, in particular the registrars, must also be adequately qualified, for example, in respect of language skills, and should therefore be appropriately paid.

(2) The judges in the Regional Divisions shall be paid in accordance with the salary scheme for judges at the European Patent Court adopted by the Administrative Committee.
As the Regional Division collects the court fees for the European Patent Court, an appropriate portion (z = 50%) of this European Patent Judiciary income should be used to finance the European Patent Judiciary’s central institutions.

Art. 39(2) EPC 2000

Art. 41(1) EPC

Art. 42 EPC

(3) The European Patent Judiciary shall receive a proportion of the court fees collected by the Regional Division; the proportion, to be fixed by the Administrative Committee, shall not be less than z per cent. Each Contracting State shall communicate to the European Patent Judiciary such information as the Administrative Committee considers necessary to determine the amount of these payments.

Article 22    Advances

(1) Where appropriate, the Contracting States shall grant advances to the European Patent Judiciary on their contributions under Article 21, paragraph 2, the amount to be fixed by the Administrative Committee.

(2) Such advances shall be proportionate to the amounts due from the Contracting State for the accounting period in question.

Article 23    Budget

(1) The budget of the European Patent Judiciary shall be balanced. It shall be drawn up in accordance with the generally accepted accounting principles laid down in the Financial Regulations. If necessary, there may be amending or supplementary budgets.
(2) The budget shall be drawn up in the unit of account fixed in the Financial Regulations.

Article 24  Authorisation for expenditure

(1) The expenditure entered in the budget shall be authorised for the duration of one accounting period unless the Financial Regulations provide otherwise.

(2) In accordance with the Financial Regulations, any appropriations, other than those relating to staff costs, which are unexpended at the end of the accounting period may be carried forward, but not beyond the end of the following accounting period.

(3) Appropriations shall be set out under different headings according to type and purpose of the expenditure, and subdivided, as far as necessary, in accordance with the Financial Regulations.

Article 25  Appropriations for unforeseeable expenditure

(1) The budget of the European Patent Judiciary may contain appropriations for unforeseeable expenditure.

(2) The employment of these appropriations by the European Patent Judiciary shall be subject to the prior approval of the Administrative Committee.

Article 26  Accounting period

The accounting period shall commence on 1 January and end on 31 December.

Article 27  Preparation and adoption of the budget

(1) The Executive Committee shall submit the draft budget of the European Patent Judiciary to the
Administrative Committee no later than the date prescribed in the Financial Regulations.

(2) The budget and any amending or supplementary budget shall be adopted by the Administrative Committee.

**Article 28  Provisional budget**

(1) If, at the beginning of the accounting period, the budget has not been adopted by the Administrative Committee, expenditures may be effected on a monthly basis per heading or other division of the budget, in accordance with the Financial Regulations, up to one-twelfth of the budget appropriations for the preceding accounting period, provided that the appropriations thus made available to the Executive Committee do not exceed one-twelfth of those provided for in the draft budget.

(2) The Administrative Committee may, subject to the observance of the other provisions laid down in paragraph 1, authorise expenditure in excess of one-twelfth of the appropriations.

(3) The Contracting States shall pay each month, on a provisional basis and in accordance with the amounts referred to in Article 21, any financial contributions needed to ensure the implementation of paragraphs 1 and 2.

**Article 29  Budget implementation**

(1) The Executive Committee shall implement the budget and any amending or supplementary budget on its own responsibility and within the limits of the allocated appropriations.

(2) Within the budget, the Executive Committee may, in accordance with the Financial Regulations, transfer funds between the various headings or sub-headings.
Article 30  Auditing of accounts

(1) The annual financial statements of the European Patent Judiciary shall be examined by independent auditors. The auditors shall be appointed and if necessary dismissed by the Administrative Committee.

(2) The audit, which shall be based on professional auditing standards and shall take place, if necessary, in situ, shall ascertain that the budget has been implemented in a lawful and proper manner and that the financial administration of the European Patent Judiciary has been conducted in accordance with the principles of economy and sound financial management. The auditors shall draw up a report after the end of each accounting period containing a signed audit opinion.

(3) The Executive Committee shall submit to the Administrative Committee the annual financial statements of the European Patent Judiciary and the annual budget implementation statement for the preceding accounting period, together with the auditors' report.

(4) The Administrative Committee shall approve the annual accounts together with the auditors' report and shall discharge the Executive Committee in respect of the implementation of the budget.

Article 31  Financial Regulations

The Financial Regulations shall lay down in particular:

(a) arrangements relating to the establishment and implementation of the budget and for the rendering and auditing of accounts

(b) the method and procedure whereby the payments and contributions provided for in Article 21, paragraph 2, and the advances provided for in
Article 22 are to be made available to the European Patent Judiciary by the Contracting States

(c) the rules concerning the responsibilities of authorising and accounting officers and the arrangements for their supervision

(d) the composition of and the duties to be assigned to a Budget and Finance Committee if the Administrative Committee sets one up

(e) the generally accepted accounting principles on which the budget and the annual financial statements are to be based.
PART III SUBSTANTIVE PATENT LAW, JURISDICTION AND EFFECT OF DECISIONS

CHAPTER I SUBSTANTIVE PATENT LAW

Article 32 Substantive patent law to be applied by the European Patent Court

For the purposes of litigation under this Agreement, European patents shall be subject to:

(a) the provisions of this chapter,

(b) those provisions of the European Patent Convention which apply to every European patent and which are consequently deemed to be provisions of this Agreement, and

(c) those provisions of national law which have been enacted by the Contracting States to implement Article 65, Article 67, paragraphs 2 and 3, and Article 70, paragraphs 3 and 4, of the European Patent Convention.

Article 33 Infringing acts

A European patent shall confer on its proprietor the right to prevent any third party not having its consent:

(a) from making, offering, putting on the market or using a product which is the subject-matter of the patent, or importing or stocking the product for these purposes

(b) from using a process which is the subject-matter of the patent or, when the third party knows, or it is obvious in the circumstances, that the use of the process is prohibited without the consent of the proprietor of the patent, from offering the process for use
(c) from offering, putting on the market, using, importing or stocking for these purposes a product obtained directly by a process which is the subject-matter of the patent.

Article 34  Indirect infringement

(1) A European patent shall also confer on its proprietor the right to prevent any third party not having his consent from supplying or offering to supply any person, other than a party entitled to exploit the patented invention, with means, relating to an essential element of that invention, for putting it into effect therein, when the third party knows, or it is obvious in the circumstances, that these means are suitable and intended for putting that invention into effect.

(2) Paragraph 1 shall not apply when the means are staple commercial products, except where the third party induces the person supplied to commit acts prohibited by Article 33.

(3) Persons performing the acts referred to in Article 35(a) to (c) shall not be considered to be parties entitled to exploit the invention within the meaning of paragraph 1.

Article 35  Limitations to the effects of the European patent

The rights conferred by a European patent shall not extend to:

(a) acts done privately and for non-commercial purposes

(b) acts done for experimental purposes relating to the subject-matter of the patented invention
(c) the extemporaneous preparation for individual cases in a pharmacy of a medicine in accordance with a medical prescription or acts concerning the medicine so prepared

(d) the use on board vessels of the countries of the Union of Paris for the Protection of Industrial Property, other than the Contracting States, of the patented invention, in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of the Contracting States, provided that the invention is used there exclusively for the needs of the vessel.

(e) the use of the patented invention in the construction or operation of aircraft or land vehicles of the countries of the Union of Paris for the Protection of Industrial Property, other than the Contracting States, or of accessories of such aircraft or land vehicles, when these temporarily or accidentally enter the territory of the Contracting States.

(f) the acts specified in Article 27 of the Convention on International Civil Aviation of 7 December 1944, where these acts concern the aircraft of a State, other than a Contracting State, benefiting from that Article.

Article 36 Reversal of burden of proof

(1) If the subject-matter of a European patent is a process for obtaining a new product, the same product when produced by any other person shall, in the absence of proof to the contrary, be deemed to have been obtained by the patented process.

(2) The same shall apply if there is a substantial likelihood that an identical product was made by a patented process for obtaining a product and the proprietor of the patent has been unable despite reasonable efforts to determine the process actually used.
(3) In the adduction of proof to the contrary, the legitimate interests of the defendant in protecting his manufacturing and business secrets shall be taken into account.

Article 37 Prior use

Any person who, if a national patent had been granted in respect of an invention, would have had, in a Contracting State, a right based on prior use of that invention or a right of personal possession of that invention, shall enjoy, in that State, the same rights in respect of a European patent for the same invention.

CHAPTER II JURISDICTION OF THE EUROPEAN PATENT COURT AND EFFECT OF DECISIONS

Article 38 Application of the Brussels and Lugano Conventions

(1) Those Contracting States which are also party to the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters, signed in Brussels on 27 September 1968, as amended by the Conventions on the Accession to that Convention of the States acceding to the European Communities, and to the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters, signed in Lugano on 16 September 1988, hereinafter referred to respectively as "the Brussels Convention" and "the Lugano Convention", hereby designate the European Patent Court as their national court within the meaning of those conventions.

(2) For the purposes of applying the Brussels and Lugano Conventions to proceedings governed by this Agreement, the provisions of Title II of those Conventions, applicable to persons domiciled in a
of the EPJ beyond the Brussels and Lugano Conventions.

Contracting State, shall also apply to persons who do not have a domicile in any Contracting State but have an establishment therein.

(3) In the case of conflict between the provisions of the Brussels or Lugano Conventions and the provisions of this Agreement, the former shall prevail.

Article 39 Application of Regulation 44/2001

(1) Those Contracting States which are also Member States of the European Community and bound by Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, hereinafter referred to as "Regulation 44/2001", hereby designate the European Patent Court as their national court within the meaning of that Regulation.

(2) Article 38, paragraphs 2 and 3, shall apply mutatis mutandis.

Article 40 Preliminary rulings of the Court of Justice of the European Communities

(1) Those Contracting States which are also Member States of the European Community hereby designate the European Patent Court as their national court for the purposes of Article 234 of the Treaty establishing the European Community.

(2) The preliminary rulings of the Court of Justice of the European Communities shall be binding on the European Patent Court in so far as the latter's decisions take effect in one or more of the Contracting States which are also Member States of the European Community.
Article 41  Jurisdiction in respect of infringement and validity

(1) The Court of First Instance shall have civil jurisdiction in respect of

(a) any action for actual or threatened infringement or for a declaration of non-infringement of a European patent effective in one or more of the Contracting States

(b) any action or counterclaim for revocation of a European patent effective in one or more of the Contracting States, and

(c) any action for damages or compensation in respect of the protection conferred by a published European patent application in accordance with Article 67 of the European Patent Convention, and

(d) any other action concerning a European patent if and to the extent the parties have so agreed.

(2) Any action under paragraph 1 shall be brought before the Central or competent Regional Division in accordance with the Rules of Procedure, which shall take account of the provisions of the Brussels and Lugano Conventions and of Regulation 44/2001. However, any direct action for revocation shall be brought before the Central Division.

(3) The jurisdiction of the Court of First Instance under paragraph 1 shall be exclusive as regards any action for revocation of a European patent with effect for one or more of the Contracting States and for any actions against a defendant domiciled in one of the Contracting States.
(4) The Court of First Instance shall treat the European patent as valid unless its validity is contested by the defendant [with a counterclaim for revocation].

(5) The Court of First Instance shall inform the national patent office of any Contracting State concerned, and the European Patent Office, of the date on which an action or counterclaim for revocation of a European patent was filed.

Article 42 Decisions on validity

(1) Where the validity of a European patent has been contested, the European Patent Court shall

(a) revoke the patent if at least one ground for revocation under Article 138, paragraph 1, of the European Patent Convention prejudices its maintenance; otherwise it shall dismiss the action or counterclaim for revocation

(b) limit the patent by a corresponding amendment of the claims and revoke the patent in part if the grounds for revocation under Article 138, paragraph 1, of the European Patent Convention affect the patent only in part.

(2) Where the European Patent Court, in a final decision, has revoked a European patent for one or more of the Contracting States, it shall send a copy of the decision to the national patent office of any Contracting State concerned and to the European Patent Office.
(3) Where the European Patent Court, in a final decision, has maintained a European patent as amended, paragraph 2 above and Article 65 of the European Patent Convention shall apply mutatis mutandis.

Article 43  Effect of decisions

(1) Decisions of the European Patent Court shall be regarded, in any Contracting State, as decisions of a national court of that State.

(2) Decisions of the European Patent Court revoking a European patent or maintaining it as amended shall take effect in any Contracting States for which revocation has been requested and pronounced [or: in all Contracting States].

See Art. 33(1) CPC 1989 and Art. 68 EPC

CH: "Contested" in this context can only mean a defense of invalidity raised by the licensee and not a counterclaim.

See Art. 33(2) CPC 1989

(4) If the validity of a European patent has been contested in proceedings initiated by the holder of an exclusive licence under this patent in which the proprietor of the patent did not take part, the decision of the European Patent Court shall only take effect between the parties to those proceedings.
(5) Subject to the national law relating either to claims for damages caused by negligence or lack of good faith on the part of the proprietor of the patent, or to unjust enrichment, the retroactive effect of the revocation of a European patent under paragraph 3 shall not affect any final decision on infringement enforced prior to the revocation of the patent.

Article 44 Jurisdiction of the Court of Appeal

The Court of Appeal shall have exclusive jurisdiction to decide on appeals against decisions of the Court of First Instance and on petitions for review.
CHAPTER III JURISDICTION OF NATIONAL COURTS

Article 45 Provisional and protective measures

(1) Without prejudice to the jurisdiction of the European Patent Court, the national courts of any Contracting State shall retain jurisdiction to order such provisional or protective measures as are provided for by their national law.

(2) The party who has filed a request for such an order with a national court shall notify the Registry of this fact within 31 calendar days of filing the request if proceedings on the merits are pending before the European Patent Court. If the Registry is not notified in due time, the order by the national court shall cease to have effect from the day after this time limit expires, without prejudice to the right of the party against whom the order was directed to claim damages arising out of that order or its execution.

(3) If no proceedings on the merits are pending before the European Patent Court and if such proceedings are not brought before that Court within 31 calendar days of the date of the order by the national court, or such other period as the national court specifies, the order by the national court shall cease to have effect from the day after this time limit expires, without prejudice to the right of the party against whom the order was directed to claim damages arising out of that order or its execution.

Article 46 Provisional seizure

(1) Without prejudice to the jurisdiction of the European Patent Court, the national courts of any Contracting State shall retain jurisdiction in respect of the provisional seizure of goods as security for any damages, compensation, costs or any other payment resulting from proceedings before the European Patent Court.
(2) Article 45, paragraphs 2 and 3, shall apply mutatis mutandis.

[Article 47 — No cross-border effect]

[Decisions of a national court of a Contracting State under Article 45 or 46 shall have effect only in that Contracting State.]
PART IV PROCEDURE BEFORE THE EUROPEAN PATENT COURT

CHAPTER I GENERAL PROVISIONS

Article 48 Case management

The European Patent Court shall actively manage the cases before it in accordance with the Rules of Procedure.

Article 49 Public proceedings

Proceedings before the European Patent Court shall be public unless and in so far as the European Patent Court decides otherwise for reasons of public order or any other compelling reason, particularly in order to protect the trade secrets of one of the parties or any other interested person.

Article 50 Right to be heard

Decisions on the merits of the European Patent Court may only be based on grounds or evidence on which the parties have had an opportunity to present their comments.

Article 51 Parties

(1) The right of a natural or legal person, or any body equivalent to a legal person, to be party to the proceedings shall be determined by the applicable national law.

(2) The holder of an exclusive licence under a European patent may initiate litigation before the European Patent Court in the same way as the proprietor of the patent unless the licensing agreement provides otherwise.
(3) The Rules of Procedure shall govern

(a) the participation in the proceedings of a plurality of parties and of third parties

(b) changes in the legal identity of parties

(c) the removal of parties from the proceedings, or their inclusion in them, and

(d) cases in which parties go bankrupt or cease to exist.

Article 52  Basis for decisions

(1) The European Patent Court shall decide in accordance with the requests submitted by the parties. The Court shall not award more than is requested.

(2) Apart from well-known facts, decisions on the merits may only be based on the grounds, facts and evidence put forward by the parties to the proceedings.

(3) The European Patent Court shall evaluate evidence freely and independently.

Article 53  Evidence

(1) In proceedings before the European Patent Court, the means of giving or obtaining evidence shall include the following:

(a) hearing the parties

(b) requests for information
(c) production of documents

(d) hearing witnesses

(e) opinions by experts

(f) inspection

(g) comparative tests or experiments

(h) sworn statements in writing (affidavits).

(2) The Rules of Procedure shall govern the procedure for taking such evidence.

(3) The onus of proof of any facts shall be on the party relying on such facts, unless the European Patent Court decides otherwise.

(4) The European Patent Court shall be regarded as a competent national court within the meaning of Article 25 of the European Patent Convention.

Article 54 Production of evidence by other or third parties

(1) Where a party has sufficiently substantiated a claim and specified evidence relevant to such claim which is in the possession of another party, the European Patent Court may order the other party to produce such evidence.

(2) Where a party has sufficiently substantiated a claim and specified evidence relevant to such claim which is likely to be in the possession of a third party due to its relationship to another party, the European Patent Court may order that third party to produce such evidence. The Court shall take due account of the interests of that third party and shall, before making such order, give that party an opportunity to present its interests unless this is incompatible with an effective enforcement of such order.
Article 55 Witnesses

(1) In accordance with the Rules of Procedure, the European Patent Court may order that a fine be paid by a witness who,

(a) duly summoned and in the absence of force majeure or any other good cause refuses to appear or does not appear before the Court, or

(b) refuses to answer questions asked by the Court without having a right to do so.

(2) An absent witness shall be given the opportunity to be heard before such order is made.

(3) The fine may not exceed the amount determined in the Rules of Procedure. [and shall not be credited to the European Patent Judiciary].

See Art. 21 COPAC Statute

Article 56 Statements by parties, witnesses and experts

Any statement made by a party, witness or expert in proceedings before the European Patent Court shall be treated in any Contracting State as if it had been made before a competent national court or authority.

Article 57 Court fees

(1) Parties to proceedings before the European Patent Court shall pay court fees in accordance with the provisions laid down by the Administrative Committee.

(2) Court fees shall be paid in advance. Any party which has not paid a prescribed court fee may be excluded from further participation in the proceedings.
Article 58 Costs

(1) In accordance with the Rules of Procedure, the unsuccessful party shall bear the cost of litigation before the European Patent Court incurred by the other party and the Court.

(2) Where a party succeeds only in part, or where the circumstances are exceptional, the European Patent Court may order that costs be apportioned equitably or that the parties bear their own costs.

(3) Notwithstanding paragraph 2, the European Patent Court may order a party to bear any costs it has unnecessarily caused the Court or another party.

Article 59 Rules of Procedure

The Rules of Procedure shall lay down the details of proceedings before the European Patent Court.

CHAPTER II POWERS OF THE EUROPEAN PATENT COURT

Article 60 General

The European Patent Court may impose such measures, securities, sanctions and fines as are laid down in this Agreement and may make its orders subject to other conditions, in accordance with the Rules of Procedure.

Article 61 Astreinte

(1) The European Patent Court may order any non-compliance with an order of the Court to be sanctioned by an astreinte, payable to the party mentioned in the order, without prejudice to that party's right to claim damages.

Any non-compliance with an order of the Court whether it concerns a party or another person such as a counsel, may be sanctioned by an astreinte
(2) An astreinte shall not be payable

(a) before the order is served on the party concerned in accordance with the law governing service

(b) while the party concerned is bankrupt or after it ceases to exist.

(3) If the party concerned is permanently or temporarily, totally or partially, unable to comply with the order of the European Patent Court, the Court may, at the party's request and in accordance with the Rules of Procedure, direct that the astreinte

(a) be cancelled,

(b) be temporarily suspended, or

(c) be reduced.

(4) Any cancellation, suspension or reduction shall not apply as long as the party concerned is able to comply with the order.

(5) An astreinte shall not be deducted from any damages awarded.

Article 62 Injunction

See Art. 44 TRIPs

The European Patent Court may order a party infringing or threatening to infringe a European patent to cease and desist from any act infringing the patent under Articles 33 or 34.

Article 63 Forfeiture

See Art. 46 TRIPs

(1) The European Patent Court may order that goods found to be infringing be destroyed or otherwise disposed of, without compensation of any sort, outside the commercial channels and in such a manner as to prevent any harm to the injured party.
(2) The European Patent Court may also order that materials and devices used mainly to manufacture infringing goods or carry out an infringing process be destroyed or otherwise disposed of, without compensation of any sort, outside the commercial channels and in such a manner as to prevent any harm to the injured party.

(3) Due account shall be taken of the need for proportionality between the seriousness of the infringing act and the remedies ordered, the willingness of the party concerned to convert the materials into a non-infringing state, and the interests of third parties.

Article 64 Damages

(1) The European Patent Court may order the party who knowingly, or with reasonable grounds to know, infringes the European patent, to pay the injured party damages adequate to compensate for the injury suffered.

(2) The European Patent Court shall have the same power in respect of a party who caused or tolerated such infringement, on the basis of his relationship with the party infringing the European patent, while it was in his power to stop it.

(3) Regarding the assessment and awarding of damages, the injured party shall, as far as possible, be restored to the position he would have been in if no infringement had taken place, and the party infringing the European patent shall not benefit from the infringement.

(4) Damages shall not be punitive.

(5) Damages not reasonably foreseeable at the time of infringement may only be awarded on cogent grounds of equity.
Article 65  Kinds of damages

(1) Damages shall compensate for any loss suffered by the injured party because of any infringing act. They shall include, without necessarily being confined to,

(a) the profits the injured party would have made if no such act had taken place, or

(b) any profits actually made or likely to have been made by the party infringing the European patent.

(2) The European Patent Court may order the party infringing the European patent to lay open his books to the injured party or to such expert as the Court may designate.

(3) If it is impossible or disproportionately difficult or costly to establish the real extent of any damages under paragraph 1, the European Patent Court may freely determine the amount of damages to be awarded, which shall in any event exceed the amount of the customary licence fee.

(4) In awarding damages, the European Patent Court may also order the party infringing the European patent to perform, or refrain from, certain acts.

Article 66  Indemnification of a party

The European Patent Court may order a party, at whose request measures ordered by the Court were enforced, to provide the other party wrongfully enjoined or restrained with adequate compensation for the injury suffered as a result of such enforcement, and to pay his expenses. Article 65 shall apply mutatis mutandis.
Article 67  Limitation of right to claim damages

(1) The right to claim damages shall expire five years from the date on which the injured person became, or had reasonable grounds to become, aware of the infringing act.

(2) Notwithstanding paragraph 1, the right to claim damages shall expire five years after proceedings for damages were terminated without a decision or a settlement.

(3) The parties may agree in writing to another period of limitation.

Article 68  Right of information

The European Patent Court may order a party infringing the European patent to inform the injured party of the identity of any third person involved in the production or distribution of infringing goods or in the use of an infringing process, and of their channels of distribution.

Article 69  Power to replace an act of a party by a decision of the European Patent Court

The European Patent Court may order that its decision is substituted for any declaration or other act by a party in order to comply with certain legal requirements.
Art. 50 TRIPs

DK/SE: would prefer to have a list of such other conditions in the Agreement rather than in the RoP.

See also WPL/8/02 as regards review of national decisions by the EPct.

CHAPTER III PROVISIONAL AND PROTECTIVE MEASURES

Article 70 General

(1) The European Patent Court may order such provisional and protective measures as are laid down in this Agreement and may make its orders subject to other conditions, in accordance with the Rules of Procedure.

(2) The European Patent Court shall take due account of the likely outcome of the proceedings as to the merits and the proportionality of the measure requested.

(3) Any such measure may be ordered even inaudita altera parte in case of exceptional urgency or if the measure could not otherwise be implemented effectively.

(4) If no proceedings as to the merits are pending before the European Patent Court at the date on which a provisional or protective measure is ordered and if such proceedings are not brought before the Court within 31 calendar days of notification of the order or such other period as the Court specifies, the order shall cease to have effect from the day after this time limit expires.

(5) Article 66 shall apply mutatis mutandis.

Article 71 Preliminary injunctions

Where there is an immediate need to protect and safeguard a party's interests, the European Patent Court may, in accordance with the Rules of Procedure, issue a preliminary injunction under Article 62.
Article 72  Orders for inspection of property

(1) The European Patent Court may order the inspection of premises and the preservation of evidence that is or may be relevant in pending or future proceedings before it.

(2) The order may instruct any person to permit someone specified in the order, or to ensure that someone so described, hereinafter referred to as "the executing person", is permitted, to enter commercial premises in any Contracting State.

(3) In accordance with the terms of the order, the executing person may in respect of any goods, materials or devices described in the order

(a) inspect the premises

(b) search for such articles

(c) make or obtain a copy, photograph, sample or other record of such articles, and

(d) request any information or article and retain for safe keeping anything described in the order.

Article 73  Freezing orders

The European Patent Court may order a party to refrain

(a) from removing from its jurisdiction any assets located there, or

(b) from dealing in any assets, whether located within its jurisdiction or not.
Article 74  Sequestration

(1) The European Patent Court may order the sequestration of allegedly infringing goods or of materials or devices used mainly to manufacture allegedly infringing goods or carry out an allegedly infringing process, to prevent them from entering commercial channels.

(2) The order may instruct any person to permit someone specified in the order, or to ensure that someone so described, hereinafter referred to as "the executing person", is permitted, to enter commercial premises in any Contracting State.

(3) In accordance with the terms of the order, the executing person may in respect of any goods, materials or devices described in the order:

(a) inspect the premises

(b) search for and remove such articles.

(4) The executing person shall convey and hand over the articles thus removed to the person mentioned in the order, who shall act as sequestrator.

(5) Sequestration may be ordered for the duration of the proceedings as to the merits.

Article 75  Other protective orders

To safeguard a party's or a third person's trade secrets or other confidential information, or to prevent an abuse of evidence, the European Patent Court may order that the use of evidence in proceedings before it be restricted or prohibited or that access to such evidence be restricted to certain persons.
PART V PROCEDURAL REMEDIES

CHAPTER I APPEAL

Article 76 Appeal

(1) In accordance with this Agreement and the Rules of Procedure, an appeal shall lie to the Court of Appeal from decisions of the Court of First Instance.

(2) An immediate appeal shall lie from

(a) any decision terminating proceedings as regards one of the parties

(b) any decision in which the Court of First Instance has assumed jurisdiction which was unsuccessfully contested

(c) any decision in which a Regional Division has assumed its competence which was unsuccessfully contested, and

(d) any decision ordering provisional or protective measures.

(3) Any other decision shall only be appealable together with the final decision, unless the decision appealed against or the Court of Appeal grants leave to appeal.

(4) Any decision not appealed against earlier shall be appealable together with the final decision.

Article 77 Persons entitled to appeal

Any party to proceedings adversely affected by a decision may appeal.
See Art. 108 EPC

Such an exceptional case may occur e.g. when facts or evidence are not available at the beginning of the proceedings or when it cannot reasonably be required from the party concerned to provide them.

See Art. 106 (1) EPC

Article 78 Time limit and form

(1) Notice of appeal setting out the grounds shall be filed within three months of notification of the decision in accordance with the Rules of Procedure.

(2) Notwithstanding paragraph 1, notice of appeal may still be filed by way of cross-appeal after an appeal has been filed by another party.

(3) Notice of appeal or cross-appeal shall be filed in accordance with the Rules of Procedure.

Article 79 Grounds for appeal

An appeal may only be based on the grounds

(a) that the facts alleged by the parties were not correctly established, or

(b) that, given the established facts, the law was not correctly applied.

Article 80 New facts or evidence

In exceptional cases, new facts or evidence may be taken into consideration by the Court of Appeal in accordance with the Rules of Procedure.

Article 81 Effect

(1) An appeal shall have suspensive effect unless the Court of First Instance or the Court of Appeal decides otherwise.

(2) Where a decision not terminating the proceedings is appealed against, the proceedings shall be stayed until the Court of Appeal has taken a decision unless the Court of First Instance or the Court of Appeal decides otherwise.
CHAPTER II  REVIEW OF DECISIONS

Article 82  Petition for review

See Art. 112a(1) EPC

(1) Any party to proceedings before the European Patent Court which is adversely affected by a decision against which an appeal is not or no longer possible may file a petition for review of that decision by the Court of Appeal.

(2) The petition for review may only be filed on the grounds that

(a) a criminal act may have had an impact on the decision, or,

(b) if it concerns a decision of the Court of Appeal, a fundamental procedural defect has occurred in the proceedings.

(3) A petition for review may only be based on paragraph 2(a) if a competent court or authority has finally established that a criminal act occurred; a conviction is not necessary.

(4) The petition for review shall be filed in accordance with the Rules of Procedure.

See Art. 112a(4) EPC

(5) If based on paragraph 2(b), the petition shall be filed within two months of notification of the decision. If based on paragraph 2(a), the petition shall be filed within two months of the date of the decision establishing the criminal act and in any event no later than five years from notification of the decision of the European Patent Court.

See Art. 112a(3) EPC

(6) The petition for review shall not have suspensive effect unless the Court of Appeal decides otherwise.
Article 83  Procedure and decision on review

See Art. 112a(5) EPC

(1) The Court of Appeal shall examine the petition for review in accordance with the Rules of Procedure.

(2) If the petition for review is admissible and allowable, the Court of Appeal shall set aside the decision under review in whole or in part and shall re-open the proceedings for a new trial and decision.

(3) If the decision set aside was taken by the Court of First Instance, the Court of Appeal shall remit the case to that Court unless the parties and the Court of Appeal agree that the case should be decided by the Court of Appeal.

See Art. 112a(6) EPC

(4) Any person who, in a Contracting State, has in good faith used or made effective and serious preparations for using an invention which is the subject of a published European patent application or a European patent in the period between the decision under review and the publication of the decision of the Court of Appeal on the petition, may without payment continue such use in the course of his business or for the needs thereof.
ART. 149a(1)(b) EPC 2000

The principles enshrined in a number of provisions designed for the judicial function of the European Patent Court must also apply to the delivery of opinions by the FAC, namely provisions on judicial independence, substantive patent law, provisions on impartiality, composition of the Court of Appeal panel and selection of competent judges according to Article 149a(1)(b) EPC 2000.

PART Va FACULTATIVE ADVISORY COUNCIL

<table>
<thead>
<tr>
<th>Article 83a</th>
<th>Court of Appeal functioning as Facultative Advisory Council</th>
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<tr>
<td>The functions of the Facultative Advisory Council referred to in Article 4 shall be performed by the Court of Appeal.</td>
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<tr>
<th>Article 83b</th>
<th>Opinions delivered by the Facultative Advisory Council</th>
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<tr>
<td>(1) At the request of a national court or quasi-judicial authority of a Contracting State to the European Patent Convention trying an infringement or revocation action, the Facultative Advisory Council shall deliver an opinion on any point of law concerning European or harmonised national patent law referred to it.</td>
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<tr>
<td>(2) The opinion shall not be binding on the referring court or quasi-judicial authority. Contracting States may determine the role of opinions delivered by the Facultative Advisory Council in national proceedings.</td>
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<th>Article 83c</th>
<th>Procedure regarding the delivery of opinions</th>
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<td>(1) The following provisions shall apply mutatis mutandis to the procedure before the Facultative Advisory Council:</td>
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<td>- Articles 5, 32 to 37 and</td>
<td></td>
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<tr>
<td>- Articles 10, 27, 34 to 38 and 40 of the Statute.</td>
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ART. 52XII and Articles 10, 27, 34 to 38 and 40 of the Statute.
The right to be heard should primarily be observed in the proceedings before the national court referring the point of law. However, as in the case of preliminary rulings of the European Court Justice, parties could be given a single opportunity to present comments in writing; it would not seem appropriate, though, to hold oral proceedings (which are possible before the ECJ) before the FAC.

(2) The official languages in proceedings before of the Facultative Advisory Council shall be English, French and German.

(3) The language of proceedings shall be that official language of the Facultative Advisory Council in which the request under Article 83b is submitted to it. A Contracting State may prescribe the official language or languages of the Facultative Advisory Council in which its courts or quasi-judicial authorities may submit a request under Article 83b.

(4) The parties to a case which gives rise to a referral under Article 83b may present in writing their arguments and submissions relating to the point of law in question within a period to be specified by the Facultative Advisory Council and in accordance with the Rules of Procedure of the Facultative Advisory Council.

(5) The reasoned opinion shall be given in writing, in the language of the proceedings, by a majority of the panel of the Facultative Advisory Council.
Under Art. 18(3) a three-quarters majority is necessary.

Contracting States participating only under Part Va (FAC) will be bound by the special provisions concerning the FAC and by most institutional, financial, transitional and final provisions except those which relate specifically to judicial aspects of the European Patent Judiciary. Part Va contains provisions which take precedence over the general provisions, in particular with regard to financing the FAC and voting rights.

Financing by the EPO may raise problems as not all EPO member states will be party to the EPLA.

(6) Proceedings under this Part shall be governed by the Rules of Procedure of the Facultative Advisory Council, to be adopted by the Administrative Committee. Article 18, paragraph 3 shall apply.

Article 83d Reservations

(1) Any Contracting State may, at the time of signature or when depositing its instrument of ratification or accession, declare that it shall only be bound by this Agreement only as far as it relates to the Facultative Advisory Council.

(2) Contracting States which have made a declaration under paragraph 1 shall be bound by this Part of the Agreement and, subject to the provisions of this Part, which take precedence, by Articles 1, 3, 4, 6, Article 7, paragraph 1, Articles 8, 9, 11, Article 12, paragraph 1, Articles 13 to 21, Articles 22 to 31, Article 84, and Articles 87 to 99.

(3) Any declaration made under paragraph 1 may be withdrawn at any time by notification to the Government of ***. The withdrawal shall take effect on the first day of the third month after the date of receipt of such a notification.

Article 83e Financing

(1) The expenses incurred by the European Patent Judiciary with regard to the Facultative Advisory Council shall be covered by

(a) contributions of the European Patent Organisation if its Administrative Council so decides under Article 149a, paragraph 2(b), in conjunction with Article 35, paragraph 2, of the European Patent Convention;
It could be argued that FAC opinions should be free of charge for the parties (a non-binding opinion does not justify fees, or only very modest fees). However, consideration should be given to the possibility of covering at least some of the FAC's costs by fees to be charged to the parties.

If the income under (a) and (b) did not cover the costs of the FAC's work, the Contracting States would have to pay the difference.

(b) fees for delivering an opinion if such a fee is provided for in the Rules of Procedure of the Facultative Advisory Council; or

(c) contributions of the Contracting States the amount of which shall be determined by the Administrative Committee. Article 21, paragraphs 3 and 4, shall apply with the proviso that the relevant ratio under Article 21, paragraph 3(b), shall be the ratio of the number of opinions requested by courts or quasi-judicial authorities of the Contracting State to the number of all opinions requested from the Facultative Advisory Council.

(2) Income and expenditure of the European Patent Judiciary relating to the Facultative Advisory Council shall form the subject of estimates in respect of each accounting period and shall be shown in a separate part of the budget of the European Patent Judiciary. This part of the budget shall be balanced in its own right.

(3) Contracting States having made a declaration under Article 83d, paragraph 1, may limit their contributions to the budget of the European Patent Judiciary to the contributions under paragraph 1(c).
UK, FR: Voting rights should be attractive enough to encourage participation at least under Part Va (FAC) of the EPLA.
CH, FI, MC: Reservations against the extent of voting rights, in particular paragraph (1)(a) and (b).

Decisions on
(re-)appointment and removal from office of judges of Court of Appeal and the Registrar
adoption of the Rules of Procedure of the FAC
financial contributions made in respect of the FAC by Contracting States
financial matters, in particular the budget of the European Patent Judiciary, and Financial Regulations
adoption of Service Regulations
chairperson of and observers to the Administrative Committee

Under the proposed Article 83f, no voting rights for FAC States in the two cases where unanimity is required: Art. 18(2) and Art. 86.

Article 83f Voting rights in the Administrative Committee of Contracting States which have entered a reservation

(1) Any Contracting State having made a declaration under Article 83d, paragraph 1, shall have the right to vote on decisions being taken by the Administrative Committee

(a) under Articles 4, 8, 11, 12 of the Statute if the decision concerns a judge of the Court of Appeal or the Registrar;
(b) under Article 83c, paragraph 6;
(c) under Article 83e, paragraph 1(c);
(d) relating to the adoption of that part of the budget of the European Patent Judiciary concerning the Facultative Advisory Council and decisions under Article 17, paragraph 2(c), Article 21, paragraph 2, Article 22, paragraph 1, Article 27, paragraph 2, and Article 30, paragraph 4, as far as they concern the Facultative Advisory Council;
(e) under Article 17, paragraph 2(d);
(f) under Articles 14 and 15, paragraphs 3 and 4.

(2) For decisions under paragraph 1(b) to (f), Article 18, paragraph 3 shall apply mutatis mutandis. The procedure for decisions under paragraph 1(d) shall be governed by the Financial Regulations.
The Agreement shall cover:
- all European patents which are effective when it enters into force,
- all European patents granted in respect of applications filed before the entry into force of the Agreement, and which became effective after that date, and, of course,
- European patents resulting from applications filed on or after its entry into force.

Letter (b) is necessary since the European Patent Court would be competent to decide also on provisional protection of European patent applications.

PART VI TRANSITIONAL AND FINAL PROVISIONS

CHAPTER I TRANSITIONAL PROVISIONS

Article 84 Scope

This Agreement shall apply to:

(a) any European patent which at the time of its entry into force was already effective in one or more Contracting States, or was granted for and became effective in one or more Contracting States after that date.

(b) any European patent application pending at the time of its entry into force, or filed on or after that date, unless proceedings on such European patent or patent application were initiated before a national court or other competent authority of a Contracting State prior to that date.

Article 85 Jurisdiction of national courts during a transitional period

(1) During the first seven calendar years after this Agreement has entered into force, proceedings for infringement or revocation of a European patent may still be initiated before the national court or other competent authority of a Contracting State having jurisdiction under national law which for that purpose shall continue to apply to European patents effective in the Contracting States. This Agreement shall not apply to such proceedings.
Article 86 Evaluation

Five years after this Agreement has entered into force, the Administrative Committee shall evaluate the situation and may decide to extend the transitional period under Article 85, paragraph 1. If no unanimous decision to that effect is taken, the transitional period shall expire at the end of the seventh calendar year after this Agreement has entered into force.

CHAPTER II FINAL PROVISIONS

Article 87 Texts supplementing the Agreement

Integral parts of this Agreement shall be:
- the Statute,
- the Protocol on Privileges and Immunities of the European Patent Judiciary,
- the Rules of Procedure once adopted by the Administrative Committee.

Article 88 Signature, ratification

(1) This Agreement shall be open for signature until ***, for all Contracting States to the European Patent Convention which participated in the Diplomatic Conference on the Establishment of a European Patent Litigation System.

(2) This Agreement shall be subject to ratification. Instruments of ratification shall be deposited with the Government of ***.
Article 89  Accession

(1) This Agreement shall be open to accession by any Contracting State to the European Patent Convention [and to the European Community].

(2) Instruments of accession shall be deposited with the Government of ***.

Article 90  Entry into force

(1) This Agreement shall enter into force [***] months after the deposit of the last instrument of ratification or accession by [n] Contracting States to the European Patent Convention which have not entered a reservation under Article 83d, including at least one of the three States in which the highest number of European patents was in force in the year preceding the year in which the Diplomatic Conference took place.

Provision necessary because of the inclusion in the EPLA of the rules governing the FAC.

The values for "n" mentioned during the discussion within the Working Party on Litigation in December 2002 were 2, 5 and 6. No decision was taken on this. According to the UK delegation, the cost of setting up the system must be taken into account in this context as it has to be borne by those States whose ratification or accession leads to the entry into force of the Agreement.
Reservation by SE as to the choice of three for the number of States in which the highest number of European patents was in force.

The requirements listed in Art. 21(3) and (4) shall also apply to the first distribution key. However, the relevant figures must, of course, be those relating to the situation before entry into force of the EPLA. After [five] years, Art. 21(4) will apply.

This way of fixing the initial contributions can also apply to FAC States.

For States joining the EPLA after its entry into force, participation in the distribution key valid at the time in question should be acceptable, given that the key will be regularly updated. The percentages for all the Contracting States will be recalculated with effect from the date of entry into force of the EPLA in the new State.

(2) Any ratification or accession after the entry into force of this Agreement shall take effect on the first day of the third month after the deposit of the instrument of ratification or accession.

Article 91 First distribution key, initial contributions

(1) On the entry into force of this Agreement the Contracting States shall provide initial financial contributions necessary for actually setting up the European Patent Judiciary and in particular the European Patent Court. The level of such contributions shall be determined by the Administrative Committee. Article 21, paragraphs 3 and 4, shall apply, with the proviso that the relevant years shall be the last three years preceding the year of entry into force of this Agreement, and the relevant number of European patents which are the subject of litigation shall be the number of European patents which are the subject of litigation before the national courts.

(2) Initial contributions of States ratifying this Agreement or acceding to it after its entry into force shall be calculated on the basis of the figures for the years relevant to the distribution key valid at the time of their ratification or accession.
Article 92  Duration of the Agreement

This Agreement shall be of unlimited duration.

Article 93  Revision

(1) This Agreement may be revised by a Conference of the Contracting States.

(2) The Conference shall be prepared and convened by the Administrative Committee. The Conference shall not be validly constituted unless at least three-quarters of the Contracting States are represented at it. Adoption of the revised text shall require a majority of three-quarters of the Contracting States represented and voting at the Conference. Abstentions shall not be considered as votes.

(3) The revised text shall enter into force when it has been ratified or acceded to by the number of Contracting States specified by the Conference, and at the time specified by that Conference.

(4) Such States as have not ratified or acceded to the revised text of the Agreement at the time of its entry into force shall cease to be parties to this Agreement as from that time.
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<tr>
<td>Any Contracting State may at any time denounce this Agreement. Denunciation shall be notified to the Government of ***. It shall take effect one year after the date of receipt of such notification.</td>
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<td>If a State ceases to be party to this Agreement, the Agreement shall continue to apply to any proceedings pending before the European Patent Court at the date on which denunciation takes effect, and to the resulting decisions.</td>
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<td>Any State which has ceased to be a party to this Agreement in accordance with Article 93, paragraph 4, or Article 94 shall have the financial contributions paid under Article 21, paragraph 2, or Article 22 refunded to it by the European Patent Judiciary only when the European Patent Judiciary refunds financial contributions paid by other States during the same accounting period, and under the same conditions.</td>
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<th>Art. 177 EPC</th>
<th>Article 97  Languages of the Agreement</th>
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<tr>
<td>This Agreement, drawn up in a single original, in the English, French and German languages, shall be deposited in the archives of ***, the three texts being equally authentic.</td>
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<tr>
<th>Art. 173 EPC</th>
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<tr>
<td>(1) Any dispute between Contracting States concerning the interpretation or application of this Agreement which is not settled by negotiation shall be submitted, at the request of one of the States concerned, to the Administrative Committee, which shall endeavour to bring about agreement between the States concerned.</td>
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(2) If such agreement is not reached within six months from the date when the dispute was referred to the Administrative Committee, any one of the States concerned may submit the dispute to the International Court of Justice for a binding decision.

Article 99 Transmission and notifications

(1) The Government of *** shall draw up certified true copies of this Agreement and shall transmit them to the Governments of all signatory or acceding States.

(2) The Government of *** shall notify to the Governments of the States referred to in paragraph 1:

(a) any signature;

(b) the deposit of any instrument of ratification or accession;

(c) any reservation or withdrawal of reservation pursuant to Article 83d;

(d) the date of entry into force of this Agreement;

(e) any denunciation under Article 94 and the date on which such denunciation comes into force.

(3) The Government of *** shall register this Agreement with the Secretariat of the United Nations.

IN WITNESS WHEREOF, the Plenipotentiaries authorised thereto, having presented their Full Powers, found to be in good and due form, have signed this Agreement.

Done at *** this *** day of *** two thousand ***
SUBJECT: Draft Statute of the European Patent Court

DRAWN UP BY: European Patent Office acting on behalf of the sub-group of the Working Party on Litigation

ADDRESSEES: Working Party on Litigation (for opinion)

SUMMARY

The present document contains the Draft Statute of the European Patent Court, which is an integral part of the Draft Agreement on the establishment of a European patent litigation system (WPL/2/03). The Draft has been revised in view of the amendments agreed in the 4th meeting of the Working Party on Litigation in December 2002 and in the 7th meeting of the sub-group of the Working Party on Litigation in May 2003. Amendments to WPL/4/02 resulting from the above meetings are indicated in the text with the functions grey-hatching and strikeout.
SUMMARY OF CONTENTS OF THE
DRAFT STATUTE OF THE EUROPEAN PATENT COURT

The European Patent Court shall be constituted and shall function in accordance with the Statute.

Chapter I Judges (Arts. 2 to 10)

Provisions on the requirements for office: command of at least one EPO official language, sufficient experience of patent law, experience as judge or Board of Appeal member, or other equivalent experience; persons who have insufficient experience of patent law may be appointed as assessors.

Legally and technically qualified judges, appointed by the Administrative Committee for a term of six years.

Provisions on oath, incompatibility of other functions, end of term of office, removal from office and impartiality.

Chapter II Registrar (Arts. 11 to 13)

Provisions on appointment and removal from office.

List of duties of the Registrar who shall be responsible for the management of the Registry and for providing administrative and secretarial assistance to the European Patent Court.

Chapter III European Patent Court
Section 1 Common provisions (Arts. 14 to 18)

Provisions on the Presidents of the European Patent Court, the Presidiums, the Executive Committee, the Common Presidium.

The Court of First Instance and the Court of Appeal shall both have a President, elected by the judges of each court, and a Presidium, composed of several judges of each Court.

The Presidiums shall advise and assist the Presidents of the court and the Executive Committee with regards to administrative, organisational, budgetary, personnel and legal matters.
The Executive Committee, composed of the Presidents of each Court and the Registrar, shall be responsible for the management of the European Patent Court; it shall draw up proposals for the Administrative Committee regarding the Rules of Procedure and prepare the annual budget, accounts and report.

The Common Presidium, composed of the members of the Presidiums and the Registrar, shall draw up proposals for appointment or re-appointment.

Sections 2 and 3 Court of First Instance (Arts. 19 to 26) and Court of Appeal (Art. 27)

One or more Contracting States may file a request for setting up a Regional Division that will ensure the local presence in the first instance of the European Patent Court.

If, over three successive years, the national courts or the Regional Division set up in a Contracting State have dealt with more than 100 cases concerning European patents in a year, that Contracting State may request that a further Regional Division of the Court of First Instance be set up in that State (up to a maximum of three Regional Divisions for one State).

Provisions on discontinuance of a Regional Division, on assignment of judges, on divisional presidents and on rotation of legally qualified judges.

Provisions on the composition of panels:
- cases shall be heard by an odd number of judges
- at least one judge shall be a technically qualified judge at least two shall be legally qualified judges
- the legally qualified judges shall be of at least two different nationalities
- the Court of Appeal will also have both technically and legally qualified judges

Chapter IV Procedural provisions (Arts. 28 to 39)

Provisions on delegation, majority decisions, reasoning and dissenting opinions.

The language regime is based on the time-honoured language regime of the EPO (English, French and German), as refined by the London Agreement on the application of Article 65 EPC:
- before the Court of Appeal, the language of the proceedings will always be the language of the first-instance proceedings
before the Central Division of the Court of First Instance, the language of the proceedings will be the language of the European patent or the European patent application.

- before a Regional Division of the Court of First Instance, the language of the proceedings will be the official language of the EPO designated by that Regional Division.

- if the parties agree, the Court may allow the use of another language during all or part of the proceedings.

Representation before the European Patent Court is compulsory and entrusted to persons registered as European patent counsel, who may be assisted by European patent attorneys who will be allowed to speak at hearings of the European Patent Court.

Chapter V  Transitional provisions (Arts. 40 and 41)

The first judges of the European Patent Court shall be appointed by the Administrative Committee on proposals from the Governments of the Contracting States.

During a period of seven years, judges may be appointed by the Administrative Committee (a majority of two-thirds of the votes is required) as members of both the Court of First Instance and the Court of Appeal, to ensure that there is a sufficient number of judges for the new Court.
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DRAFT STATUTE
OF THE EUROPEAN PATENT COURT

Article 1  Contents of the Statute

The European Patent Court set up under Article 3 of the Agreement on the establishment of a European patent litigation system, hereinafter referred to as "the Agreement", shall be constituted and shall function in accordance with this Statute.

CHAPTER I  JUDGES

Article 2  Requirements for office

Any person who (is a national of one of the Contracting States to the European Patent Convention and) has a good command of at least one of the official languages of the European Patent Office may be appointed as a judge of the European Patent Court, provided that he has sufficient experience of patent law and

(a) has been or is a judge in one of the Contracting States to the European Patent Convention,

(b) has been or is a member of a board of appeal of the European Patent Office or a national patent office of one of the Contracting States to the European Patent Convention,

(c) has other equivalent experience enabling him to act as a judge of the European Patent Court.

Article 3  Legally and technically qualified judges

The European Patent Court shall comprise both legally and technically qualified judges.
Article 4  Appointment

(1) Judges shall be appointed by the Administrative Committee as legally or technically qualified judges for a term of six years, on a proposal from the Common Presidium. They may be re-appointed.

(2) The decision appointing a judge shall state the court for which a legally qualified judge is appointed and the fields of technology for which a technically qualified judge is appointed.

[(3) Judges whose term of office has expired shall be reappointed by the Administrative Committee unless the Common Presidium proposes not to reappoint them, in which case the Administrative Committee may reappoint them of its own motion.]

Article 5  Oath

Before taking up office, each judge shall take an oath in open court that he will perform his duties impartially and conscientiously.

Article 6  Incompatibility of other functions

(1) Apart from being members of other courts or boards of appeal of the European Patent Office or national patent offices, judges of the European Patent Court shall not pursue any gainful occupation unless authorised by the Executive Committee. Nor shall they occupy any political or administrative office.

(2) Members of the Executive Committee shall pursue no other gainful occupation.
Article 7 End of term of office

(1) A judge's term of office shall terminate:

(a) on the last day of the month in which he reaches his seventieth birthday,

(b) when the period of his appointment ends,

(c) if he resigns,

(d) if he is removed from office, or

(e) on his death.

(2) The retirement age may be changed by decision of the Administrative Committee, but any such change shall only affect judges appointed for the first time after that decision.

Article 8 Removal from office

(1) A judge may not be removed from office only during the term of his appointment, except if he no longer meets the obligations arising from his office and if the Administrative Committee, on a proposal from a three-quarters majority of the Common Presidium, takes a decision to that effect.

(2) Proceedings to that end shall be initiated by the Executive Committee in accordance with the Service Regulations.

Article 9 Assessors

(1) A person who has insufficient experience of patent law but otherwise complies with the requirements of Article 2 may be appointed as an assessor to the European Patent Court.
(2) An assessor shall be appointed by the Administrative Committee for a term of up to six years on a proposal from a Government of a Contracting State. The appointment shall terminate automatically on the date on which he is appointed as a judge of the European Patent Court.

(3) An assessor may be appointed as a supernumerary member of a panel. He may partake in deliberations and may assist the rapporteur. He shall have no vote and shall be bound not to disclose what is said during the deliberations.

Article 10 Impartiality

(1) A judge or assessor may not take part in the hearing of any case in which he has previously

(a) taken part as adviser,

(b) acted for one of the parties, or

(c) been called upon to pronounce as a member of a court, tribunal or board of appeal, of a commission of inquiry or in any other capacity.

(2) If, for some special reason, a judge or assessor considers that he should not take part in the examination of a particular case, he shall inform the President of his Court accordingly. If, for some special reason, the President of a Court considers that a judge or assessor should not sit on a particular case, he shall notify him accordingly.

(3) Any party to the proceedings may object to a judge or assessor for any of the reasons mentioned in paragraph 1 or if he is suspected with good reason of partiality. A party may not object to the composition of a panel on the grounds of either the
nationality of a judge or assessor or the absence from the panel of a judge or assessor of the nationality of that party.

(4) Any decision under this Article shall be taken, in accordance with the Rules of Procedure, by a panel of the Court without the participation of the judge or assessor concerned.

CHAPTER II REGISTRAR

Article 11 Appointment

The Administrative Committee shall appoint the Registrar of the European Patent Court for a term of six years on a proposal from the Common Presidium. He may be re-appointed.

Article 12 Removal from office

The Registrar may be removed from office by the Administrative Committee on a proposal from the Common Presidium.

Article 13 Duties of the Registrar

(1) The Registrar shall be responsible for all aspects of the management of the Registry not taken on by the Executive Committee.

(2) The Registrar shall provide administrative and secretarial assistance to the European Patent Court. In particular, he shall:

(a) co-ordinate the division of work between the Registry and the sub-registries in cases allocated to Regional Divisions of the Court of First Instance,

(b) receive the fees payable to the Court and send communications to parties to proceedings and to third parties,
(c) keep a register of cases,

(d) administer the funds and manage the buildings and other material assets of the Court,

(e) provide for the publication of decisions and opinions of the Court, and

(f) publish decisions of the Administrative Committee setting up or discontinuing Regional Divisions of the Court of First Instance.

(3) The Registrar shall place at the disposal of the Administrative Committee, and of any body established by it, such staff, premises and equipment as may be necessary for the performance of their duties.

CHAPTER III EUROPEAN PATENT COURT

SECTION 1 COMMON PROVISIONS

Article 14 Presidents

(1) The Court of First Instance and the Court of Appeal shall both have a President presiding over the respective Court and Presidium.

(2) The judges of each Court shall elect the Presidents and their substitutes for a term of three years from among the legally qualified judges of the Court. They may be re-elected once.

(3) In the event of a tied vote in a Presidium, the President shall have the casting vote.
Article 15  Presidiums

(1) The Court of First Instance and the Court of Appeal shall each have a Presidium.

(2) The Presidium of the Court of First Instance shall be composed of the President of the Court, the divisional presidents and two members, elected by the judges of the Court.

(3) The Presidium of the Court of Appeal shall be composed of the President of the Court and two members, elected by the judges of the Court.

(4) The elected members of the Presidiums shall hold office for four years. They may be re-elected once.

(5) A member of a Presidium may not take part in deliberations or decisions concerning himself.

Article 16  Duties of the Presidiums

(1) The Presidiums shall:

(a) advise and assist the Presidents of the European Patent Court with regard to administrative, organisational, budgetary and personnel matters

(b) advise the Executive Committee about proposals for the Practice Directions of the Court

(c) carry out any task assigned to them by the Executive Committee.

(2) The Presidiums may delegate duties wholly or in part to the President of the respective Court. The Presidium of the Court of First Instance shall coordinate the work of all divisions of the Court with regard to matters concerning the functioning of the Court in general and may delegate duties wholly or in part to the divisional presidents.
Article 17  Executive Committee

(1) The Executive Committee shall be composed of the President of the Court of Appeal, who shall act as chairman, the President of the Court of First Instance and the Registrar, or their substitutes.

(2) The Executive Committee shall be responsible for the management of the European Patent Court. It may, without prejudice to its own responsibility, delegate certain tasks to one of its members or to the Presidiums.

(3) The Executive Committee shall in particular:

(a) draw up proposals for the Administrative Committee, having heard the Common Presidium, regarding the Rules of Procedure of the European Patent Court, the fees to be charged in proceedings before the Court and the Practice Directions of the Court

(b) prepare the annual budget, the annual accounts and the annual report of the Court and submit them to the Administrative Committee.

(4) The Executive Committee can take valid decisions only when all three members, or their substitutes, are present. Decisions shall be taken by a majority of votes. The members of the Presidiums may take part in the deliberations of the Executive Committee; they shall have no vote.

Article 18  Common Presidium

(1) The Common Presidium shall be composed of the Registrar and the members of the Presidiums of the Court of First Instance and the Court of Appeal. The President of the Court of Appeal shall act as chairman.
(2) The Common Presidium shall draw up proposals concerning the appointment, reappointment and removal of the judges and the Registrar.

(3) A member of the Common Presidium may not take part in deliberations or decisions concerning himself.
SECTION 2  COURT OF FIRST INSTANCE

Article 19  Request for the setting up of a Regional Division

(1) The Administrative Committee shall at the request of a Contracting State or a group of Contracting States set up a Regional Division for that State or group of States. The request shall:

(a) indicate where the Regional Division and the sub-registry are located, and

(b) name at least two persons who satisfy the requirements of Article 2 and agree to be appointed as legally qualified judges of the Court of First Instance and assigned as permanent members to the Regional Division to be set up.

(2) The Common Presidium shall propose that the persons concerned be appointed as judges of the Court of First Instance if they comply with the requirements laid down in Article 2.

Article 20  Request for the setting up of further Regional Divisions

(1) If, over three successive years, the national courts or the Regional Division set up in a Contracting State or for a group of Contracting States have dealt with more than one hundred cases concerning European patents in a year, the Administrative Committee shall at the request of that State or group of States set up a further Regional Division of the Court of First Instance in that State or for that group of States, but no more than three Regional Divisions in any Contracting State.
(2) Article 19 shall apply to any such request, which shall also state:

(a) the number of cases concerning European patents that have been dealt with during each of the last three years preceding the request, and

(b) the local competence of the Regional Divisions within the Contracting State or group of Contracting States.

Article 21  Number of judges

(1) The decision to set up a Regional Division shall specify the number of legally qualified judges to be permanently assigned to it.

(2) The Presidium of the Court of First Instance may change this number, but only with the assent of the Administrative Committee if the number is to be reduced below the original number.

Article 22  Discontinuance of a Regional Division

(1) The Administrative Committee, having heard the Presidium of the Court of First Instance, may decide unanimously to discontinue a Regional Division.

(2) The decision to discontinue a Regional Division shall state the date from which no new cases may be brought before that Division and the date on which it will cease to exist.

(3) As from the date on which the Regional Division ceases to exist, the judges assigned as permanent members of the Regional Division shall
be assigned to the Central Division, and cases still pending before the Regional Division shall be transferred to the Central Division without a change in the panel composed for those cases.

**Article 23 Assignment of judges**

(1) The Presidium of the Court of First Instance may assign legally qualified judges to a Regional Division as permanent members. The assignment shall only be valid after being accepted by the judge concerned.

(2) All technically qualified judges and those legally qualified judges not permanently assigned to a Regional Division shall be permanently assigned to the Central Division.

**Article 24 Divisional presidents**

(1) The Presidium of the Court of First Instance, having heard the permanent members of the Regional Division, shall elect one of the members of that Division as its President, and his substitute.

(2) Divisional presidents and their substitutes shall be elected for a term of six years. They may be re-elected.

(3) A divisional president of the Court of First Instance shall perform the functions of President of the Court of First Instance for the Regional Division concerned.

**Article 25 Rotation of legally qualified judges**

(1) Legally qualified judges of Regional Divisions may with their consent be assigned to the Central Division for a period of at least six months.
The RoP may provide that a single judge reject clearly inadmissible actions. These rules will be drafted in such a way that the composition will be legally pre-determined (compare the German requirement of a "gesetzlicher Richter").

(2) Any decision under paragraph 1 shall be made by the Presidium of the Court of First Instance after hearing the judges of the Regional Division concerned.

**Article 26 Composition of panels**

(1) Unless the Rules of Procedure provide otherwise, the Court of First Instance shall sit in panels comprising an odd number of judges. At least one of these shall be a technically qualified judge and at least two shall be legally qualified judges. The legally qualified judges shall be of at least two different nationalities.

(2) One member of the panel shall act as chairman and at least one other member as rapporteur. The chairman and, if there is only one rapporteur, the rapporteur shall be legally qualified judges. The chairman may appoint another member as co-rapporteur at any stage of the proceedings if the nature of the case so requires.

(3) If a provisional hearing of witnesses has already taken place, the judge who heard the witnesses shall as far as possible be appointed as a member of the panel.

(4) Without prejudice to paragraph 3, each division of the Court of First Instance shall compose its panels in accordance with the rules laid down by the Presidium of the Court to rule out the arbitrary composition of panels.
SECTION 3 COURT OF APPEAL

Article 27 Composition of panels

Article 26, paragraphs 1, 2 and 4, shall apply mutatis mutandis to the Court of Appeal.

CHAPTER IV PROCEDURAL PROVISIONS

Article 28 Delegation

Without prejudice to the principle of collegiate decision-making, the panels of the European Patent Court may delegate, in accordance with the Rules of Procedure, certain functions to one or more of their members for such time and under such conditions as they see fit.

Article 29 Majority decisions

Decisions of the European Patent Court shall be taken by a majority of the panel.

Article 30 Reasoned decisions in writing

Decisions shall be reasoned and given in writing.

Article 31 Concurring or dissenting opinions

Any member of the panel may express his opinion separately in the decision, whether that opinion be concurring or dissenting.

Article 32 Language of the proceedings

(1) The language of the proceedings shall be:

(a) in proceedings before the Central Division of the Court of First Instance, the language of the proceedings before the European Patent Office
(b) in proceedings before a Regional Division located in a Contracting State having an official language which is one of the official languages of the European Patent Office, that official language

(c) in proceedings before a Regional Division located in a Contracting State having either more than one or no official language which is one of the official languages of the European Patent Office, any official language of the European Patent Office designated by that State and communicated to the Registrar

(d) in proceedings before the Court of Appeal, the language of the proceedings before the Court of First Instance.

However, the parties and the panel hearing the case may agree that any official language of the European Patent Office other than the language under subparagraphs (a) to (d) is to be used as the language of the proceedings.

(2) The term "Contracting State" in paragraph 1 shall include a group of States which has set up a Regional Division.

(3) If the parties agree, the European Patent Court may allow the use of a language other than the language of the proceedings during all or part of the proceedings.

(4) The Rules of Procedure shall lay down rules for simultaneous interpretation during oral proceedings and for the translation of the file where a language other than an official language of the European Patent Office has been used during part of the proceedings.
Article 33    Language of decisions

Decisions of the European Patent Court shall be drawn up in the language of the proceedings.

Article 34    European patent counsel

(1) In accordance with the Rules of Procedure, parties shall be represented before the European Patent Court by a [lawyer] person registered by the Registrar as a European patent counsel.

(2) The Registrar shall register as a European patent counsel any [lawyer] who is entitled to practise and represent parties in civil proceedings before a court in any Contracting State and who applies for such registration.

(3) The Administrative Committee may require registered European patent counsel to pay an annual contribution towards the cost of administering the counsel registration system.

Article 35    Professional representative

A European patent counsel may be assisted by a professional representative entered on the list maintained by the European Patent Office. A professional representative shall be allowed to speak at hearings of the European Patent Court in accordance with the Rules of Procedure.

Article 36    Obligation to tell the truth

European patent counsel and professional representatives shall be obliged not to misrepresent cases or facts before the European Patent Court either knowingly or with good reason to know.
Article 37  Rights of European patent counsel and professional representatives

(1) European patent counsel and professional representatives appearing before the European Patent Court shall enjoy the rights and immunities necessary for the independent exercise of their duties.

(2) Where advice is sought from a European patent counsel or a professional representative in his capacity as such, all communications between the European patent counsel or the professional representative and his client or any other person, relating to that purpose, are permanently privileged from disclosure in proceedings before the European Patent Court.

(3) The Rules of Procedure shall lay down provisions governing the obligation of confidentiality of European patent counsel and professional representatives.

Article 38  Powers in respect of European patent counsel and professional representatives

The European Patent Court shall have the powers normally accorded to a national court, in respect of European patent counsel and professional representatives, as laid down in rules adopted to that effect by the Administrative Committee.
CHAPTER V TRANSITIONAL PROVISIONS

Article 39 First appointments

(1) The first judges and the first Registrar shall be appointed by the Administrative Committee on proposals from the Governments of the Contracting States.

(2) At least one legally qualified judge or assessor and one technically qualified judge or assessor from each Contracting State shall be appointed to the Court of First Instance and the Court of Appeal.

(3) The first judges appointed shall take the oath under Article 5 in a public meeting of the Administrative Committee.

Article 40 Membership of both the Court of First Instance and the Court of Appeal

(1) During the first seven calendar years after this Statute has entered into force, judges may be members of both the Court of First Instance and the Court of Appeal at the same time, if this is necessary in order to staff the European Patent Court with judges having sufficient experience of patent law. A majority of two-thirds of the votes of the Contracting States represented and voting in the Administrative Committee shall be required for decisions appointing judges as members of both the Court of First Instance and the Court of Appeal. Article 10, paragraph 1(e), shall remain unaffected.

(2) Five years after this Statute has entered into force, the Administrative Committee shall evaluate the situation and may decide to terminate or extend the transitional period under paragraph 1. If no
unanimous decision to that effect is taken, the transitional period shall expire at the end of the seventh calendar year after this Statute has entered into force.

(3) Any judge whose term of office ends after the transitional period expires, and who wishes to be re-appointed, shall indicate whether he wants to be re-appointed as a judge of the Court of First Instance or the Court of Appeal.
Resolution

Question Q165

Optional Protocol to the EPC with regard to Litigation concerning European Patents and Community Patents

Considering the Resolutions of AIPPI on Q165 in Melbourne and Lucerne

AIPPI recalls that a European patent litigation system must satisfy the needs of all users from industry to small enterprises and individual inventors, namely quality, legal certainty and cost efficiency.

AIPPI is therefore of the opinion that because of the continuing uncertainties concerning the Community Patent the future work should concentrate on a system which allows for legal harmonization between the national litigation systems and an optional participation in a multinational agreement for the litigation of European patents.

AIPPI therefore adopts the following Resolution:

1) The Contracting States of the EPC are encouraged to aim at a concentration of patent litigation in one or several experienced national courts in each member state or within a group of member states.

2) A uniform code of civil procedure and uniform rules of evidence and substantive law should be developed taking into consideration the proposal for a European Patent Litigation Agreement (EPLA) and the recent EU Enforcement Directive with the aim that national patents and European patents will be litigated according to the same rules.

3) Patent judges in all countries should be chosen according to their experience and interest in patent litigation. A continuing career specialization should be encouraged.

4) The language of the proceedings for national and European cases should be the official language(s) of the seat of the respective national court with an option to agree on any other language if the parties and the court agree. Countries are encouraged to establish within their jurisdiction multilingual chambers or courts where judges understand and possibly speak at least a second language and can hear cases in such language.

5) For the establishment of a European litigation system interested Member states of the EPC should agree on the convocation of a Diplomatic Conference for the adoption of an optional litigation agreement (EPLA), which provides for first instance courts in the member countries and the establishment of a central European court of appeal.
The variety of legal issues arising in patent litigation

Fernand de Visscher
Simont Braun, Brussels

Executive summary

This study aims at pointing out the various legal issues at stake when litigating about patents. At first glance, only patent law issues with technical character are relevant, i.e. validity in face of prior technical art, exact scope of the protection and infringement by reproducing technical equivalents of the patented invention. Experience shows, however, that many legal issues may arise, which require great attention and experience:

1. Jurisdiction issues: which court will have jurisdiction? What is the most suitable basis for jurisdiction, taking into consideration also the subsequent enforcement of the judgment and the judicial rules of the court? What about interim measures sought? Even in a central court system, various problems of an analogous nature will arise (interim measures, plurality of defendants, lis pendens or “related actions” vis-à-vis national proceedings, etc.).

2. Procedural issues: form and content of the claims (exceptio obscuri libelli) and of the written submissions; form and content of lodging an appeal (+ time limit); enforcement of the first decision while the appeal is still not determined; interim injunctions: conditions, level of merits, warranties and remedies if the decision is reversed; penalties for non-compliance with the judgment (contempt of court); enforcement in a country other than that of the court.

3. Evidence gathering: besides the classical problems relating to the permissible ways of evidencing factual or contractual issues, affidavits, and possible conflicts of laws in this respect, two issues are particularly important in patent cases:

- the “saisie-contrefaçon”, the “saisie-description”, the “Anton Pillar order”: whatever the name, this kind of evidence gathering is very delicate because of the unilateral character of the procedure and the possible misconduct of the claimant; in the performance itself, general and particular rules of enforcement are applicable, the complexity of which is increased by possible criminal aspects when the visit to the premises of the alleged infringer reveals other breaches of the law; procedural errors may prove irreversible;

- the confidentiality of documents found during a “saisie-contrefaçon” (or similar procedure) or the privilege applicable to some documents in the discovery procedures in the common law countries: such issues require great cautiousness in the procedure and a good knowledge of the substantive rules (persons entitled to the privilege, its extent and exceptions) by both parties.

4. Issues regarding the parties: entitlement to the claim; contractual issues when the patent has been assigned; rights of the licensee; identification of the possible defendant(s) depending
on the nature of the alleged tortuous acts; impact of bankruptcy or receivership; possible claim of the defendant against his supplier.

5. Contractual issues: possible defence to an alleged contract between the parties: validity, scope, applicable law, interpretation of the contract, statutory limits, termination, etc.

6. Non contractual issues: the principal one, which is very often raised, involves the alleged infringement (by the claimant) of the competition rules: the defendant states that the claim is not admissible because it is the result of a forbidden agreement (art. 81 EC Treaty) or constitutes an abuse of a dominant position (art. 82 same treaty). An extensive analysis of the factual situation and a profound knowledge of the competition rules are required. These rules are also essential in determining whether a contract under discussion in the case is valid.

7. Protection of possible know-how is obtained in most countries only via a variety of legal mechanisms like contracts, unfair competition rules, general laws of tort or the like.

8. Damages and compensation typically belong to the common law of torts and the complex case law in this field.

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On closer analysis, and contrary to what might first be thought, patent litigation is not concerned only with the questions of whether the patent is valid and whether it is infringed by the defendant. Patent litigation is wider than these two issues: ownership, co-ownership, licensing arrangements, employees' entitlement to co-ownership or other forms of reward, validity of settlements, use of know-how related to the invention, etc.

Even in a "simple" patent infringement procedure, many other legal issues come into play, which require a full legal education and a good litigation experience in general.

For the sake of simplicity, this paper will concentrate on the infringement procedure but, as will be obvious to the reader, most of the legal issues listed herein are of importance to other procedures concerning patents.

1. Jurisdiction of the court

1.1. Which court has jurisdiction to hear and determine the case? A wide set of rules come under consideration: national rules on international jurisdiction, multilateral treaties or regulations like EC Regulation n° 44/2001 ("Brussels II regulation") or the
Lugano Convention in the European Union, possible bilateral treaties between the countries involved. The applicability and content of each set of rules are complex.

1.2. Many applicable systems provide for a choice between the courts of the country where the defendant is established and the courts of the country where the alleged infringement takes or has taken place. But the choice is not always possible. In the case of infringement in several countries, which is very frequent, the possibilities multiply, and providing reliable legal advice on where to institute efficacious proceedings more than ever requires a profound knowledge of the international jurisdiction rules and of the different national legal systems themselves, with their rules on limitation, evidence gathering, recognition and enforcement of foreign judgments, etc.

1.3. The determination of the court also requires consideration of the step following the decision itself, namely enforcement, and, above all, payment of the compensation ordered by the court.

Examining these issues involves a legal analysis of the possible assets of the defendant and of the legal status of the creditor if the defendant is bankrupt or unable to pay for any other reason (see also 2.11 below).

1.4. If more than one defendant may be involved, which one is to be considered preferentially in the circumstances?

1.5. If proceedings have already been launched in another country and potentially involve the same defendant(s), or can be considered as being "related", how should the relations between all these proceedings be managed and the possible or compulsory stay of one of them be avoided?

1.6. Is it possible and wise to seek an interim injunction first? In the same country as the final decision on the merits of the case? The jurisdiction rules for interim decisions and decisions on the merits are not the same.

1.7. What is the impact of a jurisdiction clause or an arbitration clause, if any, on a possible licensing or co-ownership agreement?

2. Procedural issues

Once the court and the type of procedure have been chosen (or when there is no choice), several procedural issues must be considered.
2.1. Which language will be used in court? In some countries (and in every European centralised system) strict and complex rules (will) regulate the language to be used for written and oral submissions as well as for evidence gathering.

2.2. Serving the notice of claim: in which form? in which language? at which address? Care must be given to the reasons and the facts mentioned in the claim in order to avoid any objection of non-clarity ("exceptio obscuri libelli") or insufficiency (in many systems a later addition of facts or legal reasons is not admitted).

2.3. Under which form, in which order, and under which timetable to file the written arguments with the court? General procedural rules are to be considered, including the possible impact of the European Convention on Human Rights (fair trial).

2.4. According to which time limit should the appeal be lodged? From the date of the judgment or from a notice given by whom and in which form? Is there any possibility of avoiding being late by invoking a force majeure or similar justification under the general legal system?

2.5. To which extent is it possible to have factual issues re-considered by the appeal judges? What about new facts or evidence gathering after the first judgment?

2.6. What kind of measures ordered by the first judgment, if any, may be enforced against the defendant while the appeal is still pending? Interim or provisional measures? To which extent? Subject to any warranty?

2.7. If an interim injunction procedure is considered, general rules are applicable which relate to the timing of the claim (is it "urgent" according to the general rules and case law?), the evidence of the sort of damage to justify the interim measure ("irreparable damage"?), the sufficiency of the evidence (is there the generally required "fumus boni juris" according to the normal standards of the "prima facie" examination?), the balance of interests of both parties and the possible impact of public interest, and the potential damage to the defendant if the decision is reversed by the decision on the final merits (and therefore the risk to the claimant). For the defendant, legal advice in this respect requires a good knowledge of all these general rules, including the warranties to be imposed on the claimant and the remedies if the decision is finally reversed.

2.8. In a final merits procedure, is it possible to obtain from the court some interim measures?

2.9. The enforcement of a judgment is subject to all general rules in this respect: timing and order of the procedural steps, possible interim freezing orders, the nature and the
extent of seizable goods, the possible enforcement immunity of some public legal entities, possible disputes (before which court and subject to which special rules?).

2.10. Injunctions and similar orders may be coupled with penalties if the decision is not complied with ("contempt of court"). These penalties obey special rules of enforcement, limitation, etc.

2.11. If it is intended to have the judgment performed in another country, how to ensure that it will not give rise to objections in that country? Some procedural steps or formalities must be kept in mind from the very beginning in order to facilitate the later enforcement in the countries considered.

2.12. Costs: their importance, timing, the possibility of recovery (and to which extent) from the other party, the possible disputes on costs and their calculation basis.

3. Evidence gathering

These issues are twofold: substantive and procedural. Bringing convincing evidence to the court is essential for each party: the infringement, a prior art disclosure, a contract, a waiver, any part of the damage, all these factual points need to be properly evidenced, i.e. according to the substantive rules depending on the object to be evidenced and in conformity with the procedural systems of the court. Some of the problems which may arise are the following:

3.1. Which sort of evidence is needed or possible depending on the subject matter? Is a witness admissible to demonstrate a prior art disclosure? Does any agreement or similar voluntary act require a written document? Even between merchants or other business people for whom the rules on evidence may be more flexible? May an expert witness or affidavit be sufficient to demonstrate factual issues concerning an alleged infringement?

3.2. If the facts have a cross-border character, which is the applicable law for the admissibility of the evidence? The law of the country of the court? The law applicable to the dispute itself? The law of the country in which the evidence was gathered?

3.3. In some countries it is possible for a bailiff, a court-appointed expert, an independent solicitor or a patent attorney to visit the future defendant’s premises with the permission of the court ("inspection"; "saisie-contrefaçon"; "Anton Pillar/search order"). Such permission is obtainable on application to the court, which has to be presented very carefully, with the appropriate documentation and in balanced terms, taking into consideration the interests of the party to be visited (the latter is not heard
by the court at this preliminary stage). The performance of the order itself may give rise to procedural difficulties (right to privacy, correct notice, extent of the powers of the person appointed or authorised by the court). The order is subject to appeal (By whom? The visited party only or also his supplier? Within which time limit? On which grounds? Before which court?). Is there any abuse of right by the patentee in claiming and/or performing such visit? Which facts or documents may be described or copied? Does the secret character of some facts or documents of the visited party constitute an obstacle to such description?

3.4. In the common law countries, evidence may be brought in the form of affidavits prepared by the party’s counsel (solicitor). The drafting itself, the content to be considered, the timing of the submission in the course of the procedure, the possibility of rectifying or completing the affidavit at a later stage, all these questions are complex and require good general litigation experience. This is also to be considered in conjunction with other aspects of the procedure in these countries, namely discovery.

3.5. The discovery procedure in the common law countries raises many questions such as the extent of the list of documents for the client, the possible confidential character of some documents and the protection of this character, the possible attorney or counsel privilege applicable to the documents and the consequence of it. The discovery itself is a matter of experience, both tactical and legal. The cross-examination needs preparation from both sides (preparing good questions, being prepared for all sorts of questions).

4. Some issues regarding the parties

Further to other issues which are listed elsewhere and which relate to the legal position of one party or another in the case, there are some issues which specifically apply to the claimant or to the defendant. Irrespective of the side from which it is examined, they are of importance in preparing the claim and in conducting the defence. Specific contractual issues are dealt with separately in a later section.

4.1. Is the claimant entitled to the claim? If it is a legal entity or an owner subsequent to the patent applicant, did it acquire the rights to the patent properly? If the claimant is the patent applicant, was he entitled to the patent? The filing of a patent application by a person who is not entitled makes the European Patent invalid (article 138 § 1 (e) of the Munich Convention). The title may be statutory or contractual: this legal situation needs to be checked. What is the impact of the possible lack of registration of the assignment? Is the assignment valid?

4.2. What about the possible licensee of the patent? Is he entitled to seek an injunction? Does his claim for compensation require that the licence be registered?
4.3. If the claimant is a foreigner, should an application be made by the defendant for security for costs and at which stage of the proceedings? If the security is given under the form of a bank guarantee, this needs to be reviewed legally under the national law applicable to that sort of commitment.

4.4. The defendant needs to be identified: who committed which acts? How to qualify these acts? What about the possible liability of the directors of a legal entity? Of the parent company? If several defendants are to be considered, what are the tortuous acts of each of them? The general law of torts is applicable for joint torts and the consequences of it as to the compensation and the enforcement of the judgment.

4.5. If the defendant is or becomes bankrupt, what will happen with the claim for an injunction and for compensation? Is a receiver excusable from infringement because he has a statutory obligation to sell the assets?

4.6. If the defendant is not the manufacturer of the allegedly infringing products, is there any possibility of having his supplier intervene in the procedure and getting from him full or partial compensation for the damages suffered as a consequence of the main claim? Any existing contract between such parties will require proper analysis under the applicable national law.

4.7. Each party can be insured in respect of the costs of enforcing his position (the patent or the defence). If so, the insurer should be notified in time and in the proper manner according to the insurance contract.

5. Contractual issues

In addition to the hypotheses already mentioned in which contractual issues may be relevant, a patent infringement case may raise this kind of issues when the defendant claims that there is or has been a contractual relation between him (or his supplier) and the claimant, which makes the infringement claim ill-founded.

The typical examples are a licence contract or a settlement arrangement. The defendant will claim that his allegedly infringing activities benefit from a permission given under the licence or the settlement, while the claimant's thesis can be — among others — that the scope of the arrangement is narrower, that it does not benefit the defendant, who is a third party to the contract, or that the latter is invalid for one reason or another.
Contractual issues require primarily a good knowledge of the law of contracts, and also of the implications of other rules, like competition law or the free circulation of goods in Europe, on the contracts. Some of these issues are e.g.:

5.1. Which national law is applicable to the contract under the rules of conflict of laws of the court?

5.2. Is the contract valid under the general rules on contracts (parties, content, form) and under the special rules applicable to the particular sort of contract in question, including the rules of free competition (Art. 81-82 EC Treaty; national Competition Act as applicable)? Is it not too late to make such objection?

5.3. How to interpret the contract? What are the respective weights of the intention and the wording?

5.4. Is the performance of the contract not subject to restrictions such as the abuse of rights doctrine? Or to a limitation?

5.5. Is the result intended by the parties not limited by some other rules of public order like the EC rule of free circulation of goods?

5.6. Is the contract not affected – totally or in part – by the disappearance or modification of its subject-matter and/or of the circumstances?

5.7. If one of the parties unilaterally terminated the contract (e.g. the patentee-licensor), is this termination valid? Was it done for admissible reasons and in the correct form?

6. Non contractual issues

Besides discussing the “technical" issues relating to the validity of the patent and the concrete reproduction of the invention, the defendant may oppose the claim with other objections taken from the common rules such as:

6.1. Limitation: is the claim – totally or in part – not brought too late with respect to the date of the allegedly infringing activities?

6.2. Does the claim not constitute an abuse of right when considering the special circumstances of the case?

6.3. Is the claim not contrary to Competition Law (art. 81-82 EC Treaty or national Competition Act, as applicable) (apart from any possible impact of such rules on a
contract, if any: see 5.2.)? As such, the claim may be a result or a means of a restrictive practice.

7. Know-how

In patent cases, very often the patentee also claims breach of his proprietary rights over some know-how on various possible grounds like a know-how contract, unfair competition rules or the general law of torts ("responsabilité civile"). Technical aspects are important but obviously not exhaustive in such disputes.

8. Damages and compensation

The general rules of the law of torts are applicable in most countries to the assessment of damages and the calculation of compensation. In some countries, special compensation rules apply to patent infringement. All these rules are, almost exclusively, of a legal nature and extend beyond technical issues, if any, related to the invention and to infringement. Loss of market share and/or lost profits, expenses incurred, diminution of goodwill, etc. are more legal and economic issues than technical.

Experience teaches that in each and every piece of patent litigation, even in an apparently "simple" infringement case, at least one and most often many more pure legal issues as listed here above are involved, for which a very broad legal education and experience are needed.

3 July 2003
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**United States of America**

<table>
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<tr>
<th>Mr.</th>
<th>John</th>
<th>Kidd</th>
<th>Associate member</th>
<th>Clifford Chance</th>
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Application Form for Membership

To be completed and sent to:
Mr. Fernand de Visscher
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Avenue Louise, 149 (20)
B - 1050 Brussels

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Fax + 32 2 543 70 90
E-mail: fernand.devisscher@simontbraun.be

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