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Subject : Towards an EU Patent Jurisdiction - Points for discussion

Delegations will find in Annex, for discussion at the next meeting of the Intellectual Property (Patents) Working Party, a revised Presidency compromise proposal regarding the main features of the envisaged EU patent jurisdiction.

1. Introductory remark

The present working document aims at setting out in more technical detail the possible features of a future unified and integrated patent litigation system which, it is hoped, could find the support of Member States (MS) and users. It is based on the results of the deliberations of the Council Working Group following the Commission's Communication dated 3 April 2007 and previous work carried out by MS and users, in particular in the context of work on the European Patent Litigation Agreement (EPLA). Moreover it reflects the first reactions of Member States and stakeholders during informal consultations carried out during the months of September and October 2007.

2. General features of the EU patent jurisdiction

- In order to ensure efficiency and coherence of patent litigation the EU patent jurisdiction should be an **exclusive jurisdiction** dealing with validity, infringement and inter-related proceedings concerning European patents and future Community patents.
- It should be a **Community jurisdiction specialised in patent litigation**.
- It should be an **integrated system** effective in all MS.
- It should comprise a **first instance** with local and regional divisions as well as one central division, a **second instance** and a **Registry**.
- All divisions would form an integral part of a **unified Community jurisdiction with uniform procedures**.
- All divisions would be specialised and distinct bodies. They would, however, be linked with the European Court of Justice.

3. First instance

- In order to guarantee a high degree of specialisation and expertise as well as proximity to the users, the first instance should comprise one **central division** and **divisions located in MS**.
- All divisions should provide for a high level of expertise and deliver expeditious and high quality judgments. Towards this end the Community would establish a specific training framework for patent judges (see below, under 19) and create a pool of experienced judges that could reinforce local and regional divisions (see below, under 10).
- **First instance divisions** could be located in MS who wish to have such a division in their territory. MS would designate the seat of such divisions. The divisions concerned could use existing MS facilities (e.g. court facilities or arbitration courts).
- More than one first instance division could be located in a MS if, over a period of three successive years, more than one hundred cases concerning European or Community patents per calendar year have been recorded in the respective MS. The maximum number of divisions per MS would be three.
- In the case a MS would not have a first instance division located in its territory or would not participate in a joint regional division (see below), the central division would be competent for cases related to its territory (for allocation of cases see below, under 5).
- MS would have the option to share **joint regional divisions**. The Community could provide financial assistance for this purpose.
- Such regional divisions could be composed as a **regional pool of judges** and could sit at **multiple locations**, e.g. rotate between seats in the MS who share a regional division.
- The first instance divisions would have **exclusive civil jurisdiction** in respect of
 - actions for actual or threatened infringement or for a declaration of non-infringement;
 - direct actions or counterclaims for invalidity;
 - actions or claims for damages, other related issues and legal costs;
 - injunctions and provisional measures.

4. Relationship between first instance divisions at MS level and the central division

- The first instance divisions located at MS/regional level should have jurisdiction over infringement cases unless the **parties agree** to refer the case to the central division (for allocation of cases see below).
- The central division should be hearing **direct actions concerning the revocation of patents** and actions for declaration of non-infringement.
- In the case of **counter-claims for invalidity** the first instance division located at MS or regional level concerned shall carry out a preliminary assessment of the validity of the patent. If it considers that the patent could be revoked it should, after having heard the parties, either involve judges from the pool of patent judges (see below, under 10) or stay proceedings and refer the case for a decision concerning the validity to the central division.

5. Allocation of cases

The allocation of infringement cases should reflect the **basic principles of the Brussels I Regulation**. Consequently plaintiffs should be entitled to choose either the division of the Member State (or regional division):

- of the place where the infringement took place, or
 - of the place where the defendant is domiciled.
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- The same allocation should also apply to applications for injunctions which could be brought either at the place of infringement or the place of domicile of the defendant.
 - In the case of related infringements it should be possible to sue all infringers concerned before one forum.
 - Parties should be entitled to agree to litigate before a division (at MS or regional level) of their choice or the central division.
 - For actions concerning invalidity see above.

6. Language of proceedings at first instance

- In cases before a **division at MS/regional level** the language of proceedings would be the official language(s) of the MS in question or the language(s) designated by MS who have set up a joint regional division.
- **On grounds of convenience and fairness**, and after having heard the parties, the division concerned may choose a different language of proceedings. Moreover, the division concerned would be entitled, to the extent deemed appropriate, to dispense with translation requirements for the patent and supporting documentation.
- Parties should be entitled to **agree on the use of the language of the patent**, subject to approval by the competent division. If the division does not approve the choice of the parties the case should be allocated to the central division which would allow that proceedings are carried out in the language of the patent.
- In all cases before the **central division** the language of proceedings would be the language in which the patent has been granted. In the case of oral proceedings interpretation could be provided upon request from the parties.

7. Second instance

- A **second instance Court** would be created which would deal exclusively with appeals of judgements of the first instance divisions. It would be composed by judges with a high level of expertise in patent litigation (for qualifications and appointment of judges see below, under 11 and 12).
- It could be created at the Court of First Instance with one or more specialized chambers or alternatively as a new distinct entity.
- Appeals might be based on **points of law and matters of fact**; new facts and new evidence might only be introduced if their submission by the party concerned could not reasonably have been expected during proceedings at first instance.

- The **language of proceedings** at second instance would be the language of proceedings used at first instance. On grounds of convenience and fairness and to the extent deemed necessary, the Court, after having heard the parties, may choose a different language of proceedings. Parties should be entitled to agree on the language of the patent as language of proceedings.

8. Further review

- Where there is a serious risk that the unity or consistency of Community law would be affected, the decisions of the second instance could be reviewed by the ECJ, at the **request of the First Advocate General**. Review procedures should not have a suspensive effect.

9. Composition of the divisions

- The judges of the first instance divisions set up at MS or regional levels should come from the Member States concerned. They would serve as **permanent members** of the EU patent jurisdiction. This capacity would not exclude the exercise of **other judicial functions at the national level**.
- Moreover local divisions could be **reinforced by judges from the pool of patent judges** (see below, under 10).
- The central division and the second instance would have a **multinational composition**.
- The involvement of non permanent members at first instance should make good use of modern communication technologies such as video conferencing.

10. Pool of patent judges

- A **pool of patent judges** would be created at Community level. The purpose of the pool would be to provide reinforcements for local divisions and to spread knowledge and experience throughout the Community.
- This pool should consist of legally and technically qualified judges and **cover all fields of technology**.

- The pool should draw on experienced practitioners including judges from local and regional divisions and the central division.

11. Specialisation and technical expertise of judges

- The judges of all divisions shall have a proven knowledge and experience in patent litigation. Where necessary training could be provided under the EU training framework (see below, under 19).
- The central division of the first instance and the second instance should be composed of mixed chambers of **legally and technically qualified judges**.
- Such **technically qualified judges** would have university diplomas in scientific or technical disciplines and appropriate knowledge in patent law and litigation. Where necessary, training could be provided under the EU training framework (see below, under 19). In each chamber legally qualified judges should be in majority (i.e. two out of three or three out of five).

12. Judicial independence, impartiality and appointment procedure for judges

- The judges would have to guarantee **judicial independence** and **impartiality**. In particular, members of the Boards of Appeal of the EPO should not be eligible to serve in parallel to their functions as members of the Boards of Appeal as a judge of the EU patent jurisdiction.
- Judges could be recruited amongst members of the EPO or national offices' Boards of Appeal, patent judges, patent attorneys, etc.
- All judges of the EU patent jurisdiction would be **appointed** by the Council, acting unanimously, following consultation of an advisory committee which shall be set up for this purpose.
- The **advisory committee**, chosen from among the most experienced patent judges or patent lawyers of recognised competence and appointed by the Council, should prepare lists of suitable candidates for appointment as judges of the EU patent jurisdiction.

13. Pool of experts

- A **pool of technical experts** would be created at Community level. Such experts would provide the judges and the parties with expertise in all fields of technology.
- The list of the experts concerned should be established by the advisory committee (see above, under 12).

14. Registry

- In order to ensure transparency and with a view to facilitating the dissemination of information about pending cases, it would appear necessary to set up a registry.
- It is suggested that there should be two sections of the central registry: one (attached to the central division) for cases at first instance and another one for cases at second instance.
- The judicial bodies concerned would have to notify each case to the respective section of the registry.
- At the request of a local division the section attached to the central division would **allocate judges from the pool** to the local division concerned on the basis of their technical expertise, linguistic skills and proven experience.

15. Rules of procedure

Since the suggested system would constitute a fully fledged Community jurisdiction (however with some degree of decentralisation and local presence in Member States) it is suggested to provide for uniform rules of procedure

- The rules of procedure should take account of the **Enforcement Directive** and should also reflect the work carried out in the context of the preparation of EPLA, such as the **Second Venice Resolution**, dated 4 November 2006, of the International Patent Judges Association relating to the rules of procedure of a European Patent Court.
- Such rules should ensure expeditious and high quality judgments. Moreover they should provide for cost effectiveness of procedures, in particular for SMEs.

16. Patent arbitration and mediation centre

In order to promote the idea of a time and cost effective alternative to traditional litigation and considering the need of increasing specialisation in dispute resolution concerning patents the possibility for setting up a new mechanism for arbitration and mediation of patent disputes at Community level should be explored. This mechanism would involve a list of Community mediators and arbitrators. The establishment of such a mechanism (in addition to those existing outside the Community framework) could ensure proximity and better accessibility for SMEs. A patent arbitration and mediation centre could deal in particular with disputes concerning patent licence fees. It goes without saying that any arbitration and mediation system shall be voluntary and not mandatory for the parties. If the parties agree to arbitration, the legal effect of the Arbitration Centre would be similar to decisions of the first instance divisions. Financial contributions by the Community to the funding of such a centre could be considered. The utilization of state of the art electronic tools should be guaranteed.

17. Decisions with EU-wide effect

In order to take full account of the European or Community dimension of an integrated patent litigation system, the competent jurisdiction (MS/regional or central divisions) should be entitled, with effect for the entire territory of the EU (for Community patents) or with effect for the territories which have been designated in a patent application and for which patent protection is in place (for European patents):

- to grant preliminary injunctions;
- to award damages;
- to revoke a patent.

18. Budgetary and cost issues

- **Operational costs of divisions at MS level** should be borne by MS. However, initial costs required for the establishment of such divisions, costs incurred as a result of participation of judges from the pool of patent judges and costs related to the introduction of state of the art electronic tools facilitating participation of such judges should be borne by the Community budget.
- **Costs incurred at the central division** (first instance) should be borne by the Community budget as should be the operational costs at second instance level.
- The Community would contribute to the operational costs of **regional first instance divisions** set up jointly by two or more MS, which operate at a cross-border level.
- The Community would contribute to the **additional expenditure** (interpretation services, travel expenses, accommodation, daily allowances) incurred by the participation of members of the Community patent judges pool on the bench of first instance divisions set up at MS/regional level.
- A **specific budgetary line** would be created in order to cover the intervention by the Community in the financing of the operational costs of the EU patent jurisdiction.
- Appropriate **court fees** would be charged for the proceedings. The amount of such fees would be fixed at a level ensuring a right balance between the principle of fair access to justice and an adequate contribution of the parties for the services rendered by the courts.

19. Training framework

- A **training framework** for patent judges should be set up at Community level in order to improve and increase available patent litigation expertise and to ensure a broad geographic distribution of such specific knowledge and experience.
- The Community would provide a budget line for funding such a **training framework**.
- The training framework would reflect best practices in MS and focus on gaining practical experience. Towards this end it would involve **internships** in the patent judiciary of other MS already having substantial levels of patent litigation activity.

- The training framework should be operational well **before the entry into force** of the arrangements concerning the EU patent jurisdiction in order to guarantee that once the EU patent jurisdiction becomes operational, all divisions dispose of specific knowledge and expertise.
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