



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 27 November 2009

**16114/09
ADD 1**

**PI 123
COUR 71**

ADDENDUM TO THE NOTE

from:	Presidency / General Secretariat of the Council
to:	Council (Competitiveness)
No. prev. doc.:	16113/09 PI 122 + ADD 1
Subject:	Enhanced patent system in Europe - Draft Council conclusions

Delegations will find in Annex a set of draft Council conclusions drawn up by the Presidency for discussion at the meeting of the Council (Competitiveness) on 4 December 2009.

In view of the entry into force on 1 December 2009 of the Lisbon Treaty, the term "Community" has been replaced by "European Union", where appropriate, throughout the text (see Art. 1 of the Treaty on the European Union as amended by the Lisbon Treaty).

Draft

COUNCIL CONCLUSIONS

on

AN ENHANCED PATENT SYSTEM IN EUROPE

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING that enhancing the patent system in Europe is a necessary prerequisite for boosting growth through innovation and for helping European business, in particular SMEs, face the economic crisis and international competition;
2. CONSIDERING that such an enhanced patent system is a vital element of the Internal Market and that it should be based on two pillars, i.e. the creation of a European Union patent (hereafter "EU patent") and the setting up of an integrated specialised and unified jurisdiction for patent related disputes thus improving the enforcement of patents and enhancing legal certainty;
3. ACKNOWLEDGING the considerable amount of work accomplished so far by the Council's preparatory bodies on the legal instruments needed to establish the above-mentioned two pillars;
4. AGREES that the following conclusions on the main features of the European and EU Patents Court (I) could form the basis of, while on the EU patent (II) they should form part of the overall final agreement on a package of measures for an Enhanced Patent System in Europe comprising the creation of a European and EU Patents Court (EEUPC), an EU patent, including the separate regulation on the translation arrangements referred to in point 36 below, an Enhanced Partnership between the European Patent Office and central industrial property offices of Member States and, to the extent necessary, amendments to the European Patent Convention;

5. STRESSES that the following conclusions are without prejudice to the request for an opinion of the European Court of Justice¹ as well as to Member States' individual written submissions and are conditional on the opinion of the European Court of Justice ;
6. TAKES NOTE of the Draft Agreement on the European and Community Patents Court in document 7928/09 of 23 March 2009 (below the Draft Agreement), acknowledges that some elements of the envisaged agreement are under particular discussion;
7. STRESSES, that the system here envisaged should be established with due regard to the constitutional provisions of the Member States and is without prejudice to the request for an opinion of the European Court of Justice; and that the establishment of the EEUPC would be based on an agreement, the ratification of which by the Member States would have to take place in full compliance with their respective constitutional requirements;
8. AGREES that the decision on the seat arrangements for the EEUPC should be taken as part of the overall final agreement referred to in point 4 above and shall be in accordance with relevant EU acquis;
9. RECOGNISES that some Member States have fundamental legal concerns concerning the creation of the EEUPC and its envisaged overall architecture as reflected in these conclusions, which would have to be revisited, if need be, in the light of the opinion of the European Court of Justice.

I. MAIN FEATURES OF THE EUROPEAN AND EU PATENTS COURT

THE EUROPEAN AND EU PATENTS COURT

10. The EEUPC should have exclusive jurisdiction in respect of civil litigation related to the infringement and validity of EU patents and European patents.

¹ OPINION 1/09, European Court of Justice.

11. As outlined in the Draft Agreement, the EEUPC should comprise a Court of First Instance, a Court of Appeal and a Registry. The Court of First Instance should comprise a central division as well as local and regional divisions.
12. The European Court of Justice shall ensure the principle of primacy of EU law and its uniform interpretation.

THE COMPOSITION OF THE PANELS

13. In order to build up trust and confidence with users of the patent system and to guarantee the high quality and efficiency of the EEUPC's work, it is vital that the composition of the panels is organised in a way which makes best use of experience of patent litigation among judges and practitioners at national level through pooling of resources. Experience could also be acquired through theoretical and practical training which should be provided in order to improve and increase available patent litigation expertise and to ensure a broad geographic distribution of such specific knowledge and experience.
14. All panels of the local and regional divisions and the central division of the Court of First Instance should guarantee the same high quality of work and the same high level of legal and technical expertise.
15. Divisions in a Contracting State where, during a period of three successive years, less than fifty cases per year have been commenced, should either join a regional division with a critical mass of at least fifty cases per year or sit in a composition whereby one of the legally qualified judges is a national of the Contracting State concerned and two of the legally qualified judges, who are not nationals of the Contracting State concerned, come from the pool of judges to be allocated to the division on a case by case basis.

16. Divisions in a Contracting State where, during a period of three successive years, more than fifty cases per calendar year have been commenced should sit in a composition whereby two of the legally qualified judges are nationals of the Contracting State. The third legally qualified judge, who would be of a different nationality, would be allocated from the pool of judges. The legally qualified judges from the pool should be allocated on a long term basis where this is necessary for the efficient functioning of divisions with a high work load.
17. All panels of the local and regional divisions should comprise an additional technical judge in the case of a counterclaim for revocation or, in the case of an action for infringement, when requested by one of the parties. All panels of the central division should sit in a composition of two legally qualified judges and one technically qualified judge. The technically qualified judge should be qualified in the field of technology concerned and be allocated to the panel from the pool of judges on a case by case basis. Under certain conditions to be defined in the Rules of Procedure and with the agreement of the parties, cases in the First Instance may be heard by a single legally qualified judge.
18. The allocation of judges should be based on their legal or technical expertise, linguistic skills and relevant experience.
19. The provisions regarding the composition of the panels and the allocation of judges should ensure that the EEUPC is an independent and impartial tribunal within the meaning of Article 47 of the Charter of Fundamental Rights of the European Union.²

² OJ C 303, 14.12.2002, p. 1.

JURISDICTION IN RESPECT OF ACTIONS AND COUNTERCLAIMS FOR REVOCATION

20. In order to ensure that local and regional divisions work in an expeditious and highly efficient way, it is vital that the divisions have some flexibility on how to proceed with counterclaims for revocation.
- (a) Direct actions for revocation of patents should be brought before the central division.
 - (b) A counterclaim for revocation can be brought in the case of an action for infringement before a local or regional division. The local or regional division concerned may;
 - (i) proceed with the counterclaim for revocation; or,
 - (ii) refer the counterclaim to the central division and either proceed with the infringement action or stay those proceedings; or,
 - (iii) with the agreement of the parties, refer the whole case for decision to the central division.

LANGUAGES OF PROCEEDINGS

21. The Draft Agreement, the Statute and the Rules of procedure should provide for arrangements which would guarantee fairness and predictability of the language regime for the parties. Furthermore, any division of the EEUPC should provide translation and interpretation facilities in oral proceedings to assist the parties concerned to the extent deemed appropriate, in particular when one of the parties is an SME or a private party.

22. The language of proceedings of the local and regional divisions should in general be the language(s) of the Contracting State(s) where they would be established. Contracting States may however designate one or more of the official languages of the European Patent Office as language of proceedings of the local or regional division they host. The language of proceedings of the central division should be the language of the patent. The language of proceedings of the Court of Appeal should be the language of the proceedings at the First Instance.
23. Any subsequent decisions which would in any way affect the arrangements regarding the language of proceedings under the Agreement on the EEUPC should be adopted by unanimity.

THE TRANSITIONAL PERIOD

24. The transitional period should not last longer than five years after the entry into force of the Agreement on the EEUPC.
25. During the transitional period, proceedings for infringement or for revocation of a European patent may still be initiated before the national courts or other competent authorities of a Contracting State having jurisdiction under national law. Any proceedings pending before a national court at the end of the transitional period should continue to be subject to the transitional regime.
26. Unless proceedings have already been initiated before the EEUPC, holders of European patents or patent applications granted or applied for prior to the entry into force of the Agreement on the EEUPC should have the possibility to opt out of the exclusive jurisdiction of the EEUPC, if the opt out is notified to the Registry no later than one month before the end of the transitional period.

REVISION CLAUSE CONCERNING THE COMPOSITION OF PANELS AND COUNTERCLAIMS FOR REVOCATION

27. The Commission should closely monitor the functioning, the efficiency and the implications of the provisions regarding the composition of the panels of the First Instance and the jurisdiction in respect of actions and counterclaims for revocation, see points 15, 16 and 20 above. Either six years after the entry into force of the agreement on the EEUPC or after a sufficient number of infringement cases, approximately 2000, have been decided by the EEUPC, whichever is the later point in time, and if necessary at regular intervals thereafter, the Commission should, on the basis of a broad consultation with users and an opinion of the EEUPC, draw up a report with recommendations concerning the continuation, termination or modification of the relevant provisions which should be decided by the Mixed Committee.
28. The Commission should in particular consider alternative solutions that would reinforce the multinational composition of the panels of the local and regional divisions and that would make a referral to the central division of a counterclaim for revocation, or the whole case, subject to agreement of both parties.

PRINCIPLES ON THE FINANCING OF THE EEUPC

29. The EEUPC should be financed by the EEUPC's own financial revenues consisting of the court fees, and at least in the transitional period referred to in point 24 as necessary by contributions from the European Union (hereafter "EU") and from the Contracting States which are not Member States.
30. A Contracting State setting up a local division should provide the facilities necessary for that purpose.

31. The court fees should be fixed by the Mixed Committee on a proposal by the Commission which should include an assessment by the Commission of the expected costs of the EEUPC. The court fees should be fixed at such a level as to ensure a right balance between the principle of fair access to justice, in particular for SMEs and micro-entities, and an adequate contribution of the parties for the costs incurred by the EEUPC, recognising the economic benefits to the parties involved, and the objective of a self-financing court with balanced finances. Targeted support measures for SMEs and micro-entities might also be considered.
32. The EEUPC should be organised in the most efficient and cost effective manner and should ensure equitable access to justice, taking into account the needs of SMEs and micro-entities.
33. The EEUPC costs and financing should be regularly monitored by the Mixed Committee, and the level of the court fees should be reviewed periodically, in accordance with point 31 above.
34. At the end of the transitional period, on the basis of a report from the Commission on costs and financing of the EEUPC, the Mixed Committee should consider the adoption of measures aimed at the objective of self-financing.

ACCESSION

35. Initially, accession by Contracting States of the European Patent Convention who are not Member States of the EU should be open for Contracting Parties to the European Free Trade Agreement. After the transitional period, the Mixed Committee could by unanimity decide to invite Contracting States of the European Patent Convention to adhere if they have fully implemented all relevant provisions of EU law and have put into place effective structures for patent protection.

II. THE EU PATENT

TRANSLATION ARRANGEMENTS

36. The EU Patent Regulation should be accompanied by a separate regulation, which should govern the translation arrangements for the EU patent adopted by the Council with unanimity in accordance with Article 118 second subparagraph of the Treaty on the Functioning of the European Union. The EU Patent Regulation should come into force together with the separate regulation on the translation arrangements for the EU patent.

THE RENEWAL FEES

37. The renewal fees for EU patents should be progressive throughout the life of the patent and, together with the fees due to be paid during the application phase, cover all costs associated with the granting and administration of the EU patent. The renewal fees would be payable to the European Patent Office, which would retain 50 percent of the renewal fees and distribute the remaining amount among the Member States in accordance with a distribution key to be used for patent-related purposes.
38. A Select Committee of the Administrative Council of the European Patent Organisation should, once the EU Patent Regulation enters into force, fix both the exact level of the renewal fees and the distribution key for their allocation. The Select Committee should be composed only of representatives of the EU and all the Member States. The position to be taken by the EU and the Member States in the Select Committee would need to be determined within the Council, at the same time as the EU Patent Regulation is adopted. The level of the renewal fees should in addition to the above mentioned principles be fixed with the aim of facilitating innovation and fostering the competitiveness of European business. It should also reflect the size of the market covered by the EU patent and be similar to the level of the renewal fees for what is deemed to be an average European Patent at the time of the first decision of the Select Committee.

39. The distribution key should be fixed taking into account a basket of fair, equitable and relevant criteria such as for instance the level of patent activity and the size of the market. The distribution key should provide compensation for, among other things, having an official language other than one of the official languages of the European Patent Office, for having disproportionately low levels of patent activity and for more recent EPC-membership.
40. The Select Committee should periodically review its decisions.

THE ENHANCED PARTNERSHIP

41. The aim of the Enhanced Partnership is to promote innovation by enhancing the efficiency of the patent granting process through avoiding duplication of work, with the goal of more rapid delivery of patents which will increase speed of access to market for innovative products and services and reduce costs for applicants. Enhanced Partnership should both make use of central industrial property offices' existing expertise and strengthen their capacity to enhance the overall quality of the patent system in future.
42. Enhanced Partnership should enable the European Patent Office to make regular use, where appropriate, of the result of any search carried out by central industrial property offices of Member States of the European Patent Organisation on a national patent application the priority of which is claimed in a subsequent filing of a European patent application. Such a result should be available to the European Patent Office in accordance with the Utilisation Scheme of the European Patent Office.³

³ EPO documents CA/153/09 and CA/PL 8/09.

43. Central industrial property offices can play a vital role in fostering innovation. All central industrial property offices, including those which do not perform searches in the course of a national patent granting procedure, can have an essential role under the Enhanced Partnership, advising potential applicants including SMEs, disseminating patent information and receiving applications.
44. Enhanced Partnership should fully respect the central role of the European Patent Office in examining and granting European patents. Under the Enhanced Partnership the European Patent Office would be expected to consider but not be obliged to use the work provided by participating offices. The European Patent Office should remain free to carry out further searches. The Enhanced Partnership should not restrict the possibility for applicants to file their application directly at the European Patent Office.
45. Enhanced partnership would be subject to periodic reviews, adequately involving views of the users of the patent system. In addition, regular feed back from the European Patent Office to the participating offices on how search reports are utilised at the European Patent Office would be essential for the enabling of the fine-tuning of the search process to the benefit of the optimal utilisation of resources.
46. Enhanced partnership should be based on a European Standard for Searches (ESS), containing criteria for ensuring quality. The ESS should in addition to searches include standards on inter alia training, tools, feedback and assessment.
47. At the same time as the EU Patent Regulation is adopted, the position to be taken by the EU and the Member States on the implementation of the Enhanced Partnership, including the ESS, should be determined within the Council and then be implemented within the context of the European Patent Network (EPN)⁴, in particular, the Utilization Scheme⁵ and the European Quality System⁶, within the policy of the European Patent Organisation.

⁴ EPO documents CA/120/06 and CA/PL 8/09.

⁵ EPO document CA/153/09 and CA/PL 8/09.

⁶ EPO document CA/122/06 and CA/PL 8/09.

48. The participation of central industrial property offices in an Enhanced Partnership should be voluntary but open to all. In the spirit of facilitating the utilization and pooling of all available resources, regional cooperation should be encouraged. In addition the possibility of limiting the participation of a central industrial property office to one or more specific technical fields should be further analysed, tested and evaluated.
49. The steps now taken should be without prejudice to any future development of the Enhanced Partnership, including future models for improving the partnership between the European Patent Office and the central industrial property offices. Against this background, the European Patent Office and Member States should give a comprehensive evaluation of the functioning and the further development of the Enhanced Partnership, based on experience gained through the implementation and the performance achieved by central industrial property offices in meeting the ESS.

AMENDMENTS TO THE EUROPEAN PATENT CONVENTION AND ACCESSION OF THE EUROPEAN UNION TO THE EUROPEAN PATENT CONVENTION

50. In order for the EU patent to become operational, to the extent necessary, amendments would be made to the European Patent Convention (EPC). The EU and its Member States should take any necessary measures and put them into force, including those for the accession of the EU to the EPC. Amendments to the EPC deemed necessary in this regard should not imply any revision of substantive patent law, not related to the creation of the EU patent.