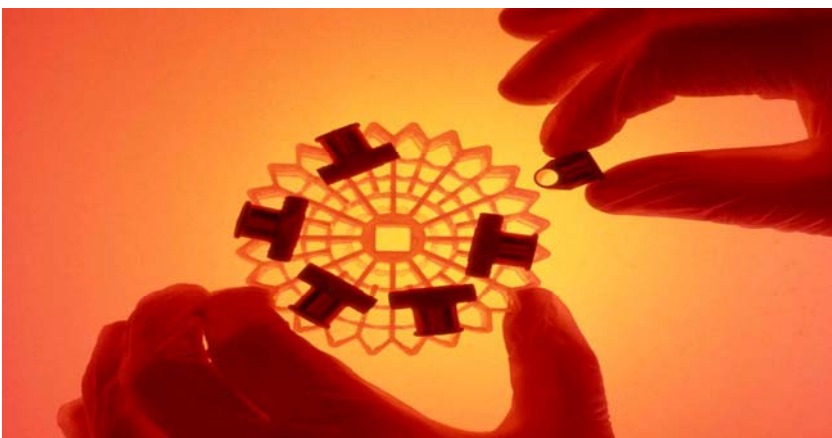


Clifford Chance Patent Law Series

Update: The EU Patent – (Finally) One Step Closer!



Last August, in our Client Briefing "The EU Patent – One Step Closer?" we informed you that the European Commission had proposed new translation arrangements for the so called "EU Patent". Although many Member States supported the proposal, it failed in November 2010. It seemed that - after decades of continued efforts - the project EU Patent had ultimately failed. However, not all Member States were prepared to accept this outcome. The idea arose to create a unitary EU Patent through the back door, drawing on the EU-instrument of enhanced cooperation. A corresponding proposal was submitted by several Member States. Last week, on 15 February 2011, the Parliament gave the nod to this proposal. As a result, at least for twelve Member States of the European Union, the decisive step closer may have been made. Hence, we are using this as an opportunity to update last summer's remarks and – with relief – substitute the question mark with an exclamation mark.

1. Background

To start with, we would like to briefly summarise the discussion about the EU Patent - formerly known as Community Patent or Compat. The idea of introducing some kind of Community patent was first considered in as early as the 1970s. Underlying incentives were the avoidance of "contradictory" decisions in different jurisdictions and the reduction of costs. This is because the so-called European Patent according to the European Patent Convention merely represents a "bundle of patents" and the preparation of patent validation translations causes significant costs.

In order to simplify the granting procedure and to establish a patent which grants cost-effective unitary protection throughout Europe, the Convention for the European Patent for the common market or (Luxembourg) Community Patent Convention ("CPC") was signed by nine Member States in December 1975. However, the advocates of the EU Patent were a minority and the CPC never entered into force. During the subsequent 35 years, numerous attempts were made to establish a system of unitary patent protection within Europe. However the Mem-

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ber States could not find a common understanding with regard to the official language – each time at least one country would not agree to abandoning its right to have the patent translated into its national language. Only recently, in 2010 during the Belgian presidency of the EU, a strong effort was made in order to bring the EU Patent forward.

Herewith we return to the starting point of our last Newsletter and the proposal of the Commission from June 2010. Put succinctly, the proposal suggested that an application for a EU Patent could be made in any official language of the European Union, the patent subsequently being translated into one of the three official languages of the European Patent Office ("EPO") (English, German and French), with merely the claims additionally being translated into the two other languages (COM(2010) 350, 30.06.2010). Only in the case of a civil dispute, should a full translation of the EU Patent have been required. Despite obvious advantages of the proposal with regard to its simplicity and cost-effectiveness, and despite the Belgian Presidency putting enormous efforts into finding a solution acceptable to every Member State, by presenting two further compromise solutions, the Council failed to unanimously agree on the translation arrangement. Italy and Spain especially rejected the proposal and did not show any willingness to compromise. Thus, at the Competitiveness Council meeting of 10 November 2010, it was put in writing that an agreement could not be achieved (press release, 16041/10, 10.11.2010). It seemed that the aim of establishing an EU Patent within the foreseeable future had ultimately failed.

2. Enhanced cooperation

A number of Member States, notably Germany, still did not want to let go of the idea of a unitary patent right for the EU. It therefore proposed to establish - as a minus to the intended "whole" EU Patent - a unitary patent within the framework of enhanced cooperation under Article 20(2) TEU.

Enhanced cooperation is a measure that allows Member States to establish an official cooperation that does not require participation by all Member States. Pre-requisites are the participation of at least nine Member States, the cooperation being the last resort for the realization of the project and the area concerned being a sufficiently homogenous and structured subject matter to constitute a well-defined area in the sense of Article 329 para. 1 TFEU. In the past, the vehicle of enhanced cooperation has only been used once in the

field of divorce law for cross border divorces.

Thus, even before the failure of the Belgian proposal, a total number of twelve Member States including Germany, France, the U.K. and the Netherlands, had sent formal requests for the establishment of an enhanced cooperation to the Commission. After the Competitiveness Council's meeting on 10 December 2010, those twelve Member States re-confirmed their request. Only two days later, on 14 December 2010, the Commission published a Proposal for a Council Decision as a formal response to the requests (COM(2010) 790 final). The proposal fully supported the request and concluded with the recommendation to authorize the applicants to establish an enhanced cooperation between themselves in the area of the creation of unitary patent protection. The Commission also set out several elements of the envisaged implementation measures, in particular the introduction of a Regulation creating unitary patent protection and on the translation arrangements for the unitary patent.

Last week, on 15 February 2011, the initiative cleared a further hurdle. The European Parliament gave its consent for enhanced cooperation with a predominant majority of 471 votes to 160 and 42 abstentions.

3. Outlook and implications

Furthermore, the intended enhanced cooperation needs to be authorized by the Council of Competitiveness Ministers by way of formal adaptation of the proposals. A corresponding decision is expected in March 2011. Subsequently, the Commission will submit legislative proposals to establish the unitary patent and the language regime. The proposals will be decided on by way of the co-decision procedure (EU Patent) and consultation procedure (language regime) respectively.

Supporters of the initiative are optimistic and predict that the enhanced cooperation will be realized within this year. However, such EU Patent will not be available in the whole territory of the EU but only in the participating Member States. That said, in addition to the twelve applying Member States, thirteen further Member States have indicated their intention to join the initiative. Thus, all Member States except Italy and Spain would participate in the cooperation, which will be open for the latter two to join at any time they wish.

The recent developments with regard to the EU Patent show once again, how quickly things can turn around and how initiatives that have already been presumed dead can unexpectedly return to the living.

This client briefing does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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