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A single patent in Europe (at last?)

The Italian Job!

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Melbourne

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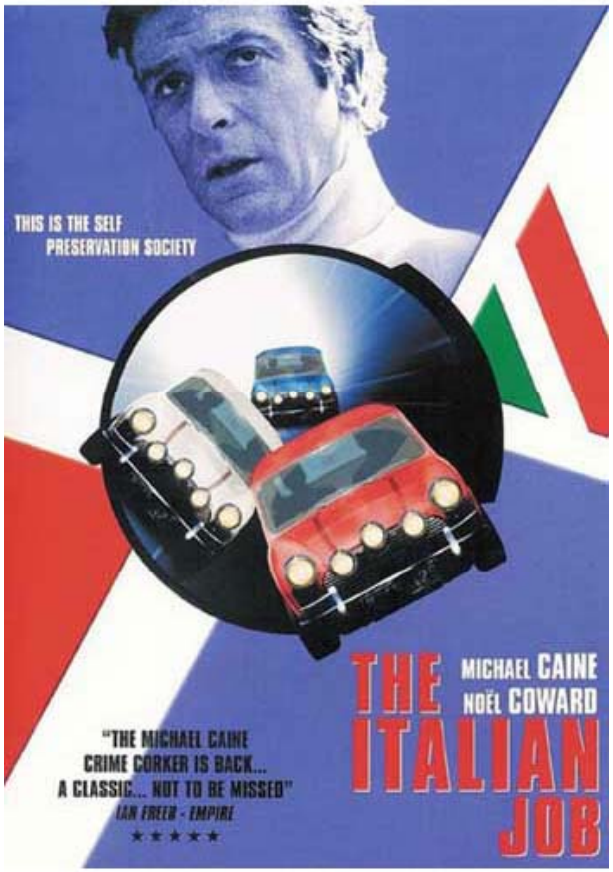
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The “Collegio position”

- Dated July 28, 2011 and published on Collegio’s web site
- Three main critics against the UP/UPC proposals:
  - Linguistic discrimination
  - Costs
  - Weakness of the protection

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Linguistic discrimination (1)

- Linguistic regime of EPC already discriminatory, since it favors patentees of countries in which English, French or German is spoken.
- Present trilinguism mitigated by the fact that patentee must file, in most countries, at least the translation of the claims.
- Linguistic regime of UP, by providing for claim translation in 3 languages only, does not decrease but amplifies discrimination, since 3rd parties will have to translate at their expenses and under their responsibility any patent of interest for determining its scope of protection, with exception of English, German or French companies, which would thus be further favored.

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Linguistic discrimination (2)

- According to last UPC Regulation proposal, nullity actions shall be done in language of grant: 3rd parties willing to invalidate a patent granted in different language than their own one will have to start action in a foreign language, very likely in a foreign country, without the possibility of choosing English, if patent granted in German or French.
- This will be a big privilege for patentees speaking one of the three EPO languages, especially for German companies, which have a large percentage of European patents.
- But it would be a huge privilege for attorneys and counsels from Germany (and Austria), which would practically benefit of an exclusive right for these actions.

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Costs (1)

- The UP provides that patent translation costs are born by 3rd parties, with the aggravating circumstance that a single patent could be translated many times in the same language by different companies from the same country, with the paradoxical effect that the total cost would be higher than now.
- The UP transitory regime provides for a translation into a second language, without any legal value and without any quality control, which makes it useless for ensuring the rights of third parties, thus being only a screen to the iniquity of the system (and an additional cost).

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Costs (2)

- Fees foreseen for obtaining UP would be very high (about 6500 €), namely more than twice the fees for a US patent (about 2400 €), with the further mockery that USPTO grants a 50% reduction to SMEs, whereas there is no such a provision in the UP (which favors mainly the large industry).
- Last but not least, UP annuities not modulated as today, based on the countries in which protection is seeked: they will be probably higher than those of an average European patent (5 most important countries), with the consequence that, in the end, the total cost of UP will be higher than present one.

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Weakness of the protection

- Having translations done by 3rd parties could weaken legal certainty since, even if accurate, could not correspond to the legally binding one done by the patentee in case of dispute.
- To compensate absence of translations, present proposal provides for safety clause for alleged infringers who, in case of dispute concerning claim for damages, can invoke ignorance of the patent before they got its translation.
- This makes UP weaker and less effective than both the European patent and national patents, since claiming damages will be very difficult, if not impossible, when such a translation has not been timely filed.
- See also: “FICPI position paper on the UP and the UPC” of December 3, 2011.

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Proposed “Collegio” solutions (1)

- In order to overcome said problems, English language only should be adopted as the language of the procedure, so as to significantly decrease the costs and the problems caused by trilinguism.
- A positive consequence would be that nullity actions will be carried out in English only; this will reduce litigation costs and limit privileges for French and German speaking patentees, attorneys and counsels, thus avoiding a further discrimination and distortion of competition in the IP professional field.

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Proposed “Collegio” solutions (2)

- Claim translation in languages of other EU countries should be maintained with legal value (in case of dispute).
- This would not only place all countries on the same level but would also reduce present validation costs (from about 32000 to about 6000 € according to EU estimates) and, more in general, the costs of the whole system, since all EU citizens would be aware of the real scope of protection of a patent.
- This would also strengthen the UP, since the safety clause for alleged infringers would not be necessary anymore, thus ensuring at the same time the legal certainty.

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My opinion

- Language of the procedure: English, French or German with translation of the claims in the two remaining languages (as in current EPO procedure).
- In alternative to claim translation in all languages, possibility for patentees to file voluntary translations to competent national authorities, which shall officially publish them to overcome the potential weakening of the patent right (see FICPI position paper).
- Litigations in the language of procedure but possibility to plead case in one of the two other languages with simultaneous translation (as currently done in opposition and appeal proceedings before the EPO).

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Back to the future (1)

- If Italy remains outside the enhanced cooperation on UP, Italian companies not only could still obtain UPs but would also have the advantage, with respect to foreign patentees, of being free from translation costs for obtaining a protection in our Country.
- As a matter of fact, Italian companies are either almost always owners of a corresponding Italian patent or they frequently file European patent applications in Italian to obtain reductions on the filing and search fees.

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Back to the future (2)

- But what about the representation of foreign applicants in filing and prosecution procedure before the EPO?
- In principle nothing is going to change since Italian representatives would still be able to represent foreign applicants before the EPO, allowing them to get a UP, independently on whether Italy joins the enhanced cooperation or not.
- In principle…..

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Back to the future (3)

- Also without adhering to the enhanced cooperation, Italy in principle, would be fully entitled to discuss and subscribe the future Regulation on the UPC, since the latter would have an exclusive competence both on UPs and patents granted on the basis of the EPC, which has been ratified by Italy.
- In principle…..
- And what about litigating a UP:
  - Would that be formally possible for an Italian representative?
  - If so, would foreign clients allow us to do it?

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Back to the future (3)

COUNCIL OF THE EUROPEAN UNION

GENERAL SECRETARIAT

Directorate-General F

Brussels, 1 February 2012

Mr Antonio Mario Pizzoli

Document **18239/11** is a Presidency Note to Delegations on the Draft Agreement on the creation of a Unified Patent Court and contains a Presidency compromise text.

A debate took place on this issue on the basis of a compromise package drawn by the Presidency at the Competitiveness Council of 5 December 2011. The compromise was broadly accepted in substance but the debate showed that further work was still needed.

This issue is still under discussion within the Council and negotiations are still ongoing.

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Back to the future (3)

The General Secretariat has weighed your interest in being informed of progress in this area against the general interest that progress be made in an area that is still the subject of negotiations.

It considers that, at this stage, disclosure of this document which gives details of progress made would be premature in that it could impede the proper conduct of the negotiations and compromise the conclusion of an agreement on this subject. As there is no evidence suggesting an overriding public interest to warrant disclosure of the document in question, the General Secretariat has concluded that protection of the decision-making process outweighs the public interest in disclosure.

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Back to the future (4)

- The impression is that, due to the apparent high litigation costs, the high annuity fees and the lack of any small entity fee, the future UP/UPC system would favor large multinational companies *vs.* SMEs.
- Secondly, due to the proposed litigation language regime, the future UP/UPC system would favor large pan-European IP firms, having many attorneys of different nationalities, *vs.* small and medium size national IP firms.
- If Italy joins the enhanced cooperation at a later stage, it would be probably more difficult for Italian IP firms to face the competition.

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Back to the future (5)

- Another concern, which is independent from the Italian position, is represented by the panel composition in the Court of 1st instance, i.e. no technically qualified Judges.
- In Italy, Judges are not technically qualified too.
- However, in patent cases, the Court normally appoints a technical expert, i.e. an experienced patent attorney used to handle cases in the specific technical field of interest;
  - this happens almost always in 1st instance cases;
  - less frequently in appeal.

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Back to the future (5)

- A similar system provides fair and technically balanced decisions.
- As also pointed out by FICPI (see position paper), technical competence of the panel is of high benefit to the system, especially in 1st instance.
- Having technically qualified Judge in 2nd instance only, would have the consequence that technically balanced decisions would be available only in that instance.
- This would favor once more large companies, which have enough money to face long lasting litigations.

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Summarizing

- A uniform patent right in the EU is certainly desirable but it must be effective and take into account:
  - Costs;
  - Interests of SMEs
  - Linguistic differences
- Actions filed by Italy and Spain with ECJ would appear to be legally founded (papers from Thomas Jaeger and Matthias Lamping from Max Planck Insititute) since:
  - enhanced cooperation not appropriate;
  - linguistic regime creates obstacle between member states and distorts competition.


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This is the end…

Thank you!