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SUBJECT: Principal elements of an optional protocol on the settlement of
litigation concerning European patents

DRAWN UP BY: Chair of the Working Party on Litigation

ADDRESSEES: Working Party on Litigation (for opinion)

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General remarks

I. Terms of reference

5 On 24 and 25 June 1999 an Intergovernmental Conference of the member
states of the European Patent Organisation¹(EPO) was held in Paris. Given the
need to improve the enforceability and legal certainty of European patents by
establishing a jurisdictional system meeting the need for a uniform interpretation
10 of the European patent, it was recommended that the Organisation's member
states take whatever measures they consider necessary to study the restriction
to a minimum of the number of courts dealing with patent litigation.

In addition the Conference mandated a Working Party on Litigation (WPL)
15 chaired jointly by Germany, Luxembourg and Switzerland to:

- study under what conditions the principle of arbitration in litigation relating
to validity and infringement might be acknowledged by the Organisation's
member states
- consider how a common entity can be established and financed to which
20 national jurisdictions can refer aspects of litigation relating to validity and
infringement with a view to obtaining an opinion
- present a draft optional protocol to the European Patent Convention (EPC)
which would commit its signatory states to an integrated judicial system,
including uniform rules of procedure and a common court of appeal.

25 The report containing the WPL's proposals is to be submitted to the
governments of the Organisation's member states and the EPC Revision
Conference before 1 July 2000.

30 At its first meeting in Lucerne on 14 and 15 September 1999, WPL, among
other things, mandated the Chair to draw up, for the next WPL meeting at the
end of January 2000, a discussion paper which should address the basic
concepts to be enshrined in an optional Protocol, including key court and
procedural rules for a European Patent Court of first and second instance as
35 well as the necessary provisions of substantive law. There was a clear
preference for the European Patent Court of first instance to have some form
of local presence.

¹ As at 1 January 2000: all members of the European Union plus Cyprus,
Liechtenstein, Monaco and Switzerland. Turkey is joining the EPO in the course of this
year.

On 8 December 1999 a draft of this discussion paper was discussed in Berne with a number of experienced patent judges from some EPO Member States in presence of representatives of the countries forming the co-chair.

5

From 25 till 27 January 2000 the discussion paper was discussed at a second plenary session of the working party. A group of six to eight delegations was in principle in favour of the propositions put forward in this paper. Unice and EPI also pronounced themselves to be strongly in favour of these proposals. A group of some other four delegations could at least agree with a European Patent Court of second Instance, preferring however a national court functioning as court of first instance.

10

The WPL requested the chair to develop further the model of a European patent court of first and second instance. As a result the discussion paper was reworked and further developed.

15

II. Purpose of this paper

The mandate of the Intergovernmental Conference to the WPL is to draw up an optional protocol on the settlement of litigation concerning European patents (EPLP: European Patent Litigation Protocol), which all EPC contracting states can sign or accede to if they so wish (EPLP states).

20

Although, taking into consideration the complex and fundamental issues to be discussed and decided upon, the available time does not allow for the drafting of a detailed and complete protocol, nevertheless a rather precise outline of a system for such a protocol can and will be described in this revised discussion paper.

25

The EPLP should contain all the necessary rules on the establishment and functioning of a European Patent Court of first and second instance ruling on disputes relating to both the validity and infringement of European patents.

30

III Reference texts

As far as possible the EPLP should be based on existing texts and provisions, in particular

35

- the EPC and its implementing regulations
- the 1989 Community Patent Convention (CPC)
- the 1989 Protocol on the settlement of litigation concerning the infringement and validity of Community patents (CPC Protocol on Litigation) and associated protocols (Protocol on Privileges and Immunities, Statute of the Common Appeal Court (COPAC Statute))

40

- the Brussels and Lugano Conventions
- the 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)
- national law of EPC contracting states.

5

The EPLP: the Optional Protocol on the settlement of litigation concerning European patents

10 **I. Basic considerations**

I.1 Legal basis in the EPC

15 If the EPLP is to be enacted under the aegis of the European Patent Organisation, it seems preferable to create a clear legal basis in the EPC (see articles 2 and 64(3) EPC). The oncoming revision of the EPC could provide for this legal basis in the convention. A corresponding proposal has been submitted to and is discussed by the Committee on Patent Law. See annex 2.

20 It would also be possible to set up the EPLP outside the European patent system, in which case there would be no need for a special legal basis in the EPC.

I.2 Conditions for entry into force of the EPLP

25 It seems important to establish certain conditions which have to be fulfilled to enable the EPLP to enter into force. For example, a certain number of countries, meeting together given criteria, such as accounting for a specified number of judicial proceedings concerning European patents and/or a specified number of patents granted or validated, would have to have ratified the EPLP.

30

I.3 Relation to the legal order of the European Union and to a possible Community patent

35 It remains carefully to be examined how this project can be realized while safeguarding the priority of the European Union (E.U.) legal order for those countries that are member states of the E.U. without hampering the other signatory states to this protocol. In particular it should be examined whether a possibility should be created for the European Patent Court, to be created under the EPLP, to put preliminary questions to the European Court of Justice.

40

It should be clearly understood, that for at least three reasons an EPLP does in no way hamper the development towards a Community patent for the E.U. as planned

for by the European Commission.

5 *First:* instead of hampering a Community patent, an EPLP could very well turn out to promote the development of a Community patent, being easier to establish and not only spreading the idea of a supranational solution for patent litigations but also demonstrating the advantages of such a solution.

10 *Second:* the EPC patents are after grant in reality a bundle of patents for the countries designated by the patentee, while a Community patent by definition will be a single supranational patent for all member states of the E.U. So both patent systems satisfy different needs of the users, and can very well exist in parallel. Moreover the systems of the Community patent, the EPC patent and the national patent with their different effects may be combined in a way in such a way as to best satisfy the user's needs for protection.

15 According to the opinion of the European Parliament both systems should indeed co-exist. If the EPC patent system however is going to be used in parallel to a Community patent system, there is every reason to make also the EPC patent system function as well as possible.

20 *Third:* not all (future²) member states of the EPO are also member states to the E.U., so there is need for a system apart from that of the E.U. as the addressees of both systems are not the same.

20 **I.4 Relation of the EPLP to the Brussels and Lugano Conventions**

25 Careful consideration also must be given to the relation of the EPLP to the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (Brussels Convention) and the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (Lugano Convention). Under article 16(4) of the Brussels and Lugano Conventions, in proceedings concerned with the registration or validity of patents, exclusive jurisdiction is exercised by the courts of the contracting state in which the deposit or registration has been applied for, has taken place, or is deemed to have taken place under the terms of an international convention. This provision does not however apply if the contracting states to the Lugano and Brussels Conventions are or will be party to any conventions which in relation to particular matters govern jurisdiction or the recognition or enforcement of judgments (see article 57 of the Lugano and Brussels Conventions; *lex specialis derogat legi generali*). The EPLP would be such a special convention and would not therefore need to conform to article 35 16(4) Lugano and Brussels Conventions.

² At 1 July 2002 the EPC will be open for accession to Bulgaria, the Czech Republic Estonia, Hungary, Poland, Romania, Slovakia and Slovenia. Turkey is joining the European Patent Organisation in the course of 2000

Article Vd of Protocol No. 1 to the Lugano Convention does not provide otherwise, but simply makes it clear that the courts of each contracting state have exclusive jurisdiction in proceedings concerned with the registration or validity of any European patent, thus following article 16(4) of the Lugano Convention. This provision does not however affect the right of the parties to the Convention under article 57 to conclude special agreements such as the EPLP which would provide for jurisdiction deviating from article 16(4).

Moreover, as regards infringement actions, *forum loci delicti commissi* ensures that the European Patent Court has jurisdiction even if the defendant is not domiciled in a state party to the EPLP. However, compatibility of such provisions in the EPLP with the Brussels and the Lugano Conventions must be ensured.

Taking into account the problems caused by in particular the articles 5, 6, 16, 21 and 22 of the Brussels and Lugano Conventions, it seems necessary to make special rules in the EPLP concerning these problems.

Of course, any developments with respect to the Brussels and Lugano Conventions will have to be taken into consideration to ensure genuine compatibility between them and the EPLP, in particular the proposal for an EU Regulation on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters of 14 July 1999 (COM(1999)348 final), and more particularly article 63 thereof. The text of any future regulation should leave room for the development of the EPLP.

Finally this protocol should be borne in mind during the work concerning a Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters by the Hague Conference on Private International Law (see the preliminary draft adopted by the Special Commission on 30 October 1999 and especially article 37 thereof).

II. Core elements of the EPLP

The main elements of the proposed system are:

1. There should be created a European Patent Judiciary (EPJ), comprising a common first instance court a common second instance court and a Registry.

2. The EPJ should deal jointly with both infringement and validity of European patents, including sanctions and injunctive relief.

3. The jurisdiction of the EPJ should in principle be exclusive.

4. The applicable substantive law should be found as much as possible in the EPC but it will be necessary to introduce some rules of harmonised law into the EPLP.
- 5 5. Decisions revoking the European patent wholly or in part should take effect *erga omnes* in all EPLP countries, whereas decisions on infringement would only take effect *inter partes*. Enforcement will have to be carried out by national authorities.
- 10 6. The main organisation of the EPJ (including the number and qualifications of the judges) will have to be described in the EPLP but the practical organisation of the work will best be left to the courts themselves. It is important that the common first instance court should have local presence.
- 15 7. The main principles of procedural law must be laid down in the EPLP, the more detailed rules of procedure and the practical organisation of the proceedings will have to be laid down in separate court rules.

These elements will be elaborated in the following pages.

20

1: EUROPEAN PATENT JUDICIARY

I. A common Patent Court of first and second instance

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Under the EPLP a supranational European Patent Court of first and second instance should be set up as a common judicial body for the EPLP states. Industry in particular is strongly in favour of the creation of a common European Patent Court of first and second instance.

10

There are a number of reasons for advocating a common first-instance court:

First, only a common European court of first instance, comprising highly qualified and experienced patent judges from different countries with different legal cultures, will be able to achieve the desired goal that European patent law be applied and construed in a truly, consistent „European“ way, and that European patents can be enforced and attacked in all EPLP countries in reliable, affordable and efficient proceedings resulting in quick, high-quality decisions which carry authority and command user confidence.

20

Second, any alternative would in large measure allow the current problems to continue because much litigation only goes as far as first-instance level, and would therefore not reach the unifying level of the appeal court. These problems arise from multiple litigation relating to the same rights in different jurisdictions, inconsistent interpretation of the same substantive law in different jurisdictions and hence different outcomes and a lack of predictability, inconsistent procedural law, e.g. on pan-European injunctions, and, as a result, forum shopping. All of which contribute to delay, unnecessary extra costs, general uncertainty and damage to business.

30

Third, a plurality of first-instance national courts working under different procedural rules would make it extremely difficult to achieve true consistency and to ensure smooth interaction between first-instance proceedings before a national court and the procedure before the common appeal court which would have to apply its own rules of procedure. But even if the national courts would be working to the same set of procedural rules, they would retain the outlook derived from national legal traditions, with the effect that true consistency would be difficult to achieve.

35

In case of national courts acting as courts of first instance, that implies that a body of procedural law for patent cases would have to be implemented in the national laws of all protocol states. That in turn means that the rules of procedure will have to be worked out in every minute detail, leaving no eventuality unforeseen.

40

On the contrary, in case of a true European court of first instance, it would be sufficient to lay down in the protocol only the basic regulations of procedural law and the implementation of these basic regulations could be left to the European court itself. That does not only mean a much greater flexibility but also the possibility of a gradual development of the rules of procedure.

Fourth, a plurality of first-instance national courts would almost inevitably perpetuate forum shopping and its related ills, which problems will disappear if there is only one European Patent Court of first instance, having jurisdiction in all EPLP states.

Fifth: An important reason against national courts acting in first instance is that the urgent problem of lack of experienced patent judges in many EPC states cannot be solved that way. Thus, the aim of the mandate of the Intergovernmental Conference of the EPC states, to establish a jurisdictional system that meets the need for a uniform interpretation of the European patent will unnecessarily be delayed if there is established just a common court of appeal. Another consequence would be that it would become more costly for the patent holder to defend his rights.

It should furthermore be noted that the principle of subsidiarity does not speak against a European court of first instance, as experience in the past years has shown that the problems mentioned are not easily solved at a national level.

II. A European Patent Court of only second instance as alternative

Some delegations were of the opinion that a system with a national first instance would comprise advantages over a European first instance.

a) Reasons for national first-instance courts

- Structure of the European Patent Convention

A purely European court system for patent disputes is not in line with the basic structure of the European Patent Convention. The European Patent Office grants European patents which in the designated contracting states have the same effect as national patents and can only be challenged before the national patent courts with binding effect in the designated states. A European court system giving decisions at first instance having effect in all contracting states would mean a clear departure from this basic structure.

-Subsidiarity at the European level

Judicial functions should as far as possible be exercised in a decentralised manner in the contracting states, and at the European level a court should only be established for the purpose of ensuring uniformity of court decisions. A large number of patent disputes can already be decided with final and binding effect at first instance by the courts of member states. The need for uniform decisions from a central European patent court would be taken into adequate account if the latter had jurisdiction to decide on appeals.

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10 - Proximity of the courts to litigants

A European patent court system must ensure a certain degree of proximity between litigants and the court in one way or another, this being of particular importance for small and medium-sized businesses. Such proximity will be ensured where, at first instance, national courts give decisions which, as experience shows, in most cases are final and binding. As regards the remaining cases where an appeal is filed against a decision at first instance, it would be acceptable to have centralised jurisdiction at a European patent court.

15
20 - Jurisdiction over patent litigation

At the national level there are structures available, where patent litigation can be processed at first instance with the necessary competence. If litigation concerning European patents is left to national courts at first instance, this will ensure that both patent courts and practising lawyers in member states will continue to retain such competence regarding patent litigation. Such competence is necessary, since national courts will continue to have jurisdiction over patent litigation concerning purely national patents. To maintain and develop the relevant competence, individual member states will still be free to entrust decisions at first instance to a common court.

25
30 - Efficiency of the court system

If there were a purely European court system, there would be the risk of such system being overloaded in view of the number of patent disputes, which might lead to lengthy proceedings and perhaps to loss of quality in decisions given. First-instance jurisdiction of national courts will considerably reduce the number of cases to be dealt with by a European appeal court. This will ensure that litigants can go before courts of the member states at first instance which are able to give high-quality decisions within a foreseeable period of time at low cost.

35
40 - Related claims

5 At first instance national courts could also give a decision on cases with different foundations for a claim not covered by European patent law, such as foundations applying under competition law. Parallel litigation could thus be avoided.

- Cost

10 Establishment at the European level of an appeal court only would require less expenditure than in the case of a central European patent court. Most patent disputes would already be decided with final and binding effect at first instance by the national courts.

15 ***b.) Structural elements of a system with national first-instance courts***

Structural elements of a system with national first-instance courts have not been worked out in detail as the mandate given to the chair by the WPL was to elaborate a model with a common European Patent Court of first and second instance. The remaining part of this paper is therefore tailored to that model.

20

2: THE EPJ SHOULD DEAL WITH BOTH INFRINGEMENT AND VALIDITY OF EUROPEAN PATENTS

25 The European Patent Court should be competent to rule on the infringement (actual or threatened) and validity of a European patent in one and the same proceedings. A single action enables the court to consider all the relevant issues and handle the case with maximum efficiency. Claims based on the provisional protection afforded by a European patent application under article 67 EPC should also fall within the exclusive jurisdiction of the European Patent Court. Furthermore, the Court should be competent to deal with actions for
30 declaration of non-infringement of a European patent.

35 The European Patent Court would have to take account of any facts or circumstances invoked by the defendant in an action for infringement which would rule out an infringement, such as a prior user's right, any exceptions to the rights conferred by a European patent (see article 27 CPC), licences, or exhaustion of rights.

40 An action for revocation of a European patent may be brought before the European Patent Court by direct attack or by way of a counter-claim in infringement proceedings. The patentee should have the right to amend the patent at least before the court of first instance, i.e. to defend the patent with a limited scope only.

Finally the European Patent Court should be competent to decide whether or not a defendant has acted contrary to an injunction of the court.

5 **3: THE JURISDICTION OF THE EPJ SHOULD IN PRINCIPLE BE EXCLUSIVE**

In main proceedings the jurisdiction of the European patent court should in principle be exclusive; in matters of interlocutory relief and protective measures, there could remain a role for the national courts.

10

I. Main Proceedings

a) Exclusive jurisdiction of the European Patent Court

15 The European Patent Court should have exclusive jurisdiction for proceedings concerning the infringement and validity of European patents and for such proceedings only. As far as litigation would concern both European and national (parallel) patents, the European Patent Court should have jurisdiction only for European patent(s), whereas the competent national courts would deal with
20 national patents.

Making the European Patent Court's jurisdiction exclusive is justified by the aim of achieving an integrated judicial system, i.e. ensuring uniform interpretation of European patent law and avoiding contradictory judgments.

25

b) Jurisdiction of the national courts

Nevertheless the litigating parties could be allowed to agree that the case be decided by a competent national court. Such an agreement conferring
30 jurisdiction on a national court could be provided for as an exception to the exclusive jurisdiction of the European Patent Court. In that event the decision of the national court should, however, have effect only in the country concerned in respect of both infringement and validity and the EPLP would not apply to such litigation.

35

In any event the national courts should continue to have jurisdiction for any proceedings concerning the right to a European patent, compulsory or other statutory licences, licensing agreements or employee inventions.

40 Also, the European Patent Court should have no jurisdiction over any other issues concerning for instance copyright, unfair competition, utility models, etc.

II. Provisional measures (preliminary injunctions and protective measures)

5 Orders for provisional measures, especially *preliminary injunctions*³ and *protective measures*⁴ in cases of actual or threatened infringement of a European patent are an essential part of an effective integrated litigation system. The law on provisional and protective measures should reflect the minimum standards under article 50 of the TRIPS Agreement.

10 a) Interlocutory relief

15 Since national rules and procedures for granting interlocutory relief vary fundamentally in several important respects, there is a pressing need for common rules on such measures to prevent infringement. The European Patent Court should therefore have the power to grant such interlocutory relief at both first and second instance.

20 However, the proprietor of a European patent may have a legitimate interest in getting swift interlocutory relief from a national judge, especially when the main proceedings are not yet pending before the European Patent Court. Therefore, as long as no infringement proceedings are pending, a party should have the option of asking for preliminary injunctions from either the competent national court or the European Patent Court of first instance. However, any preliminary
25 injunctions ordered by a national court should be limited to the country concerned and have no cross-border effects. It could be considered to let them expire if no main proceedings before the European Patent Court are instituted within a certain time limit. (Anyhow it will have to be assured that article 50 (6) TRIPS Agreement will be complied with.) Once
30 proceedings are pending before the European Patent Court, this court should have exclusive jurisdiction for preliminary injunctions.

b) Protective measures

35 National courts should remain competent to order protective measures according to national law. The outcome of such measures may then be

³ A preliminary (or interlocutory) injunction is the temporary relief afforded once litigation has started, or even before, to prevent an irreparable damage from occurring before the court has a chance to decide the case.

⁴ A protective measure, e.g. saisie contrefaçon or an Anton Pillar order, may be ordered to secure facts and/or evidence concerning an alleged infringement.

used in proceedings before the European Patent Court.

5 In those cases where national law demands following up protective measures with main proceedings the institution of proceedings before the European Patent Court would of course have to be sufficient.

10 It could be considered to establish also in the EPLP the possibility for certain protective measures, so as to enable parties to get protection EPLP-wide.

4: THE APPLICABLE LAW SHOULD BE FOUND AS MUCH AS POSSIBLE IN THE EPC AND EPLP

15

1) Extent of protection and infringement of a European patent

20 With regard to the extent of protection conferred by a European patent, the EPLP would simply refer to article 69 EPC and the protocol to that article.

25 The question which acts constitute infringement, i.e. violate the rights conferred by a European patent, as well as any defense relied on by the defendant ruling out infringement, might be governed by national law, which would mean that the Court would have to judge on the issue of infringement on a country-by-country basis relying on possibly different national laws.

30 However, also bearing in mind that the rights conferred by the patent under national law are largely harmonized with article 64(2) EPC and articles 25 – 28 and 35 CPC and to avoid any problems where infringement took place in more than one state, these last provisions should preferably be incorporated into the EPLP.

2) Sanctions for infringements

35 As far as the sanctions and remedies for patent infringement are concerned, the EPLP should contain a set of rules providing for at least such sanctions as are contained in the relevant provisions under the TRIPS Agreement (articles 44-48), i.e. injunction, damages, destruction of infringing goods, etc. The European Patent Court will have to decide about these sanctions, including the amount
40 of the damages. The enforcement of the sanctions will have to be carried out by the national authorities, the European Patent Court having no means of coercion of its own.

3) Sanctions for non-compliance with an injunction by the Court

5 The sanctions for non-compliance with an injunction ordered by the European Patent Court, such as a fine, should be specified in the EPLP. The forfeiture of a fine and the amount of the fine should be decided upon by the European Patent Court, the enforcement of these fines will of course again have to be carried out by the national authorities.

4) Validity of a European patent

10 The EPLP can simply refer to articles 138 and 139(2) EPC. When the validity of the patent is in suit, the patentee should be entitled to amend the patent at least before the European Patent Court of first instance.

15

5: DECISIONS SHOULD HAVE EFFECT IN ALL EPLP-STATES

1) Effect of decisions

20

The goal of the EPLP would be realized in an optimal way if the territorial effect of decisions of the European Patent Court would extend to all EPLP states.

25 Decisions revoking the European patent wholly or in part should take effect *erga omnes* in all EPLP countries, whereas decisions on infringement would only take effect *inter partes*.

2) Enforcement

30 The competent national authorities would enforce decisions of the European Patent Court (including provisional measures), preferably without any further formality being required. The *exequatur* proceedings of the Brussels and Lugano conventions should therefore be abolished for EPJ-decisions.

35 If this would not be acceptable, there should be a general provision ensuring that enforcement is to be carried out in line with the Brussels and Lugano Conventions.

6: THE MAIN ORGANISATION OF THE EPJ WILL HAVE TO BE DESCRIBED IN THE EPLP

5 The European Patent Court

This paper covers only the main considerations relating to the European Patent Court which should be included in the EPLP itself or in separate instruments provided for by the Protocol. As far as possible, the latter should be drafted along the lines of the relevant provisions of the EPC, the CPC Protocol on Litigation and the COPAC Statute. Bearing in mind the need for maximum flexibility and the difficulties inherent in amending an international agreement, all the details concerning the organisation and functioning of the court should be laid down in separate statutes which may be amended by the court itself or its supervisory body without requiring a revision of the EPLP.

1) Seat of the court

The seat of the European Patent Court should be determined by common accord of the governments of the signatory states (see article 2 CPC Protocol on Litigation). The common first instance court may however sit at any other place in an EPLP state (see 6: 2)

2) The common first instance court should have local presence

Needs of the parties

It is acknowledged that the litigating parties, especially small and medium-sized business (SME's), might prefer to have litigation conducted "at home" instead of having to go to a remote European Patent Court.

This need should be accommodated by allowing the court to create regional chambers and/or to come to the place of the defendant for oral hearings or taking of evidence and sit in a court room provided for by the national authorities ("peripatetic court").

The core of such a regional chamber could be one or more judges from a national court, at the same time acting as judges of the common first instance court. Each EPLP state should designate one of its courts of first instance to provide the (regional chamber of) the common first instance court with facilities (court room, communication facilities, etc.). The registry of that national court could also function as a subregistry of the common Courts.

In addition information technology (e.g.video-conferences) should be used to

the greatest extent.

Needs of national courts

- 5 Having national judges at the same time acting as judges of the EPJ would also maintain and even enhance experience of patent law at the national courts. Moreover this would ensure the availability of local judges-rapporteur.

3) Number and qualifications of judges

10 The number of judges needed will depend on the number of cases the court has to try each year. However, at least one highly legally qualified patent judge from every EPLP state should be appointed for each instance.

15 A problem could arise if any country is of the opinion not to be able to provide judges with sufficient experience in patent law.

The system must provide for some way of training in such cases. One possibility could be that such a country would appoint a judge as an assessor to the common courts. An assessor will be partaking in sessions and deliberations of the European Courts as an extra member of the panel, having only an advisory vote. Also he could assist the judge-rapporteur. The country nominating a judge as an assessor will have to enable that judge to gain in a national court as much experience in patent cases as possible. After this training period the assessor could be appointed as a full judge.

25 As judges should be eligible national judges as well as members of the EPO Boards of Appeal. Their participation should however be subject to any exclusion or objection in a particular case (see art. 24 EPC). All judges, whether lawyers or technically qualified persons, must possess ample experience of (European) patent law (see articles 6 and 31 CPC Protocol on Litigation). The judges serving on the EPJ, should be appointed for a given term and, at least for a transitional period, continue to serve on a national court or the EPO Boards of Appeal.

35 The technically qualified judges should be selected from a list of members of national courts and authorities and of the EPO Technical Boards of Appeal and sit only on the case for which they have been chosen. The presence of technical judges of course does not prevent the court to hear outside experts.

4) Composition of the court

40 The court of first instance should be a plenary body composed of three judges. The court of second instance should be composed of five judges or less. One judge in first instance and at least one judge in second instance should have a technical background. However the presiding judge should always be a lawyer.

An open question is whether there should be a common pool out of which the judges of the European Patent Court of both first and second instance are chosen.

5 Such a common pool could have advantages, taking into consideration the limited human resources available. It would also spread judicial expertise by employing judges both on the first level and on the appeal level. An obvious disadvantage could be that for the outside world the independence of first and second instance would not be as clear as possible.

10 One could imagine to start with such a common pool of judges and to completely separate the two instances after a transitional period of for instance 5 years.

5) Financing of the court

15 The expenditure of the European Patent Court should be fully covered by the court's own resources, i.e. court fees, and by financial contributions from the EPLP States (see article 10 CPC Protocol on Litigation). In the long term, however, the court should cover its expenditures by its own resources exclusively.

20

6) Legal status, privileges and immunities of the court

25 In line with articles 3 and 4 CPC Protocol on Litigation and the Protocol on Privileges and Immunities of the Common Appeal Court, the European Patent Court should have legal personality and its members should enjoy the privileges and immunities necessary to the performance of their duties.

7) Management of the court

30 The presidents of each instance should be responsible for overall administration and appoint the administrative staff. They should have the option of delegating these functions wholly or in part to a secretary general managing the registry (see article 8 CPC Protocol on Litigation).

8) Registry

The European Patent Court should have a central registry, with sub-registries in each EPLP state.

7: THE MAIN PRINCIPLES OF PROCEDURAL LAW WILL HAVE TO BE LAID DOWN IN THE EPLP

5 Since the EPLP would commit its signatory states to an integrated judicial system, uniform rules of procedure must be created for proceedings before the European Patent Court of first and second instance. A complete and uniform body of procedural law is therefore needed to cover main proceedings, provisional measures, and appeal. It seems however to be sufficient that the
10 EPLP itself only contains some basic principles of procedure, to be drafted on the basis of existing texts such as the EPC, CPC, CPC Protocol on Litigation, and the TRIPS Agreement. As procedural rules should be as flexible as possible, and in view of the difficulty of amending an international agreement such as the EPLP, all the details should be dealt with in separate rules of
15 procedure.

A flow chart for the procedure before the European Patent Court is attached as annex 1. This flow chart should serve as a basis for further work.

20

Points to be decided upon to enable further work

Furthermore a number of procedural points have been put forward in this annex, so as to enable the delegations to consult their national judiciary and other
25 authorities on how best to shape the procedure. These points require decisions of principle that have to be taken before any procedural can be elaborated in more detail.

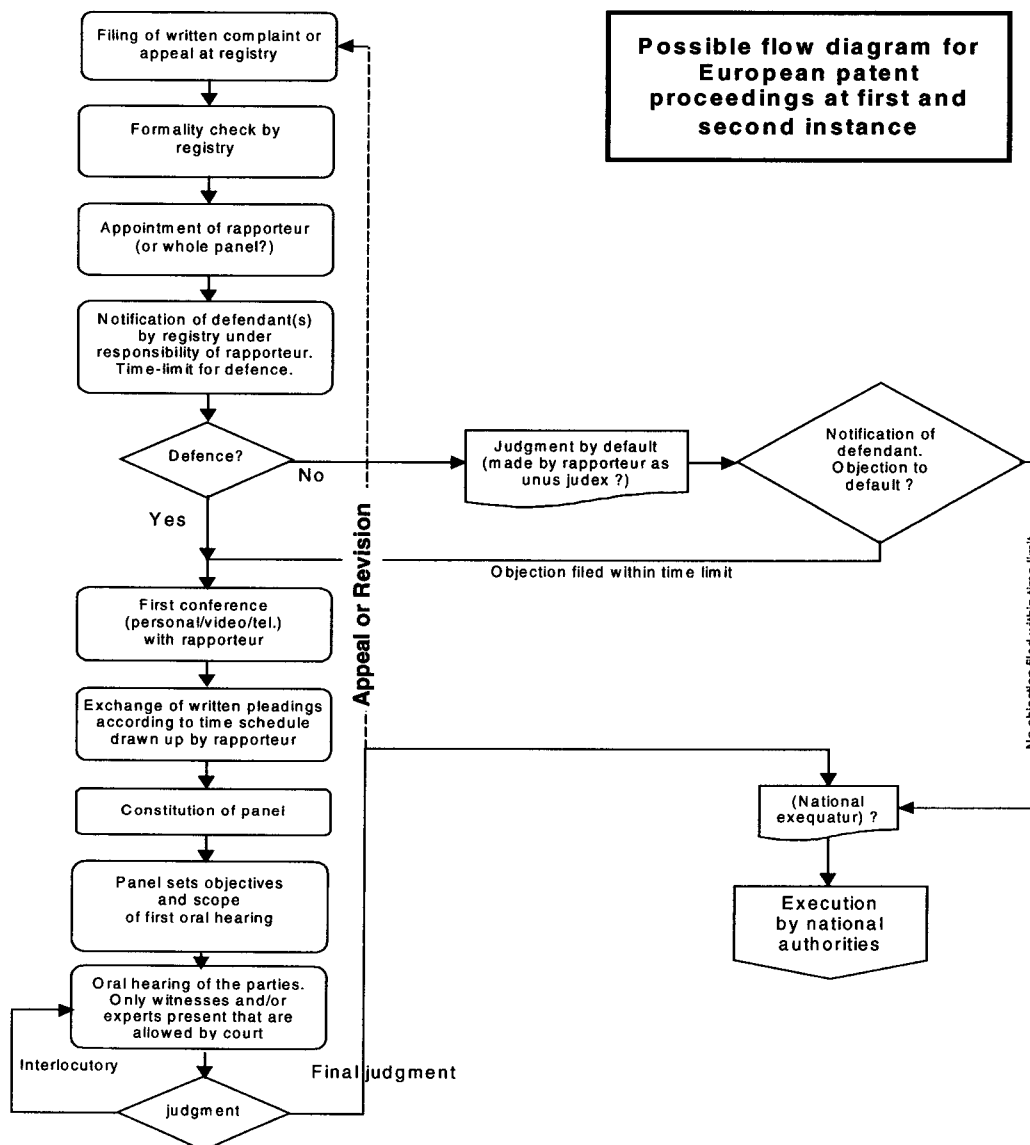
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Annex 1

5 Procedure before the European Patent Court of first and second instance

The following flow chart for the procedure before the European Patent Court may serve as the basis for further discussion:



Explanatory notes to the flowchart

5 **1.) *Filing of the complaint***

The written complaint or appeal should be filed at the central registry or at a national sub-registry. A prescribed standard form should be used, accompanied by further written elucidation and/or statement of possible proof (documentary/expert evidence or names of witnesses).

10

2.) *Appointment of the rapporteur*

The rapporteur is the judge responsible for the case management and the conduction of the proceedings up to the hearing before the panel. He could also be empowered to order any provisional measures.

15

3.) *Notification to the defendant*

The defendant should be notified by the central registry on the rapporteur's instructions. The defendant should inform the court within a period set by the court, for instance one month, whether he plans to oppose the claim. A period should be fixed for the written defense, with the possibility of one extension to be granted by the rapporteur on a reasoned request by the defendant. Regarding evidence, the defense should comply with the same requirements as the complaint.

20

25 **4.) *First conference***

The first conference should be held under the aegis of the rapporteur. If not conducted by video-conference or telephone, it should in principle take place in the country of the (main) defendant, thus contributing to the local presence of the court.

30

The purpose of this meeting should be to identify and clarify the main issues of the case, to fix the further time schedule for the proceedings (especially the date of the oral hearing), and to examine the (im)possibility of an amicable settlement between the parties and whether evidence needs to be taken before a first oral hearing.

35

In principle there is no reason why the first conference could not consist of more than one session with the parties. It could also be considered to grant the rapporteur the possibility to decide on the taking of evidence. This could enhance the possibility to make the case ready for final decision after only one oral hearing by the complete panel of the court and reduce the risk of the court having to give an interim decision.

40

5.) Exchange of written pleadings

After reading the complaint and the defense, the rapporteur could give the parties an indication of the points about which they should try to inform the court further. In principle one more brief from each side should be sufficient.
5 Deadlines for these briefs should be fixed.

6.) Constitution of court panel

The moment for constituting the complete panel has been chosen rather arbitrarily in this flowchart. It could easily be imagined taking place at some other time. An advantage of an earlier constitution of a complete panel could be that the rapporteur could discuss with the other members of the panel what to do during the first conference, for instance in the field of gathering evidence. Another advantage would be that the rapporteur could early consult the technical judge, who could attend the first conference where appropriate.
10
15 The most efficient way may be to include the rapporteur in the panel that will decide the case, but it would also be possible to constitute a wholly fresh panel. This last option might be the better one if the rapporteur has ordered preliminary injunctions or the like and thus taken up a position in the conflict between the parties.
20

7.) Evidence

In line with article 117 (1) EPC evidence before the European Patent Court should include:
25 a) hearing the parties
b) production of documents
c) hearing of witnesses
d) opinions of experts, appointed by the court or by the parties
e) inspection
30 f) sworn statements in writing, and furthermore possibly
g) experiments ordered by the court

8.) Oral hearing

As the emphasis of the proceedings would have to be in the written pleadings, the court should be able to restrict the hearing to the most important points of fact and/or law, but to extend it to other points if necessary. Moreover the court should indicate beforehand whether it wants to hear certain witnesses and/or experts in plenary session.
35

9.) Judgment

In principle the case should be ready for final decision after one oral hearing by the complete panel of the court.
40 If a final judgment cannot be pronounced after the first hearing, the court could

convene another one to take any further evidence required. It should also be made clear whether this further hearing will be held before the court in plenary session or before one of the judges acting as rapporteur (not necessarily the same rapporteur who acted earlier on).

5

10.) Appeal

An appeal should lie from all final judgments and from those interlocutory decisions against which the court has allowed an appeal. The review of the decision under appeal should extend to both facts and law. However, stricter rules should apply in appeal proceedings as regards the admissibility of new facts and/or evidence.

10

The court of appeal can decide the case itself or send it back to the first instance, which in that case will be bound by the decision of the court of appeal. Default or otherwise passive behaviour of the party opposing the appellant might have less far reaching consequences than in first instance.

15

Rules of Procedure: Points to be decided in the EPLP

Although details of the rules of procedure will have to be left to a separate document, it seems nevertheless necessary to write down certain principles in the EPLP itself.

20

Questions to be decided upon seem to be in any case:

25

1.) Languages

It seems appropriate to have the languages of the EPC (see article 14(1), Rules 1 and 2 EPC) as official languages of the court. As a basic rule, the language of the proceedings should be the language of the European patent in suit, unless otherwise agreed by the parties and the court (see article 10(3) CPC).

30

2.) Constitution of the panel

Proposed is to constitute a complete panel directly after the receipt of the claim for the reasons outlined above in the explanatory notes to the flowchart.

3.) Legal representation

Although from an idealistic point of view there is much to be said for enabling parties to act themselves in court, the functioning of the court and the registry would be much easier and less cumbersome if communication was to be directed through compulsory legal representatives. As the work of the court, as a supranational court of fact, will have to cope with lots of new problems and be very difficult as it is, it is proposed to make legal representation compulsory.

As legal representatives could act all persons registered as such by the Registry. The Registry would have to register any persons applying for registration and being lawyers admitted to practice before their national courts. An open question to be decided is whether also European patent attorneys, with a supplementary qualification in litigation should be admitted as legal representatives. In any case there seem to be sufficient grounds for the requirement of a supplementary qualification for patent attorneys, because most European patent attorneys only appear in court from time to time and litigation is not their day-to-day business.

4.) What kinds of interlocutory measures should be possible?

Taking into account the differences between national legislation in this regard, it seems better to provide for an exhaustive list of remedies to be applied. The alternative would be to leave it to the court to order as it sees fit in a certain case, which might lead to different practices by different chambers of the court or different rapporteurs.

It is proposed that at least the following may be ordered by way of interlocutory relief:

- injunctions (art. 44, 50 TRIPS Agreement)
- putting up of securities by either of the parties
- the sequestration of infringing goods (art. 44 and 46 TRIPS Agreement)
- an order to name suppliers of the infringing goods (art. 47 TRIPS Agreement)
- an order to name customers infringing goods are sold and delivered to (art. 47 TRIPS Agreement)

5.) Should there be protective measures on a European level and, if so, which measures?

To avoid too big differences in the position of litigating parties between parties from different countries and to comply with art. 50 (1) (b) TRIPS Agreement, it is proposed to give the European Patent Court the possibility of granting protective measures:

a. resembling the French saisie contrefaçon and
b. a moderated form of the British disclosure (being a moderated form of the old discovery). In particular the court should have the possibility to order a party to produce a certain document that is in its possession.

5 The court should also be able to give a protective order or to take other measures to ensure confidentiality of certain information.
(This seems to be prescribed anyway by art. 43 and the last sentence of art 42 TRIPS Agreement.)

10 **6.) Who should decide on provisional measures?**

It seems an attractive option to give the rapporteur this task. In case no proceedings are yet pending before the court, an experienced rapporteur would have to be appointed.

15 It could mean however that the rapporteur, as being biased, would have to refrain from taking part in the decision in the main proceedings.

Another option could be to create a pool of experienced judges, functioning not only as members of a court panel but also especially as "rapporteurs" for preliminary injunctions.

20 Protective measures could be left to the rapporteur, as a decision in this respect does not imply an opinion on the merits of the case.

7.) What should be done if proceedings are instituted with the European Patent Court while opposition proceedings are still pending (in first or second instance)?

25 Proposed is to give the European Patent Court the discretion to stay the proceedings but not to make such a stay compulsory in all cases.

8.) Up till what time should it be possible for a plaintiff to withdraw his action and what consequences will such a withdrawal have?

30 Proposed is a system in which a plaintiff will be allowed to withdraw his claim as long as no final decision is given by the court. The plaintiff in that case however would have to pay the costs of the defendant as fixed by the court, based on the amount of work that has been done so far and the litigating value.

35 The plaintiff should in principle not be barred from starting the same action again as there is no res judicata, subject to the discretion of the court to strike the new case out because of abuse of procedural law.

40 Another possibility is to bar the plaintiff who has withdrawn a claim to start the same claim again. In that case criteria have to be developed to answer the question when a new, and possibly reformulated, claim is „the same claim“ as before.

9.) Should costs be awarded to the winning party and, if so, what costs?

Proposed is a system in which the losing party will, as a rule, have to pay the costs of the winning party. The system in which every party pays its own costs favours a development in which plaintiffs are litigating without any substantial risk (provided they find a representative which is willing to act on a contingency basis) while the defendant can be wrecked by a number of costly proceedings, even if he is winning them all.

To avoid separate proceedings only concerning costs, a system is proposed in which the court in its final decision also takes a decision about the awarding of costs. The amount should be under the control of the court and could be made dependant on the estimated economical importance and the complexity of the case.

10.) What should be the sanction of non-compliance with an order of the court?

This sanction will have to be based in the EPLP as national law will give no basis for it.

Proposed is a system in which the court can sanction its orders by a fine.

The modalities of such a fine (amount due per infringement, per day, per article) should be defined by the court, which should also have the power to fix a maximum and/or minimum amount.

To be decided in the EPLP is also the question whether such a fine should be payable to the plaintiff (and in that case: whether it should be reckoned to diminish his damages) or to some authority as for instance the European Patent Organisation. (It goes without saying that it should not be payable to the Court itself).

The question whether a fine is forfeited or not should be decided by the European Patent Court itself.

11.) Should *exequatur* proceedings be necessary?

Proposed is a system in which the decisions of the European Patent Court should be directly executable by the national authorities without any *exequatur*. That not only saves costs for the parties but also speeds up execution of a decision, which could be of utmost importance in cases of (preliminary) injunctions.

12.) Should the filing of an appeal have suspensive effect?

Decisions about the validity of a patent can only come into effect if they are

no longer subject to appeal.

As regards other decisions, a system is proposed in which an appeal in principle will have automatically suspensive effect but the common first or second instance court will have the possibility to allow, as the case may be
5 under the condition of appropriate securities, the provisional executability notwithstanding appeal.
Especially in cases of interlocutory injunctions this possibility is of great importance.

10 **13.) Should the court be allowed to review its decision?**

Review of its own decision by the last judicial body having ruled on a case should be possible, but only in exceptional cases such as the discovery of fraud or the violation of fundamental procedural rules (see proposed new Art 112a EPC (CA/PL 17/00)).

15 Review of the common first instance court should only be possible in cases where the ground for review only came up after the time-limit for appeal had lapsed.
It might be considered to allow such review only after a certiorari from the common second instance court.

20

14.) Ways for the Court to notify parties

All member states of the European Patent Organisation are also party to the Hague Convention of 15 November 1969 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters.

25 This treaty does not seem to have kept up with modern developments in the field of communication and does moreover not seem to function very well in practice, causing very long delays in civil proceedings where the defendant chooses not to appear.

30 Although the European Patent Organisation is not a party to this Convention it seems worthwhile to create special rules on this matter (as is anyway permitted by art. 25⁵ of the Hague Convention).

35 Notification should on the one hand make sure that the addressee indeed has received the papers and on the other hand prevent abuse in blocking proceedings. A good system of notification, especially of the defendant, is the more important if one would wish to abolish separate exequatur proceedings of (default)judgements.

A system of notifying parties by means of registered letters with advice of delivery seems to be functioning well with the Boards of Appeal of the EPO.

5

Article 25:

Without prejudice to the provisions of articles 22 and 24, the present Convention shall not derogate from Conventions containing provisions on the matters governed by this Convention to which the contracting States are, or shall become, Parties.

5 In matters of preliminary injunctions or protective measures it should be possible to allow more flexible ways of notification, subject to the requirement that the court is satisfied that notification has taken place. Nevertheless, the proposal for a Council Directive on the Service in the Member States of judicial and extrajudicial documents in civil and commercial matters of 4 Mai 1999 (COM (1999) 219 final) has to be taken into consideration to ensure genuine compatibility with E.U. law.

Annex 2

Proposal for a new EPC provision to be inserted in Part IX of the Convention (CA/PL 24/00)

5

Part IX

SPECIAL AGREEMENTS

10

New article XX

Other agreements between the Contracting States

- 15 (1) Nothing in this Convention shall be construed to limit the right of the Contracting States to conclude agreements on any matters concerning European patent applications or European patents which are subject to and governed by national law, such as in particular
- 20 (a) an agreement on the establishment of a European patent court common to the Contracting States party to that agreement, competent to settle litigation concerning European patent applications or patents;
- 25 (b) an agreement on the establishment of an entity common to the Contracting States party to that agreement, competent to deliver opinions on issues of European patent law, referred to it by a national court of such a State trying an action concerning a European patent application or patent;
- 30 (c) an agreement to the effect that translations of European patents, as may be required under article 65, be dispensed with fully or in part or may be filed with, and published by, the European Patent Office.
- (2) The Administrative Council shall be competent to decide that
- 35 (a) the members of the Boards of Appeal may also serve on a common European patent court or a common entity established under any such agreement and take part in any proceedings before that court or entity in accordance with the terms of that agreement;
- 40 (b) the European Patent Office provide a common entity with such support staff, premises and equipment as may be necessary for the performance of its duties or the expenses incurred by that entity be borne fully or in part by the Organisation.