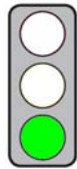


MAIN ISSUES

Objective of the Regulations: A European Patent with unitary effect is to allow for unitary patent protection in 25 EU Member States and a centralized administration with the European Patent Office.

Parties affected: Companies, research facilities, patent authorities.



Pros: (1) Unitary patent protection in 25 EU Member States promotes the spread of knowledge and increases competition in innovation.

(2) Unitary patent protection reduces costs for translation and administration.

Cons: The proposed retroactive effect of unitary patent protection is not compatible with the European Patent Convention and therefore requires an amendment to the Convention.

CONTENT

Title

Proposal COM(2011) 215 of 13 April 2011 for a **Regulation** of the European Parliament and of the Council **implementing** enhanced cooperation in the area of **the creation of unitary patent protection**

Proposal COM(2011) 216 of 13 April 2011 for a Council **Regulation** implementing enhanced cooperation in the area of the creation of unitary patent protection **with regard to the applicable translation arrangements**

Brief Summary

► Background and objective

- The Commission proposes two Regulations allowing patent applicants to obtain unitary patent protection in 25 of 27 EU Member States (Italy and Spain will not be participating):
 - The Patent Regulation (Patent REG) provides for the possibility of granting unitary patent protection to the European patent (EU patent), which consists of a “bundle” of various national patents [s. [CEP Policy Brief](#) on COM(2000) 412] in 25 Member States (“European Patent with unitary legal effect”).
 - The Translation Requirements Regulation (Translation REG) contains translation requirements for the EU Patent with unitary effect.
- The 25 EU Member States (EU-25) were empowered by the Council to cooperate more closely in order to introduce a unitary patent protection (“participating Member States”) [Council Decision (2011/167/EU)].
- The Commission’s regulation package is based on the existing European patent scheme, in which the European Patent Office (EPO) continues to grant EU patents in compliance with the rules and procedures of the European Patent Convention (EPC). What is new is that applications for the unitary effect of EU patents can be submitted in the participating Member States.
- In future, patent applicants have the choice between:
 - one or several national patent(s);
 - one EU patent in one or several contract state(s) of the EPC;
 - one EU patent with a unitary effect in 25 participating EU Member States;
 - one EU patent with a unitary effect and, in addition, with effect in one or several contract state(s) of the EPC.

► European patent with unitary effect (Patent Regulation)

Unitary effect

- An EU patent with unitary effect can only jointly be limited, licensed, transferred, revoked or lapsed for all participating Member States (Recital 7 Patent REG).
- The unitary effect of an EU patent is subject to the following conditions:
 - the EU patent with unitary effect must be applied for at the EPC, which must grant and publish it (Art. 3 (1) in conjunction with Art. 2 lit b Patent REG),
 - the unitary effect is applied for at the EPC and entered into the register for unitary patent protection (Art. 3 (1) in conjunction with Art. 12 (1) lit. b Patent REG).
- The identical scope of protection depends on the set of patent claims concerned. Patent claims are information on the main technical specifications which describe the invention and which individual protection is being claimed.
- Where the unitary effect of an EU patent is registered with the register for unitary patent protection after its granting has been published, it has retroactive effect as from publication (Art. 4 (2) Patent REG). The

participating Member States must ensure that in this event, the principally prescribed effect of the EU patent – the EU patent is normally divided into a “bundle” of national patents immediately upon its publication – does not enter into force (Art. 4 (2) Patent REG in conjunction with Art. 64 (1) EPC).

Requests for unitary effect

- The request for a unitary effect can be filed by any patent proprietor from EU or third countries “regardless of nationality, residence or place of establishment” (Recital 2 and 5, Art. 12 (1) lit. a Patent REG).
- The request must be submitted at the latest one month after the granting of the EU patent has been published (Art. 12 (1) sub-par. 2 Patent REG).

Administration

- The participating Member States assign to the EPO the administration rights for EU patents with unitary effect (Art. 12 (1) Patent REG, Art. 143 (1) EPC).
- This comprises in particular the administration of:
 - requests for unitary effect (Art. 12 (1) lit. a Patent REG);
 - the register for unitary patent protection in which any limitations, licenses, transfers, revocations or patent lapses are entered (Art. 12 (1) lit. b Patent REG);
 - the annual fees for the EU patent with unitary effect which are due in the years following registration (Art. 12 (1) lit. e, Art. 14 Patent REG);
 - the “compensation scheme” for translation costs accruing from patent registrations filed in an official EU language other than German, English or French (Art. 14 (2) EPC; Art. 12 (1) lit. f Patent REG in conjunction with Art. 5 Translation REG).
- The participating Member States set up a “select committee” of the EPO Administrative Council which is to supervise the EPO’s administrative activities regarding the EU patent with unitary effect (Art. 12 (2) Patent REG, Art. 145 (1) EPC).
- The participating Member States ensure legal protection against “administrative decisions” of the EPO (Art. 12 (3) Patent REG).

► **Translation requirements (Translation Regulation)**

Request for unitary effect

- The request for unitary effect must be submitted in the language of the proceedings (Art. 3 (2) Translation REG).
 - Languages eligible for proceedings are German, English and French (Art. 14 (1) and (3) EPC).
 - The concrete language of proceedings is determined either by the official language in which the European patent application is filed or into which it is translated (Art. 14 (3) EPC).
- For a “transitional period” (Art. 12 (1) sub-par. 3 Patent REG) the application should enclose:
 - a translation of the patent specification in English where the language of proceedings is German or French (Art. 6 (1) lit. a Translation REG),
 - a translation of the patent specification into an official EU language of the participating Member States where the language of proceedings is English (Art. 6 (1) lit. b Translation REG).
- These translations are to be published by the EPO. They serve information purposes only (Art. 6 (2) Translation REG).
- The transitional period is to remain in effect until “high quality machine translations” into all official EU languages become possible, though for a maximum of 12 years following the Regulation’s entry into force (Art. 6 (5) in conjunction with Art. 7 (2) Translation REG).

Publication of the patent specification

- A patent specification contains a patent description, patent claims and any drawings that may be available (Art. 2 lit. b Translation REG in conjunction with Rule 73 (1) of the Common Regulation of the EPC).
- The patent specification is published in the official language chosen, either German, English or French; moreover, the patent claims are to be translated into the other two official languages and enclosed in the patent specification (Art. 3 (1) Translation REG in conjunction with Art. 14 (6), Art. 98 EPC).
- Further translations are required only in the event of a legal dispute on the EU patent with unitary effect. In such a case, patent proprietors must provide “a full translation of the patent” at their own cost:
 - at the request of the “alleged infringer”, who is entitled to choose between the official language of the participating Member State in which he or she is domiciled, or the official language of the Member State in which the patent infringement allegedly took place (Art. 4 (1) Translation REG),
 - at the request of the competent court in its language of proceedings (Art. 4 (2) Translation REG).

Changes Compared to the Status Quo

- ▶ Also in future, applicants of patents may either file single national patent applications with national patent authorities or a European patent (EU patent) for several EPC contract states with the EPO. Now the option has been added that the EU patent with unitary effect can be applied for in all 25 participating Member States.
- ▶ To date, the EU patent is divided into a “bundle” of national patents. National patents must be declared valid by each state separately (validation) and are administrated at national levels. Validation can entail additional translation requirements. An EU patent with unitary effect is uniformly administrated by the EPO. Apart from the transitional period and legal disputes, the EU patent requires no additional translations in participating Member States.
- ▶ To date, the annual fees have had to be paid in each EPC contract state in which the EU patent had been granted. In future, the EU patent with unitary effect will require only one single annual fee to be paid at the EPO.

Statement on Subsidiarity by the Commission

The aspired to uniform patent protection can only be attained at EU level. “Without an EU legal instrument Member States would not be sufficiently able” to establish the necessary unitary legal effects [Summary of the Impact Assessment SEC(2011) 483, p. 3].

Policy Context

Due to the absence of Spain’s and Italy’s approval the Council failed to achieve the necessary unanimity to adopt the originally proposed translation provisions on the EU patent [COM(2010) 350 of 30 June 2010; s. [CEP Policy Brief](#)]. Therefore, the Commission proposed closer cooperation to introduce unitary patent protection on 14 December 2010. Thereupon, the Council empowered 25 Member States to cooperate more closely to introduce unitary patent protection [Council Decision (2011/167/EU)].

The legislative procedure for the Regulation Proposals is to be completed as soon as possible. The Commission’s aim is to grant the first European patents with unitary effect in 2013.

The Regulation Proposals do not include any suggestions regarding a European Patent Litigation System. In a survey (1/09) the ECJ declared the [Draft Convention](#) on a court for European patent and joint patents (Council Document 7928/09) incompatible with EU legislation: the ECJ holds that the international court, provided in the Draft Convention, with its exclusive competence for EU patent infringement claims, nullifies the instances which interpret and apply EU legislation through the national courts and the ECJ (preliminary ruling mechanism).

Legislative Procedure

13 April 2011 Adoption by Commission
30 May 2011 Discussion in the Council

Options for Influencing the Political Process

Leading Directorate General:	DG Internal Market and Services
Committees of the European Parliament:	Legal affairs (in charge), rapporteur: Bernhard Rapkay (S&D Group, DE) and Baldassarre Raffaele (EPP, IT)
Committees of the German Bundestag:	Legal Affairs (in charge); Affairs of the European Union; Economics and Technology
Decision mode in the Council:	- Patent REG: Qualified majority - Translation REG: Unanimity

Formalities

Legal competence:	- Patent REG: Art. 118 (1) TFEU - Translation REG: Art. 118 (2) TFEU
Form of legislative competence:	- Patent REG: Ordinary legislative procedure (Art. 294 TFEU, ex-Art. 251 TEC) - Translation REG: Extraordinary legislative procedure (Art. 289 (2) TFEU)

ASSESSMENT

Economic Impact Assessment

Ordoliberal Assessment

On the one hand, patents create statutorily protected monopolies for the products protected by patents; hence, they undermine competition. On the other hand, they stimulate competition in innovation. In research-

intensive areas, the absence of patent protection would, in its extreme form, even prevent innovation. This dilemma exists irrespective of the territorial scope, namely for both national patents and for EU patents with unitary effect.

Unitary patent protection in the EU – or at least in 25 of 27 Member States – **significantly increases legal certainty. It promotes the spread of knowledge and increases competition in innovation** [s. also [CEP Policy Brief](#) on EU Patent; COM(2000) 412]

Impact on Efficiency and Individual Freedom of Choice

The EU patent with unitary effect reduces the costs of translation and publication for EU patent protection significantly. Currently, these costs accrue separately in each state in which the patent is applied for. The total validation costs for 13 Member States amount to around 12,500 Euro, for all 27 Member States to more than 32,000 Euro [SEC(2011) 483, p. 2]. As a result of the EU patent with unitary effect, the costs in EU-25 will fall to 20% following the expiry of the transitional period [SEK(2011) 483, p. 6].

According to the Commission, 92% of EU patent registrations are made in the 25 participating Member States [SEC(2011) 483, p. 4]. The loss of efficiency due to the non-participation of Italy and Spain is therefore very low. Moreover, the complexity of the current patent scheme and its **costs are reduced by the central administration of the EU patent through EPO.** The annual fees to maintain unitary patent protection in future will have to be paid to the EPO only and no longer to each national patent authority separately. Reduced costs and red-tape and more transparent system structures facilitate companies to access patent protection more easily, which has a particularly positive effect on small and medium-sized companies (SMEs).

Impact on Growth and Employment

The option to cover EU-25 with a unitary patent protection creates positive framework conditions for the spread of knowledge and competition in innovation. This has a positive impact on growth and employment.

Impact on Europe as a Business Location

None.

Legal Assessment

Legislative Competence

The legal basis for the establishment of a European patent with unitary effect is laid down in Art. 118 (1) TFEU (power to establish European legal titles for the protection of intellectual property rights) for translation provisions Art. 118 Abs. 2 TFEU (power to stipulate language provisions for European legal titles). Closer cooperation is admitted pursuant to Art. 20 (2) TEC, Art. 329 (1) TFEU.

Subsidiarity

A European patent with an effect for (almost) the entire EU can only be established at EU level.

Compatibility with International Law

The Patent Regulation is not compatible with the European Patent Convention (EPC). In fact, the EPC does allow for a convention between single EPC states according to which the patents granted in these states have a unitary effect (Art. 142 EPC). Critical, however, is the provision of Patent REG that the participating Member States must ensure the retroactive effect of the unitary effect if the EU patent has already been published but the unitary effect entered into the register later (Art. 4 (2) Patent REG). For the EPC stipulates that the EU patent must provide immediately upon its publication in each state in which it is granted a full protection effect that equals that of a national patent (Art. 64 (1) EPC). According to the Patent REG, 25 EPC contract states should circumvent this EPC provision. An adjustment would only be possible through an amendment to the EPC

Possible Future EU Action

EU-wide harmonised patent is incomplete without a Patent Litigation Scheme. Therefore, the Council will submit a proposal taking into account the ECJ opinion (Survey [1/09](#)) in the near future.

Conclusion

Unitary patent protection in EU-25 increases legal certainty and promotes the spread of knowledge; thus competition in innovation is increased. The high costs for EU patent protection which are mainly due to high translation and administrative costs can be reduced to 20%. The centralized administration of the EU patent with unitary effect through the EPO reduces the administrative burdens of companies. Thus patent protection becomes more easily available for companies, in particular for SMEs. The legal construction of the Patent REG, which is builds on the current European Patent Scheme requires an amendment to the EPC.