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### European Patent Jurisdiction: Proceedings & Rules of Procedure

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#### **The background**

The European Patent Convention created a common procedure and administration for the grant of patents but left the enforcement of the 'bundle' patents to the Member States. Creating a system for the common grant of patents was such a huge leap forward that it simply was not possible also to include the post grant phase in the common system. With the exception of Art 69, EPC did not even address substantive law with regard to granted patent but thanks to the Community Patent Convention some basic elements were *de facto* harmonized, though CPC never entered into force. However, the national disparities in patent litigation procedures remained unaffected by the common granting system. Thus, litigants are exposed to multiple parallel litigations in cross border disputes and to inconsistencies in the enforcement of the result of the common grant, in spite of commendable efforts by national courts to work in the spirit of a common patent system.

At Community level, early attempts to complement the European patent system with a common post grant phase were made but failed because the adopted judicial arrangements and the political impetus were insufficient. In 1999, on French initiative, the issue was taken up again. The work on developing a common judicial system for European patents open for EPC Member States was initiated, aiming at a common European patent court in two instances. From the beginning it was understood that such a system also needs to include procedural rules.

The work is now continuing on common judicial arrangements representing the needed improvement over present national patent litigation procedures. However, it still remains to establish a common system that is satisfactory from the point of view of both right holders and third parties and also is politically acceptable for a sufficient number of EU and EPC Member States.

#### **The basis**

In establishing the European patent system, the creation of a new common granting authority distinct from national patent offices was a crucial element to safeguard a uniform, reliable and consistent application of the common rules on patentability, as reflected in the centralization protocol. Likewise, a new common judicial system distinct from national patent courts and litigation procedures is a crucial element in establishing a European patent litigation system.

As for the granting phase, it is necessary for cross border enforcement to create common judicial arrangements safeguarding uniformity, reliability and consistency in the application of substantive patent law, in addition to providing efficient and timely dispute resolution while retaining the balance between the interests of right holders and opposite parties. This must also apply to the first instance in order to allow for a decentralized organization and to reduce as far as possible the uncertainty in the transition from national litigation to the common system.

To that effect, the structure of the common court, including composition and languages, needs to be based on the particular requirements of cross border patent litigation. No doubt, the same applies to the procedure of the common court.

## **The Procedure**

### *Challenge and opportunity*

Reflecting basic differences in general procedural laws, national procedures for patent litigation differ so fundamentally that it is not possible to establish a procedure for the common patent court that just represents a harmonization of national procedural rules. The challenging task is instead to create a new procedure that is appropriate for allowing the new court to operate the most efficient dispute resolution and the parties to present their cases in the most effective way.

This procedure must provide for the appropriate balance between the interests of right holders and those of opposite parties, whether they are plaintiffs or defendants in the particular dispute. In this respect, it should be realized that it is not unusual that it is in the interest of one party but not the other to expedite the procedure and that it may sometimes be the right holder who wishes to delay. In this particular situation, the overriding interest in expeditious resolution of patent disputes calls for the appropriate balance to imply that a delay requires the objective reasons for a delay to clearly outweigh those against. Unfortunately, this is not at all always the case in national patent litigation.

National rules of procedure for patent litigation are only to a limited extent specific for patent litigation. On the contrary, the new common patent litigation system offers the opportunity to create a procedure that is adapted specifically to cross border patent litigation. Taking into account the experiences of present national patent litigation and seeking the best practices for the common system, rules of procedure can be established that are appropriate for a truly international patent court.

Precise such rules for the common court will be crucial for creating the necessary consistency of the procedure in different first instance divisions. Since they will have judges with their background and partially also their continued occupation in national courts with quite different procedures, the direction to change and how to change traditional procedures will need to be absolutely clear. In this context, it should be kept in mind that rules of procedure may sometimes in practice be as important for the outcome of a dispute as substantive patent law.

For these reasons, the creation of the procedure for the new court – including basic features established in the agreement itself and supplementing more specific rules of procedure - is not an issue that can be regarded as secondary to the creation of the court itself, at least not in any other sense than that you cannot have one without the other. The precision in defining this procedure will be decisive for the desirable decentralization of the first instance to be successful. In view hereof, it is encouraging that the rules of procedure are now being given full attention, as evidenced by the issue being on the agenda of this conference.

### *Preparation*

The procedure of the common court being no less important than the structure of the court for the functioning of the new patent litigation system, it is a heavy task to establish an appropriate procedure. This task requires no less attention

than would the adoption of a procedural law on national level. Preparing the rules of procedure is a part of that task that still lies ahead.

The establishing of the rules of procedure should not be left to the Court itself. Already the fact that litigants need to know the rules in advance shows that they should exist before the new system becomes operative. Actually, the rules of procedure are such an essential part of the system that they should form part of the basis for its adoption. However, amendments of the rules need to be possible without great difficulties and the Court would have a natural role in that process.

The consideration of the rules of procedure only having started, the preparatory work will require considerable time and discussions and it is welcome that it will not be postponed until the structure of the system is finalized.

### *Scope*

The comprehensive scope of the rules of procedure is apparent from the existing preliminary list of topics to be included. However, additional topics to be included will need careful consideration.

Such a topic of great practical significance is claim amendments in court proceedings, as foreseen by EPC 2000. This raises a number of important issues regarding when and how such amendments may be introduced by the patentee. To settle these issues is not facilitated by the fact that the experience of claims being amended in court proceedings is still limited in most countries except Germany. The coordination with limitation proceedings before the EPO also needs to be taken into account.

Another such topic is the question of precluding late references to new facts and evidence in the first instance. The balance between the need to avoid delays and the need to allow a party to complement his case is delicate and the general power of the court under Article 34a (1) needs to be supplemented by more specific sanctions in the rules of procedure to avoid disparities among the divisions.

The relation between written and oral procedure is a fundamental topic where there are extreme variations between national procedures. An appropriate and precise balance between written and oral elements will have to be found for the procedure in the common court and the same procedure in that respect must be followed in all divisions of the court, irrespective of national traditions of the judges involved in a case. Giving the judges a wide discretion in this respect will tend to transfer present national disparities to the divisions of the court and jeopardize the consistency of the procedure in the common litigation system. Further directions in the rules of procedure therefore need to be considered.

When basic features of the procedure are to be included in the agreement itself, the need of supplementing rules of procedure should be jointly considered and established as this may considerably influence the overall effect. Such an issue is e.g. the question of bi-furcation according to Article 15a (7), which is a crucial and controversial issue regarding the procedure. Another is the principle according to Article 45 (3) and (4) that the Court of Appeal is to try appeal cases *de novo* while certain new facts and evidence will be precluded. This is an important principle that deserves some further definition.