

Paper for the Strasbourg Patent Conference, October 2008-10-15

The Rt. Hon. Sir Robin Jacob¹

In July some European patent judges went to Shanghai. Apart from seeing the economic miracle we learned what has been achieved in patents in since the time of the death of Mao in 1977. Not yet fully functional, the Chinese are creating – amazingly in a communist state – a fully fledged patent system with associated courts. They have made more progress in the 30 years since the death of Mao than we Europeans have since the European patent project was first suggested at least as early as 1949. Unless we Europeans get a real sense of urgency our patent system and associated rate of innovation will just become less and less relevant.

In the 1970s the relatively easy bit was done – the creation of the EPO. A serious error was made at the time in failing to provide it with a well thought –out dispute system. It and its Boards of Appeal labour under ill-thought out rules and procedures – things take years – much too slow for the needs of industry. I say no more here.

For we are concerned with the unfinished business – the creation of a reliable, fast and cheap court. All three things are needed. And we have to be satisfied that what is created will be better than what we have now. When I say “we” I really mean the users. Unless industry by and large accepts the proposals, they will not happen. It is no good for some idealists pushing for a “logical” judicial system with the ECJ as the guiding court if the users do not want it – and they do not. Nor is it any good for politicians to reach some sort of political deal unacceptable to users.

That is why I welcome the serious efforts made by the Commission to consult on this latest attempt to achieve a patent court. I emphasise particularly patent court. Theoretically perhaps there should be a European Community patent – a unitary patent taking effect throughout the EU, as for instance an American patent does throughout the USA or a Chinese patent does in China. But in reality that is not a top priority. What matters in practice is creating a fast, efficient and predictable court for existing European patents. And perhaps it is not needed for all EU countries at once. A court for most of the major industrial countries would in practice serve Europe well, however untidy it might seem to outsiders.

What are the basic requirements?

1. No forum shopping within the Court system.
2. Predictability.
3. Ready access – not too expensive
4. Speed of decision including appeals.

I begin with the first. The current proposals I fear give too much scope to forum shopping. Whilst I heartily endorse the proposal that the court should sit locally, I for my part have considerable reservations about the idea that each Member State should be able to have its own first instance court or even about the idea of regional divisions. Experience shows that if you do that, local differences are bound

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to arise – for instance some courts will be seen as more “pro-patentee” than others. Look at the effect of Marshall, Texas to see what could well happen in Europe if we are not careful. Again if some courts bifurcate – hearing infringement and validity separately for final decision (as opposed to interim) – those with weak patents will go there with a view to obtaining some sort of injunction or decision which has commercial consequences.

So if it were me, I, whilst I would have the judges sitting locally where that it sensible, I would not have regional divisions as such. All judges could sit anywhere and the parties could not try to pick their judges or court. There are good parallels for this. It is what is done in Australia – and it is what is done in England and Wales. In my country the system of judges going out on circuit is very old – 700 years. It was a system intended to and which did bring, the uniform administration of justice.

The “pool of judges” proposal goes some way to dealing with the problem of regionalisation. I would favour expanding this – so that two or three judges from the pool can and generally do sit in any regional court.

Predictability. This is very important indeed. Patent litigation is not an inherently good thing. Far from it. In practice the patent system works by people being able to predict likely outcomes. People should be able to tell whether a patent covers what they intend to do without going to court. Or whether a patent is likely to be held valid or not. Litigation is for the marginal cases. The wider the margin, the greater the uncertainty, the more litigation is likely. This is particularly bad for smaller companies – they cannot afford the risk of being wrong and will have to stay outside any margin of uncertainty – the wider that is the more their activities are hampered.

How is predictability to be achieved? Industry has a real fear of the inexperienced court – and few will blame it. The answer is that the limited number of experienced patent judges in Europe must be used. I once did a calculation of how many there are. Those with real deep experience of hard-fought patent litigation could all get on a bus together or nearly so. Those are the people who must form the backbone of the new system, at least until other judges learn more. Learning can partly be done by training but in practice the trade has to be learnt by working with patents for years – learning on the job, either of judging or acting as a lawyer in patent cases. That is what industry wants, and if is not given it, the system will be rejected.

One other really important contribution to predictability which the new system would or ought to achieve is a “top” court deciding important questions of law, for instance whether there is a doctrine of equivalents, if so what it is², or whether there is a rule of file wrapper estoppel³. Moreover I feel fairly confident that such decisions, reached by some of our experienced patent judges will be clear, one way or the other. I am afraid that the decisions of the ECJ in trade mark law (as opposed to many other areas of law) have not, by and large, been clear. Hence the flood of references which show no sign of abating.

² Some countries say yes, some no, and those who say yes have different versions of what it is

³ The Dutch courts say yes, the Germans no, and the English are against it without finally deciding it

I have to say that predictability is one of industry's greatest concerns. It is the driver behind suggestions for opt outs. The general notion that people do not want to use the system until it has proved itself – rather like the European patent system itself was in its early days. And it must be remembered here that there is always the ultimate “opt-out” for the future – parties can go back to applying for national patents. Some say they will do this if not given an opt-out.

Now cost. Clearly this court will cost more than a national case costs (except in my country where I think clients overpay for many things and we are over elaborate about some procedures). More generally the things which will increase cost are likely to be costs of translations, in some cases interpreters, and court fees. This is an area of detail of significance – and it would be highly desirable that court fees are kept down by some sort of funding from the Commission.

Finally speed. It is no good cases taking years to decide. Industry needs to know where it stands. The Venice II declaration of principles by the Judges aims at one year for first instance and another for appeals. I believe this is achievable provided everyone starts with that objective from the outset and does not allow delays to build up – much depends on the provision of clear and tight rules. Without them you could end up with something like the EPO – average cases taking 5 years and other even longer.