General introduction

The European Patent Convention (EPC) is a regionally limited international treaty which is in force for currently 38 European states. It established the European Patent Organisation and a system of law, common to the EPC contracting states, for granting patents for invention, including both substantive and procedural law. This system co-exists with the national patent systems of the EPC contracting states. The European Patent Organisation has the task of granting patents based on this legal system. The EPC contracting states have thus transferred the sovereign right to examine a patent application and to grant a patent with effect for their territory to the European Patent Organisation. However, they remain responsible for the enforcement of those patent rights. The European Patent Office (EPO), as an organ of the European Patent Organisation, carries out the task of granting these so-called ‘European patents’, if the legal requirements of the EPC are met.

Article 2 (2) EPC provides that the European patent should, in each of the contracting states for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that state, unless otherwise provided by the EPC. Furthermore, Article 64 (1) EPC makes it clear that a European patent must confer on its holder the same rights in each of the contracting states in respect of which it is granted as would be conferred by a national patent granted in that state. As a consequence of this construction the European patent is qualified as a so-called ‘bundle patent’, a bundle of European patents with the effects of a national patent. The fact, however, that the European patent is granted on the basis of patentability requirements as determined in the EPC, and that the patent’s scope is defined and that it is revoked by European law, also

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2 Cf. Art. 4(1) EPC.
3 Cf. Art. 1 EPC.
4 Cf. Waage, N 1-8; Ballreich/Haertel, 334.
5 Cf. Art. 4(3) EPC.
6 Cf. Art. 4(3) EPC.
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makes it clear that it is not correct to simply speak of a ‘bundle of national patents’\(^7\), as it is often referred to.

The ‘bundle’ approach has the consequence that European patents and the related law are assessed by the EPO – Examining Divisions, Opposition Divisions, the EPO Boards of Appeal and the EPO Enlarged Board of Appeal – and by a great number of national judges and members of other authorities who are bound by national case law and are part of the national judicial system\(^8\).

Another consequence is that the patent holder must initiate several parallel infringement actions, based on the same European patent and directed against the same alleged infringer, before the national courts in the states where the infringing acts have taken place.

In the event of the revocation of a European patent, alleged infringers or competitors must file revocation actions in all the states for which the European patent was granted once the nine-months’ time limit for filing an opposition before the EPO\(^9\) has expired or the opposition proceedings are concluded with a rejection of the opposition.

This situation gives rise to many difficulties for the parties and has several undesirable effects, which weaken the patent system in Europe:

- First, it is costly for the patent holder and the alleged infringer who must not only hire local lawyers, patent attorneys and experts, and pay court fees in all states where litigation is initiated, but also divert resources to the unsettling business of litigation in several jurisdictions. This is particularly problematic for small- and medium-sized enterprises. Harhoff, who has conducted an economic cost-benefit analysis of a unified and an integrated European patent litigation

\(^7\) Cf. Haertel/Kolle, 12; Beier, MGK 1, N 9; Hölder, Grenzüberschreitende, 26.

\(^8\) Cf. Brinkhof, Change, 104.

\(^9\) Once a patent is granted any person – with the exception of the patent holder – may give notice to the EPO of opposition to the granted patent within 9 months (cf. Art. 99–105 EPC). In essence, the opposition may only be filed on the grounds that:

- the subject matter of the European patent is not patentable,
- the European patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art, or
- the subject matter of the patent extends beyond the content of the application as filed.
- The opposition proceedings end with a decision of the responsible EPO Opposition Division to either maintain the patent, to partly revoke it or to fully revoke it. A decision of the Opposition Division can be appealed to the EPO Boards of Appeal.
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system assessed total private savings between €148 and €289 million as a result of having access to a unified patent court by 2013\(^{10}\). But it is also unsatisfactory for the EPC contracting states and their often highly subsidised court systems since several judges must deal, independently of each other, with infringement and/or nullity actions involving the same European patent and the same parties.

- Second, patent holders must often make crucial business decisions relating to licensing, investments, production and marketing of patented products on the basis of complicated assessments regarding the likely outcome of a number of cases dealt with in various jurisdictions. But the existing system can also be used for delay strategies in infringement proceedings\(^ {11}\), leading to negative impacts on welfare in general\(^ {12}\).

- Third, the differences among the national patent litigation systems lead to *forum shopping* which can end in injustice, as shown later.

- Fourth, the EPO and its Boards of Appeal and the national authorities of the EPC contracting states, as well as the national authorities of the EPC contracting states among themselves, interpret the EPC and their corresponding national patent law in a diverging way. This leads to legal uncertainty which not only affects the parties involved, but also competitors and the public at large, particularly since a patent is granted in order to exclude others from using an invention in the market and in the territory for which the patent is granted. Patent litigation experts and judges started to talk about this unsatisfactory situation at the end of the 1980s and became fully aware of the implications by the beginning of the 1990s when the ‘Epilady’ case became public\(^ {13}\). In this case, concerning the same European patent, courts of five EPC contracting states decided that the patent was infringed whereas courts of four EPC contracting states ruled otherwise, namely that the patent was not infringed.

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\(^{10}\) Harhoff, 5; 40.

\(^{11}\) Cf. Chapter 2, II.C.3. The problem of ‘torpedoes’.

\(^{12}\) Harhoff, 18.

The crucial question in this regard is: do we have to accept this situation of diverging interpretations since the EPO grants a bundle patent, or is there in fact a duty for a uniform interpretation of the law that serves as the legal basis for European patents, i.e. the EPC and the corresponding national patent laws that implemented the EPC into national law?

The fact that the European patent is a bundle patent suggests that the different parts of the patent can have a separate destiny. Some could be revoked, others limited\textsuperscript{14}. The extent of protection of the different parts of the European patent could consequently vary due to diverging claims. Hence, it could very well be that European patents are interpreted in a different way. The question should therefore rather be whether diverging interpretations of the law with regard to the corresponding parts of a European patent should be accepted because of the bundle approach.

The answer lies in the legal qualification of the EPC. As an international treaty, it is binding law that is applicable in more than one state and serves a certain legal purpose. Such law is commonly referred to as ‘international uniform law’\textsuperscript{15}.

The EPC and corresponding national patent law implementing the EPC is such international uniform law\textsuperscript{16} (or better ‘European patent law’). The aim of a substantial legal uniformity can only be reached if all the authorities which apply the substantially uniform law do so in a uniform way\textsuperscript{17}. An equal application of the law also ensures that the principle of equal treatment is better realised\textsuperscript{18}. Therefore, the responsible authorities must construe European patent law in an international spirit\textsuperscript{19} based on its \textit{ratio}, which is detached from a purely national perspective and from a national legal understanding and methods to interpret the law\textsuperscript{20}, and with a view to creating cross-border legal uniformity\textsuperscript{21}. A common European patent court which would ensure a unitary interpretation of the European patents is therefore desirable.

\textsuperscript{14} Cf. Hölder, Grenzüberschreitende, 83.
\textsuperscript{15} Cf. Kropholler, Internationales, 1; Gruber, 14–22; Linhart, 3–5; Walter H.P., Auslegung, 866.
\textsuperscript{16} Cf. Stauder, Dieter in Singer/Stauder, 5. Auflage, N 5; Brinkhof, Harmonisation-Factor, 29; Allen/Gielen, 220; Blary-Clément, 65.
\textsuperscript{17} Cf. G 1/83; N 6; Haertel/Stauder, 88; Brinkhof, Harmonisation-Factor, 29; Brinkhof, HvJ, 320; Kur, A Farewell, 850; Ullrich, National, 15–16; Rogge, Revocation, 223; Blary-Clément, 65; Gruber, 79.
\textsuperscript{18} Cf. Gruber, 55.
\textsuperscript{19} Cf. Kropholler, Internationales, 240.
\textsuperscript{20} Cf. also Gruber, 80 et seq.
\textsuperscript{21} Cf. Walter H.P., Auslegung, 866; Hölder, Grenzüberschreitende, 88; 138. Cf. also Decision of the Schweizerisches Bundesgericht (Swiss Federal Supreme Court) of 28 February 2007 (BGE 133 III 229) and \textit{2007 sic!}, 641–644.
patent law does not exist. Certainly this does not mean that the authorities would be liberated from the obligation to reach a harmonised result or that they are totally free in their decision-making process. They are forced into a legal comparative interpretation by taking each other’s legal understanding and case law into practical consideration in order to reach this goal. This is particularly important if they deal with the extent of protection (Article 69 EPC) and the revocation grounds (Article 138 EPC), as well as patentability criteria (Articles 52–57 EPC) of a European patent related thereto. For example, in the United Kingdom, Sec. 130 (7) Patents Act 1977 obliges the judges to construe certain provisions of the Act ‘as nearly as practicable’ in a ‘European’ way. That is to say they have to bear in mind that these provisions have the same effect as corresponding provisions of the EPC in other contracting states.

One might wonder, therefore, why many national authorities remained hesitant to analyse each other’s decisions and pursue a uniform interpretation. Neither a lack of respect among the judges nor the knowledge that unified substantive patent law had to be interpreted seemed to be the problem. It turned out that the majority of the judicature had the basic understanding that it had to fulfil its tasks by a strict national interpretation of European and adapted national patent law.

The judges justified this approach on a more or less unlimited principle of territoriality based on the bundle approach of a European patent provided by the legislature. The main reason, however, appears to be not least of a rather political nature since it seems to be generally accepted that even a strict understanding of the principle of territoriality, as is very much inherent in patent law, would allow the consideration of ‘foreign’ law,

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25 Cf. Paterson, N 1–84; Kelle/Stauder, Symposia, 956; Bruchhausen, Interpretation, 736.
28 Also cf. Brinkhof, Desirability, 226.
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and consequently other judgments, when interpreting one’s ‘own’ patent law.29

There are indications and grounds in the structure of the EPC that seem to support the view of the rather reluctant judges:

- First, Article 64 (1) EPC provides that a European patent has to confer on its patent holder, in each of the EPC contracting states for which it is granted, the same rights as would be conferred by a national patent granted in that state once it has been granted. In addition, any infringement of a European patent is dealt with by national law (Art. 64 (3) EPC).
- Second, in many national patent laws, the question of patentability intentionally differs from the wording of the EPC.30
- Third, essential questions of patent law (such as sanctions, the lapse of the patent, the transfer or licensing of the patent) have not been addressed in a uniform manner by the EPC contracting states.31
- Fourth, the fathers of the EPC did not provide the national courts with a possibility to request an opinion from the EPO Enlarged Board of Appeal with regard to questions of law in order to promote uniform application of law.32
- Fifth, there is no clear provision in the EPC that decisions of the EPO are paramount and binding on courts and authorities in the contracting states, or at least have to be taken into consideration by them.34 There are also no rules which would make it clear that a court of a contracting state has to take due account of the decisions of the courts of the other contracting states when interpreting the EPC or the corresponding national patent law implementing the EPC.35

30 Cf. Gall, 141.
31 Cf. Walter H.P., Auslegung, 869; Stauder, Significance, 794; Bruchhausen, Ausgleichsansprüche, 707–709; also cf. criticism raised by French experts with regard to the first draft for a CPC because of its lack of unification of the legal sanctions in Stauder, Future, 176.
32 Art. 25 EPC, however, provides for the possibility that national courts hearing an infringement or revocation action can request a technical opinion from the EPO Examining division concerning the European patent which is subject of the action.
33 Cf. Arts. 22 and 112 EPC.
34 Cf. Bruchhausen, Interpretation, 736; Steinacker, 18–20; Schachenmann, 510.
35 Such a rule would not be unusual, cf. Linhart, 211. Art. 1 Protocol No. 2 Lugano Convention on the uniform interpretation of the convention and on the standing committee for example provides that the courts of each contracting state
● Sixth, whereas the member states of the EC decided with the CPC to have a common court ensuring a unitary interpretation and development of case law with regard to Community patents, it was decided by the EPC contracting states that the interpretation of European patents should be left to national jurisdiction.

● Seventh, the Protocol on the Interpretation of Article 69 EPC is intentionally flexible. The protocol essentially aims at a unitary interpretation, but in the end only outlines the extent of protection. The revised version of the EPC, the ‘EPC 2000’, did not change anything in this regard.

There were, however, some national courts and other authorities – supported by doctrine – which argued that they were given greater ‘flexibility’ by the EPC, and shared the view that their decisions were elements of the European patent system and that they were, thus, required to consider and examine the decisions of the EPO and the courts of other EPC contracting states in order to apply the European patent law in a uniform way.

The following grounds indicate that a pro-European interpretation was in fact desired by the states upon signature of the EPC:

must, when applying and interpreting the provisions of the convention, pay due account to the principles laid down by any relevant decisions delivered by courts of the other contracting states concerning provisions of the convention. Furthermore, due account has to be paid to principles laid down not least by the CJEU, particularly in relation to Regulation 44/2001 and the Agreement between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

36 Cf. Stauder, Dieter, in Singer/Stauder, 3rd edition, Art. 69, N 3 to N 4; Kühnen, Thomas, §14, N 14, in Schulte; Scharen, Uwe, in Benkard, EPÜ, Art. 69, N 1.


39 Cf. Bruchhausen, Interpretation, 736; Jacob, Decisions, 14; Walter H.P., Auslegung, 869; König, Probleme, 302.

40 Cf. Brändle, Interpretation, 878; Walter H.P., Auslegung, 869–870; Steinacker, 20; Girardet, 30; Jacob, Decisions, 15; Davies, 46; also cf. Gall, 140; Armitage, Interpretation, 817.
First, a large part of national patent laws have been unified with European and EU law so-called ‘cold harmonisation’ in order to achieve legal uniformity.

Second, the preamble of the EPC is clearly intended to inspire a stronger cooperation among the contracting states in respect of the protection of inventions, and that such protection may be obtained in those states by the establishment of certain standard rules governing patents so granted.

Third, Article 2 (2) EPC provides that the European patent must, in each of the contracting states for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that state, unless otherwise provided by the EPC. The final part of this provision makes it clear that the effect of the European patent is mainly determined by the EPC, as it results in a highly autonomous European system of law governing European patents.

Fourth, the preparatory works to the EPC and especially to Article 69 EPC indicate that unity of law was intended.

Fifth, the uniform determination of the extent of protection is safeguarded if a patent is amended during opposition proceedings, which seems to imply that the national courts should stick to the same approach.

All these indications support the view that the European patent system is built on the need for a uniform interpretation of the relevant provisions before and after grant. Nevertheless, ambiguity cannot be denied and arguably there is only a limited conviction among the EPC contracting states.

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43 Cf. Brinkhof, Desirability, 227; Grabinski, Determination, 866; Stauder, Dieter, Preamble, N 4, in Singer/Stauder, 3rd edition; Ullmann, Eike and Klaus Grabinski, Präambel, N 3, in Benkard, EPÜ.


45 Cf. Haertel/Stauder, 88; Hölder, Grenzüberschreitende, 136.

46 Cf. Grabinski, Determination, 866; cf. also Pagenberg/Köster.

47 Cf. Grabinski, Determination, 867.
states to aim for a true unification of jurisdiction, and to accept the necessary abdication of sovereignty in modelling their respective economic policies. In addition to these political obstacles a further psychological and cultural, but nonetheless important, aspect has influenced this reluctance towards a ‘Europeanised’ interpretation: The strong differences in legal cultures and approaches towards the interpretation of law between the common and the continental law systems have provoked reservations between the judges from the two systems.

All in all, it is therefore not really a surprise that until not so long ago many patent judges seemed to treat the interpretation of the European patent (law) as a national rather than an international ‘affair’.

But it should also be considered that there are always national principles and policies, as well as subjective perceptions which could influence a judge in his or her decision-making process, not least with regard to rules where the different legal traditions and highly economic and political aspects of patent law appear. There is consequently also a certain reluctance of courts to indirectly attack the national policy of another state by providing a different interpretation of the law when judging the question of infringement of a ‘foreign’ part of the European patent, even if they feel that their interpretation is in fact ‘European’ and therefore beyond national understandings. Respecting the independence and equality of the other courts and states consequently also provokes hesitations on the way to reaching a uniform interpretation of unitary law. As a consequence, a judgment of a court from another state, the EPO Boards of Appeal or the EPO Enlarged Board of Appeal was often hardly or very reluctantly taken into consideration and reflected upon, if at all. The ‘Epilady’ case and the increasing cross-border jurisprudence at the beginning of the 1990s was the trigger for a change in this situation.

However, to date the courts could not agree on a common line with regard to all legal questions. Diverging decisions did not remain an

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48 Cf. also Brinkhof, Wish List, 408 with regard to patent law as a tool of economic policy.
49 Cf. Stauder/Llewelyn.
51 Cf. Haertel/Stauder, 86.
54 Also cf. Chapter 2, III.F.2. Policy making by applying foreign law and the problem of recognition; also cf. Brändle, Interpretation, 881; Grabinski, Determination, 872.
55 Cf. Jacob, Decisions, 13; cf. also Brinkhof, European patent, 33–34.
isolated incident of the past. The opposite is the case as very recent decisions show\textsuperscript{56}, although there are many examples where courts – particularly in France, Germany, the Netherlands and the United Kingdom, where most patent cases in Europe are litigated – and the EPO Boards of Appeal clearly recognised the need for a uniform interpretation\textsuperscript{57}, and obviously even adjusted their methods of interpretation and legal practice\textsuperscript{58}. In a recent decision the German Bundesgerichtshof (Federal Supreme Court) for example held that the German courts are required to consider decisions rendered by organs of the EPO and courts in other EPC contracting states and pertaining to a largely similar issue and, where

\textsuperscript{56} Cf. for example, Novartis AG and Cibavision AG v Johnson & Johnson Medical Ltd and others (2009/2010) where courts in France and The Netherlands decided that the European patent at stake was valid whereas the courts in the UK and Germany decided that the same European patent was invalid, cf. <www.eplaw-patentblog.com/>; Document Security Systems v European Central Bank where the English courts ([2008] EWCA Civ 192) together with the Bundesgerichtshof and French courts as well as the Austrian patent office have reached different decisions on the validity of a European patent than their Dutch colleagues, cf. also <ipgeek.blogspot.com/>, Europe’s patent demise, 24 March 2008; Pozzoli v BDMO SA (2007 EWCA Civ 588) reported by Judge Jacob, EPLA or bust? IPKat, <ipkitten.blogspot.com/>, 29 June 2007 where English and French courts revoked the patent, whereas the German court took the view that it was valid and infringed, (cf. also Macdonald-Brown Charters and Sara Ashby, ‘Obviousness – is Windsurfing sunk?’, \textit{2007 CIPA Journal}, 380–382). See also Brook, Daniel and Florian Gerhardt (2009), ‘Patent decisions could smash stereotypes’, July/August 2009 \textit{Patent World}, 15 which lists several pharmaceutical cases with diverging decisions regarding parallel litigated patents in the UK and Germany; Angiotech Pharmaceuticals v Conor Medsystems Inc/Conor Medsystems Inc v Angiotech Pharmaceuticals with different outcomes in the UK ([2007] EWCA Civ. 5) and the Netherlands (2007/101 BIE), cf. de Ranitz, Remco and Otto Swens (2008), ‘UK patent law crossed the Channel’, \textit{EIPR}, 30(10), 389–394, 393; ‘Pipe clamp’, Special edition No. 2 of the 2003 \textit{O.J. EPO}, 76–139, where eight courts in three states dealt with the matter: four courts held that the patent was infringed and four courts held that the patent was not infringed; Muller v Hilti (‘Tension Screw’; Spannschraube; 1999 \textit{GRUR}, 909–914; 2000 \textit{P.I.B.D.} III, 305; \textit{IIC}, 33, 746–749), where German courts decided that the European patent was not infringed, whereas Swiss and French courts decided otherwise. But there are also different approaches between the EPO and the courts of the EPC contracting states, cf. Howes, Adrian, Disaster Pending? \textit{EPO v English Court of Appeal on Excluded Subject Matter}, \textit{08/07 WIPR}, 25–26.


\textsuperscript{58} Cf. Pagenberg, Conclusion, 253.
appropriate, address the reasons leading to a diverging result in the earlier
decision. Insofar as points of law are concerned, this also applies, for
instance, to the question of whether the subject-matter of a property right
was obvious in the light of prior art\textsuperscript{59}.

The following work elaborates and examines different structural meas-
ures which would lead to a uniform interpretation of the harmonised
substantive patent law in Europe.

Quite obviously, one such measure could be the creation of a common
patent court. The Community Patent Convention (CPC) and its proto-
col on Litigation would have established the so called ‘Common Appeal
Court of the Community Patent Convention’ (COPAC). However, the
CPC and its protocols have never entered into force, mainly due to costly
translation arrangements and unsatisfactory jurisdictional arrangements
that would not have improved the existing European patent system and
the current litigation system in a way users expected\textsuperscript{60}.

The book will consequently deal quite extensively with the revived
efforts for the creation of a patent court for Europe. However, as the
creation of such a court is politically a very difficult task, it will first be
explored whether the goal of a unified interpretation can also be reached
by alternative measures.

\textsuperscript{59} Decision of the \textit{Bundesgerichtshof}, 15 April 2010 (Xa ZB 10/09),
‘Walzenformgebungsmaschine (Roll-forming machine)’, \textit{2010 O.J. EPO}, 622–628
and \textit{2010 Mitt.}, 307–308.

\textsuperscript{60} For a historical overview, cf. \textit{Kolle, Europe}, 45–48; Koch, Ingwer and Dieter
Stauder (1997), \textit{Vereinbarung über das Gemeinschaftspatent}, 2. neubearbeitete
Auflage, Köln et al.: Carl Heymanns Verlag, pp. 1–9.