

Implementing the Patent Package

Second progress report

1. State of implementation of the EU regulations N° 1257/2012 and 1260/2012

1.1. General framework

The EU Regulation N° 1257/2012 defines a “European patent with unitary effect” as 1) a patent granted by the European Patent Office under the rules and procedures laid down by the European Patent Convention (hereafter EPC) and 2) which benefits from unitary effect in the participating Member States by virtue of the EU Regulation N° 1257/2012¹.

The European patent with a unitary effect thus relies on the interplay of two legal instruments i.e. the EU Regulation and the EPC. The EU Regulation N° 1257/2012 defines the conditions and the scope of the unitary effect that will be attributed to a European patent granted under the rules of the EPC.

It is in this context that Article 9.1 of the EU Regulation N° 1257/2012 lays down that the participating Member States shall give the European Patent Office administrative tasks related to the unitary effect as foreseen in Article 143 of the EPC. Article 9.2 of the EU Regulation N° 1257/2012 imposes also an obligation on the Participating Member States to set up a Select Committee in the framework of the European Patent Organisation (hereinafter - Select Committee).

Within this Select Committee, the EU Participating Member States shall ensure compliance with Regulation N° 1257/2012 in fulfilling their international obligations undertaken in the EPC and shall cooperate to that end. In their capacity as Contracting States to the EPC, the participating Member States shall within the Select Committee ensure the governance and supervision of the activities related to the tasks referred to in paragraph 1 of article 9 EU Regulation N° 1257/2012 and shall ensure the setting of the level of renewal fees in accordance with article 12 of the EU Regulation N° 1257/2012 and the setting of the share of

¹ Article 2 b) and c) of the Regulation (EU) N° 1257/2012 of the European Parliament and the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection

distribution of the renewal fees in accordance with article 13 of the EU Regulation N° 1257/2012.

1.2. Creation, activities and timetable of the Select Committee

Summary

Since the last information provided to the Competitiveness Council at its meeting of December 2013, the Select Committee has:

- completed the second reading of the draft Rules relating to the Unitary Patent Protection;
- adopted the Rules for the compensation scheme for reimbursing translation costs for applicants having obtained a European patent with unitary effect;
- had several exchanges of views on the measures to be taken at national level to accompany the Unitary Patent Protection;
- adopted the timeline of its work for 2014.

During the next meetings to be held until the end of this year, the Select Committee will concentrate its work on the financial and budgetary aspects of the implementation of the Unitary Patent Protection in particular on projections of scenarios for the level of renewal fees and estimations of costs for the administration of the Unitary Patent Protection.

Institutional aspects

The Select Committee held its inaugural meeting on the 20th of March 2013. Since then the Select Committee has held six more meetings respectively on the 29th of May, the 25th and the 26th of June, the 18th of September, the 30th of October, the 9th and 10th of December and the 26th of March. The next meeting is foreseen on the 26th and 27th of May.

The Select Committee consists of representatives of the 25 EU participating Member States and the Commission as an observer *de jure*. Business Europe, the European Patent Institute and other EPC Contracting States that are not EU Member States participating in the enhanced cooperation, have received the status of observers.

The Rules of procedure of the Select Committee are available on the following webpage:
[http://documents.epo.org/projects/babylon/eponet.nsf/0/5090D9BDBB96C175C1257BAB005A07FA/\\$File/dsc1301_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/5090D9BDBB96C175C1257BAB005A07FA/$File/dsc1301_en.pdf)

Substantive aspects

After having dealt with institutional issues, the Select Committee has since June 2013 concentrated its work on the legal aspects of the implementation of the Unitary Patent Protection. The objective is to complete as much as possible the work on those legal aspects by June 2014.

Since December 2013, the Select Committee has completed a second reading of the draft Rules relating to the Unitary Patent Protection. Those rules relate mainly to the procedure that will be administrated by the EPO in carrying out the tasks that the Participating Member States will entrust to the EPO in accordance with Article 9.1 of EU Regulation N° 1257/2012. They concern administrative procedures like the filing of the request for unitary effect, the filing of a statement of licenses of right, the administrative rules related to the payment of renewal fees, the entries in the Register for unitary patent protection, etc². Discussions considered a number of comments received both from Member States and users of the patent system. The objective is that the Select Committee finalizes the Rules relating to the Unitary Patent Protection during its 9th meeting on the 24th of June.

The Select Committee has also adopted during its meeting on the 26th March 2014 the Rules for the compensation scheme for reimbursing translation costs for applicants obtaining European patents with unitary effect. Those Rules relate mainly to the administrative procedure that the EPO will apply in order to reimburse the relevant translation costs in accordance with Article 5 of EU Regulation N°1260/2012. The financial aspects related to the compensation scheme including the level of the compensation and the allocation of the costs of the scheme will be discussed together with the other financial and budgetary aspects of the implementation of the Unitary Patent Protection.

² The draft Rules relating to the Unitary Patent Protection can be found on the following webpage:
<http://www.cmslegal.com/Hubbard.FileSystem/files/Publication/4a402486-c7f2-40f5-8841-00e61574156c/Presentation/PublicationAttachment/bf11e108-8645-45f0-bd24-07cf029f9ee1/esc1316-Revised-UP-RoP.pdf>

In December 2013 and March 2014, members of the Select Committee had an exchange of views on possible measures to be taken at national level to accompany the Unitary Patent Protection. Those possible measures relate in particular to the need for information concerning the registration of unitary effect, the simultaneous protection of an invention by a national patent and a European patent with unitary effect, the registration of compulsory licences in the Register for Unitary Patent Protection and remedies in cases where a request for unitary effect has been rejected after the deadlines for validations of the European patent at national level have expired.

At its meeting in October 2013 the Select Committee has initiated the discussions on the financial and budgetary aspects of the implementation of the Unitary Patent Protection. Those aspects concern mainly the level of the renewal fees, the budgetary aspects of the tasks entrusted to the EPO in accordance with Article 9.1 of EU Regulation N° 1257/2012 and the costs for the implementation of the compensation scheme for the reimbursement of translation costs referred to in Article 5 of EU Regulation N° 1260/2012. During this meeting statistical and financial information relating to the validation and maintenance of European patents and the current renewal fees have been presented to the Select Committee.

The objective is now to concentrate the work of the Select Committee during its next meetings on the financial and budgetary aspects. At the upcoming 8th meeting of the Select Committee, to be held on 26 and 27 May 2014, preparatory work on the level of renewal fees, which has started at the meeting of 30 October 2013, will continue on the basis of simulations of scenarios for the level of renewal fees and their financial implications. It is envisaged to hold a first exchange of views on those presentations with a view to continue discussions at the 9th meeting to be held on the 24th of June.

Timetable

Finally during its meeting of March 2014, the Select Committee has adopted the timeline of its work for 2014.

The work of the Select Committee has to proceed in parallel to the work of the Preparatory Committee for the creation of the Unified Patent Court. The timetable of the work of the Select Committee needs to insure that the implementation of the Unitary Patent including the

legal, administrative and financial measures are completed in due time before the entry into operation of the Unified Patent Court. The current roadmap of the Select Committee foresees completion of the work of the Select Committee during the first semester 2015.

1.3. Work of the EPO on the implementation of the Machine Translation Program

Council Regulation (EU) No 1260/2012 of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection with regard to the applicable translation arrangements³ (Recital 11) recalls that “*In order to promote the availability of patent information and the dissemination of technological knowledge, machine translations of patent applications and specifications into all official languages of the Union should be available as soon as possible. Machine translations are being developed by the EPO and are a very important tool in seeking to improve access to patent information and to widely disseminate technological knowledge. The timely availability of high quality machine translations of European patent applications and specifications into all official languages of the Union would benefit all users of the European patent system. Machine translations are a key feature of European Union policy. Such machine translations should serve for information purposes only and should not have any legal effect.*”

In parallel to the work of the Select Committee the EPO has continued to further roll out its machine translation program. Machine translations from and into English are now available for at least one of the official languages of all Member States of the European Union. Translations from and into French and German are also available for most of these languages.

2. Building the Unified Patent Court

2.1 Objective

³ O.J. L 361 of 31.12.2012, p. 89.

The Preparatory Committee jointly undertakes to make the necessary preparations to create a fully operational Unified Patent Court (UPC) as soon as possible, while paying due attention to its quality and efficiency, which will be necessary to gain the trust and confidence of the users of the patent system.

There is a large variety of different legal, administrative, financial and logistical measures, which will have to be put into place before the UPC can become operational. The Court will need sufficient judges with the necessary experience in patent litigation, and judges who have received appropriate and intensive training. It will also require the appointment of non-judicial staff. The legal and financial framework will need to be in place including the UPC's Rules of Procedure, the Rules of Procedure of the different Committees, the Financial Regulations and Rules on the Court fees, legal aid and the recuperation of costs from the losing party. The Court will need to have at its disposal adequate facilities and an electronic case management and filing system. The Registry will need to be able to register and manage cases. Patent holders wishing to opt-out their patent in accordance with article 83(3) of the Agreement will need to be provided with the opportunity to register their opt-out in a way which will ensure the process is effective from the first day of the UPC being operational.

2.2 Overall Summary

Since the update provided to the Competitiveness Council at its last meeting in December 2013⁴, the Preparatory Committee has:

- Received an expression of interest from 1300 candidate judges (both for legally and technically qualified judges) and organised a pre-selection process
- Set out the basic principles for the framework for the training of candidate judges
- Opened the Training Centre for the Unified Patent Court in Budapest, as the first organ of the UPC
- Published a brochure aimed at SME's to raise awareness of the European Patent Package and its benefits

⁴ Document 15819/13

- Published the 16th draft of the Rules of Procedure for the Unified Patent Court, along with a digest of the comments that were received in the written consultation on the preceding 15th draft of the said Rules
- Published an interpretative note on the UPC website to assist users with developing a better understanding of the Preparatory Committee's positions
- Commenced appointment of specialists in IT procurement to compile the necessary specification for a call for tender for the UPC's future electronic filing and case management system
- Agreed and circulated a recommendation for minimum specification for facilities arrangements
- Agreed to admit Croatia as observers to the Preparatory Committee

In a number of Member States the ratification process under their national constitutional law or practice requires elaborate procedures including accompanying legislative procedures. Several Signatory States have nevertheless completed their ratification process including Austria and France. In Malta and Belgium the ratification has been approved by the national Parliament. In other Signatory States such as the UK, Sweden and Slovenia the national process is well under way.

On the 4 March 2014 in the margins of the JHA Council Estonia, Latvia, Lithuania and Sweden concluded the first regional agreement on the creation of a regional Nordic-Baltic division of the Unified Patent Court.

2.3 Progress in the different working areas

Legal Framework

The Legal Framework working group is in charge of developing proposals primarily on all the different sets of Rules that are needed in order for the UPC to function in its daily work.

The Preparatory Committee's Drafting Committee chaired by Mr. Kevin Mooney has carefully studied the comments received by the Secretariat of the Preparatory Committee in

the written consultation on the 15th Draft Rules of Procedure of the future Unified Patent Court which was open from 25 June to 1 October 2013. As a conclusion from its thorough discussions it has presented a revised 16th version of the draft Rules of Procedure⁵. Together with the 16th draft a comprehensive digest⁶ of the comments received was published which had been prepared by the Drafting Committee containing explanations on the approach taken. A public hearing on the Rules of Procedure will be arranged in the autumn of 2014. This event will provide the final opportunity for users to comment on and provide input into the Rules prior to their adoption. The Rules of Procedure are currently with the working group for review and a revised 17th draft will be published ahead of the public hearing.

Furthermore, a short consultation (6 weeks) on the Rules of the European Patent Litigation Certificate will be launched via the UPC website shortly. This consultation will allow users to engage on a subject that is fundamentally important to how they operate before the Court.

Financial aspects

The working group on financial aspects is in charge of preparing a draft Financial Regulation, draft budgets for the first years of the UPC, draft Rules for the financial contributions of Member States and an evaluation of their respective shares.

The Financial Regulations and the establishment of the Court fees will be key milestones for the project. The Financial Regulations are expected to be adopted in July and a consultation on a proposal for the Court fees is expected to be launched by the end of 2014.

IT

The IT working group is responsible to secure an electronic filing and case management system for the UPC.

⁵ The 16th Draft Rules of Procedure can be found on the following webpage: <http://www.unified-patent-court.org/images/documents/revised-draft-rules-of-procedure.pdf>

⁶ The digest can be found at the following webpage: <http://www.unified-patent-court.org/images/documents/rop-digest.pdf>

The process of recruiting IT procurement specialists to draw up the specification for the call for tender for a cloud-based case management system has commenced. It is anticipated that following the call for tender which is expected to be launched shortly the procurement process will be completed by the summer of 2015 and will follow the full OJEU public procurement rules.

Facilities

The Facilities working group is responsible for making sure that all the necessary facilities are in place when the UPC becomes operational.

Several options for accommodation of the Central Division have been discussed and work continues to work alongside the HR & Training and IT working groups, specifically on corporate functions in relation to administrative staff.

The minimum specification on accommodation which was adopted at December's Preparatory Committee will be kept under constant review allowing Signatory States to provide a proportionate approach to the accommodation in the early years of the Court.

HR & Training

The HR & Training working group's primary responsibilities are the preparation of the recruitment of the future judges of the UPC and the necessary staff and the establishment of a training program for the judges and potential candidates, in order to ensure the quality of the UPC from its first day of operation.

The call for expression of interest to become a judge at the UPC was launched last autumn. It had an overwhelming response and resulted in 1300 applications. The HR & Training working group set up an Advisory Panel composed of senior patent judges to evaluate the applications. The recommendation of the Advisory Panel will be discussed at the next Preparatory Committee in July. The Preparatory Committee should establish a list of suitable candidates who have the potential to become a judge of the UPC, without prejudice to the formal recruitment procedure which will take place at a later stage. It is expected that

candidates will be informed of the outcome of the pre-selection procedure by the Preparatory Committee before the summer break.

The members of the Preparatory Committee have indicated their choices with regard to the setting up of the Court of First Instance, indicating whether their respective governments wish to set up a local division, a regional division or refer cases to the central division. This information is of paramount importance to determine the number of judges required to staff local and regional divisions and to prioritise training for candidate judges during the preparatory phase. It will also provide the basis for assessing the availability of high quality local candidates for each of the divisions of the Court of First Instance, in particular the local and regional divisions which Member States envisage to set up.

A dedicated Training Centre for the Unified Patent Court (UPC) was officially opened on 13 March 2014 in Budapest. The new Training Centre will function as a coordinating office and the prime location for the training of candidate judges and future judges of the new court system already during the preparatory phase. The opening was followed by a two-day conference (13/14 March), where participants discussed the functions of the new Training Centre and the training needs. Stakeholders stressed the importance of comprehensive training of the future judges of the Unified Patent Court prior to the entry into operation as a key determinant of users' trust in the Court. Offers of internships at national specialized patent courts from Signatory States and training in patent law as well as language training and the organisation of dedicated workshops, seminars and mock-trials organised by the EPO Academy will provide the basic framework of the training program. It is expected that training of candidates will begin in the autumn of 2014.

Miscellaneous

Furthermore, work has begun on the arrangements for the transition from the preparatory phase to the operational phase of the UPC.

2.4 Timetable

A revised Roadmap for the Preparatory Committee is now available on the UPC website. The roadmap is still ambitious and the Committee stays completely committed to its challenging task. However, the Committee's main objective is to ensure the quality and efficiency of the

UPC which has to gain the trust and confidence of the users of the patent system from the first day of its operations. Consequently, in view of the large variety of different measures which still have to be put into place the Committee had to revise the target date for the completion of its tasks and has agreed a target date that is realistic and achievable. It is now deemed that the work will need to continue until the end of 2015. In close coordination with colleagues in the Select Committee in charge of the implementation of the Unitary Patent Protection the Preparatory Committee will revise the roadmap and the target date in the early part of 2015 to ensure that the European Patent Package is delivered in the most timely and efficient way while ensuring a high quality of implementation of the entire package.