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THE PROTECTION OF INVENTIONS AND THE PROVISION OF SUPPORT SERVICES TO INVENTORS: RECENT DEVELOPMENTS AT THE EUROPEAN LEVEL

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INTRODUCTION

1. This Symposium gives me the opportunity to outline the most recent developments in the protection of technological innovation in Europe, with particular reference to the European patent and the Community patent.

2. This is a highly topical issue today in Europe, and not only within the European Union, faced as it is, as a result of globalization, by serious problems of commercial competition from other highly industrialized countries, such as the United States and Japan.

3. Being well aware of this situation, Europe's private sector and leading corporations have been forced to take steps to make the European patent, and consequently the Community patent, competitive.

4. I shall therefore concentrate my remarks on the question of how to provide inventors today with a valid European instrument to protect technological innovation, not only in Europe, but in an international competitive environment.

5. As we all know, today technical innovation can be protected in Europe by national patents, and by the European patent.

6. The Community patent, which was introduced in the wake of the 1975 Luxembourg Convention, amended in December 1989, is not yet a reality today and it is currently the subject of negotiations in Brussels. The last meeting of the expert group on industrial property law, convened by the French Presidency of the Council of Ministers of the European Union, took place on July 27, 2000.

7. The French Government intends to reach another significant European milestone by finalizing the Community patenting system as soon as possible, perhaps within the current year.

8. Patent Organisation has been operating very successfully since October 5, 1973, as a specialized regional organisation of a non-political nature.

9. Its membership includes not only the 15 European Union countries, but also Switzerland, Liechtenstein, the Principality of Monaco, Cyprus and, more recently, Turkey.

10. In 2002, many Eastern European countries are expected to enter.

11. The European Patent Office, which is the executive arm of the Organisation, issues what is known as the European patent, different from a Community patent in that the latter automatically affords protection in every part of the European Union, while the European patent is valid on a case-by-case basis by the applicant who designates the member countries of the EPO in which the patent, whose content is duly translated into their national languages, is to be endorsed by national legislation and protected.

12. Both the European patent and the Community patent must, however, address the serious problem of competing against patents of the most highly industrialized countries, particularly the United States.

13. The United States and Japan, which are always quoted as successful examples of technological development and competitiveness, cause considerable problems in terms of patenting, and hamper European companies. The patenting system in the United States makes it possible to obtain a patent even a very long time after the filing of the first application for it (the so-called submarine patents), creating distortions that are easy to imagine. Furthermore, the American system of justice is complex and costly, which makes it very difficult for non-American companies to defend themselves if they are sued by an American company for patent infringement or a United States company is sued for the same offence. The Japanese system also makes it extremely costly to ensure patent protection, and even more costly and uncertain to sue.

14. In itself, the patenting system does not boost research or innovation. A study by F.M. Scherer, Professor of Business Administration at Harvard University, and S.Weibu rst, Professor of Law at the Chicago University, has shown that the introduction in 1978 of the possibility to patent pharmaceuticals in Italy has not boosted research or increased the number of patent applications filed by Italian companies, and says that the Italian example could create skepticism regarding the possibility of any significant increase in efforts to develop new pharmaceutical products, even in countries which the TRIPs agreements require to introduce pharmaceutical patents. The same study links the patenting system to innovation, and should lead to a debate on the fact that under certain situations patenting is an essential condition for technological development, but it is not a sufficient condition in itself.

15. It is therefore necessary to focus on the fact that the patent is important to a company only to the extent that it can be flexibly adapted to the needs of that company.

16. The need for a Community patent covering the whole of the European Union (currently 15 countries, and eventually rising to over 20) nevertheless seems to be more of a political requirement today than a practical necessity.

17. This is mainly because of two problem areas which were brought out particularly clearly in the Green Paper on the Community patent and on the patenting system in Europe published by the European Commission in 1997:

a) the judicial system, and
b) the high costs, particularly for translation.

18. The first problem, whose solution is not easy, is that Europe does not have a single system to provide judicial remedies in the event of disputes.

19. As far as the Community patent in particular is concerned, it would not be appropriate to prevent national courts from declaring patents to be null and void, as the Green Paper itself suggests. Furthermore, it does not seem to be a realistic proposition to have all annulment proceedings concentrated in a future division to be created at the European Patent Office in Munich, both because of the huge caseload and the extremely long drawn-out proceedings before a decision is taken.

20. Secondly, having all the proceedings for granting, opposing, appealing and also annulling previously granted patents handled by one and the same office does not appear to be consistent with the European judicial system.

21. For these reasons, the system provided by the Luxembourg Convention, whereby only a small number of specialized courts would exist in each country, is an adequate response to solve the problem of speed and harmonization.

22. However, the system could be changed for handling appeals. There could usefully be a common Court of Appeal, which could comprise several divisions, with a bench comprising justices from several member States and the possibility of holding hearings in different countries on a case-by case basis.

23. With regard to a further appeal on points of law, the European Court of Justice already exists for this purpose.

24. The "litigation" working group that was set up following the Paris Intergovernmental Conference to reform the European patent system (June 24-25, 2000) has come up with a proposal to be submitted to the forthcoming London Intergovernmental Conference (October 17-28, 2000). The proposal envisages a future common entity with similar functions to those of the common Court of Appeal I referred to earlier, even though this might still come up against obstacles by a number of national constitutional systems.

25. The second main problem, which has major political and cultural implications, is the question of the languages used: five are needed for the Community patent (English, French, German, Italian and Spanish); this has certainly been partly responsible for the stalled negotiations in Brussels; three languages are required in the new reformed European patent system (English, French and German).

26. For the latter it has been calculated that translating the patents from one of the three official EPO languages into national languages of designated countries accounts for about 40 percent of the total cost of a patent.

27. These problems do not exist, of course, in the United States, where the patent issued by the United States Patent Office (USPTO) is written in only one language and, in the event of a dispute, the matter is addressed by one single judicial system.

28. About two years ago, UNICE (Union of Industrial and Employers' Confederations of Europe) realizing these difficulties, decided to sensitize the governments of some highly industrialized European countries, particularly France, to the need to examine the possibility of carrying out a radical overhaul of the European patenting system in order to try to eliminate, or at least narrow, the gap.

29. At the initiative of France, a Conference of representatives of EPO member Governments was convened in Paris on June 24-25, 1999. It identified a number of problems relating to the reduction of translation costs and the establishment of a single judicial system to deal with disputes.

30. Two special working groups were set up, one on cost reduction and one on litigation, which came up with a series of proposals that will be examined at the second Intergovernmental Conference to be held in London on October 17-18, 2000.

31. In view of the great sensitivity of the problems involved which touch on the very substance of the issue and therefore have undoubted political implications, it is difficult to predict the outcome of the London conference as things stand today, partly because of the

reluctance of some governments (particularly those in southern Europe) to sign a document which only makes provisions for three languages (English, French and German) and excludes such others as Spanish and - as far as my country is concerned - Italian.

32. As far as the single judicial system is concerned, however, the outcome of London will still fall far short of the target set by UNICE, because of the various difficulties due to the different national systems.

33. But even though the outcome of London is still uncertain, the whole exercise aimed at improving the European patent system has had the positive consequence of relaunching the Community patent. It is worth recalling that in 1998 the EC Commission published the Green Paper on the Community patent and patenting system in Europe ahead of the draft regulation to address these difficulties. In the Green Paper it drew the attention of the governments of the 15 EU member States to the complexity of the European patenting system created by the co-existence of not only national patents, but also the European and the Community patents, once the latter had come into force.

34. It might be therefore useful to see how the European and the Community patents relate to each other.

35. The Community Patent Convention provides that in the matter of disputes, the Community patents shall be managed by the European Patent Office, which will be required to adapt its internal structures to enable it to cooperate in the near future with the Community patent system.

36. At the forthcoming conference for the revision of the European Patent Convention which will be held in Munich on November 20-29, 2000, one of the initiatives that will be taken is to admit the EC Commission as a new member of the Organisation.

37. This issue was debated at the last meeting of the EPO Administrative Council at Limassol (Cyprus) last June. On that occasion it was quite evident that, because of the membership of the 15 EU countries of the Munich Organisation, and in view of the enlargement of the European Union and EPO to Eastern Europe, the latter could be considered today as the first step - with regard to the patent system - for new countries wishing to join the European Union.

38. Another major aspect of this issue is given by the question of the protection of biotechnology inventions, on which common stance has already been adopted both in Munich and in Brussels.

39. On June 16, 1999 the EPO Administrative Council decided to modify the Regulation implementing the European Patent Convention by inserting biotechnological inventions into a new Chapter of the Munich Convention.

40. Community directive 98/44/EC of July 6, 1998 on the legal protection of biotechnical inventions thereby has become a supplementary means of interpretation of rules 23-ter et seq. set out in a new Chapter VI.

41. The complex and controversial area of biotechnology, which is already governed by the above-mentioned directive, even though it has not yet been incorporated into the domestic

legislation of all the 15 member States, marks a significant linkage between Brussels and Munich.

42. This directive, comprising 18 articles and 56 considerations for its interpretation, has taken on board all the 66 amendments introduced by the European Parliament. On November 27, 1997, it was submitted to the Council of Ministers to establish a common stance with qualified majority support following the co-decision-making procedure provided by article 189 B of the EC Treaty.

43. Twelve (12) countries voted in favour, the Netherlands voted against, and Belgium and Italy abstained.

44. The directive is now awaiting ratification by the national parliaments of the 15 EU member countries and it is unlikely to complete its passage quickly in view of the great sensitivity of the subject matter which affects issues relating to ethics and morality where opinions are still widely differing, where they are not contradictory.

45. The purpose of the directive is:

a) to guarantee the free movement of patented biotechnological products by harmonizing the national legislation of the member States;

b) to ensure compliance with the European Patent Convention, the TRIPs accords and the 1992 Rio de Janeiro Biodiversity Convention.

46. In addition to the technical provisions, the directive also covers aspects of relevance to the ethical aspects of patenting living material, and makes a number of important qualifications that bring it into line with what the European Parliament voted through.

47. More specifically:

a) it expressly excludes the possibility of patenting “.....”; it also reiterates the non-patentability of human reproductive cloning, modifying the germinal genetic identity of the human being, and the use of human embryos for industrial and commercial purposes; lastly, it prohibits the patenting of processes to modify the genetic identity of animals unless they have substantial and medical usefulness to humans;

b) it guarantees the rights of farmers to re-sow seeds, and to use breeding animals covered by patents on their own farms without paying costly royalties to the patentees (art. 11);

c) it entitles holders of plant varieties of same obligatory licence when they intend to use a patented plant in order to create a new variety (article 12);

d) every five years the Commission is required to publish a report to announce whether the directive has created any problems in relation to international agreements on the protection of human rights.

48. One point that deserves particular mention is article 3 where a distinction is drawn between an invention and a discovery.

49. Paragraph (1) of article 3 considers as patentable inventions regarding biological material. In practice this means that any type of biological material is patentable under this provision, provided that it is isolated from its natural context, because it is precisely the technical phase of the product which was found in a natural state that makes it possible to patent it.

50. Accordingly, plasmids, genes, gene parts and DNA segments can be patented even if they already exist in nature and have simply been isolated. It should be emphasized that as far as the (partial) genes sequences are concerned, provided that they meet the criterion of industrial use, the industrial application must be of the same sequence or partial sequence and that this should be specifically indicated in the patent application (article 5.3).

51. Article 4 of the directive excludes certain items from patentability of which the most important is the exclusion of plant varieties protected as patents for industrial use because these are protected under the OPOV Convention and Regulation 2100/94 instituting the Community Plant Variety Office.

52. However, this distinction has proven to be rather restrictive as the years have passed because both the concept of variety has evolved and because, with the advent of transgenic varieties, it is always the case that industry produced “genetically modified plants” which could be considered as plant varieties or not.

53. Considering a genetically modified plant to be a plant variety means that it does not qualify for protection by the patent for an industrial invention.

54. From this point of view the directive has introduced a criterion which seems to solve the issue, even though it has to be successfully put to the test in practice. Plant varieties as such are excluded from patentability according to article 4 (1).

55. In practice, if the introduction of a gene transforms one variety into another variety, the latter can essentially be deemed a derived variety and is therefore governed by Regulation 2100/94. If, conversely, the possibility of introducing a gene into a vegetable organism creates a "plant", which cannot by this token be considered a "variety", the latter can be protected by an industrial invention patent.

56. These would appear to be the main features of the Community directive on biotechnology inventions, which are now incorporated into the Munich European Patent Convention.

57. In view of the complexities of the problems involved in both the European and the Community patents, from another point of view one may perhaps conclude, looking ahead, that if the European patent is the first step towards establishing a common regional patent, the need for one single document and one single judicial authority, which the Munich-based EPO cannot yet today guarantee, should pave the way for the Community patent to become the necessary target for an eastward extended European Union.

58. Knowing the magnitude, and the political implications, of this issue, but also under pressure from big business in Europe (UNICE), the French government convened an Intergovernmental Conference in Paris to reform the European patent system and subsequently, under the French Presidency, a meeting in Brussels of a group of experts on industrial property, demonstrating France’s intention to relaunch the Community patent.

59. From the French point of view, just as there exists a Community trademark, the EURO and other European achievements, the Community patent also could thereby take its place as an important piece in the construction of a united Europe.

60. In conclusion, what can European inventors and European industry look forward to in the immediate future?

61. On the assumption that any technological innovation is to be considered an economic good, and consequently requires full protection, a strong European patent that is able to face international competition could be a valid alternative to other strong patents as those of the United States, Japan and other highly industrialized countries.

62. Further efforts are likely to be made to overcome some of the difficulties I have just mentioned concerning both the European and the Community patents.

63. In the digital age, the language problem can be hopefully soon overcome by modern automatic systems of translation and this will certainly contribute to a substantial cost reduction.

64. As far as the appropriate single judicial system is concerned, it is already possible to think in terms of using the common entity, which will be discussed at the forthcoming London Conference for the reform of the European system as a possible solution to this problem.

65. It is certainly wishful thinking, but in my opinion it is the only way open to Europe to make its patent competitive.

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