

# Different 'Rules of the Game'

## Impact of National Court Systems on Patent Litigation in the EU and the Need for New Perspectives

by **Tamar Khuchua\***

**Abstract:** "It seems that the jurisdiction in which a case is litigated has a significant impact on its outcome," professor Lemley has addressed the issue of forum shopping in the US and internationally, and claims that the venue of litigation defines the case outcome. Indeed, patent litigation is highly diverse especially in Europe. This is mainly derived from the following reasons – more globalised Innovation and R&D results in increased cross-border enforcement with some inherent challenges. In addition, the existence of different sets of rules and different national courts that hear the patent infringement and invalidity cases in each European state makes the litigation process quite complex. The country-specific characteristics of patent litigation are considered as an impediment for the development of harmonised EU patent law. Both patentees and alleged infringers, depending on the litigation venue, face legal un-

certainties and encounter different outcomes even when the same patented invention is concerned. In light of these differences in national systems and judicial practices, the European Commission in its 2017 Communication Paper on 'A balanced IP enforcement system responding to today's societal challenges', urged the Member States to set up effective mechanisms for IPR enforcement or to improve already existing systems. The article, looking at the specific examples of national judiciaries, outlines the differences between the enforcement mechanisms and case law across the Member States, it discusses the impact of the cross-border patent enforcement in the EU, and finally, it suggests possible solutions on an institutional and methodological level for European judiciary aiming at elimination of fragmented patent litigation and fostering an innovation eco-system in the EU.

**Keywords:** Patent litigation; fragmentation of patent litigation; divergent decisions; national patent courts; Unitary Patent Package (UPP); Unified Patent Court (UPC); judicial harmonisation; European guidelines; specialised courts; specialised tribunals; European Union (EU)

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### A. Introduction

1 This article draws special attention to the issue of patent litigation in Europe and puts forward the possible solutions for harmonising the judicial practices in the EU. The article introduces the issue starting from the historical developments of the functioning of the judiciary in Europe in the field of patent law to today's reality. The analysis demonstrates the differences amongst the courts and divergences in the case outcomes. This is first done

by highlighting the courts' structural differences in the field of patent law amongst the main European jurisdictions (Germany, France and the UK), then the approach towards the scope of the patent including the doctrine of equivalents is scrutinised as these are usually one of the main areas of patent law where the courts disagree with each other and have historically had different approaches. Following the general analysis, the article moves on to the examination of specific examples from the case law, particularly concerning the divergent outcomes in relation to patent infringement and validity.

- 2 Having analysed the “state of the art” for patent litigation as it stands in today’s EU court system, the possible implications are speculated for the IP eco-system. In particular, it is argued that the fragmented litigation has a considerable impact on the legal certainty for the patent litigants and possible competitors in the field of innovation. Such a system also requires extra costs and time which is especially burdensome for resource constrained litigants. Divergent case outcomes also affect the integrity of the EU internal market, and finally uncertainty makes Europe, as a litigation venue, less competitive for holding and enforcing patents; in other words, the European courts’ competitiveness is questioned on an international arena.
- 3 The last two sections are dedicated to the possible solutions on a legislative and judicial levels through the institutional and methodological tools. In particular, how harmonisation can be advanced by implementing the EU unitary patent package (UPP) and operating the Unified Patent Court (UPC) in the EU, it is also worth discussing the areas of substantive patent law that have been harmonised while the rest still remains rather diverse. In case coming into force of the unitary patent package is delayed, another possible solution to overcome the divergences is to promote more structured and cooperative judicial practices in the EU. In this part, the author suggests the methodological approaches that should be established for the EU judiciary in order to ensure that the comparative methods are employed by the European courts when applying the patent law. Finally, in the conclusion it is argued that more structured and at the same time practical tools are needed to ensure the harmonisation of patent enforcement in the EU.
- has been a long-discussed issue in the EU for many decades now - since the discussions revolved around the establishment of the unitary patent system for Europe in 1949.<sup>2</sup>
- 5 Practice shows that cases concerning infringement and/or validity of the same patent heard at several national courts often have substantially conflicting outcomes.<sup>3</sup> Most of the time, courts tackle the issue of the scope of already patented invention differently. Before the entry into force of the European Patent Convention (EPC), the different national courts in Europe had different approaches and methods as to how to interpret the scope of the patent. For example, in the UK, to determine the scope of the patent, the courts looked at the patent claims and interpreted them with the strict and literal approach, whereas in Germany the claims would be understood as the mere guidance for interpreting the scope of the patent.<sup>4</sup>
- 6 As of today, Article 69 of the EPC states that the scope of the protection conferred by a European patent should be determined by the claims.<sup>5</sup> Apart from this, the Protocol on the Interpretation of Article 69 further explains how the said article shall be interpreted.<sup>6</sup> In spite of the fact that the countries have implemented the provisions of the EPC in their national laws, including Article 69, there still remain divergences in court decisions.<sup>7</sup> Perhaps this can be explained by the historically different approaches towards the patent landscape as a whole. Based on the British and German example it is very well illustrated, in particular, the UK has focused on the promotion of innovation and Germany has focused on rewarding the inventor – the patentee.<sup>8</sup>
- 7 As a result, different case outcomes across Europe have a considerable impact on the European patent system as a whole. The duplication of cases in several countries and fragmentation of court decisions are

## B. Framing the issue

- 4 Due to the fact that in Europe patent litigation takes place on a national basis rather than on a supranational level, several jurisdictions of the EU Member States can become a forum for hearing the case around the same European patent simultaneously.<sup>1</sup> Such a system inherently triggers diversity in the application of legal rules and case outcomes. Fragmented cross-border patent litigation

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1 See: Matthew B. Weiss, ‘Options for Federal Circuit Court derived from German legal structure’ (2015) *The Colombia Science & Technology Law Review*, Vol. XVI, 370.

2 Karen Walsh, ‘Promoting harmonisation across the European patent system through judicial dialogue and cooperation’ (2019) *IIC*, Vol. 50, Issue 4, 408, 411 <<https://doi.org/10.1007/s40319-019-00808-x>>.

3 Katrin Creemers, Max Ernicke, Fabian Gaessler, Diermar Harhoff, Christian Helmers, Luke McDonagh, Paula Schliessler, Nicolas van Zeebroeck, ‘Patent litigation in Europe’ (2016) *Eur J Law Econ.*, <<https://link.springer.com/article/10.1007%2Fs10657-016-9529-0>>.

4 Walsh (n 2) 416-417.

5 Article 69(1), European Patent Convention, of 5 October 1973, Amended by the Act revising the European Patent Convention of 29.11.2000 (European Patent Convention).

6 Article 1 & Article 2, Protocol on the Interpretation on Article 69 EPC of 5 October 1973 as revised by the Act revising the EPC of 29 November 2000 (Protocol on the Interpretation of Article 69 EPC).

7 Walsh (n 2) 421.

8 *Ibid.*

considered to generate unnecessary costs and most importantly legal uncertainty.<sup>9</sup> Thus, harmonisation of the patent laws has been under the spotlight of the IP developments in recent years. There have been a number of legislative steps made for pushing the harmonisation agenda forward. In this sense, the role of the judiciary is significant and it should not be overlooked.

## C. Divergent and fragmented patent litigation

### I. Differences across the judicial systems

- 8 Currently, the patent court system in Europe is very much criticised for its fragmented nature.<sup>10</sup> Differences occur in terms of court systems and structures, size of caseload, and the way of functioning which in turn is reflected in the divergent case outcomes. Differences in legal systems can be illustrated by looking at the biggest jurisdictions in the patent field. In Germany, at the first instance level, there are twelve regional courts (*Landgerichte*) that hear patent infringement cases plus one court that hears only patent validity claims (*Bundespatentgericht*). By contrast, in France, there is only one court (*Tribunal de Grande Instance*) that hears both validity and infringement cases. In the UK, as in France, a centralised system is in place. The only difference with France is that in the UK, depending on the value of the claim, the applicant can address either the Intellectual Property Enterprise Court (IPEC) or Patent High Court (PHC), which is the specialised court of the Chancery Division of the High Court of Justice of England and Wales. IPEC has been created for claims with a lower value and less complexity.<sup>11</sup>
- 9 Even though there are twelve regional courts in Germany, most of the patent infringement cases are heard at the courts of Düsseldorf, Munich, Mannheim and Hamburg.<sup>12</sup> The concentration of cases at some courts in Germany indicates that there must be certain attractions for the claimants in those

courts. Existence of several regional courts implies the exercise of different practices and in turn the possibility for the claimants and potential defendants to choose their most desirable and convenient court. Such attractions might be influenced by the duration of the proceedings; that is, not necessarily issuing the decisions in a rapid manner, but instead the opposite, as sometimes parties would prefer to prolong the entire process in their own favour. For example, when a party seeks a declaration for non-infringement, it is much more convenient to address a court which is reputed as slow. A patentee on the other hand, will try to bring an action to the faster court which is also known for awarding high damages and being more 'patent-friendly'.<sup>13</sup> Another attractive characteristic of a court can be its approach to preliminary injunctions, for example, it seems that the regional court in Hamburg has established a very low threshold for granting the preliminary injunctions, in other words, it has a very soft approach. The reason for not being aligned with the other German courts is that the Court of Hamburg has developed its own rules to look at the criteria and there is no legal mechanism that would forbid such practice.<sup>14</sup>

- 10 Regarding the intensity of patent litigation, Germany is a country with the biggest caseload in the field of patents, not only compared to the jurisdictions of France and the UK,<sup>15</sup> but also other European countries. According to consistent statistics, Germany hears more patent cases than all the other European courts taken together.<sup>16</sup>
- 11 The most obvious example of structural differences amongst the observed jurisdictions is that the German system offers the bifurcation mechanism, which allows for dividing the infringement and validity issues within one pending case. It is discussed whether such a bifurcated system is, in fact, efficient and functional for today's reality. An obvious advantage of the separate courts hearing the validity issues is that deciding upon the validity of a patent is usually related to complex technical matters, such as interpretation of the patent claim construction, this requires special technical expertise and solid patent experience, therefore, a specialised court is well-equipped for handling this task.

9 See on this point: Bruno Van Pottelsberghe, 'Lost property: The European patent system and why it doesn't work' (29 June 2009), *Bruegel Blueprint Series No. 9*, [Policy Paper]; Stuart J.H. Graham, Nicolas Van Zeebroeck, 'Comparing patent litigation across Europe: A first look' (2014) *Stanf Tech Law Rev* 17, 655; See also, Cremers, Ernicke, Gaessler, Harhoff, Helmers, McDonagh, Schliessler, Van Zeebroeck, (n 3).

10 Cremers, Ernicke, Gaessler, Harhoff, Helmers, McDonagh, Schliessler, Van Zeebroeck, (n 3) 2.

11 *Ibid*, 12.

12 *Ibid*, 13.

13 'Assessment of the impact of the European patent litigation agreement (EPLA) on litigation of European patents', European Patent Office acting as a secretariat of the Working Party on Litigation, February 2006, 3-4.

14 Interview conducted on 23 November 2018 with the patent lawyer in Germany.

15 Cremers, Ernicke, Gaessler, Harhoff, Helmers, McDonagh, Schliessler, Van Zeebroeck, (n 3) 22.

16 *Ibid*.

- 12 However, opponents argue that bifurcation as a whole might create situations when the patent is found to be infringed at the infringement court and later it is invalidated by the validity court. This can occur especially because the court examining whether the patent is valid or not usually needs more time for conducting examination compared to the infringement court.<sup>17</sup> Another downside of the bifurcated system is a quite contradictory situation for the patent holder who ascertains in the infringement court that his patent confers very wide protection and thus the alleged infringing product falls under the scope of the patent. While on the other hand, at the validity court the patentee is rather claiming the narrow patent scope in order to maintain the patent valid. This situation is well illustrated by an Italian professor Mario Franzosi who uses the Angora cat metaphor to describe the patentee. In particular, when validity is challenged, the cat is cuddly, small, and its fur is smoothed down, whereas when the cat goes on the attack and claims the infringement his fur bristles, it is twice the size with teeth bared and eyes ablaze.<sup>18</sup> Thus, the bifurcation system has its downsides and is considered to be outdated by some practitioners.
- 13 At first sight one might think that these differences amongst the judicial bodies, in this case illustrated by three major jurisdictions in Europe, are formalistic, however, the reality is that formal differences very often translate into the differences in the case outcomes which eventually are the main product of the court, especially for the patent litigants involved in the litigation.

## II. Interpretation of the scope of the patented invention

- 14 Scope of the patent is the core point of patent disputes; therefore, it is worth scrutinising this issue specifically as well as the different approaches applied by the courts. When dealing with patent infringement cases, judges encounter very complex and sophisticated technological issues.<sup>19</sup> As the main task, they have to observe the scope of the protection that the patent confers for the particular invention. In doing so, judges examine the patent claims in order to conclude whether the alleged infringer has indeed stepped into the territory of the protected field. Most of the time, this is the issue where courts

differ from each other.<sup>20</sup> At the same time, it must be noted that determination of the patent scope is one of the most important tasks for the courts when deciding on the possible infringement or validity of a patent because enforcement of patents defines the value of the patented inventions on a market place. Apart from this, valuable information is communicated to the competitors, this, in turn, might determine the innovation activity amongst the market participants in the same field.<sup>21</sup>

- 15 Controversies concerning claim construction are well illustrated in the approach the courts have taken in relation to the doctrine of equivalents. Article 2 of the Protocol on the Interpretation of Article 69 EPC states “for the purpose of determining the extent of protection conferred by a European patent, due account shall be taken of any element which is equivalent to an element specified in the claims.”<sup>22</sup> However, in the UK, the doctrine of equivalents was not very welcome. According to UK judges, if the doctrine allowed the patentee trying to monopolise the invention to extend his protection beyond the claims to something which substantially has the same function and substantially reaches the same result, in other words, the equivalents, the problem with this would be that once the protection goes beyond the claim it becomes vague where the line should be drawn.<sup>23</sup> On the other hand, in Germany, more attention was paid to what the average person skilled in the art could discover from patent claims and the solution used in the alleged infringement to achieve the same result.<sup>24</sup>
- 16 The scope of the patent is not a stand-alone issue and cannot be addressed in isolation. Determination of the patent scope is very much related to the patentability of the inventions in the first place. The issues around the inventions which are closely related to the public order and morality are especially delicate. Even though Article 53 of the EPC<sup>25</sup> provides for the exceptions for the patentability of some inventions which might be against ‘*ordre public*’ or morality, the understanding of these concepts differs from one country to another. For instance, the patentability of an invention which results from the destruction of human embryos was not understood in the same way until the Court of Justice issued its judgement in the famous *Brüstle* case.<sup>26</sup>

17 Ibid, 5.

18 <<https://court-appeal.vlex.co.uk/vid/-52560387>>.

19 Xavier Seuba, ‘Scientific complexity and patent adjudication: the technical judges of the Unified Patent Court’, in Ch. Geiger, C. Nard, X. Seuba (eds.), *Intellectual Property and the Judiciary*, 2018, 266.

20 Walsh (n 2) 412.

21 Graham, Van Zeebroeck (n 9) 707.

22 Article 2, Protocol on the Interpretation of Article 69 EPC.

23 *Kirin-Amgen Inc & Ors v. Hoechst Marion Roussel Ltd & Ors* [2004] UKHL, para. 39.

24 *Formstein (Moulded Curbstone)* [1991] RPC 597 (In the Federal Supreme Court of Germany) in Walsh (n 2) 420.

25 Article 53, European Patent Convention.

26 Case C-34/10, *Oliver Brüstle v. Greenpeace e.V.* ECLI:EU:C:2011:669. In this case the Court, while

17 Due to the fact that the patents are granted in the industries with substantial impact such as medicine, computer programming or environment, the development of patent law must be carefully evaluated during the entire lifecycle of patents. Hence, both patentability of inventions and the scope of patented inventions already during the enforcement phase have wider implications and can determine not only technological and economic, but also social and cultural standing of the specific country and/or a region.<sup>27</sup> The scope of the protection is most of all tested by the courts whose functioning is essential not only for ensuring the effective justice system but also for determining the entire patent policy. In addition, thorough analytical and consistent approach benefits legal certainty, which is essential for the players on the relevant marketplace.

### III. Examples of divergent outcomes at Member States' national courts

18 When a patent is litigated in different Member States and their respective judicial bodies, the differences in the legal systems and in dealing with the legal issues might have an essential impact on the outcomes of the cases. The national courts differ from each other in terms of the approach they take towards the procedural aspects, preliminary injunctions, and most importantly the substantive issues such as the scope of the patented invention as mentioned above.<sup>28</sup> Therefore, when courts decide whether the infringement has taken place, based on their own understanding of the patent they might reach contrasting decisions, in favour of either the patentee or the alleged infringer even when the parties of the case are the same, as well as the patented invention concerned. The same applies to the situations when the courts need to decide whether the patent is valid or not.

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acknowledging the sensitivity of the issue and multiplicity of traditions and value systems of different Member States, provided the legal interpretation of the legal provision in question (Article 6(2)(c) of the Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions (OJ 1998 L 213, p. 13) and hence provided the guidance regarding the human embryo and how it should be defined. On this point see: Shawn H. E. Harmon and Graeme Laurie, 'Dignity, plurality and patentability: the unfinished story of *Brustle v. Greenpeace*' (2013) *European Law Review* 38(1):92.

27 Dimitris Xenos, 'Unconstitutional supranational arrangements for patent law: leaving out the elected legislators and the people's participatory rights' (2019) *Information & Communications Technology Law*, <<https://doi.org/10.1080.1360834.2019.1592855>>.

28 Luke McDonagh, *European Patent Litigation in the Shadow of the Unified Patent Court*, 2016, 14.

19 One of the most famous examples where different national courts ruled differently from one another is the case *Improver*.<sup>29</sup> The case concerned a patent application before the European Patent Office (EPO) of two Israeli men for an electronic hair removal device targeted at women for cosmetic purposes. EPO had granted the patent which was then validated in the UK and West Germany.<sup>30</sup> Improver Corporation (Improver) marketed the goods under the name 'Epilady'.<sup>31</sup> The Epilady quickly became successful in the contracting states which in turn triggered the competitors to imitate the product.<sup>32</sup> The biggest potential infringer was the American company, Remington, which was famous for producing shaving devices. When Remington entered the British and German markets, Improver sought a preliminary injunction for stopping the marketing of the allegedly infringing product. The English Patents Court dismissed the request for a preliminary injunction, as the court did not find the case as a clear infringement,<sup>33</sup> on the other hand, the German district court (*Landgericht*) granted the preliminary injunction.<sup>34</sup> Thus, the decisions of two national courts already differed at the preliminary level. The circumstances became more interesting once it reached higher instances.

20 The case was appealed in both countries. The court of appeal in England, having considered the decision of the first instance court in Germany, decided to grant an injunction,<sup>35</sup> whereas the appeal court in Germany (*Oberlandsgericht*), having considered the decision of the English court at the first instance level, discharged the preliminary injunction.<sup>36</sup> Finally, when the case was decided on merits, the district patent court in Germany found that there had been an infringement,<sup>37</sup> while the English

29 *UK - Improver Corp. v. Remington Consumer Product Ltd* [1990] F.S.R 181; *Germany - Corp. & Sicommerce AG v. Remington Inc*, Case No 2 U 27/89 (OLG 1991) translated in 24 IIC 838 (1993); *Netherlands - translated in 24 IIC p. 832 (1993)*.

30 *Improver Corp. v. Remington Consumer Products Ltd.*, [1989] R.P.C. 69, 71 (Eng. C.A. 1988).

31 *Ibid*, 72, in John P. Jr. Hatter, 'The Doctrine of Equivalents in Patent Legislation: An Analysis of the Epilady Controversy' (1995) 5 *IND. INT'L & COMP. L. REV.* 461, 475.

32 *Improver Corp. & Others v. Remington Consumer Products Ltd. & Others*, [1990] F.S.R. 181, 184 184 (Eng. Ch. 1989) in Hatter (n 31) 476.

33 *Improver Corp.*, [1989] R.P.C. at 73, in Hatter (n 31) 476.

34 *Improver Corp. & Sicommerce AG v. Remington Products Inc.*, 21 *INT'L. REV. OF INDUS. PROP. & COPYRIGHT LAW* 572, 573, in Hatter (n 31) 476.

35 *Improver Corp.*, [1989] 1 R.P.C. at 81, in Hatter (n 31) 476.

36 *Improver Corp. & SicommerceAG v. Remington Products Inc.*, 21 *INT'L. REV. OF INDUS. PROP. & COPTRIGHT LAW* 572, 579, in Hatter (n 31) 476.

37 *Improver Corp. & Sicommerce AG v. Remington Products Inc.*, Case No. 2 U 27/89 (OLG 1991) translated in 24 *INT'L. REV. OF INDUS. PROP. & COPYRIGHT LAW* 838, 839 (1993), in Hatter (n 31) 477.

patents Court stated that Remington had not infringed Improver's patent.<sup>38</sup>

- 21 *Improver* is a landmark case when it comes to divergent decisions of the national courts who had the same facts, the same parties and the same patent at hand and yet reached conflicting outcomes. This took place whilst having the Protocol on the interpretation of Article 69 of the EPC, which supposedly were applied, yet the outcomes differed.<sup>39</sup>
- 22 The doctrine of equivalents was one of the issues where the UK courts have had a different opinion from the other European courts. Simply put, the doctrine was not recognised in the UK until recently. In the *Improver* case, the House of Lords when coping with the variants, stated that it first had to be asked whether the change had made the difference for the functioning of the invention. After this, it should have been determined whether such a change would have been obvious for the person skilled in the art at a time of the publication. Last, the patentee's point of view must have been taken into consideration, in particular, whether the patentee had intended the literal understanding as to the prerequisite for the invention.<sup>40</sup>
- 23 On the other hand, in Germany, as can be seen from the case law, the doctrine of equivalents is recognised and slightly different questions are asked in order to decide whether the allegedly infringing product, in other words, a variant, is equivalent to the invention protected by patent.<sup>41</sup> In the case *Schneidmesser*, the specific questions were framed for completing this exercise, in particular:

*“Does the modified embodiment solve the problem underlying the invention with means that have objectively the same technical effect? ... If the first question ... has to be answered in the negative, the contested embodiment is outside the scope of protection. Otherwise we have to ask the second question: Was the person skilled in the art, using his specialist knowledge, able to find the modified means at the priority date as having the same effect? ... If the second question ... has to be answered in the negative, the contested embodiment is outside of the scope of protection. Otherwise we have to ask the third question ... Are the considerations that the person skilled in the art had to apply oriented to the technical teaching of the patent claim in such a way that the person skilled in the art took the modified embodiment into account as being an equivalent solution?”<sup>42</sup>*

38 *Improver Corp. & Others*, [1990] F.S.R. at 195, in Hatter (n 31) 477.

39 See on this point, Hatter (n 31) 475-490; Walsh (n 2) 421-422.

40 Walsh (n 2) 419.

41 *Ibid*, 422.

42 *Ibid*, 420-421.

- 24 In France, the Doctrine of equivalents is oriented on the purpose; hence, if the two variants are used to reach the same effect they are considered as equivalents. However, the intent of the patentee or the obviousness in the eyes of the person skilled in the art is not taken into consideration.<sup>43</sup>
- 25 Overall, the *Improver* case is not an isolated example of divergent decisions. Such decisions can be found in even more recent cases. For example in another case, *Novartis AG and Cibavision AG v. Johnson & Johnson*,<sup>44</sup> the different decisions were made in relation to the validity of a patent in France and the Netherlands on the one hand and in the UK and Germany on the other hand. The case concerned a European patent for contact lenses. The courts in France and the Netherlands decided that the patent was valid, while the German and British courts held that the patent was invalid.<sup>45</sup> In a famous case *Document Security Systems v. European Central Bank 2008*<sup>46</sup> which concerned the Document Security System's banknote anti-forgery technology patent, several European courts were involved who issued different decisions in relation to the validity of the patent concerned. The German Federal Patent Court held the patent valid. However, the French court – *Tribunal de Grande Instance de Paris* disagreed with the German court and held the patent invalid. As did the English courts. Meanwhile, the Dutch court agreed with the German court holding the patent valid.<sup>47</sup>
- 26 Another interesting case with contrasting decisions is *Pozzoli v BDMO SA 2007*.<sup>48</sup> The case concerned the form of packaging for multiple CDs which involved partially overlapping discs but with the offset axes in order to separate the discs from each other. Pozzoli brought the lawsuit for patent infringement, however, the defendants argued that the patent was not valid as the idea of a container with overlapping discs was obvious for the person skilled in the art. In the UK, the Court of Appeal scrutinised the issue of inventive step and concluded that the patent merely covered an old idea even if it was thought not to work, therefore, a patent had not contributed to the human knowledge by something new and should have been revoked.<sup>49</sup> On the contrary, in Germany,

43 *Ibid*, 422.

44 *Novartis AG and Cibavision AG v. Johnson & Johnson Medical Ltd and others* [2010] EWCA Civ 1039.

45 Stefan Luginbuehl, *European Patent Law: Towards a Uniform Interpretation*, 2011, 10.

46 *Document Security Systems v. European Central Bank* [2008] EWCA Civ 192.

47 See on this point: Blogpost, <<http://ipkitten.blogspot.com/2008/03/court-of-appeal-for-england-and-wales.html>>.

48 *Pozzoli v BDMO SA* [2007] EWCA Civ 588.

49 More on this point see: Ana Georgian Alba Betancourt, 'Cross-Border Conflicts of Patents and Designs: a study of multijurisdictional litigation and arbitration procedures'

the same patent was held valid.<sup>50</sup>

- 27 The case *Coner v Angiotech*,<sup>51</sup> which concerned the European patent owned by Angiotech Pharmaceuticals, Inc. and the University of British Columbia also ended with different outcomes. The patent claim covered the stent coated with the drug, Taxol, for treating or preventing the recurrent narrowing of arteries after corrective surgery. Coner Medsystems, Inc. brought an action to revoke the patent in both the UK and the Netherlands on the grounds of obviousness. Lower courts in the UK, invalidated the patent due to its obviousness, while the Dutch court in Hague, concluded that there was nothing in the prior art that would suggest that Taxol was an obvious choice to treat the restenosis. Later, the House of Lords disagreed with the lower courts in England and by agreeing with the Dutch court found the patent valid.<sup>52</sup>
- 28 A legal battle between *Apple* and *Samsung* has caught everybody's attention, especially because of the number of lawsuits, and of course, because their IP battle took place across several European jurisdictions and at different points in time. It all started when in 2011, Apple sued Samsung for infringement of its multiple patents; only a few weeks later, Samsung sued Apple back and also brought a counterclaim for the initial lawsuit of Apple.<sup>53</sup> Overall, Apple brought sixteen lawsuits against Samsung covering a range of its goods and claiming that Samsung had infringed its IP rights (trademarks, designs and patents).<sup>54</sup> The battle was mainly concentrated in Germany in the court of Mannheim, however, other European (and not only) countries' jurisdictions were also used as a forum.<sup>55</sup> Unsurprisingly, different courts issued divergent decisions. For example, Samsung was granted a preliminary injunction in the Netherlands, while sometime later a court in Germany held Samsung's patent invalid.<sup>56</sup>
- 29 A more recent case, *Actavis UK Ltd & Ors v Eli Lilly & Company*, concerning Eli Lilly's patent covering the use of pemetrexed disodium in the manufacture of a medicine for use in combination with vitamin B12 for the treatment of cancer. The court in the UK had decided whether Actavis's product infringed the patent in question since it did not use pemetrexed disodium but instead pemetrexed diacid, pemetrexed ditrothamine, or pemetrexed dipotassium.<sup>57</sup> In essence, the court had to examine whether the variant was infringing the patent indirectly, which again brought the doctrine of equivalents into play. The English, German, French, Italian, Spanish and Dutch courts heard the case. Until it reached the Supreme Court in the UK, the courts of first instance and the court of appeal in the UK concluded that since there had been no doctrine of equivalents in the UK, the infringement by Actavis had not taken place. The Supreme Court of the UK changed the precedent, which also brought together the English understanding of the doctrine of equivalents and application of the protocol on the interpretation of Article 69 with the other European jurisdictions. This case is especially interesting from the judicial harmonisation point of view which will be discussed below as well.<sup>58</sup>
- 30 Overall, the number of cases heard at several European jurisdictions is quite impressive which results in divergent case outcomes creating a lot of challenges for the litigants. It can be concluded that such diversities stem from the "different rules of the game" existing in different European jurisdictions.<sup>59</sup> Such a system does leave its mark on the entire European patent system.

## D. The Impact of fragmented litigation on the IP eco-system in the EU

- 31 Obviously, fragmented litigation has its implications on the development of IP law in general but most of all, duplication of cases and inconsistent outcomes create legal uncertainty for the litigants involved in the patent field as well as other market participants. Inconsistency also creates barriers for the functioning of the internal market as the patented products which are supposed to benefit from the free flow inside the EU market might be treated differently in different countries. This is because a patent for the invention might be considered as valid in the court of one Member State while the same patent is held invalid in another Member State, leading to

(2014) doctoral thesis, Queen Mary University of London, 56; Blogpost: <<http://ipkitten.blogspot.com/2007/06/dealing-with-technical-prejudice-and.html>>.

50 *Pozzoli v BDMO SA* [2007] EWCA Civ 588, paras. 73-75.

51 *Angiotech Pharmaceuticals Incorporated and others v. Coner Medsystems Incorporated* [2007] EWCA Civ 5.

52 See more on this point: European Patent and Trade Mark Attorneys Bulletin, 'A step towards uniformity in Europe?', July 2008.

53 Don Reisinger, 'A look back at the great Apple-Samsung Patent War', (2014), *eWEEK News*, 3-4, <<http://www.eweek.com/mobile/slideshows/a-look-back-at-the-great-apple-samsung-patent-war.html>>.

54 Patel, N. April 19, 2011. Apple sues Samsung: a complete analysis. *The Verge*. <<http://www.theverge.com/2011/04/19/apple-sues-samsung-analysis>>.

55 Reisinger (n 53) 7-9.

56 Graham, Van Zeebroeck, (n 9) 657.

57 Walsh, (n 2) 434.

58 *Actavis v. Eli Lilly* [2017] EWCA Civ 555.

59 Graham, Van Zeebroeck, (n 9) 657.

the banning of the product from the market in the territory of that EU Member State.<sup>60</sup>

- 32 For those who are involved in patent litigation in Europe, such a fragmented system is believed to create an additional burden in terms of costs associated with litigation in several countries and at several forums, which is also time-consuming.<sup>61</sup> It must be noted at the same time that due to the lack of data, it is impossible to display the exact figures as to how the litigants' financial standing is specifically affected by the fragmented patent litigation.<sup>62</sup>
- 33 Considering the European goals regarding reaching the maximum level of harmonisation in most of the sectors of economy and law including the intellectual property field, existing court system definitely cannot be considered ideal - a system which would fulfil the goal of uniformly understanding and applying the law. However, the enforcement phase of patents cannot be taken in isolation as patents are not inherent rights and they are granted in the first place. Therefore, such a different understanding by the courts might be derived from the fact that the mechanism for the patent grant phase itself is also imperfect. Granting the bundle of European patents at EPO for the moment seems to be the best solution, however, it must be said that there are differences in the validation procedure of the patents in different Member States, which already create inconsistencies from the start. For instance, a patentee who has designated different Member States for validating the patent may have to pay different fees depending on the patent office of a Member State. In most of the countries the validation fees are fixed with some exceptions where there are no validation fees at all.<sup>63</sup> The patentee may also need to provide the translation of patents in the language of the country

where the protection is sought. Translation costs are also different depending on a state, for example translating into Nordic languages (Swedish, Danish and Finnish) is more costly compared to the central European languages (Dutch, Spanish, Portuguese and Greek) and there are no fees in the countries where official languages are English, German and/or French.<sup>64</sup> These types of differences define the behaviour of the patent holders and also reflect the statistics in terms of patent validations. For small companies it can also be rather burdensome in terms of costs and time to seek the validation in different Member States.<sup>65</sup>

- 34 In a broader perspective, by looking at the European patent court system as a service offered on an international scale, it should be remembered that fragmentation of litigation might be the disincentivising factor for international companies to hold European patents and then enforce them in Europe, especially for the small and medium-sized companies whose budget is usually limited. Therefore, for fostering the general innovation climate in Europe, overcoming uncertainties has been and still is one of the goals of European patent law, both on legislative and judicial levels. This will be addressed in the next two sections, with a particular focus on what has already been done, but more importantly, what more can be done.

## E. Harmonisation through the legal instruments

### I. Attempts of institutional changes in the EU

- 60 Sir David Kitchin, 'Introductory remarks: a judicial perspective', in Justine Pila and Christopher Wadlow (eds.), *The Unitary EU Patent System*, 2015, Studies of the Oxford Institute of European and Comparative Law, 2; McDonagh (n 28) 15-16.
- 61 Ibid, 16; See also, Victor Rodriguez, 'From national to supranational enforcement in the European patent system' (2012) *European Intellectual Property Review*, 3.
- 62 In their study Cremers, Ernicke, Gaessler, Harhoff, Helmers, McDonagh, Schliessler, Van Zeebroeck, (n 3) carried out empirical research of four major European jurisdictions (the UK, Germany, France and the Netherlands) and identified that there are substantial differences in the caseloads, that there is big pile of cases litigated in different European states and that there are inconsistencies in the decisions. However, the study does not cover the economic aspect, namely, how much the fragmented litigation costs for the litigants.
- 63 E.g. Belgium, Switzerland, Luxembourg, Monaco and the UK do not charge for validation. See in this regard, Dietmar Harhoff, Karin Hoisl, Bettina Reichl, Bruno van Pottelsberghe de la Potterie, 'Patent validation at the country level, The role of fees and translation costs' (2009) *Elsevier*, 1428.

- 35 Apart from the non-EU instrument, the European Patent Convention, which has been implemented in the laws of the contracting member states (including the major EU countries),<sup>66</sup> there have been several attempts made on the EU level to create a union-wide patent. In 1975, the Community Patent Convention was signed in Luxembourg, but it failed to gain the necessary number of ratifications in order to enter into force.<sup>67</sup> The goal of the Convention was to create the autonomous 'Community patent' which

64 See in this regard, *ibid*, 1429.

65 Kitchin (n 60) 2.

66 In the UK, the Patents Act (UK) 1977 implemented the provisions of the EPC into the national law; In Germany, Patents Act was introduced to implement the provisions of the EPC - Patentgesetz in der Fassung der Bekanntmachung vom 16 Dezember 1980 (BGBl. 1981 I S. 1), das durch Artikel 2 des Gesetzes vom 4. April 2016 (BGBl. I S. 558) geändert worden ist (German Patents Act).

67 Walsh (n 2) 411.



would be granted by the EPO and confer Union-wide protection instead of the bundle of national patents with separate validation procedures. The second goal of the convention was to create the EU substantive patent law which already existed to some extent in the Council of Europe's Strasbourg Convention 1963. The last goals of the Convention were to prepare the foundation for supranational patent adjudication.<sup>68</sup> The Convention was concluded more as an international agreement rather than the Community instrument as the European Economic Community did not have the standing to adopt such an instrument at that time. Thus, the convention required the ratification of all Member States at that time, which it failed to gain due to the complex language regime as well as the unclear economic impact for SMEs.<sup>69</sup> The Luxembourg Agreement from 1989 also failed due to similar reasons, in particular, due to the complex language arrangements and costly litigation scheme.<sup>70</sup>

- 36 In the 1990s, the Commission, in response to the public needs and in the context of the developing intellectual property field, initiated the creation of the European patent one more time. Yet, due to the failure of the previous patent convention and Luxembourg agreement, the Commission issued the green paper in 1997 explaining the importance of the patents for innovation and putting emphasis on the cost efficiency of the system.<sup>71</sup>
- 37 In 2000, the European Commission drafted a proposal for the Community patent, however, the negotiations around the community-wide patent were not successful until 2007 when 12 EU Member States established enhanced cooperation<sup>72</sup> amongst themselves soon reaching 26 Member States in total.<sup>73</sup> The Council authorised the enhanced cooperation and in 2012, EU countries and the European Parliament agreed on the 'Unitary Patent Package' which consists of two regulations and one agreement:

- A Regulation creating a European patent with unitary effect (unitary patent);
- A Regulation establishing a language regime applicable to the unitary patent;
- Agreement between EU countries to set up a single and specialised patent jurisdiction (the 'Unified Patent Court').<sup>74</sup>

- 38 The patent package will come into force once it is ratified by 13 countries, including France, the UK and Germany.<sup>75</sup> Up until now France and the UK have ratified the package,<sup>76</sup> however, in Germany, a complaint has been brought before the German Federal Constitutional Court challenging the constitutionality of the proposed system.<sup>77</sup> The complaint was filed by the European patent attorney Dr. Ingve Björn Stjerna. Upon the Court's request, several associations and institutions have submitted their views to the German Constitutional Court concerning this case. According to the report of the German Association for the Protection of Intellectual Property the main concerns of the complaint are: "the (in)compatibility of the UPCA with EU law, breach of the requirement for a qualified majority in parliament, lack of independence of the judges of the UPC and the 'impermissible blanket authorization with regard to procedural costs and their reimbursement'.<sup>78</sup> For the time being, the German Constitutional Court has not yet ruled on this and those associated with the field of the patent law are impatiently waiting for the decision to come. Some academics have anticipated that the Court will decide on the case before the end of 2019, however, there is no clear-cut deadline for the Court and no-one really knows when the decision will be made. Based on information from the German Federal Constitutional Court, since 1998 around 300 constitutional complaints have been decided per year; during the year 2019, only 106 cases had been decided upon by September.<sup>79</sup> Yet it remains unclear whether one of the upcoming decision will be made

68 Justine Pila, 'An historical perspective I: The Unitary Patent Package', in Justine Pila and Christopher Wadlow (eds.), *The Unitary EU Patent System*, 2017, 10-11.

69 Ibid, 11.

70 Ibid, 12.

71 Ibid, 13-14.

72 Title III, (Article 326- Article 334), 'Enhanced Cooperation', Treaty on the Functioning of the European Union allows for enhanced cooperation around a specific area covered by the Treaties with the exception of the exclusive competence and the common foreign and security policy, amongst the limited number of EU Member States as long as they will respect the Union law and the authorising decision on the enhanced cooperation. This mechanism shall also promote the participation of as many EU Member States as possible and should not in any way disrespect non-participating Member States.

73 Kitchin (n 60) 2.

74 Information on unitary patent can be found here: <[https://ec.europa.eu/growth/industry/intellectual-property/patents/unitary-patent\\_en](https://ec.europa.eu/growth/industry/intellectual-property/patents/unitary-patent_en)>.

75 Ibid.

76 Information on the countries who have signed and ratified the agreement on the Unified Patent Court (UPC) can be found here: <<https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2013001>>.

77 Walsh (n 2) 415.

78 'EPLIT, BRAK, GRUR publish view on German complain against ratification UPCA', Kluwer Patent Blog, 2018, <<http://patentblog.kluweriplaw.com/2018/01/25/eplit-brak-grur-publish-view-german-complaint-upca-ratification/>>.

79 <[https://www.bundesverfassungsgericht.de/SiteGlobals/Forms/Suche/Entscheidungensuche\\_Formular.html?nn=5399828&facettedVerfahrensart=bvr&language\\_de](https://www.bundesverfassungsgericht.de/SiteGlobals/Forms/Suche/Entscheidungensuche_Formular.html?nn=5399828&facettedVerfahrensart=bvr&language_de)>.

on the UPC.

- 39 In case the unitary patent package comes into force, the main question still remains – what will it bring, and will it be a solution to the reported problem of divergence amongst the national patent litigation systems?

## II. Unitary Patent Package – what can the system bring?

- 40 First, it must be said that a patent with unitary effect will be a unique concept as the EU title will be granted on the basis of the international convention – the European Patent Convention, meanwhile, the EPO's functions will be untouched. The 'classic' European patents that need validation in different Member States of the EPO, as well as the national patents, will also remain and co-exist with patents with unitary effect.<sup>80</sup> However, the double protection by a classic European patent and a patent with unitary effect will not be possible in the countries participating in the patent package.<sup>81</sup> As for the question of whether the double protection by the national patent and the patent with the unitary effect is going to be possible, this will be left to the national laws. Essentially, the patent with unitary effect can co-exist with the existing national patents, in other words, it is not a replacement but a complementary protection mechanism offering a broader protection.<sup>82</sup> Such a scheme can definitely be used as an argument to state that the problem with the national patents and their litigation loopholes will not be solved automatically when patents with unitary effect will start functioning, simply because the national patents will still be there and will be litigated in their respective Member States of the EPO.
- 41 However, the applicants will have to make a choice between the classic European patents and the patents with the unitary effect. The refusal by the initiators of the patent package of double protection by these two tools must result in certain positive changes. First, the applicants applying for patents with unitary effect will not have to face the burdensome and costly validation procedure, including translation requirements in each designated Member State, but instead acquire the protection at once in all UPP countries. Second, patents with unitary effect will be subject to exclusive jurisdiction of the Unified

Patent Court<sup>83</sup> which means that the applicants, prior to the possible dispute, will already know the venue of the litigation, the rules of the court and the possible costs to be incurred. A centralised system with one exclusive court will definitely eliminate the possibility of parallel litigation and divergent outcomes at national courts.

- 42 It is another question whether the applicants will choose the patents with the unitary protection or opt for classic European patents. This will very much depend on the size of the company and the business intentions. Certainly, if the patentees do not wish to have wider protection, and the fees for the patent with unitary effect exceeds the fees taken together for the limited number of EPC Member States where the validation is desired and sought, most probably the choice will be made in favour of the classic European patents; the same can be said about the renewal fees.<sup>84</sup> It must be added here that actions for infringement and revocation of even the classic European patents will also exclusively be heard at the UPC, unless the opt-out is made during the seven-year transitional period which is possible for the life of the patent.<sup>85</sup> In this case, the European patents will be subject to the jurisdiction of the national courts as it is today. Otherwise, without the opt-out and after the transitional period, European patents will also be under the exclusive jurisdiction of the UPC.<sup>86</sup> Hence, the transitional seven years will most probably be very diverse and even messy as so many layers of courts will be in place, especially in the situations when one party (patentee) of the dispute has not opted out from the system and brings infringement action before the UPC and another party still brings the revocation action before the national court assuming that this is possible, resulting in parallel proceedings at two courts.
- 43 As for the operation of the Unified Patent Court itself, since the court will consist of the central divisions and the local/regional divisions, one of the main challenges of the Court will be to maintain the uniformity amongst its different local courts. This is especially because a new group of judges, which will include the local judges for the local/regional courts, will apply their own traditions and approaches which differ in different jurisdictions as illustrated in the previous sections.<sup>87</sup>

80 Regulation (EU) No 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, Recital 26.

81 Ibid, Recital 8 and Art 4(2).

82 McDonagh (n 28) 111.

83 Article 32, the Agreement on the Unified Patent Court, OJ C175/1, 20 June 2013 (Agreement on the Unified Patent Court).

84 McDonagh (n 28) 117.

85 Article 83, Agreement on a Unified Patent Court.

86 See in this regard: Alan Johnson, 'Looking forward: a user perspective', in Justine Pila and Christopher Wadlow (eds.), *The unitary EU patent system*, 2015, 181.

87 See in this regard: Ibid, 179.

- 44 Another challenge is the issue of forum shopping, in particular, the patentees will have the freedom to choose the division where they will bring the infringement actions due to the fact that the defendant's commercial origin is not always clear-cut and sometimes, for example in case of the existence of several defendants, the claim can be brought basically anywhere. The choice of the court will again depend on the attitude of the court, the local practices, and of course the language.<sup>88</sup> Due to the possibility of forum shopping it can be argued that the patentees are in a privileged position as they get to choose the venue of the litigation. Perhaps the balancing factor should be the elimination of any possibility of divergence amongst the local divisions which will be rather hard at the beginning.
- 45 Thus, it seems that the answers to the question as to what the new system can bring are very complex, as is the question itself. In the abstract, both benefits and some loopholes can be spotted, but one will know more concrete examples when the system will come into the landscape of European patent law in reality.

### III. Degree of EU harmonisation of substantive patent law

- 46 For the moment substantive patent law remains to be left outside the EU legal order and regulated under the national patent laws. However, due to the high importance of biotechnological inventions, the directive on the legal protection of biotechnological inventions was adopted in 1998.<sup>89</sup> The Directive does not replace the national laws of the Member States, however, it solely aims to harmonise the practice around the biotechnological inventions. In particular, the directive concerns the patentability of the inventions; the scope of protection conferred by a patent in respect of biological material; compulsory cross-licensing and filling of biological material. Concerning the Directive, Internal Market Commissioner Frits Bolkestein has said: "A clear and equitable patent regime applied consistently across the EU is crucial if we are to exploit fully the medical, environmental and economic potential of biotechnology in line with high ethical standards. Unless the 1998 Directive is properly implemented Europe's biotech sector will be working with one hand tied behind its back and will fall further and further behind. Of course, biotechnology is one of the fastest changing sectors there is and regulation needs to keep up. That's why we need to continue

to revisit complex issues like stem cell patenting in future reports."<sup>90</sup> Thus, in the biotechnology field, harmonisation on the EU level is in place. The Court of Justice of the European Union also had a chance to give its voice in this area, for example in landmark cases such as *Brüstle*<sup>91</sup> and *International Stem Cell*.<sup>92</sup> For the moment, however, it seems that there are not so many cases that have gone to the court; if we insert the name of the directive and search for the judgments in the *Curia*<sup>93</sup> database for the CJEU's case law, only seven judgments emerge.

- 47 Two Regulations on supplementary protection certificate in the field of pharma and plant products have also been adopted.<sup>94</sup> Supplementary protection certificates legislation was aimed at creating *sui generis* rights similar to patents that would compensate the patent holders for the potential time loss incurred in the field of pharma and plant product. This was done since the new products in these two areas are subject to long and complex regulatory procedures before receiving the authorisation to commercialise the products. Having established the standards, the EU legislator harmonised the requirements in order to eliminate the divergences amongst the national legislations and therefore to guarantee the functioning of the internal market. By creating such a system, the EU legislator also tried to improve the competitiveness of Europe in terms of research in these two fields on an international scale.<sup>95</sup>
- 48 In spite of a certain level of harmonisation in two very specific fields, in general patent law largely remains under the control of national legislative and judicial mechanisms. Even more, when applying the patent laws national judges do play a vital role in the development of patent law, thus, the next section scrutinises the role of the judicial mechanisms, both at the national and the EU level in terms of current standing and future possible developments for overcoming the divergences. As witnessed from the

88 Ibid, 184-185.

89 Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions.

90 European Commission Report, IP/02/1448, 2002, <[http://europa.eu/rapid/press-release\\_IP-02-1448\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-02-1448_en.htm?locale=en)>.

91 Case C-34/10, *Oliver Brüstle v. Greenpeace e.V.* ECLI:EU:C:2011:669.

92 Case C364/13, *International Stem Cell Corporation v. Comptroller General of Patents, Designs and Trademarks*, ECLI:EU:C:2014:2451.

93 <[Curia.europa.eu](http://Curia.europa.eu)>.

94 Council Regulation (EEC) No 1768/92 of 18 June 1992 concerning the creation of a supplementary protection certificate for medicinal products; Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 concerning the creation of a supplementary protection certificate for plant protection products.

95 European Commission, Max Planck Institute for innovation and Competition, 'Study on the legal aspects of supplementary protection certificated in the EU', final report, 2018, 2.

previous sections numerous differences still exist.

## F. Harmonisation through enhancement of judicial mechanisms

### I. Relationship between the national courts

49 Dealing with the divergences does not only take place through the harmonisation of legislation, but it also happens on a judicial level. Even if the patent package does not come into force, there can be certain cooperation mechanisms that enhance cooperation amongst the courts, either through the informal channels or on an EU-institutional level; these issues are discussed in this and the following subsections, respectively.

50 Especially in today's world when access to information is relatively easier and communication tools are also more advanced, it seems that national courts and, in particular, judges can cooperate more. Such cooperation first of all benefits homogenous decision-making in patent law.

51 It is very often discussed that patent law is, in fact, a judge-made law. The judge Sir Robin Jacob says that the judges should be increasingly willing to consult each other for a more coherent understanding of patent law.<sup>96</sup> He further states: "...we should do our best to find out how colleagues in other countries actually go about their jobs. In the real world procedural law is not just some sort of handmaiden to substantive law: it determines most of what happens. So we must all try to learn what we each do – and indeed what part lawyers, experts, and others play in the differing judicial procedure across Europe. Only by better understanding of the strengths and weaknesses of our various national procedures will we be able to help produce, when the time comes, a really good European procedural code. There are all sorts of ways of learning – I mention just one: I extend to welcome to any and all of you to come and see the Patents Court in London if ever you are there..."<sup>97</sup>

<sup>96</sup> Sir Robin Jacob, 'The relationship between European and national courts in intellectual property law' in Justine Pila and Ansgar Ohly (eds.), *The Europeanization of Intellectual Property Law: Towards a European legal methodology*, Oxford Scholarship Online, 2013, 190.

<sup>97</sup> Ibid.

52 Indeed, consultations between the judges have become rather common. This is especially true for English, Dutch and German judges.<sup>98</sup> For example in the case *Grimme v. Scott*,<sup>99</sup> the judge highlighted the importance of taking into consideration the judgements of other national courts. In particular, during examining the case at hand and researching on the patent, the court decided to ask the colleagues in Germany and in the Netherlands whether they had already dealt with the analogue case.<sup>100</sup> The same practice was followed in a recent case *Schütz v. Werit*,<sup>101</sup> where the judge stated that the decisions of the German courts should have been considered as Germany is also a contracting state of the EPC.<sup>102</sup> In the UK, advocates are also encouraged to present similar cases that were decided in other countries to support their arguments.<sup>103</sup>

53 Perhaps the most illustrative example of judicial harmonisation is the case *Actavis v. Eli Lilly*,<sup>104</sup> where the Supreme Court of the UK introduced the doctrine of equivalents in order to ensure the compliance with the Protocol on the Interpretation of Art 69 EPC.<sup>105</sup> The Court essentially changed its understanding of claim construction and stated that the previous interpretations of the lower instance courts had been wrong. The Court established a new test for determining whether the variant of an invention infringes the patent or not.<sup>106</sup> In this case, the Court examined the approach of the German and French courts, which once again proves that the British court tries to bring the practices together.<sup>107</sup>

54 Courts in Germany also promote the consideration of decisions of other national courts. This was formally stipulated for the first time in the case *Zahnkranzfräser*.<sup>108</sup> In a later case *Walzenformgebungsmaschine*,<sup>109</sup> the German Supreme court stated that in case the court deviates from the judgment of another national court, it should provide the reason for doing so. Such a requirement considerably pushes forward the harmonisation as 1. it will be revealed in which areas the courts usually

<sup>98</sup> Ibid.

<sup>99</sup> *Grimme Maschinenfabrik v. Derek Scott (t/a Scotts Potato Machinery)* [2010] EWCA Civ 1110.

<sup>100</sup> Ibid, para. 77.

<sup>101</sup> *Schütz v. Werit* [2013] UKSC 16.

<sup>102</sup> Ibid, [39].

<sup>103</sup> Walsh (n 2) 426.

<sup>104</sup> *Actavis v. Eli Lilly* [2017] UKSC 48.

<sup>105</sup> Ibid.

<sup>106</sup> Ibid.

<sup>107</sup> Ibid, paras. 44-52.

<sup>108</sup> Decision of the Bundesgerichtshof, 5 May 1998 (X ZR 57/96) – "*Zahnkranzfräser* (Gear rim mill)", in Walsh (n 2) 428.

<sup>109</sup> Decision of the Bundesgerichtshof, 15 April 2010 (Xa ZB 10/09) – "*Walzenformgebungsmaschine* (Roller-forming-machine)", in Walsh (n 2) 428.

differ from each other more often, and 2. it will be easier to handle with the divergences and maybe even overcome them completely.

- 55 The initiatives of the individual judges are certainly a big step forward, however, such practices take place in an informal way and on case-by-case basis. Formal and structured cooperation is still missing, and only relying on certain judges' willingness in a few EU Member States cannot be considered as a sufficient solution. Legal certainty of the patent field which is one of the major driving forces of the EU economy cannot be jeopardised due to a lack of willingness and readiness of some other judges to look into and consider other courts' case law and apply in their judgments. Therefore, more formal steps need to be made, which to some extent is already happening, but there is still ample room for improvement.

## II. Judicial harmonisation at the EU level

- 56 For harmonising the enforcement of IP rights in general in the EU, the Directive on the enforcement of intellectual property rights was adopted in 2004.<sup>110</sup> However, the evaluation of the Directive has proved that divergences still remain between the ways the IP rights are enforced.<sup>111</sup> The Commission notes that the differences are caused by the divergent understanding of the provisions, especially in today's complex reality when the digital environment has evolved more than ever.<sup>112</sup>
- 57 The Commission has expressed its readiness to propose guidelines, which would be prepared in close cooperation with national judges and experts and which would highlight the most important issues of the IP rights enforcement in order to tackle them jointly.<sup>113</sup> The Commission also strongly encourages the countries to establish specialised IP tribunals, provide more training for the European judges, and finally increase the transparency about the decisions which would help to exchange the views amongst the judges.<sup>114</sup>
- 58 Transporting the Commission's recommendations specifically to the patent field would mean more judicial cooperation between judges. This will be especially relevant in case the start of the functioning of the Unified Patent Court is delayed considerably. Such cooperation is already in place in the form of the symposium of European patent judges organised by the EPO.<sup>115</sup> However, it would be advisable to promote a more EU-institutional level approach. The European guidelines suggested by the Commission, amongst other IP rights, must be tailored specifically for patents and accumulate problematic areas as reported by the judges and the practitioners. It is advisable that the regular and obligatory meetings of the judges and practitioners are organised for the purpose of highlighting the issues of the patent field and the ways of tackling them. The final document for such gatherings should be the European guidelines for the judiciary in the patent field that will be translated in all EU languages and which will be aimed at applying the approaches of other national courts in the decisions.
- 59 A similar scheme already exists under the coordination of European Union Intellectual Property Office (EUIPO), in particular, within the convergence programme, the representatives of national IP offices come together and attend the seminars on specific topics. Very recently, in June 2019, the programme was also extended to the judiciary. The product of such convergence programmes is not only the process itself, but also the certain collaborative document that can serve as the guidelines for the members of the European judiciary and are easily accessible.<sup>116</sup> By analogy, the format can be extended to the patent field.
- 60 Yet, it must be remembered that the guidelines are not an end in themselves, most importantly, the implementation of guidelines in a coherent way in the European courts should be monitored and supported. This can be done by creating the monitoring committee, which will consist of patent professionals – practitioners and researchers – to evaluate the level of harmonisation through a thorough analysis of the case law and in case of finding the loopholes, suggest the topics for the next meetings and relevant elaboration of the guidelines. Apart from this, certain trainings could be organised based on the identified problematic areas as reported by the committee.

110 Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, (OJ L 157, 30.4.2004, p. 45).

111 Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee, 'Balanced IP enforcement system responding to today's social challenges, {SWD(2017) 430 final}, 4.

112 Ibid.

113 Ibid. 6.

114 Ibid.

115 <<https://www.epo.org/law-practice/judiciary/documentation.html>>.

116 Nicoleta Mirela Nastasie, 'The EUIPO "Judges" Seminar on weak trade-mark elements, 18-19 June 2019, Alicante, or bringing the EUIPO "Convergence Programmes" closer to the EU judiciary', <<https://rlw.juridice.ro/15672/the-euipo-judges-seminar-on-weak-trade-mark-elements18-19-june-2019-alicante-or-bringing-the-euipo-convergence-programmes-closer-to-the-eu-judiciary.html>>.

- 61 Currently, there is a cooperation agreement between the EUIPO and EPO according to which, the two offices will cooperate with each other in the trainings field.<sup>117</sup> However, it is not quite clear whether the trainings will also concern the judiciary. It is not necessarily to say that one of these organisations or both, should be chosen as the platform for the suggested model regarding the creation of European guidelines for the judiciary, but certainly these two offices are the main driving forces in the European IP field, who can provide the necessary human resources (internal or external) and the materials for the trainings.
- 62 In addition, the guidelines as well as the case law of the national courts, shall be available on an online platform where all decisions of European judges would be translated into all EU languages and would be accessible for the judges when conducting the research and examining the patent. The online platform has been recommended by Professor Walsh, who suggests that it could be open for judges who would check the decisions of the other courts and even await the judgments of ongoing cases and only then decide on the issues such as patentability of an invention. By looking at the decisions of the other courts, the judges should also be able to change the case law in their own country. The platform could also facilitate posting questions to each other and finding common solutions.<sup>118</sup> It would be reasonable to include such online platform arrangements into the mentioned guidelines, even making it compulsory for the judges to adopt it. This would require some amendments in the procedural rules of the Member States; however, the benefits of the pro-harmonising system would definitely outweigh the burden caused by the procedural changes.

### III. Specialised patent tribunals – a step forward for harmonisation?

- 63 Last but not least, considering the Commission's recommendations, and in the light of the EU aims to-date, which include the creation of efficient, well-designed and balanced intellectual property systems that in turn will promote investment in innovation and growth, specialisation of courts and judges is highly advisable. This is especially true due to the complex nature of IP law and in particular, patent law. The advantages and disadvantages of the specialisation of courts have been discussed and analysed in detail in the literature.<sup>119</sup> One of the main

arguments in favour of the specialised courts is the creation of the special expertise, which will result in more uniform decision-making, high quality, and legal certainty. While on the other hand, the disadvantages of specialised courts include a narrow, so-called 'tunnel-vision'; in other words, the danger that the other areas of law, such as fundamental rights or competition law matters will be ignored by the IP-oriented judges. Specialised courts might also be easily influenced by political groups and practitioners, as the IP world is not so big and diverse.<sup>120</sup> There is already a noticeable trend of establishing the specialised IP tribunals, not only in Europe but worldwide. Among the principle rationales, the countries creating the specialised courts note the development of IP expertise in specialised judges; harmonisation of courts' practices; and improvement of the consistency of judgments, which in turn will increase the legal certainty and the quality of IP adjudication.<sup>121</sup> Establishment of specialised courts is more evident in the patent area.<sup>122</sup> Structurally, there are different forms in which IP specialised tribunals can be established, for example, there might be independent IP courts or specialised chambers within the court with general jurisdiction.<sup>123</sup>

- 64 In Europe, Germany and Switzerland have separate IP courts, in particular, a Federal Patent Court. Portugal has also established the Specialised IP court.<sup>124</sup> While, for example in France, the IP disputes are resolved before the chambers of nine courts, amongst which the Paris Court has a jurisdiction to handle patent cases. In Belgium as well, out of five districts, there is a specialised district which hears IP disputes. In Sweden there is a Stockholm District Court which hears the questions related to invalidity and infringement of patents, infringement of community designs, trademarks, radio or television broadcasts. In the UK, the patent court is a division of the High

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Rochelle C. Dreyfuss, 'Specialized adjudication' (1990) *Brigham Young University Law Review*; Jay P. Kesan, Gwendolyn G. Ball, 'Judicial experience and the efficiency and accuracy of patent adjudication: an empirical analysis of the case for a specialized patent trial court' (2011) *Harvard Journal of Law and Technology*; Jacques De Werra, 'Specialised IP courts: issues and Challenges' in: *Specialised Intellectual Property Courts-Issues and Challenges, Global Perspectives for the Intellectual Property System* (2016) issue number 2. CEIPI-ICTSD, 15-41.

120 Seuba (n 19) 273-274.

121 ICC Report on Specialised IP Jurisdictions Worldwide, ICC (2016) 9.

122 *Ibid*, 10.

123 See the specific forms of specialised IP tribunals in Rohazar Wati Zuallcobley. 'Study on specialized intellectual property courts', International Intellectual Property Institute and United States Patent and trademark Office (2012) 3.

124 ICC Report on Specialised IP jurisdictions worldwide, ICC (n 121) 12.

117 See: <<https://www.tmdn.org/network/-/euiipo-and-epo-renew-cooperation-agreement?inheritRedirect=true>>.

118 See on this point, Walsh (n 2) 432.

119 See for example: Simon Rifkind, 'A special court for patent litigation? a danger of a specialized judiciary' (1951) *ABA*;

Court of England.<sup>125</sup>

- 65 In spite of the certain disadvantages, the creation of the specialised IP tribunals illustrate the governments' willingness to pay special attention to the IP field and raise the quality of IP adjudication, however, cooperation of those courts is even more desirable as the strong IP tribunals will tend to create their own practices. The cooperation tools discussed above must be applied predominantly to the specialised patent courts existing in different EU Member States.

## G. Conclusion

- 66 As evidenced by the article, patent litigation in Europe is rather hectic. First and foremost, patent law is mostly regulated at the national level rather than on the EU level. Therefore, national legal traditions play a vital role in understanding and applying the law during the enforcement phase of the patents. As seen above, based on the most active and experienced jurisdictions in the patent field, the court systems differ from each other structurally which then plays a big role in the respective case law. A considerable number of cases, partly here reported, have concluded in a divergent manner depending on the location of the proceedings. These cases concern the same patented technology and the same parties, therefore, the worry amongst the academics and practitioners regarding the legal certainty is understandable. However, in spite of these deficiencies, the harmonisation agenda follows in the footsteps of the patent law development and there have been legislative proposals such as a unitary patent package and EU directives in the field of biotechnology and supplementary protection certificates in pharma and plant products. However, for the moment there is no Union-wide patent and the establishment of a unified patent court is also under a big question mark until the German Federal Constitutional Court's decision is handed. Therefore, given the reality of the situation, it is very important that the courts extend the cooperation amongst themselves by looking at each other's case law, which to certain extent is already happening. It is nevertheless advisable to establish more formal communicative channels such as regular meetings, European guidelines, and online tools for accessing the decisions of the courts in the other countries and considering the analysis of the other judges, especially when the case contains the same or similar facts.

- 67 Certainly, it is challenging to create absolute coherence, especially considering the differences in the legal cultures of different European states; in addition, it seems that in certain countries, the courts have stronger patent experience than in the others which might inevitably mean the consideration of the judgements of those experienced courts more often. However, from the legal certainty point of view, there is nothing negative in that. As evidenced, creation of specialised IP tribunals has been to some extent the response to complex patent law, which is already a step forward for the advancement of the specific courts for mastering the IP law. Nevertheless, from a global and European point of view, there is now an urgent need to bring the courts together and minimise the chances of existence of the different playgrounds and different 'rules of the game.' Harmonised judicial practice in turn, is essential for a better European innovation climate. Last, it must be stated that patent litigation is quite a complex area to look into, which would definitely require more research and evidence-based actions.

<sup>125</sup> Ibid, 11.