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WORKING DOCUMENT

from: Presidency

to: Permanent Representatives Committee (Part 1)

No. prev. doc. : 6581/04 PI 22

No. Cion prop. : 10786/00 PI 49

Subject : Proposal for a Council Regulation on the Community patent

Delegations will find attached a Presidency Working Document for discussion in the Permanent Representatives Committee.

Explanatory Note

These drafting suggestions attempt to start from the **common political approach of 3 March 2003**, which contains the principle of translations of the claims being filed in all official languages.

Positions on the legal effect of those translations diverge:

- It can be said that the filing or non-filing of the translations itself has a legal effect – if the translations are not filed in time and in all official languages then the Community patent is void ab initio.
- An alternative point of view is that the filing of translations is only the starting point for their relevance and on top of that it is their accuracy and conformity with the original text which is legally significant.

It is possible to consider that a pragmatic solution lies somewhere between these two.

- On the one hand, it seems unrealistic to rule out the possibility that commercial operators may be misled by an inaccuracy in a translation. Such inaccuracies could be all the more frequent in a situation where translation facilities are limited, there is high demand, and translators are working with less familiar languages. In any case there are many terms and phrases even in everyday use which cannot be translated exactly into another language.
- On the other hand, commercial operators in the European single market are working in a competitive business environment. They will need to use all the sources of information at their disposal before taking important business decisions. This includes a careful examination of the existing intellectual property rights of their competitors, their collaborators and themselves so as to be sure that they are not infringing the rights of others, or missing important opportunities for collaboration or licensing. This may mean that in cases of doubt,

or where significant investment is being contemplated, recourse must be had to the original text of patents as granted. National patent offices can have a significant role to play particularly in signposting sources of advice and information for the businesses in their locality and even further afield.

As far as the patent proprietor is concerned, he has to exercise a commercial decision in deciding how to source his translation requirements. It may be impractical for him to contact individual nationally authorised translators in separate Member States and have to coordinate the return and filing of the different translations. Indeed it may be the case that a bureau in another Member State, which does not have authorised status, can in practice offer a service which is more suited to a particular need and happens to produce a better translation. However, if authorised translators can offer a guarantee of quality and security which is not otherwise available, then patent proprietors may well choose to use them in preference to alternative sources.

These concepts are reflected in the drafting suggestions below which are put forward on the basis of document 15086/03 with the deletion of Article 24c and Article 24d.

A new Article and several new recitals are suggested for consideration. If this approach finds approval, the provisions of Article 11 paragraph 3a and Article 44 paragraph 3a may need to be revisited.

New concept Article

Effects of translations

- (1) In applying the provisions of Articles 42, 43 and 44, the court shall take into account any discrepancies which arise between the text of the patent as granted and the translation filed in the official language of the Member State where the alleged infringement took place. or, in the case where that Member State has more than one official language, the official language relied on by the alleged infringer.
- (2) The court shall take into account, in particular, (a) whether the alleged infringer can prove that he acted in good faith and in accordance with best business practice in determining whether any activity he was undertaking or preparing to undertake would infringe an existing patent or patent application, and (b) whether the discrepancies between the translation and the text of the patent as granted had a significant effect on his activity.
- (3) On the basis of the court's findings, the court may mitigate the award of compensation or damages and may in addition, allow the alleged infringer to continue use of the invention within the Member State concerned for a period of up to two years on payment of reasonable compensation to the right holder.

New recitals

(5aa) (between 5 and 5a)

Some Member States have systems for authorised translators which may offer applicants and patent proprietors greater security against possible inaccuracies in the translation of their patents. However no applicant or proprietor is obliged to use such an authorised translator, and no Member State is required to introduce such a system. Moreover the principles of freedom to provide services and freedom of establishment as enshrined in Articles 43 and 49 of the Treaty should be upheld.

- (8a) It is important for the protection of the legitimate interests of third parties that the court ruling on infringement and validity can take into account discrepancies between the translation of a patent and the original text, where these have a significant effect on the activities of an alleged infringer. At the same time, it is expected as a principle of best business practice that commercial operators will have access to the information and assistance available through national patent offices and other sources of advice, and will be encouraged to make informed business decisions by taking account of existing patents and patent applications which may be relevant to their activities. This will lead to a increased awareness of the availability and use of patents, thereby helping to foster investment in innovation and research.
- (8b) As the court ruling on infringement and validity will be able to take into account all the circumstances of the case, including translation discrepancies, it may decide that in a particular case the award of compensation or damages shall be reduced to zero or a nominal amount, and similarly that reasonable compensation due on continued use of an invention may amount to zero or a nominal amount.
- (8c) In the case where a court allows an alleged infringer to continue use of the invention, the principle of Community exhaustion cannot apply to goods produced through such use because they will not be products which have been put on the market by the proprietor or with his consent. The goods may therefore not be commercialised outside the Member State in question. Furthermore it is inherent in the court's decision to allow the infringer to continue such use that the permission extends only to the alleged infringer and not to other persons.
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