

DISCUSSION:

COLLABORATION AMONG PATENT OFFICES

Audience Member: I have a modest proposal. Perhaps I am biased because I am an American patent attorney. I had to pass various state bars or waive into various state bars, and I've had to take a federal form to be a patent prosecutor. If you're going to have a class of global patent examiners, why not have an international bar that has to be passed if an examiner is going to be worthy of bringing a patent to global fruition? I'm sorry Mr. Uemura, but perhaps your agency might be one to administer such an exam.

Michael Meller: I didn't plant the question with him.

Audience Member: I guess my comment is, why not?

Manuel Desantes: Let us say that as soon as you acquire three languages, which we require in the European Patent Office, that could maybe work.

Larry Bassuk: Also remember that in the United States you do not have to be an attorney to practice patents. You can be an agent, as long as you pass the Patent Office exam.

Audience Member: I have a question for Dr. Desantes. I was advised by your colleague that when the CPC (Community Patent Convention) comes in effect, the European Union would be responsible and have the power. With respect to the effect of the Community patents, is it true, and if it is true, who will be responsible for harmonization in the future, between your office and the E.U.?

Desantes: The Community patent will be a regulation, a Community law; it will not be a convention anymore. This means that the European Patent Organization, I'm sorry to say, has nothing to do with this matter. Negotiations are held in Brussels between the 15 member states and we, from time to time, are invited to participate.

Having said that, there is an absolutely clear political commitment to arrive at a Community patent in December. Let's just say that the European Union has concluded that they cannot fail a third time. The details of a Community patent have not been discussed yet. The details are apparently not important to the politicians. The political aspects were discussed for twelve hours within the framework of an internal market culture in Brussels,

which is something that has happened for the first time, to my knowledge. This is now really a cornerstone for the European Union and the internal market to the extent that we, the European Patent Office, are forced to accept it.

Two-weeks ago, the member states of the European Patent Organization obliged us to organize a diplomatic conference in June 2002, to propose changes to the European Patent Convention to accommodate it to the Community patent. So, the Community patent will not be a normal patent. In the near future, the European Union will join the European Patent Organization as another member. What about competence? As far as the Community patent, the European Patent Organization has nothing to say. We will receive a package that will be a regulation, Community law. Community law will be interpreted by the European Court of Justice, not by the European Patent Organization or Office, and by a set of Community courts that will be competent to decide validity and infringement. So let us assume that we have nothing to say in this regard.

Having said that, it is clear that the Community patent will be no more than a European patent in which one or more member states of the Community have been designated. Thus, the system will work in the following manner. The applicant will come to the European Patent Office and present a European application, via the states or the PCT, designating, for instance, one member state of the Community plus Switzerland and Turkey. The examiners will examine the application, taking into account that there will be a Community patent at the end, plus a Turkish patent, plus a Swiss patent, all through the European patent.

The question is whether the procedure to arrive at such a European patent will be exactly the same, taking into account that this European patent will become a Community patent for the 15 member states. There, Community law applies. If Community law does not fit exactly with the European law or European Patent Convention, the European Patent Office examiners will have to examine the same application, bearing in mind that they have to apply the European law and the Community law at the same time. They'll have to do this because the application will become a European patent, which will become a Community patent.

Audience Member: What about the language?

Desantes: In principle, the languages will be the same languages that currently exist in the system of the European Patent Office. For the European Patent Office there will be one of the three languages, and then we will have a European patent. Then this European patent has to become a Community patent and a Turkish patent and a Swiss patent. Let's say that in order to become a Swiss patent it has to be translated, in order to become a Turkish patent it has to be translated, and in order to become a Community patent it has to be translated to at least the eleven or so languages. So you can forget the Community patent.

My conclusion – it is only my conclusion and the European Patent Office has nothing to do with all these things I'm talking about – is that it is impossible to envision such a system with eleven translations; in the past, the system failed because of that, in part. There will be a Community patent because there has been a political decision. But the

member states will finally give up and there will be no translations, except maybe claims translations.

Audience Member: An important decision must be made as to business-method protection. Who will take the initiative of such decision making in the future?

Desantes: Theoretically, both organizations can take the lead. In fact, within the framework of the European Patent Organization, where software patents were the fewest, the patent law committee already agreed, at the diplomatic conference last November, that software patents were not excluded. They were taken out for the second basket. The Community, through a regulation or directive, can also uniform or harmonize the Community law in this respect. In fact, I have already read a pre-draft of our commission's directive on software-related patents in this regard, which is lying under the table because the Community patent is now the most important thing. This means that in the future, theoretically, both organizations could address the same issue in a different way. The Community could put on the table a directive on software patents where business-methods were included, for instance, while the European Patent Organization, theoretically, could have a different view.

This is not expected to happen in practice, however. The new European Patent Convention is establishing an article making it very difficult to have different legislation. Second, the system will be absolutely collapsed. But theory is one thing and practice is another. In practice, it will be very difficult to have a European patent law that is different from the Community law. That should be very easy to understand.

My organization, I'm sorry to say, is no more than the product of a failure. In fact, what we have is 20 member states – there will be 30 – but 15 from the Community plus another 5. In the future, 22 or 23 of the Community plus another 7. In the long run, one can envision that the whole European system will be a Community system.

Lois Boland: I want to quickly respond to the point raised by Professor Verma on the exhaustion issues. I think that if we are talking about a truly global patent, where you have one patent granted for the entire world, the result in exhaustion will necessarily be different from the current situation, where the United States regards exhaustion as national exhaustion, Japan has a different result, and in Europe they have a European-wide exhaustion. I think that if we move down the road to this thing that we call a "global patent," the result should be harmonized. I think it will be different than it is right now.

Surinder Kaur Verma: I still remember when, in 1997, the Japanese Supreme Court gave the decision in the *BBS* case¹ on international exhaustion. There was a strong reaction from the European Union and the U.S. that it was a negation of the very premise of

¹ *BBS Kraftfahrzeugtechnik AG v. Racimex Japan Corp. and Jap Auto Products Co.*, Judgment of Supreme Court of Japan, July 1, 1997. For reports and comments on this case, see Tessensohn & Yamamoto, *The BBS Supreme Court Case – A Cloth too Short for an Obi and too Long for a Tasuki*, 79 JPTOS 721 (1997); Fujino, *Parallel Imports of Patented Goods*, 22 AIPPI Journal, 163 (July, 1997).

patent rights. While you are talking about globalization, I think that this also must be talked about.

Boland: There is no question that, certainly within WIPO, that issue has not been broached in terms of substantive harmonization. The *BBS* result is a product of the fact that right now patent rights are geographically limited. Therefore, in the United States we have a fairly clear resolve that there is no international harmonization; elsewhere it depends on how the courts come out. So, we are dealing with the reality that today we get different results. If we go ahead and move to a truly global patent, I think we'll have a different result.

Martin Adelman: Exhaustion. We have exhausted ourselves today on that subject. International exhaustion, I maintain, is the dumbest idea in modern times. In the United States, there is no domestic exhaustion or international exhaustion. The Federal Circuit has swept all of that away, regardless of prior Supreme Court authority. That makes it a little confusing. You say there will be no sale of this thing west of the Mississippi. The Federal Circuit will enforce that and, therefore there is no exhaustion at all in the United States. But, as far as international exhaustion, you could have a patent system – I'm not saying we should have it – but you could have one patent and simply have no exhaustion doctrine, as we have in the United States. There's no problem with that.

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