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NOTE

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Subject: Proposal for a Council Regulation on the translation arrangements for
the European Union patent
- Political orientation

I. STATE OF PLAY

1. On 1 August 2000, the Commission adopted a proposal for a Council Regulation on the Community patent.¹ The Commission proposal aimed at the creation of a Community patent that would be attractive to the users of the patent system in Europe, in particular by proposing simplified and cost-effective translation arrangements. The Commission proposed that after grant of the Community patent by the EPO in one of the official languages of the EPO (English, French or German) and publication in that language together with a translation of the claims into the other two official languages of the EPO no further translations would be needed.

¹ Proposal for a Council Regulation on the Community patent, COM(2000) 412 final, 1 August 2000.

The proposal was extensively discussed in the meetings of the Council, but failed to reach the required unanimity. On 26 November 2001, the Council concluded that due to "different aspects of the draft Community patent, in particular the language arrangements and the role of national patent offices in relation to the European Patent Office (EPO)", despite all efforts, it was not possible to reach agreement at this Council meeting"². On 20 December 2001, the Belgian Presidency proposed a compromise on the translation arrangements, but this proposal also failed to reach a unanimous agreement by the Member States.

On 3 March 2003, the Council adopted a common political approach on the Community patent. This provided that patent proprietors would have to supply translations of the claims into all the official languages of the EU.³ This compromise was subsequently rejected by the users of the patent system as too costly and too risky. At its following meetings, on 28 November 2003 and 12 March 2004, the Council concluded that due to the issue of the translation regime it was not possible to reach a political agreement on the proposed Regulation on the Community Patent, despite the previous common political approach of March 2003.

Discussions in the Council were re-launched after adoption of the Commission Communication "Enhancing the patent system in Europe" in April 2007.⁴

The Communication confirmed the commitment to the creation of a single Community patent. It also offered to explore with Member States a new approach to the translation arrangements with a view to reducing translation costs while facilitating the dissemination of patent information in all EU official languages. The Commission indicated that in particular the ongoing machine translation projects could be considered as a solution.

² 14400/01.

³ 6874/03, point 2.3.

⁴ COM (2007) 165 final.

Alternative translation arrangements were first explored with Member States during the Slovenian Presidency in 2008.⁵ On 23 May 2008, the Presidency presented a revised proposal for a Community Patent Regulation⁶ on the basis of the initial simplified translation arrangement as proposed by the Commission in 2000 with certain new elements. Namely, it was provided that any applicant could apply for a Community patent in any official language of the EU. The costs of translating this application into one of the three procedural languages of the EPO would be reimbursed by the system with respect to applicants from Member States that have a language not in common with the EPO. A system of machine translations would ensure the translation of EU patents and applications into all EU official languages for the provision of patent information and without any legal effect. A full translation of the EU patent would only be required in a case of a legal dispute. These proposals were extensively debated in the Council Working Party on Intellectual Property (Patents) during the successive Presidencies in 2008 and 2009.

In December 2009, the Council adopted conclusions on an "Enhanced patent system for Europe"⁷ and a general approach on the proposal for a Regulation on the EU Patent⁸. However, the translation arrangements for the EU patent were excluded from of the scope of the proposal for a Regulation on the EU patent due to the change of the legal basis for the creation of the EU patent under the Lisbon Treaty, which in the second paragraph of Article 118 provides for a separate legal basis for the linguistic regime applicable to EU intellectual property titles.

2. On 2 July 2010, the Commission submitted to the Council its proposal for a Council Regulation on the translation arrangements for the European Union patent⁹, based on the second paragraph of Article 118 of the Treaty on the Functioning of the European Union. This proposal aims to provide cost-effective, simplified and legally secure translation arrangements for the EU patent.

⁵ 6985/08 and 8928/08.

⁶ 9465/08.

⁷ 17229/09.

⁸ 16113/09 ADD 1.

⁹ 11805/10 + ADD 1 + ADD 2.

The draft Regulation builds on the existing language regime of the EPO. The Commission proposes that EU patents, as all European patents, would be granted in one of the official languages of the EPO. The applicant would be free to choose between an EU patent and a "bundle" European patent. In the case of EU patents, only the translation of the claims into the other two EPO official languages would have to be provided by the applicant, as foreseen in Article 14(6) of the European Patent Convention. No further translations would have to be provided by the applicant and no validations in the Member States would have to take place to enforce the EU patent throughout the EU. The patent as granted in one of the official EPO languages would be the authentic text.

3. The Working Party on Intellectual Property (Patents) on 14 July, 28 July, 8 and 9 September 2010 examined the proposal, the impact assessment accompanying it and alternative suggestions made by delegations.

Discussions on the Commission's proposal in the Council have highlighted the importance of the accompanying measures in order to make the patent system more accessible to all of its users and to create a level playing field for users from different countries.

A number of delegations have underlined that their support for the Commission's proposal is subject to the timely availability and high quality of machine translations into all EU languages. Delegations considered that high quality machine translations of EU patents and patent applications into all official languages of the EU should be available at the time when the first EU patents are granted. The availability of machine translations should allow users of the patent system throughout Europe to have better and earlier access to technical information on patents in their native language.

Taking into account those concerns, a number of delegations have supported the idea to foresee a transitional regime that would require a full translation of the patent into the language customary in the field of international technological research and publications in cases where the EU patent is granted in another official language of the EPO. The translation would be for information purposes only, without any legal effect and be published together with the EU patent specification. This would guarantee access for users to the EU patent as long as high quality machine translations are not available from all three EPO languages into all other official EU languages.

In order to facilitate access to the EU patent for applicants from EU Member States that have a language other than one of the working languages of the EPO among their official languages, the Commission's proposal foresees the possibility for applicants to file applications in their own language. The costs of the translation into the language of proceedings of the EPO would be eligible for additional compensation, beyond what is currently already in place for European patents. Delegations have also stressed that costs for these translations should be recoverable early on and not only at the end of the procedure.

Some delegations expressed openness towards a limited translation regime based on English being the most frequently used language at the EPO and being the language customary in the field of international technological research and publications. An alternative proposal¹⁰ from one delegation suggested processing and granting all EU patents in English as a separate route from European patents. Upon grant, an additional translation of the EU patent into one language out of the 22 other official EU languages would be required. The required additional translation would have limited legal effect. There would also be a separate route for obtaining an EU patent by the "conversion" of a European patent into an EU patent. In the latter case patents not granted in English would have to be accompanied by a translation into English with limited legal effect and with a limited geographical scope. This proposal has received little support.

¹⁰ 13031/10.

A large majority of delegations have found this proposal inappropriate for a variety of reasons (*inter alia* too costly, complicated and creating legal uncertainty due to the legal effect of translations).

Following the discussions in the Working Party, a large majority of delegations have voiced a clear support for the Commission's proposal.

4. On 29 September 2010, the informal Competitiveness Council had an exchange of views on the proposal for the translation arrangements for the EU patent. Again, a large majority of delegations have reiterated their support for the Commission proposal. Almost all delegations expressed the need of finding a solution for the translation arrangements for the EU patent in short term, preferably during the Belgian presidency. In order to keep the system attractive for business, this solution needs to respect certain red lines expressed by a large majority of the delegations:

- Significant additional costs resulting from additional translations cannot be accepted;
- Legal uncertainty resulting from giving legal effect to translations cannot be accepted.

The Presidency has presented a first set of elements for a compromise solution to delegations, which respect these red lines. The compromise has been composed of certain elements from the Commission proposal and some elements from the alternative proposal. Furthermore, the elements were presented to address the concerns of delegations in relation to machine translations and the compensation of translation costs for applicants filing their patent applications in a language different from the official languages of the EPO.

5. The Council held a policy debate on 11 October 2010 on the elements for a compromise by the Presidency¹¹ for a political orientation regarding the main principles and features of the translation arrangements for the European Union patent. The proposal took into account the elements discussed in the Council Working Party, at the dinner of the Informal Competitiveness Council on 29 September 2010 and also at the meeting of the Permanent Representatives Committee on 6 October 2010.

A very large majority of delegations supported the elements for compromise proposed by the Presidency, which have been considered to be suitable to serve as basis for further discussions. Several delegations stressed the importance of the accompanying measures being made available by the time the EU patent system becomes operational, namely: a high quality system for machine translations of patent documentation from all three EPO languages into all EU languages and the compensation of the costs related to the translation of patent applications filed in EU languages other than the official languages of the EPO.

A very large majority of the delegations emphasized that certain red lines have to be respected by any possible final compromise: no significant costs should arise from additional translations and that the translation arrangements applicable for EU patents must ensure legal certainty and preserve the unitary character of the EU patent.

Several Member States have indicated that they are ready to consider the possibility of establishing the EU patent within the framework of an enhanced cooperation, should the Council not be able to reach agreement before the end of 2010.

The Presidency has announced that it will intensify and accelerate work on this file with a view to reaching a successful outcome before the end of this year.

¹¹ 14377/10.

6. The Presidency remains committed to find a compromise acceptable for all 27 Member States. In its efforts to find such a compromise it has explored further possibilities to accommodate the concerns of those delegations who still have difficulties in accepting the elements for compromise put forward by the Presidency so far.

After the meeting of 11 October, delegations have taken contact with the Presidency in order to find a possible compromise that could be accepted by all the member States. In order to try to reach such a compromise, the Presidency proposes a second set of elements for compromise to the Council of 10 November. Those elements concern mainly a supplementary translation arrangement (as explained below), the compensation of costs for the additional translation, the legal certainty and protection of bona fide third parties (protection of companies, in particular SME's who have acted in good faith in the absence of a translation into their own national language), the translation arrangements for the provisional protection and the absence of any precedent for EU instruments dealing with language and translation issues.

This additional transitional arrangement would concern EU patents granted in English. For those patents a translation into one other EU official language, at the choice of the patent holder, would have to be provided. This translation would be included in the publication of the EU patent specification by the EPO to give this translation the appropriate visibility. The translation would be for information purposes only.

This additional translation into another EU official language of EU patents granted in English would be required during the transitional period, as long as high quality machine translations are not available from all three EPO languages into all other EU languages. During this period, the translations into different national languages would also be extremely useful to improve the quality of machine translations since they could be used to "train" the translation engines.

II. CONCLUSION

The Council is invited to agree on the elements for a political orientation concerning the draft Council Regulation on the translation arrangements for the European Union patent as set out in the Annex to this note.

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**POLITICAL ORIENTATION ON THE TRANSLATION ARRANGEMENTS FOR
THE EU PATENT**

The Council considers that, as indicated in the EU 2020 Strategy¹², the creation of an efficient patent system, based on the European Union patent and on a unified litigation system for European and EU patents, is an essential measure to reinforce innovation, to complete the internal market and to strengthen European competitiveness. Following the Commission' Communication of 3 April 2007 on "Enhancing the patent system in Europe"¹³ and on the basis of intensive work in the Council Working Party for more than two years, the Council on 4 December 2009 adopted conclusions¹⁴ on the unified patent jurisdiction and a general approach on the Regulation on the EU Patent. This breakthrough has created a real momentum to take this dossier forward and has confirmed the need to create the EU patent as a matter of urgency, in which the next step is to agree on the proposal for a Regulation on the Translation Arrangements for the European Union patent.

The EU patent, a unitary patent providing uniform protection throughout the 27 Member States is an important instrument for European business whose innovation capacity depends on the existence of a reliable and accessible system of patent protection throughout the internal market.

The current European patent system is very expensive and complex largely due to translation requirements and related transactional costs. The creation of an EU patent would be a considerable improvement of the conditions for private sector research and development in the EU due to the significant cost savings to be used for further investments into research and development. An EU patent would be an important competent of the envisaged Innovation Union.

¹² 7110/10.

¹³ 8302/07.

¹⁴ 16114/09 + ADD 1.

The EU patent providing protection covering the entire EU is necessary for the completion of the internal market for innovative products. The complexity and high costs of the validation process for European patents entail a fragmented system for patent protection in the EU with negative effects on the functioning of the internal market.

High patenting costs and complexity of the current fragmented system were identified by Small and Medium-sized Enterprises (SMEs) as the main obstacle to patent protection in the EU for innovative SMEs. In the context of the Small Business Act¹⁵, SMEs requested the creation of an EU patent as a matter of urgency.

The creation of the EU patent must therefore achieve substantial simplification and significant cost reduction. The translation arrangements for this unitary patent must fulfil the criteria of cost effectiveness (reducing the costs to facilitate the accessibility to patent protection), simplification (less administrative burden and no unnecessary complexity for the users), and legal certainty (avoiding uncertainty caused by translations having legal effect). The translation arrangements should however also take account of the interests of companies from those Member States who have a language not in common with the EPO and should aim at creating a better level playing field.

The Council underlines that the proposed language regime is without prejudice to the rules governing the languages of the Institutions of the Union established in accordance with Article 342 of the Treaty on the Functioning of the European Union and to Council Regulation 1/1958 determining the languages to be used by the European Economic Community. This regime shall therefore not be seen as a precedent for the proceedings of the European Union, which has a system of 23 working languages.

The Council has considered the proposal of the Commission for a Council Regulation on the Translation Arrangements for the European Union patent¹⁶ and has agreed to significantly amend that proposal in order to be capable of achieving these objectives by adding a number of important new elements.

¹⁵ 11262/08 + ADD 1 + ADD 2.

¹⁶ 11805/10 + ADD 1 + ADD 2.

I. First set of elements for compromise proposed to the Council on 11 October

1. Improvement of the access to the European system of patents

1.1. Machine translations

In order to improve access to technical information on patents in local languages for all users of the patent system in Europe, the timely availability and high quality of machine translations from all three working languages of the EPO into all EU languages is an indispensable element of the translation arrangements of the European Union patent. In order to achieve this, the Commission shall establish a cooperation programme with the EPO in order to ensure the timely availability of machine translations. The Commission shall provide all possible support, in particular financial support for the development and functioning of the system of machine translations at the EPO. It should be included in the draft Regulation on the translation arrangements for the European Union patent that the establishment and the functioning of the machine translation system should be subsidised from the EU budget.

1.2. Compensation of costs

In order to facilitate access to the EU patent for applicants from EU Member States that have a language other than one of the procedural language of the EPO among their official languages, applicants shall have the possibility to file applications in their own language. The costs of the translation into the language of proceedings of the EPO will be eligible for additional compensation, beyond what is currently already in place for European patents, including financial and technical assistance for preparing these translations. These measures should help applicants to apply for patents at the EPO with equal opportunities by compensating for the costs of translations into the language of procedure from the very beginning of the procedure at the EPO. The necessary arrangements shall be established by the Member States through the Select Committee of the Administrative Council of the EPO.

2. Single procedures for EU patents and other European patents until grant

There should be no distinct procedure for an EU patent and other European patents until grant. Until grant applicants should have the choice between an EU patent covering the entire territory of the EU or a European patent covering only a limited number of territories. It would have to be clarified in an appropriate way in the text of the Proposal for a Regulation on the translation arrangements for the EU Patent that there is only one route for EU patents and other European patents and that from the filing up to the grant of the patent, the rules provided by the European Patent Convention would apply. The translation arrangements of the EU patent should apply only once the applicant chooses at grant to obtain an EU patent.

3. Provisional protection

As a consequence of a single procedure until grant, provisional protection of patent applications shall be governed by the existing provisions of the European Patent Convention (Articles 67 and 70) for European patents. This issue would have to be clarified in an appropriate way in the Proposal for a Regulation on the translation arrangements for the EU Patent.

4. Additional arrangements

As long as high quality machine translations are not available, for EU patents which are not granted in English a translation into this language has to be provided by the applicant. This translation would be included in the publication of the EU patent specifications. They would be for information purposes only.

Even though such an additional translation would result temporally in supplementary costs for the proprietors of EU patents, it would be of interest for all European companies and third parties, as long as high quality machine translations are not available from the three EPO languages into all other official EU languages. The machine translations should be developed as quickly as possible to ensure access to all EU patents under the same conditions for all European companies, in particular SME's.

II. Second set of elements for compromise to be proposed to the Council on 10 November

5. Supplementary translation arrangements

For EU patents granted in English a translation into one other EU official language, at the choice of the patent holder, would have to be provided. This translation would be included in the publication of the EU patent specification by the EPO to give this translation the appropriate visibility. The translation would be for information purposes only.

This additional translation into another EU official language of EU patents granted in English would be required as long as high quality machine translations are not available from all three EPO languages into all other EU languages. The translations into different national languages would be extremely useful to improve the quality of machine translations since they could be used to “train” the translation engines.

6. Compensation of costs for the additional translation

Applicants who have filed their application in a language which is not one of the procedural languages of the EPO can re-utilize their application to provide the translation of their patent into the second language as prescribed in point 5. Since they receive a compensation for the translation of the application into one of the procedural languages of the EPO, they would thus be able to provide the translation of the patent at minimal costs. They would only need to adapt the original application to the final version of the text in which the patent is granted. A Recital could be added to clarify this further.

7. Legal certainty and protection of bona fide third parties

Some delegations have expressed a concern regarding the protection of their companies, in particular SME's who have acted in good faith in the absence of a translation into their own national language. It concerns the interests of third parties, in particular SME's, when the EU patent is not translated into their own language. They fear that in the absence of such a translation their companies may inadvertently infringe the patent and may be held liable for damages although they have acted in good faith.

It is already foreseen in Article 4 of the proposed Regulation on the Translation Arrangements for the EU patent that in case of a legal dispute the patent holder has to provide the alleged infringer at his request with a full translation into his national language.

It could be foreseen and clarified in a recital that in case of a legal dispute concerning a claim for damages the competent court could consider that the alleged infringer, before having been provided with a translation in his own language, may have acted in good faith and may had no reason to know that he was infringing the patent. The competent court would assess this depending on the circumstances of the individual case and would for instance take into account whether the alleged infringer is a multinational company or a SME operating only at local level.

Such a safeguard clause would not be limited to the transitional period but would be permanent.

8. Translation arrangements for the provisional protection

As a consequence of the application of the existing provisions of the European Patent Convention (Articles 67 and 70) to the provisional protection of patent applications published, Member States will be able to continue to prescribe that provisional protection shall not be effective in their territory until such time as the translation of the claims into their or one of their official languages is provided. A Recital could be added in the text of the Regulation to clarify this issue.

9. Absence of any precedent for EU instruments dealing with language and translation issues

As a consequence of the single procedure for EU patents and other European patents until grant foreseen in point 2, the normal rules of procedure of the EPC, including the procedural languages, would apply until grant of the EU patent. The Regulation on the translation arrangements for the EU patent would come into play only after grant. Consequently, the limited language regime which follows from the application of the EPC but which is not enshrined in the EU Regulation can not be considered as creating a precedent for a limited language regime in any future EU legal instrument. To make this clear, a Recital could be added in the text of the Regulation.

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