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Benefits of the London Agreement (2000) for Indian Patent Applicants

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The London Agreement aims to reduce translation costs required for validating European patents granted under the European Patent Convention (EPC). The EPC grants European patents for the member states of the EPC through a centralized administrative procedure. For validation of the granted European patents in each member state, entire translation of the patent is required. By reducing the compulsion to provide patent translations, the London Agreement is expected to reduce financial burden upon applicants seeking to protect their inventions in the member countries of the EPC. This article discusses effects on the European patent system and benefits for the Indian patent applicants on account of the implementation of the London Agreement (the Agreement on the application of Article 65 of the Convention on the grant of European patents).

Keywords: European Patent Convention, European patents, London Agreement, patents, translation costs, Indian patent applicants, intellectual property

The European Patent Convention, a multilateral treaty provides framework under which European patents are granted. Contrary to the notion a European patent is not a single, centrally enforceable patent grant but rather a group of individual patents which are enforceable in each of the member countries of the EPC. The European patent being essentially independent patent can be revoked either in individual country or through a central revocation procedure.

The EPC provides applicants including Indian applicants a single, harmonized procedure for seeking patent protection in the Europe. Applicants can file a single patent application, in one language, with the European Patent Office (EPO). The patent applicant can request grant of the patent in one or more contracting states of the EPC by designating those Contracting States in which protection for the invention is desired. These designations need to be confirmed by payment of designation fees. The European patent once granted by the EPO for the invention becomes a unitary patent grant of individual patents in each of the designated Contracting States in which the patent enforcement is at the national level of each of the designated states separately subject to the respective national laws.

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The perceived advantage of having reduced administrative cost, that is offered by the European patent system, whereby a patentee could file a single application and have the same examined and granted by a single patent office, resulting in multitude of protection in member countries of the EPC, was being overshadowed by the high post-grant translation costs during ultimate validation of the patent in the member countries of the EPC. The mammoth translation cost was influencing the final choice of geographical scope of the patent protection.

Patent protection in European countries has been an expensive postulation due to the translation costs incurred by the patentee for validating the patentee's granted European patent in member countries of the EPC. As of January 2009, there are thirty-five[1] member states to the EPC with about twenty-three[2] different official languages, which means applicants seeking protection of a granted European patent in all the member states of the EPC need translation in twenty-three languages. The proclamation of the much awaited London Agreement, to considerably bring down the costs of European patents aiming for a notable increase in the number of European applications, came into effect on 1 May 2008. Though the London Agreement proves advantageous, not all the member states have ratified the same, as on date.[3]

Validation Requirements - Prior to the London Agreement

The EPC provided for a system through which a patent application would be prosecuted through a centralized procedure that as such is recognized in the member states of the Convention. The EPO grants European patents on the basis of a centralized and standardized procedure for the contracting states to the EPC,[4] whenever patent applications need to be filed in any one of the official languages, i.e. English, French or German or if filed in any other language other than the three official languages, had to be translated into one of the official languages of the EPO within prescribed time limits. The patent would then be published in the language of the office proceedings. The specifications of the patent would be published in the language of the proceedings, but a translation of the claims was required in all the three official languages of the EPO.[5]

The National Validation Phase

For validation of the granted European patent at the National Patent Offices of the Contracting States, a translation of the granted patent into respective national language of the designated state is essential. A patent applicant, in addition to the costs incurred for obtaining the European patent, had to pay respective national fees (validation fees) and incur translation costs for the patent to be valid in the member state of the EPC. In furtherance to these costs, annual renewal fees at national level is to be paid each year up to a period of twenty years from the date of priority, in each member state to enforce the granted European patent. Failure to do so would result in the granted European patent falling into the public domain in the states where the patent was not validated.[6]

In order to protect the patent in the member states, the patent applicant needed to decide in which member states the patent was required to be ultimately protected. Normally, a single European patent would cost between EUR 15,000 and EUR 45,000 from filing up to grant.[7] The average translation cost of a sample European patent amounts to EUR 1,400.[8] Thus, for validation in all thirty-five member states of the European Patent Organization, translation of the patent into around twenty-three languages costs approximately EUR 35,000. In order to validate the European patent in seven of the key member states on average, the translation into five languages cost around EUR 7,000.[9]

Translation Requirements

To gain protection for a patent granted through the EPC, translation was a vital requirement, wherein the claims had to be submitted in all the three official languages, i.e. English, French and German. If the claims were submitted only in one language, the translation had to be provided in other two languages respectively, for the purpose of publication by the European Patent Organization after paying the grant and publication fees. There was a further requirement of translation, when the patent was to be validated in the countries where actual protection was finally required. It is this translation requirement during the validation stage that London Agreement aims to relax. Previously, in order to validate European patents in every member state where legal effect was desired it was necessary to file a copy of the entire specification, including claims with the respective national office, in the official language of that member state. This was because individual states required that a copy should be available in its own official language. By and large, this practice was enforced by the notion that a potentially infringing party should be entitled to see and understand the ambit of a patent in order to avoid infringing it, or to defend such allegations.[10] The cost of translation varied depending on the length of the patent specification and the geographic scope of protection. During validation phase of patents in the member states, the patent applicants had to bear translation costs which turned out to be quite expensive. The patent applicants felt full translation of patents unnecessary where in practice translations were seldom used or consulted. Therefore, a simple, efficient and effective way of validating European patents granted by the EPO throughout Europe was required which paved way for the London Agreement.

History of the London Agreement

An intergovernmental conference of the member states of the European Patent Organization was convened in France, in June 1999. Reduction in the cost of European patents was one of the principle objectives of the conference. This conference laid the groundwork for the London Agreement which was concluded in London way back on 17 October 2000. In order to enter into force, as per Article 6, the London Agreement was to be ratified by at least eight EPC contracting states including three states in which most European patents took effect in 1999. The date

of entry into force was delayed since France did not ratify the agreement till 29 January 2008, further to which the London Agreement entered into force on 1 May 2008. The London Agreement aims to relax rules pertaining to the requirement of providing patent translations when validating a European patent in member countries of the EPC, thereby reducing the total cost of patenting in Europe. The London Agreement is a volitional arrangement, between the EPC contracting states, which aims at achieving drastic reduction of the translation costs of European patents granted under the EPC. Under Article 1 of the London Agreement, translations of the description section of the patent will no longer be required but the translations of the claims would still be required. Also, the London Agreement eliminates requirement for translations of patent specifications at the validation stage in all countries that have signed the Agreement.

As of May 2009, fifteen states[11], out of thirty-five member states, have ratified the London Agreement and it is expected that many more EPC member states would ratify the London Agreement in the near future.

The parties to the London Agreement agree to waive (entirely or partly), the requirement for translations into their national language of granted European patents. The provisions of Article 1 of the London Agreement, which dispenses with translation requirements, can be categorized into:

1 States having English, French or German as their official language (or one of their) official languages: These states will no longer require translation of European patents altogether. Although the requirement to file translations of the claims into English, French and German remains under the London Agreement, considerable cost savings can be made by avoiding the need to translate the patent description into many official languages. For example, a European patent granted in English need not be translated into German or French beyond the requirement for translating the claims into German and French.
2 States not having English, French or German as one of their official languages: These states shall dispense with translation requirements for the description or require the description of the European patent to be supplied in the official language of the European Patent Organization prescribed by that state. These states have the right to require a translation of the claims of the European patent into one of their official languages.[12]

In practice, for validation of the European patent in Belgium, Germany, France, Luxembourg, Monaco, the United Kingdom, Switzerland and Liechtenstein, no translation is required. Five countries (Croatia, Denmark, Iceland, The Netherlands and Sweden) require claims to be translated into their official languages and the descriptions to be translated into English. For validation in Latvia and Slovenia, only claims must be translated into their national language, as they accept descriptions written in any of the official languages of the European Patent Organization.[13]

In the event of a dispute relating to a European patent, a full translation of the patent into an official language of the State in which the alleged infringement took place is obligatory, much earlier to the suit as per Article 2 of London Agreement. EPC contracting states that are not party to the London Agreement should still submit the translations of the full patent to the respective National Patent Offices.

The aftermath of the London Agreement, even though less than 50% of the EPC member states have ratified the same, is that validation costs of a granted European patent in ratified member states has substantially reduced due to dispensation in translation costs, lack of publication fees for translations and reduced patent attorney fees.

Conclusion

The London Agreement is a significant step forward in obtaining cost-effective European patents through the European patent system which provides easy access and reduced translation costs for patent applicants. Since, translation is required only at the request of the alleged infringer or competent court but not immediately after the grant, the London Agreement helps the patent owner to adapt a concrete and precise translation on the subject matter of infringement, thereby envisaging essential protections in the court proceedings.

The London Agreement benefits, like the EPC is not restricted to all European inventors and companies but is made available to other non-European countries like India. Indian applicants of ten prepare their patent applications in English, therefore the same description, claims and drawings can then be used in

filing European patent applications, thereby reducing the patent attorney fees. Thus, the London Agreement benefits the Indian patent applicants to a comprehensive solution of single-language filing instead of three languages filing at the EPO. The effect of the London Agreement on reduction of costs on patenting will encourage the Indian patent applicants to file more applications at the EPO. The London Agreement reduces the costs for the Indian patent applicants to validate the European patent in more countries because patentees save the translation costs for validations in the member countries of the EPC having a common language. The London Agreement provides relaxation to the patent applicants at the EPO from payment of publication fees for translations. Thus, the cost savings would be higher for Indian applicants if more EPC member states select English and ratify the London Agreement.

References

1 Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Former Yugoslav Republic of Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom.

2 Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish.

3 States that have not ratified the London Agreement as on May 2009: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Hungary, Ireland, Italy, Former Yugoslav Republic of Macedonia, Malta, Norway, Poland, Portugal, Romania, Slovakia, Spain and Turkey.

4 The London Agreement: European patents and the cost of translations,p. 3,www.ipeg.com/_UPLOAD% 20BLOG/ london_agreement_en.pdf (21March 2009).

5 European Patent Convention, Article 14(1), 14(2), 14(5), 14(6).

6 European Patent Convention, Article 65.

7 Nick Reeve, How the London Agreement is shaking up the European Patent System, *Entrepreneur* (Jan-Feb 2008), http://www.entrepreneur.com/trade journals/article/ 175547184.html (21 March 2009).

8 The average European patent is 22 pages long (claims, description, drawings), 20 pages of which have to be translated. One page of translation costs EUR 70, as quoted in The London Agreement: European patents and the cost of translations,p.3, www.ipeg.com/_UPLOAD%20BLOG/ london_agreement_en.pdf (21March 2009).

9 France, Germany, Italy, the Netherlands, Spain, Switzerland and the United Kingdom, p. 3, www.ipeg.com/_UPLOAD% 20BLOG/london_agreement_en.pdf (25 June 2009).

10 Hill Justin and Holmes Stephen, Cost of translating patents in Europe, *bbaa news*, http://www.bbaa.org.uk/index. php?id=204 (21March 2009).

11 Denmark, France, Germany, Croatia, Iceland, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, the Netherlands, Slovenia, Sweden, Switzerland and the United Kingdom.

12 London Agreement Articles, 1 (1), 1(2), 1(3).

13 Bruno van Pottelsberghe de la Potterie, and Mejer Malwina, he London Agreement and the cost of patenting in Europe (ECARES working paper 2008_032), p. 5.