



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to the second subparagraph of Article 251 (2) of the EC Treaty

concerning the

**common position of the Council on the adoption of a directive of the European
Parliament and Council on the patentability of computer-implemented inventions**

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1- BACKGROUND

Date of transmission of the proposal to the EP and the Council 20 February 2002
(document COM(2002)[92] final – [2002/[0047]COD)¹:

Date of the opinion of the European Economic and Social 19 September 2002
Committee²:

Date of the opinion of the European Parliament, first reading³: 24 September 2002

Date of adoption of the common position⁴: 7 March 2005

2- OBJECTIVE OF THE COMMISSION PROPOSAL

The proposal for a Directive on the patentability of computer-implemented inventions aims at harmonising the provisions of national patent law dealing with inventions which rely on computers for their performance. The Directive will bring under the supervision of the European Court of Justice the rules applicable by national courts and patent offices charged with assessing the validity of patents and applications in this field. Given that many patents in this field are granted by the European Patent Office, the Administrative Council of the European Patent Organisation could be invited to consider adapting the Implementing Regulations of the European Patent Convention.

3- COMMENTS ON THE COMMON POSITION

3.1 General remarks

The Council, acting by qualified majority, has adopted a common position which incorporates the substance of some 25 of Parliament's amendments at first reading. The Commission has indicated that it accepts the common position, even though this differs from the Commission's

¹ OJ No C 151, 25.6.2002, p.129 COM (2002) 92 final

² OJ No C 61, 14.3.2003, p.154

³ 11503/03 CODEC 995 PI 70

⁴ insert reference

original proposal in certain respects. In general, the Commission believes that the common position strikes an acceptable balance between the interests of right holders and those of competitors and consumers (including in the open source community). This balance is further safeguarded by the new requirements in Article 7 for the Commission to monitor the impact of computer-implemented inventions in particular on small and medium-sized enterprises and on the open source community.

As far as the Commission is concerned, the directive continues to address the key objective stated in the explanatory memorandum of the Commission's proposal, namely the harmonisation of patent law between the Member States and the resolution of legal uncertainty in this field. It is crucial to note that there is to date no Community legislative instrument which affects general patent law either in a horizontal manner or specifically relating to computer-implemented inventions. The adoption of this directive would therefore have the effect of bringing patent law in this field, for the very first time, explicitly within Community jurisdiction.

A failure to adopt a directive would prevent Community institutions from exercising control in this strategic area of the European economy, which would thus remain within the remit only of national patent offices and courts and the European Patent Office in Munich.

3.1.1 Computer program product claims

Although the Commission's proposal did not explicitly permit claims on computer programs on their own or on carriers, the Commission has accepted Article 5(2) of the common position as this has to be understood as relating to the **enforceability** of (existing) patent rights and not to extending the **scope of patentability**. This is reinforced by the explicit link with Article 5 (1) as mentioned below. To the extent that the relationship between Article 5(2) and the exclusion of computer programs as such (as is explicitly laid out in Article 4(1)) is open to differing interpretations, the text may need further clarification.

Acts relating to computer programs on their own or on carriers could be subject to proceedings for contributory infringement even without provisions equivalent to Article 5(2). The effect of Article 5(2) is thus to facilitate enforcement of legitimate rights by ensuring that such acts may constitute direct, rather than just contributory, infringements. This is particularly important in cases of infringements across national boundaries as Member States' courts do not have jurisdiction over contributory infringements occurring outside their national territory.

In any case, the final part of Article 5(2) makes clear that the claim on the computer program on its own or on a carrier has to put in force a patentable product or process claimed in the same patent application (and falling within the scope of Article 5(1)). This ensures that Article 5(2) cannot constitute protection equivalent to the patentability of computer programs as such, a reading which is furthermore confirmed by the more explicit language of the common position, in particular of Article 4 paragraphs 1 and 2.

3.1.2 Interoperability

The Commission is strongly committed to the promotion of interoperability as a means of fostering innovation and competition. This is consistent with the objectives of the Commission's proposal to help safeguard investment in inventions which are new, inventive and industrially applicable. It is important to note that the requirement for sufficient

disclosure of a patented invention may facilitate access to information useful in achieving interoperability of computer-implemented inventions.

The Commission affirmed its commitment to the policy objective of promoting interoperability and fostering innovation by explicitly preserving in Article 6 existing interoperability exceptions under copyright law

The Commission believes that the Council common position remains consistent with these objectives. Equivalent conditions for patentability have been maintained in new Articles 3 and 4 (read in conjunction with Article 2). As expressed in a statement by the Commission to be entered in the minutes of the Council adopting the common position (see below), the Commission considers that Article 6, read in conjunction with Recital 22, permits any acts as described by Articles 5 and 6 of Directive 91/250/EEC on the legal protection of computer programs by copyright, including any acts necessary to ensure interoperability, without the need for authorisation from the patent's right holder.

The Commission furthermore welcomes the fact that safeguards for interoperability have been strengthened in Article 8(d) and (g) in terms of the requirements on the Commission to report on how the situation regarding interoperability has been affected by the passage of the directive.

In the light of the Community objective of promoting interoperability, the Commission intends to facilitate the approximation of the Council and Parliament positions drawing on amendments put forward by both institutions in first reading.

Furthermore, Recital 21 recalls that a dominant supplier who refuses to allow the use of a patented technique to achieve interoperability is subject to the application of competition rules and in particular Articles 81 and 82 of the Treaty. The application of these Articles therefore contributes to achieving the objectives laid out above, although it is of course important to note that competition law on its own cannot solve all potential problems in this area.

3.2 Response to Parliament's amendments at first reading

Amendments accepted in full: 1, 2, 3, 34 (=115), 7, 8, 11, 12, 13, 15, 16, 71, 92, 23, 26, 27.

Amendments accepted with minor modification: 85, 9, 86, 17, 19, 25.

Amendments 88 and 89 have been accepted but in a revised form.

Part of amendment 107 (=69) was accepted (the idea that the technical contribution must be new) and some of the text of amendment 76 has been used in recital 17 to deal with the issue that this amendment sought to address.

3.3 Amendments introduced during the discussions within the Council

Recital 1

Council accepted Parliament's amendment 1.

Recital 5

Council accepted Parliament's amendment 2.

Recital 8

Council has incorporated Parliament's amendment 3 and the second half of amendment 88 into this new Recital. It was felt that amendment 3 was an equivalent but clearer restatement of the first part of amendment 88.

Recitals 12 and 13

Council has moved the first part of recital 11 of the Commission's proposal to recital 12 of the Commission's proposal.

Recital 13 of the Commission's proposal (deleted)

Council accepted Parliament's amendment 34 (=115).

Recital 14

Council accepted Parliament's amendment 85.

Recital 15

Council accepted Parliament's amendment 7.

Recital 16

Council accepted Parliament's amendment 8.

Recital 17

Council accepted Parliament's amendment 9.

Recital 18

Council accepted Parliament's amendment 86 with a slight modification to maintain conformity with the Articles and standard patent terminology ("obvious or non-technical" replaces "trivial").

Recital 20

Council accepted Parliament's amendment 11.

Recital 21

This recital has been modified by Council, taking inspiration from the text of Parliament's amendment 76, to address the issue of interoperability.

Recital 22

Council accepted Parliament's amendment 13.

Article 2

The Council deleted the Commission's reference to '*prima facie* novel' features in Article 2(a). In Article 2(b), the Council added an element of Amendment 107 (=69) which defines a technical contribution as being new and added a new sentence, transferred from Article 4(3) of the Commission's proposal, to define how the technical contribution is assessed.

Article 3 of the Commission's proposal (deleted)

Council accepted Parliament's amendment 15.

Article 3

Council restated and condensed Article 4 paragraphs (1) and (2) of the Commission's proposal into a single paragraph according to Parliament's amendment 16 and transferred the substance of Article 4(3) of the Commission's proposal to Article 2(b) as noted above.

Article 4

Council introduced a new Article 4. Article 4 (1) reiterates the principle that a computer program as such cannot constitute a patentable invention. Article 4 (2) is Parliament's amendment 17 with some additional wording to make clear that all forms of an excluded program (e.g. source or object code) are not patentable.

Article 5

Council added Article 5(2) disallowing claims to computer programs, alone or on carriers, unless the claimed program puts into force a product or process claimed in accordance with Article 5(1) in the same patent.

Article 6

The Council modified Article 6 in line with Parliament's amendment 19 while also specifying the relevant Articles of Directive 91/250/EEC which are applicable in this context.

Article 7

Council accepted Parliament's amendment 71.

Article 8

Council accepted Parliament's amendments 92, 23, 25, 26 and the spirit of amendment 89. In Article 8(b), it also added a reference to the Community's international obligations. This is understood as primarily a reference to the TRIPS Agreement. In paragraph (f), introduced by amendment 25, the reference to the Community Patent was deleted as this is beyond the scope of the current Directive. New paragraph (g) is a restatement of the intentions behind amendment 89 which Council felt was clearer.

Article 9

Council accepted Parliament's amendment 27.

Article 10

The Council stipulated a transposition period of twenty four months (not defined in the Commission's proposal). Parliament envisaged eighteen months.

3.4 Commission position on the Council's common position

Overall the Commission supports the Council's common position because it retains the balance set out in the original proposal while clarifying certain aspects which were shown to be of concern to the Parliament. Most of the changes introduced by Council are based on Parliament's amendments which the Commission had already indicated that it could support. The remaining differences between the Council's common position and the Commission's original proposal are set out below.

Recital 13 of the Commission's proposal (deleted)

The Commission can accept this deletion because the substance is broadly restated in Recital 16 as introduced by Parliament's amendment 8.

Recital 21

The Commission supports the new wording as it reconfirms that an appropriate way to deal with potential competition issues between enterprises is through the established competition rules. The application of Articles 81 and 82 therefore contributes to achieving objectives underlying the present directive. This Recital usefully gives an example of a potential competition problem involving interoperability, specifically where a dominant supplier refuses to allow the use of a patented technique which is needed for the sole purpose of ensuring conversion of the conventions used in two different computer systems or networks so as to allow communication and exchange of data content between them.

Article 2

The insertion of the requirement that the technical contribution be new is acceptable.

Article 4

The new paragraph 1 of this Article states the existing law and, as the Commission set out to clarify and not change the current legal situation, this is an acceptable addition.

The Commission can also accept the clarification in paragraph 2.

Article 5

The Commission can support the addition of paragraph 2 in the context of the overall package as it provides useful clarification as to the conditions under which particular forms of claim can and cannot be granted and is balanced by other provisions.

Article 6

It is logical to refer to the relevant interoperability provisions precisely so the Commission is in favour of this clarifying addition.

Article 10

Although the Commission would have preferred the swifter transposition envisaged by Parliament, it can accept twenty four months as the deadline for implementation.

4- CONCLUSION

The Commission considers that Council's common position maintains the balance aimed for in the original proposal and it can, therefore, accept it. In particular, the current wording provides for sufficient incentives to innovation in this field and maintains the freedom to commercialise new products while allowing right holders to enforce their rights in an effective yet proportionate way against infringers. The fact of harmonisation at a Community level ensures that the enforcement of these rights is consistent across the European Union and therefore facilitates the efficient functioning of the Single Market.

The Commission invites the Parliament to engage constructively in further inter-institutional dialogue so as to ensure adoption of a directive which meets these objectives and is ready to engage further with both Parliament and Council on key issues concerning the directive, notably in the light of the Commission's commitments to the promotion of interoperability

5- COMMISSION STATEMENT

The following statement is entered in the minutes of the Council adopting the common position

“The Commission considers that Article 6, read in conjunction with Recital 22, permits any acts as described by Articles 5 and 6 of Directive 91/250/EEC on the legal protection of computer programs by copyright, including any acts necessary to ensure interoperability, without the need for authorisation from the patent's right holder.”