

Working requirements in the EU

Most EU countries have laws that require a patented invention to be “worked” within that country. “Worked”, in this context, means that demand for products using the invention should be met in that country by the patentee, with potential legal consequences if it is not.

We are often asked how seriously working laws need to be taken - are they ever really enforced, and what are the practical consequences of ignoring them?

The short answer...

In the last 30 years no one at our firm has had any first-hand experience of working requirements being enforced in any EPC country - that is something like 600 man-years’ worth of experience. The risk of lack of working in Europe causing you a problem is therefore very low.

Having said that, there is always a first time. However, in most EPC countries the worst that could happen if you were found not to have worked your invention would be that you would have to grant a compulsory license to a third party. Such compulsory licenses are typically not granted for free - they should be on reasonable terms (as determined by a court), and should include adequate remuneration for the patentee. They also would not be granted without an assessment of the facts of the case by a court.

The practical outcome of this is that the risk posed by ignoring the various working requirements in the EU is very small. Nevertheless, these laws are still technically in effect, and so for those who would like to know more, further detail is provided below.

What is working?

The rules on what exactly constitutes “working” vary from country to country, as working in Europe is governed by national laws. Typically, working in any given country requires manufacture in that country to a level sufficient to meet local demand. A few countries (particularly Denmark, Netherlands, Luxembourg, Spain and UK) are satisfied if the invention is manufactured in any World Trade Organisation (WTO) country, and France accepts manufacture anywhere in the EU as working.

For the remainder of the EPC member states, those that are members of the EU⁽¹⁾ are bound by case law that suggests that importation from another country in the EU should also satisfy the local working laws (although many member states have not, as yet, officially changed their local laws to implement this).

This is also the case in a few of the EPC states which are not EU members⁽²⁾: Switzerland & Liechtenstein and San Marino also consider importation to constitute working.

In the remaining EPC states that are not members of the EU, importation alone may not be sufficient and local manufacture in that country may be required.

In all cases “nominal working”, such as marketing of a patented product without making any sales, is not usually sufficient to establish working in any country.

What happens if I don't work my invention?

Again, this varies from country to country. In most cases, compulsory licenses can be granted to third parties who ask for them if the patent is judged to be insufficiently worked. In a very small number of countries (presently Austria, Italy, Spain, and Switzerland & Liechtenstein) the patent may become open to revocation if, two years after grant of a compulsory license, the invention is still not being sufficiently worked. However, given that compulsory licenses themselves are exceedingly rare, this outcome is highly unlikely.

The precise details of how and when compulsory licenses can be granted are left to national law. There is an International treaty (TRIPS) that has gone some way to harmonise national laws for countries that are members of the WTO (as all EPC countries are). However, this is a “minimum standards” treaty, and all it really says that member states can make provision for issuing compulsory licenses if they want to. Any such provisions must not “unreasonably conflict with the normal exploitation of the patent” and must not “unreasonably prejudice the legitimate interests of the patent owner”. Each grant of a compulsory license must also “be considered on its merits”, and “must provide adequate remuneration for the patentee”.

In practical terms, this means that no EPC country can simply grant compulsory licenses at will. A legal decision must be made in each individual case as to whether a compulsory license is appropriate. This makes applying for a compulsory license a lengthy and protracted process, which probably explains why we have never seen anyone actually do it.

Despite the fact that each country has the freedom to implement working laws more or less as it sees fit, there are a few common trends which can be drawn out across Europe:

- Usually a third party must have tried to obtain a license from the patentee before they have any ground for applying for a compulsory license
- Often a compulsory license will not be granted if the patentee can provide a good reason as to why they have not worked the invention themselves
- Usually the licence must be non-exclusive, limited to the domestic market, and open to renegotiation (or cancellation) should the patentee's circumstances change.

Do I need to prove that I've worked my invention?

In most cases, no, not unless a compulsory license is actually requested. The exceptions to this are Turkey and Spain, which both have local laws that suggest that a certificate of working should be filed at their respective Patent Office in order to establish a presumption of working. The consequences of failure to file such a certificate seem to be no greater than the normal consequences of non-working however, and so many patentee's choose not to comply with this requirement.

Is there a time limit for working my invention?

Yes. As will probably be no surprise by now, the time limit for beginning working varies from country to country. Typically it is the later of three years from grant, or four years from filing. In some countries you get a little longer - Cyprus and Macedonia allow four years from grant, and Germany just specifies “a reasonable period”.

There are a few countries (specifically France, Italy, Luxembourg, Monaco, San Marino and Turkey) where if working is discontinued for any period of more than three years the compulsory

license provisions will kick in again, even if the invention was previously worked.

Are there any EPC countries with no working requirements?

Yes - but not many. At present only Hungary, Lithuania, Poland and Slovenia have no working requirements in force.

⁽¹⁾ 28 EPC states are currently members of the EU: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

⁽²⁾ EPC states that are not members of the EU are: Albania, Iceland, Macedonia, Monaco, Norway, San Marino, Serbia, Switzerland & Liechtenstein, and Turkey.