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PATENTS FOR SOFTWARE REMAIN VIABLE & VITAL IN EUROPEAN UNION

by
Robert D. Becker and Greg T. Warder

After the 1981 decision by the U.S. Supreme Court in *Diamond v. Diehr*, patent protection for software, as well as for computer implemented business methods, has become well established in the United States.[1] The patentability of such subject-matter under European law, however, remains hotly contested.

The last major dispute over software-related patents in Europe arose in February 2002, when the European Commission issued its proposed Computer Implemented Inventions Directive ("the CII Directive"). The intent of the CII Directive was to harmonize patent law among the member states of the European Union by clarifying the patentability of certain inventions based on computer software-implemented technologies.[2] Over the course of three years, the legislative bodies of the European Union considered whether to adopt some form of the law, while critics and proponents of software-related patents fiercely lobbied in support of their respective positions. In July 2005, the European Parliament overwhelmingly rejected an amended version of the CII Directive, causing the entire proposal to fail. In response to this rejection, the European Commission stated that it would not submit further versions of its proposal, and opponents of software patents claimed a victory.[3]

But that is not the end of the story. Recently, the European Commission has begun requesting comments on whether to make another effort at adopting a community-wide patent for member states of the EU.[4] While patents for software-related inventions are not specifically mentioned in the consultation, the Commission's move is rekindling the debate over that issue. Presently, patent protection in Europe is awarded on a national basis or through patents granted by the European Patent Office (EPO). The "European Patents" issued by the EPO basically comprise a package of national patents. Under this system, consistent enforcement of patents is difficult to achieve because laws vary on a country-by-country basis, and seeking patent protection in all European markets can often be prohibitively expensive. Accordingly, the reason advanced for the European Commission's consultation is to establish a "Community Patent" that creates a uniformly recognized and cost effective way to obtain EU patent protection.[5]

On its face, the Commission's push for the Community Patent would not appear to involve the

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[1] *See Diamond v. Diehr*, 450 U.S. 175 (1981); and, *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998) (confirming the patentability of Internet-related business methods).
[2] The full text of the CII Directive and a discussion of its purpose are available on the Commission's web site at http://www.europa.eu.int/comm/internal_market/en/indprop/comp/02-277.htm.
[3] *Software Patent Bill Thrown Out*, BBC News, July 6, 2005, *at* http://news.bbc.co.uk/1/hi/technology/4655955.stm.
[4] *See* Commission web site *at* http://europa.eu.int/comm/internal_market/indprop/docs/patent/consult_en.pdf.
[5] *Id.*

Robert D. Becker is a partner, and **Greg T. Warder** is an associate, in the Palo Alto office of the law firm Manatt, Phelps & Phillips, LLP.

same questions of patentability for subject-matter raised by the CII Directive. Unlike the CII Directive, the Community Patent would apply to all areas of innovation. So why do some consider it an attempt to reintroduce the issue of software-related patents? A clause in the Commission's current proposal stipulates that the EPO should "apply to the Community Patent the case law which it has developed."[6] Anti-software patent campaigners claim adoption of a Community Patent according to this language would likely make software patents legal in the EU.

Under the European Patent Convention (EPC), "programs for computers" are expressly excluded from patentability by Article 52(2). Article 52(3) of the EPC, however, limits that exclusion by stating it "shall exclude patentability ... only to the extent to which a European patent application or European patent relates to such subject-matter or activities as such." The EPO's Boards of Appeal has construed this language as precluding only the patentability of software *as such*, but subject-matter excluded under Article 52 may still be patentable if it is directed to a technical process.[7] As a result of this interpretation by the Boards of Appeal, the EPO has developed the concept of a "computer-implemented invention," which it considers to be patentable as long as it makes a "technical contribution" to the state of the art in a field of technology.[8] This position has allowed the EPO to grant thousands of patents that are perceived as being directed to pure software or business method type inventions.

In view of the Commission's statement that EPO case law should be applied to the Community Patent, the argument that it will reintroduce the same issue raised by the CII Directive is not unwarranted. What its critics fail to recognize, however, is the issue is not that the Community Patent will result in the patentability of software in Europe. Instead, the Community Patent will establish a uniform system for addressing software-related patent protection that is *already available* in European claims. Even open source advocates who strongly opposed the measure acknowledge that its defeat will not likely make much of a difference, as the EPO remains free to grant patents for what it considers to be "computer implemented inventions." The EPO has already reportedly granted over 30,000 patents according to this standard.[9]

By maintaining the status quo, at least some patent protection for software remains available, albeit on an *ad hoc* basis from country-to-country. The concern that the European Commission's proposed Community Patent will follow the EPO's existing practice merely highlights this fact, and illustrates why obtaining patents for software-based technologies will continue to be important.

Adoption of a community-wide patent system by the member states of the EU would presumably reduce the costs and complexity of seeking patents, and create a single market for patents economically similar in size to that of the United States. While there are many opponents to the idea, a Community Patent following current EPO standards would at least provide greater legal certainty than exists today with respect to software patents. Globalization and the increasing use of software patents in the U.S. and other markets will probably make it necessary for some form of software patent protection. Until the debate is resolved, however, the present system will remain in place. Those who fail to understand the importance of seeking patent protection for software-related inventions under that system run the serious risk being left behind and locked out of their own markets.

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[6] *EU In for New Patent Fight*, Jan. 17, 2006, *at* http://www.euractiv.com/Article?tcmuri=tcm:29-151611-16&type=News.
[7] *See, e.g., In re Vicom*, 1987 O.J.E.P.O. 14 (Tech. Bd. App. 1986).
[8] *See* EPO's on-line brochure, *Computer Implemented Inventions and Patents*, *at* http://cii.european-patent-office.org/_pdf/cii_brochure_en.pdf, which provides a summary of the background and examination of computer implemented inventions.
[9] Robert Bray, *The European Union "Software Patents" Directive: What is It? Why is It? Where are We Now?*, 2005 DUKE L. & TECH. REV. 11, at 2.

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