

France

Legal basis

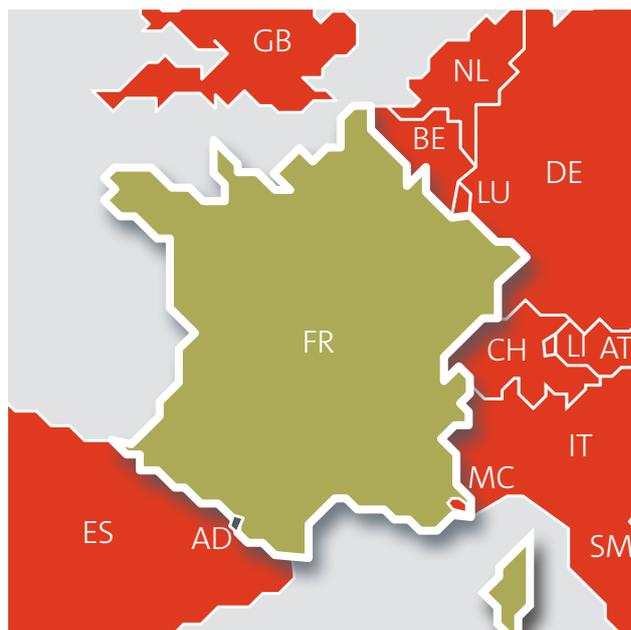
Compulsory licences fall under the scope of a series of articles in the French Intellectual Property Code (hereinafter IPC), notably Arts. L.613-11 to L.613-19 and Art. L.623-22-1 et seq.

This legislation implements Art. 12 Biotech Directive on the legal protection of biotechnological inventions and complies with EU Regulation 816/2006.

Grounds for applying for a licence

In general, all compulsory licences are granted on a non-exclusive basis (Art. L. 613-3 IPC) on the following grounds:

- (i) Compulsory licence due to the lack of exploitation of the patent by its holder: the licence will be granted if the patentee has not been exploiting or seriously preparing the exploitation of the patent, or has not been commercialising its patent enough in the European Union for three years following the grant of the patent, or four years following the publication of the application. Any party that can prove both its ability to exploit the invention and the impossibility to obtain a negotiated licence from the patent owner may ask for a licence (Art. L. 613-12 IPC).
- (ii) Compulsory licences in respect of dependent patents cover cases where a person owns a patent that cannot be exploited without infringing a prior patent. If the authorisation of the prior patent owner is impossible to obtain amicably, the judge may grant the licence if the invention would bring significant technical progress and is of great economic interest. The party requesting the licence must prove both its ability to exploit the invention in a serious and effective manner and the impossibility of obtaining a negotiated licence from the patent owner. The owner of the prior patent is automatically granted a licence back on the dependent patent of its licensee.
- (iii) Compulsory licence in the interest of public health (Art. L. 613-16 IPC): this kind of licence may be imposed when (i) the conditions under which the patent is exploited are contrary to the interest of public health or (ii) the quality or the quantity of the products based on the patent made available to the public are not sufficient or too expensive or (iii) in the case of anticompetitive behaviour recorded in a final court or administrative decision.
- (iv) Compulsory licence in the interest of the national economy (Art. L.613-18 and R.613-26 IPC): when the patent owner does not exploit (or not sufficiently exploit) the patent, the Ministry in charge of industrial property may order the patent owner to exploit the patent in order to “satisfy the needs of the national economy”. If, after one year, the patent owner has not done so, and if the situation is highly prejudicial to public interest and economic development, an order is issued to allow compulsory licences on the patent.
- (v) In the interest of the national defence (Art. L. 613-19 IPC): the French State may ask for a compulsory licence on a patent at any time in the interest of national defence, without providing further justification.
- (vi) Licences on veterinary drugs (Art. L. 5141-3 of the Public Health Code): this kind of licence may be imposed when the farming economy requires it.



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General procedure

French law distinguishes between two types of compulsory licence:

(1) Licences granted by the Paris First Instance Civil Court (*tribunal de grande instance* of Paris):

- lack of exploitation of the patent (Art. L. 613-11 to L. 613-14 IPC); pursuant to Art. L. 613-11 IPC, importation also qualifies as working of the invention);

- dependent patents (Art. L. 613-15 IPC).

The party requests a licence by launching proceedings before the court. The claim must be accompanied with the justification that the claimant unsuccessfully sought to obtain a licence with the patentee and that he/she is able to exploit the patent.

General rules of civil procedure are applied. However, to be admissible, summons and pleadings in compulsory licence proceedings have to be sent to the National Institute of Industrial Property within fifteen days of the day of their service or notification (Article R. 613-5 IPC). The minister responsible for industrial property may submit observations to the court (Art. R. 613-6 IPC).

The law does not foresee the granting of a compulsory licence by way of preliminary relief. There is no case law to date.

(2) *Ex officio* licences granted in the public interest by the ministry in charge of industrial property:

- public health (Art. L. 613-16 IPC) on request of the Ministry of Public Health;
- national economy (Art. L. 613-18 and R. 613-26 IPC);
- national defence (Art. L. 613-19 IPC) on request of the ministry in charge of national defence;
- veterinary drugs (Art. L. 5141-13 of the Public Health Code) on request of the ministry in charge of agriculture.

The ministry takes a decision to subject the patent at stake to the regime of compulsory licences. Then, any relevant third party may require to be granted a licence, and the ministry will issue another decision determining the terms of the licence, except for the royalties. In the absence of an agreement between the patentee and the compulsory licensee, the royalty is determined by the Paris First Instance Civil Court.

There are however some exceptions:

- Licences in the interest of public health: the Ministry needs to have sought an amicable agreement with the patentee;
- Licences in the interest of the national economy: the licence may be granted only if the patentee failed to comply, for more than one year, with an order from the Ministry to exploit its patent in a way sufficient to satisfy the interest of the national economy;
- Licences in the interest of national defence: the licence may be granted only to the French State and all proceedings and hearings are confidential.

Generally, the Paris First Instance Civil Court, which has exclusive jurisdiction in respect of patent matters since decree No. 2009-1205 of 9 October 2009 (see Arts. R. 613-4, L. 615-17, and D. 631-2 IPC, in reference to Art. D. 211-6 of the French Judicial Organisation Code), and the Ministry in charge of industrial property may, at their discretion, determine the terms of a compulsory licence, including regarding the scope, royalty and term.

However, the Ministry in charge of the industrial property may not determine the royalty, which will be determined by the Paris First Instance Civil Court (Art. R. 613-32 IPC) if the parties do not agree on it.

All compulsory licences are granted on a non-exclusive basis.

In the case of a dependence licence, due to the nature of this compulsory licence, its scope is limited to what is strictly necessary to be able to exploit the improvement patent.

The owner of the patent or the holder of the compulsory licence can request that the court amends the granted licence (Art. L. 613-12 IPC).

Moreover, if the holder of the compulsory licence does not fulfil its obligations, the owner of the patent and, if any, the other licensees, can request the court to withdraw the compulsory licence (Art. L. 613-14 IPC).

Amendments to an *ex officio* licence can also be requested by the owner of the patent or by the holder of the *ex officio* licence to the ministry responsible for industrial property, regarding the duration and the scope of the licence. An agreement, or failing that, a judgment of the court, is necessary to amend the amount of royalties (Art. R. 613-25 IPC).

Appeal/review

Decisions may be appealed following the regular civil appeal procedures (i.e. within one month).

Decisions of the ministry in charge of industrial property may be appealed pursuant to the relevant public law provisions.

Statistics and jurisprudence

There is very limited case law on this question.

Cour d'appel de Nancy (Nancy Court of Appeal), 24 June 2003, RG n° 98/01893: the requested compulsory licence was not granted because the patent had expired.

Cour d'appel de Lyon (Lyon Court of Appeal), 11 September 1997, n° 97/00631, confirmed by *Cour de cassation, chambre commerciale* (French Supreme Court, Commercial Division), 11 January 2000, n° M 97-20.822: EMSENS was the owner of a patent on a machine for the automatic production of skewers, which EMSENS was not exploiting. For this reason, the Court of Appeal granted a licence on the patent to NIJAL, a company commercialising a machine for the automatic production of skewers.

Cour d'appel de Paris (Paris Court of Appeal), 2 February 1983: A compulsory licence was granted (for a “coupling head intended to air brake systems on motor vehicles”) to the alleged infringer because the patent owner did not exploit the patent in France (the patent was however exploited in Germany).