

**THE EUROPEAN AUTOMOTIVE SUPPLY INDUSTRY STRONGLY SUPPORTS
THE DRAFT DIRECTIVE ON COMPUTER-IMPLEMENTED INVENTIONS
AS ADOPTED BY THE COUNCIL**

The Council Common Position adopted on 7th March 2005 on the Directive on the Patentability of Computer-Implemented Inventions is an important step in the legislative process towards safeguarding innovation in Europe. Computer-Implemented Inventions are a significant force behind innovation in Europe in many Automotive Sectors, including Antilock Braking Systems, Airbag Controls, Navigation Systems, Headlight Controls, Fuel Injection, Air Conditioning, Sensors and Hybrid-Electric Power Trains. These Computer Implemented Inventions will continue to boost Research and Development and secure employment in Europe, but only as long as they can be adequately protected by patents. This protection currently exists and the Council Common Position continues to provide for it.

★ **THE COUNCIL COMMON POSITION STRENGTHENS EUROPE AS A LEADING GLOBAL INNOVATOR.** Europe is a major player in Computer-Implemented Inventions in many areas such as Antilock Braking Systems, Airbag Controls, Navigation Systems, Headlight Controls, Fuel Injection, Air Conditioning, Sensors and Hybrid-Electric Power Trains. This is where Europe is strong - not in office software or operating systems. Europe needs patents to maintain its strength and leadership. Patents provide protection for inventions which make cars safer and cleaner and are an important source for funding Research and Development. There is no valid reason to exclude technical inventions from patentability just because they may be realized in software.

★ **THE COUNCIL COMMON POSITION GUARANTEES PROTECTION FOR SMALL AND MEDIUM-SIZED ENTERPRISES WHICH ARE ENGAGED IN RESEARCH AND DEVELOPMENT.** In the case of small and medium-sized enterprises, patents are a powerful tool for protecting their innovations. Without patents, their new ideas can be copied by anyone and implemented by large companies dominating the market or even small companies which are not engaged in research and development. For young companies, patents are also an important requirement for raising investment capital. Venture capitalists are encouraged to invest in innovative small and medium-sized enterprises when present and future inventions can be protected through patents.

★ **THE COUNCIL COMMON POSITION SECURES JOBS.** Elimination of the patentability of Computer-Implemented Inventions in Europe would severely damage the European industry. Without patents, Research and Development achievements in many automotive fields in Europe could be copied and imitated to a virtually unlimited extent. Above all, this would affect European companies who would no longer have any efficient protection mechanisms in their domestic markets. They would be mercilessly exposed to product dumping from low-wage countries. And that's not all: there would also be serious implications for the European Research and Development Community. If it is no longer worthwhile to run Research and Development in Europe, because the results can no longer be protected, new employment for researchers and developers would be created in other parts of the world.



C L E P A
*European Association of
Automotive Suppliers*

★ **THE COUNCIL COMMON POSITION STIMULATES TECHNOLOGY TRANSFER AND KNOWLEDGE-SHARING.** Patents stimulate technology transfer and knowledge-sharing between companies and accelerate innovation, because patent applications are published. Without patent protection companies would not disclose their Computer-Implemented Inventions to other parties, keeping them secret as long as possible. As a result, European industry would cease to cooperate in publicly funded inter-company Research and Development programmes, including EU and Eureka programmes. Such secretive practices, coupled with a withering of research-cooperation, would jeopardize innovation in Europe and adversely affect standardisation.

★ **THE COUNCIL COMMON POSITION PREVENTS PATENTS ON PURE SOFTWARE.** According to the Agreement a Computer-Implemented Invention is patentable only if it makes a technical contribution. Therefore any possibility that a pure software patent could be allowed is removed. Thus, the Common Position prevents pure software patents, yet provides the flexibility to cover important Industry technologies. This is in sharp contrast with the liberal patenting practice in other countries such as the USA where, for example, it is possible to patent pure business methods.

★ **THE COUNCIL COMMON POSITION SAFEGUARDS INTEROPERABILITY.** It permits exceptions to patent infringement in order to safeguard interoperability between different computer programs. The Common Position further secures interoperability by giving the prohibition of market power misuse a priority over patent protection.

★ **THE COUNCIL COMMON POSITION MAINTAINS THE CO-EXISTENCE BETWEEN PATENTS FOR COMPUTER-IMPLEMENTED INVENTIONS AND OPEN SOURCE SOFTWARE.** Patenting of Computer-Implemented Inventions has been around in practice for more than 20 years. The Open Source principle has developed positively in Europe during this time. All major European companies use Open Source as a platform and do not look upon patents as a reason not to do so.

IN CONCLUSION the European Automotive Supply Industry strongly supports the draft directive on Computer-Implemented Inventions as adopted by the Council. On the other hand, many of the amendments proposed in first reading of the European Parliament would blindly eliminate all patents on Computer-Implemented Inventions. A directive along those lines would seriously threaten Research and Development, stifle investment, and jeopardize multitudes of jobs in Europe.

CLEPA is the European umbrella membership organisation for the global Automotive Supply industry. It represents 80 of the world's most prominent suppliers for car parts, systems and modules. National trade associations and European sectoral associations from 19 countries represent more than 3,000 companies, employing more than three million people, covering all products and services within the automotive supply chain. Visit us at www.clepa.com