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TRADE MARKS PATENTS & DESIGNS FEDERATION (TMPDF)*

EPO Strategic debate

Introduction

[Note: In this text "EPO" refers to the European Patent Organisation. "EP Office" will be used to refer to the European Patent Office.]

1. The strategic debate that began in the EPO Administrative Council some months ago concerned the degree to which the national offices might cooperate with the EP Office in the delivery of work under the PCT and the extent to which the Organisation should support national offices acting as international authorities (ISAs) under the PCT. The possible need to change the Protocol on Centralisation was raised.
2. In document CA/70/04, the Chairman of the Council proposes to broaden the debate beyond the management of PCT work. He suggests that issues for debate should include the leadership role for the EPO in the PCT, harmonisation of patent procedures in Europe, keeping finances solid, maintaining EPO integrity.
3. Set out below are some preliminary comments on these issues. However, it is expected that the EPO Council will define the scope and objectives of the debate in October and a list of questions to be raised with the interested circles may be drawn up then. When we see these questions, we will no doubt have further comments.

Preliminary comments by TMPDF

Outsourcing of search and examination work, particularly PCT work:

4. The interest of our member companies, as users of the PCT and the European patent system, is that the EP Office should deliver, as efficiently as possible, search and examination work that is of high and consistent quality (whether PCT or direct), leading to the grant of European patents with a high presumption of validity, in a time frame that satisfies users. Furthermore, entry fees should be modest and the overall fee structure should represent good value to both large and small enterprises. (These points will be commented upon in paragraphs 17 to 21 below.)
5. We are not opposed to work sharing or cooperation between the EP Office and national offices that respect these requirements concerning efficiency, quality, consistency, timeliness and cost. We would not object to some modification of the Protocol on Centralisation if that were necessary to achieve them, e.g., by providing greater flexibility to use the resources of those national offices that work in EPO official languages if, for example, this could enable unduly large backlogs to be reduced while maintaining quality.
6. However, cooperation that may lead to loss of quality and/or consistency, or introduces delays or adds to costs is unacceptable. There is one possible proviso. It could well be in the interests of users that national offices should remain operational, to provide an alternative route to patent protection (especially where wide European coverage is not needed), to maintain national expertise, to provide a national filing facility and to give advice, particularly to SMEs. We reserve our position on whether some cooperation aimed at assisting with this might be acceptable.

Detailed points concerning PCT:

7. *ISO*: Member states with ISA status that perform PCT searches under the Protocol on Centralisation should also be empowered to provide the opinion required under the revised search arrangements, subject to meeting in full the quality and consistency standards of the EPO. These, as noted above, should be high.

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8. *Partnership agreements*: The EP Office should only transfer PCT search and examination work to national offices if in the interest of the EPO, e.g., to relieve undue backlogs, or possibly to reduce costs, and only if quality and consistency standards are maintained.

9. *Applicant's awareness*: The EP Office should NOT transfer work to other offices without the agreement of the applicant.

Questions raised in the Chairman's paper, CA/70/04

EPO "leadership" in the PCT.

10. We have no objection to the EPO achieving "leadership" in the PCT on merit, which will need to be regularly demonstrated on the basis of quality and cost benefit. The EPO should recognise that in the longer term, competition may be fierce as countries such as China and India develop their resources and expertise.

11. However we are unhappy about certain aspects of the leadership ambition. We have seen in the past that PCT work can take precedence over direct work. Moreover, expanding capacity to become the major office for PCT work from all over the world will be hugely expensive. We consider that the EPO should not take on more PCT work than necessary and should give proper attention to direct applications.

12. Furthermore an EPO takeover of quality standards in PCT would be undesirable. Quality standards should be set and monitored externally, with both WIPO and industry user involvement. Search quality should be assessed in relation to what could be found anywhere, rather than to what could be found in the databases of the EPO only.

Harmonisation of patent procedure in Europe:

13. We agree that serious effort should be put into the further harmonisation of procedures. There is a long way to go in standardising procedures, but greater standardisation is well worth achieving. Complication and expense to users should be considerably reduced. Moreover, if the EPO and the national offices could reach agreements among themselves, the results could be a model for further agreement at international level in WIPO, i.e., to take the existing PLT a stage further.

EPO Finances

14. We note the Chairman's comments concerning the poor results last year and the growing pressures concerning staff salaries, international accounting standards, the EPO academy and so on. However, there is no justification for any of this to fall on fees. The EPO should improve efficiency, should not get involved with matters that are not its business and should look to the member states to return a greater proportion of the renewal fees on European patents that they currently retain without justification.

Maintaining the Integrity of the EPO

15. Our views on centralisation are recorded above. We are not opposed to the EP Office entering cooperation arrangements where appropriate. We also consider that issues of cost efficiency should be examined. Bearing in mind the high cost of running the EP Office, would there be benefits in more extensive use of partner offices, if quality standards can be maintained? The maintenance of the EPO's integrity should not be achieved at the expense of users.

16. The European Community will become a member of the EPO if the Community patent should ever become a reality. We do not see any strong reason to be alarmed at this prospect.

Points arising from our preliminary position on outsourcing - see paragraph 4 above:

!7. *Efficiency*: Despite staff protests, the EPO(Office) does not work as efficiently as some national offices. Efforts to improve efficiency in all parts of EPO operations should be intensified. User involvement in proposing improvements would be very desirable. Moreover, any partnership arrangements should be critically scrutinised from an efficiency perspective.

18. *Quality and consistency*: There is much lip service in EPO papers about the need for quality, and the quality criteria in chapter 21 of the WIPO Search and Preliminary Examination Guidelines, which call for a quality management system and internal review, are mentioned. However, there is very little about the practical measures that have been or will be introduced to ensure high quality and consistency between different authorities/national offices, or indeed between different parts of the EP Office.

19. EPO arrangements for quality management should be made more transparent to users. As suggested by the UK delegation, a responsible panel should be established. This should review the EPO systems for quality management and review and suggest improvements. *User representatives from industry should sit on this panel.* (See also comments in paragraph 12 above.)

20. *Time frames.* The efforts on “Mastering the Workload” are crucially important and should be integrated into the cooperation debate.

21. *Fee structures:* Changes should always be discussed with users, against transparent disclosures of costs. See also comments in paragraph 14 above.

Final point

22. As an essential aspect of the strategic debate, concerning cooperation between national offices and the Organisation, we consider that it is essential that the London Agreement on translations and the European Patent Litigation Agreement should be finalised and brought into force as soon as possible, and implemented by most if not all member states.

*TMPDF represents the views of UK industry in matters concerning intellectual property. It has close links with the CBI. Its members include many of the major innovative UK companies, which are represented at meetings of the governing Council and Committees of the Federation by their professional IP managers. Before the Federation takes a position on any issue, official consultation documents and other relevant papers are submitted to the members for debate and dialogue. An appropriate Committee and/or the Council, depending on the issue, then determines the position, taking account of comments.

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