TMPDF
TRADE MARKS, PATENTS & DESIGNS FEDERATION

Advancing Industry's View On Intellectual Property Since 1920

EPO Future Workload Study; document CA 144/07 – Comments by TMPDF: May 2008

Ref: PP05/08

1. *INTRODUCTION*

[Note: In this text "EPO" refers to the European Patent Office.]

The efficient functioning of the EPO to ensure the timely grant of high quality patents at reasonable cost is a matter of fundamental importance to the member companies of the Federation. The study prepared last November by the Board of the Administrative Council concerning future workload, contained in document CA 144/07, is therefore of major interest to us. We understand from EPO sources that comments on this study will be welcomed; our reactions to it are therefore set out below.

As a general matter, it is worth emphasising that for any given patent applicant, the application is never trivial. To apply for a patent involves considerable professional effort, expense and time, not only on the part of the research and development team who produced the invention but also by management and attorneys, so applications are not made lightly. The reasons for making any given application will be varied, though the general aim will be to protect innovation and investment, and to help position the applicant's products in the relevant market, in what will usually be a fast changing technological field. 80 - 90% of applications are unlikely to interest others, so it is likely that no more than a small proportion will ever attract 3rd party comments.

Technological change and development continues at an ever increasing rate, and more widespread protection in global markets is increasingly needed, so it is to be expected that the annual numbers of applications will continue to increase. This trend should not be viewed adversely. Increasing numbers do not mean that the system is weak or that too many patents are being granted. Patents are a reflection of increasing economic activity – if the EPO has some economic study to suggest that patents are undesirable, we should be made aware of it. The suggestion in document CA144/07 that the patent system should open itself to external influences is unclear but could be dangerous, e.g., by imposing restrictions on what technology is patentable.

Our comments start by making a number of general points about the EPO, workload and quality and then address each of the four strategic areas identified in CA 144/07

2. *GENERAL COMMENTS*

2.1. Understanding User needs

We acknowledge that in recent years the leadership of the EPO has talked to users about the service it provides and examiner visits to the research facilities of some major applicants have been arranged. However, more needs to be done at operational levels to understand the aims, needs and problems of applicants and to

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incorporate this understanding into the EPO approach to examination. We recommend that:

(a) ***Generally, EPO staff at all levels should be concerned with winning hearts and minds of the European user community. Senior staff should visit user groups regularly, to learn their concerns at first hand and work out more user friendly approaches with them.*** A well informed senior manager should not need a large team of assistants when making such contacts.

(b) ***Examiners should meet users face to face as often as possible, to understand more about technology and business and the consequences of the patents they grant.*** Not only will this add job interest but it will help breakdown the 'ivory tower' attitude that can often be encountered when working within the EPO on a day-to-day basis.

These are long term activities but we believe that sufficient funds within the EPO should be devoted to taking these proposals forward with determination. We firmly believe that rounded, well-informed examiners and management will ultimately work more quickly and efficiently than those who have no understanding of the practical context within which the work is done.

2.2. The work of the EPO needs to be predicated on a high quality search

Since its creation the EPO has built its reputation on the quality of its examination capability. Central to this is a timely high quality search. A high quality search underpins everything, for without it, the rest of the examination process can be a waste of time. Moreover, reliably good early searches can lead applicants to abandon applications that would otherwise clog the system.

While the average standard of the EPO search remains better than that of most other patent offices, quality is variable, both amongst those individuals carrying out searches and between various technical fields. The EPO search is generally weak as regards Japanese and other Asian language documents. In some technical areas, such as telecommunications or digital imaging, the Japanese search is better overall than that of the EPO.

Most of our members can quote examples of searches of poor quality where examiners have quite clearly not understood the claims or how to search them. We recommend that:

(a) The search strategy should be published with the result of the search, so that applicants and third parties can more readily evaluate the EPO approach to the search and subsequent examination.

(b) The search should be under the control of a three person division from the outset. One examiner would conduct the search on each case, but the division as a whole would determine the search strategy to be followed by that examiner in advance of the search.

2.3. There should be no difference in the work of the Munich and Hague offices

There appear to be different standards, approaches and time frames between work done in The Hague and work done in Munich. This affects not only the approach to examination, but also the conduct of oral hearings and of oppositions. It is particularly frustrating when closely related cases, filed together and given

adjacent numbers, are handled by different examiners in different locations at widely different times. We recommend that:

(a) Greater efforts should be made to ensure that the approach to search and examination is harmonised between Munich and Hague;

(b) The EPO should ensure as far as possible that related cases from the same applicant are handled within the same time frame by the same examiner. Expertise in given fields should be concentrated in specialist groups within the EPO rather than being spread about between locations.

2.4. The BEST process should be reconsidered.

The Federation is not convinced that the EPO's use of the BEST process represents either best practice or is the most operationally efficient. While it may have made economic sense when the fallout between search and examination was less than 20%, now that the fallout between search and examination seems to be approaching 40%, it may be doubtful that it is currently worth conducting a substantive examination of each application at the search stage. Much of this work, which merely lies in the file, will be wasted.

We appreciate that there was an extensive evaluation of the previously separated procedures before the BEST process was introduced and that there are potential advantages when the substantive examiner is involved with the whole process of search and examination, including that of improved familiarity with the broad range of relevant background art. However, some of our members reported a noticeable fall in quality after the general introduction of BEST and have noted that in industrial practice, the roles of searcher and patent attorney (somewhat analogous to the substantive examiner) generally remain separate, in part because the skill sets of the two populations are somewhat different. It should be considered again whether two separate populations of highly skilled searchers and examiners would do a more efficient and better job, particularly if carefully managed in a coordinated way. It might also be considered whether a given examiner could handle both search and examination at separated times, making no effort to examine the case substantively at the search stage. Later examination would occur after it has been confirmed that the case has not been withdrawn after search and that the examination request and fee have been filed. The examiner's prior familiarity with the case, from the search, could lead to an efficient substantive examination. We recommend that:

Consultants who fully understand the patent system should be asked to review the strengths and weaknesses of the BEST process to determine whether it is optimal and is objectively delivering the benefits it was supposed to give.

2.5. Quality, Training and Productivity

We are concerned that current management emphasis appears to be more on timely grant (in accordance with the Paris criteria) than on achieving the high standard of examination of former years. A number of our members have experienced poor quality search and examination, which some attribute to the work of new recruits who have had less training and supervision than used to be provided. There also appears to be pressure for quick results. Timely grant is desirable, but high quality search and examination must be achieved first. ***In this context, we agree with proposals to rejuvenate the work of the three person examining divisions.***

Senior management must maintain contact with the complexity and difficulty of the examiners' tasks. While productivity in some technical fields might be assisted by modern search tools (e.g., in some chemical areas), these tools are of less assistance in the fields of computing, telecommunications and engineering. The increasing complexity of technology and length of prior art citations mean that the time spent both by attorneys and examiners on individual cases is likely to increase.

The examining corps is a strategic resource for EPO and Europe generally that should be fostered and encouraged.

2.6. Quality control

We are concerned about quality control. This should not be limited to in-house self assessment and should be much more transparent. ***We consider that one or more quality control committees involving the outside expertise of users and possibly others with quality control experience should be able to review random examples of examiner and other work, review working practices, both in examination and opposition procedures, and consider revision of guidelines.*** As mentioned above, senior staff should regularly visit user groups to discuss problems and review working methods.

Moreover, we do not consider that the work of the Boards of Appeal should be exempt from quality control. In our view, the argument that external quality review might prejudice the independence of the Boards is spurious. ***There is a major need to improve the consistency of approach and decision making within the Boards and tighten up on procedures and time frames.*** The cases handled by the Boards will normally be among the most important, so it is very important that high quality is maintained. External comment on quality issues would not prejudice the independent consideration of individual cases.

Comparison of outcomes from the examining and opposition divisions and the Boards of Appeal might highlight issues that need to be looked at.

2.7 Financial issues

We appreciate that the EPO has to be self supporting from fees and other revenues. While improvements in efficiency should help to reduce costs, efforts to improve quality may increase them and there are other factors, such as a falling average patent life, that make it more difficult to match income to expenditure.

Nevertheless, we consider that above inflation increases in fees and, as discussed in sections 4.2 and 5.1 below, heavy new fees aimed at influencing reasonable applicant behaviour, are unjustified. Applicants already pay very large fees to secure and maintain their patents, not only to the EPO but also to national patent administrations. In any reasonable system, the EPO would have more control over the renewal fees received on the patents that it grants. ***We consider that there needs to be a fundamental reappraisal of the way in which renewal fees on granted European patents are set and allocated, preferably involving the*** *European Commission.*

3. UTILISATION OF WORK FROM EXTERNAL SOURCES

3.1 Work from other patent offices

We agree that it is worth seeking the results of searches done elsewhere and if possible incorporating them into the search report, and worth conducting pilot projects on approaches such as the PPH. Several different searches of the same application can provide very useful information.

However, we are still years away from a position where the work of other offices on first filings would eliminate the need for an EPO search. The quality of search in most if not all offices is very variable, depending on searcher competence and foreign language capability, the available databases and the systems for document classification and indexing. Search quality is often mediocre and can vary considerably between searchers in a given office. Moreover, there can be a problem in utilising work carried out elsewhere due to differing approaches in the courts of different countries to the evaluation of novelty and inventive step, which can influence the way in which searches are carried out. ***We do not consider that it is possible either now or in the medium term to rely fully on work done by other offices.***

Despite the differences in approach in different countries, we counsel against the pursuit of harmonisation of patent law for its own sake. The compromises necessary to achieve agreement are likely to distort European law while yet allowing options and interpretations that will mean that other countries still go their own ways, without changing national understandings and practices. (For example, an option on prior user rights may seemingly be of little consequence because such rights may not be much used, but the option gives away a significant safeguard against "first to publish" systems.)

3.2 Work from other sources

We are opposed to the promotion of standardised pre-filing searches by applicants. Companies and other organisations involved in research and development know their fields and do of course make their own investigations in the course of their work. Once they have good results, it can be ill-advised to await a formal search before filing an application. Any requirement to make a pre-filing search in a particular form will cause extra cost and delay and introduce scope for argument about the nature and quality of the search performed. It might result in missed priority. Moreover, even large companies do not have the resources to carry out searches with anything approaching the quality that patent offices should be able to achieve. A requirement to perform a pre-filing search will hit SMEs particularly hard.

We agree that the limited trial by the USPTO of peer-to-patent review should be actively followed. Indeed some of our members may take part as patentees and reviewers. A careful code of conduct is necessary under which the participation of both applicants and reviewers will be voluntary and reviewers will confine themselves to identifying relevant prior art texts and should not opine on patentability.

As regards the use of the Article 115 procedure for observations by third parties, most third parties do not want to waste effort at the pre-grant stage when the ultimate direction of the patent and the scope of the likely claims are not yet clear. ***We favour encouraging greater use of the procedure, but only if it is***

made more effective through operational changes. The EPO will need to give third parties the reassurance that observations are fully taken into account – e.g., there should in general be an exchange between the third party and the examiner to ensure that the observations are fully understood and the third party should be "kept in the loop" on the progress of the case. If there are oral proceedings, then any third party who has filed Article 115 observations should be able to attend as an observer. Indeed, oral proceedings under Article 116(3) should be open to the public. There should be no block on or deterrent to the party making observations who may wish subsequently to file an opposition.

If system improvements to encourage the use of the Article 115 procedure were to be made, then we would favour an increase in the opposition fee, to something approaching the examination fee.

We favour an investigation into whether standard and special searches by NPOs could be used by the EPO. However, clear and public guidelines to NPOs on the conduct of searches, with external quality control, will be needed.

It is emphasised again that a high quality search is of fundamental importance to users and its delivery is a core *raison d'etre* for the EPO and the European system. ***The search should be firmly under EPO control.***

4. RAISING THE BAR

4.1 Changing existing practice and procedure

We consider that the present legal requirements as regards patentability are correct and by and large are correctly applied by the EPO (though there may be some problem sectors where patents that should not perhaps have been granted have got through the examination process). Rather we think that more attention should be given to such matters as deeper examiner training and mentoring to encourage a tougher stance within the rules, more flexible and efficient deployment of the total examiner cadre to ensure that appropriate expertise is brought to bear in complex fields and the creation and use of expert examiner teams to make a short term impact in difficult or heavily loaded areas, before getting concerned about the ground rules for patentability. Examiners should approach applications with greater scepticism and internal systems should be such that they are not pressured to grant against their better judgement. Examiner guidelines should be reviewed with these points in mind.

There is nothing wrong in general with the present requirements concerning inventive step. We are not convinced that the problem and solution approach to inventive step should be further reinforced and view with some concern the proposal that the approach of the skilled person should be redefined. Moreover, the attitude of courts conditions the consideration of patentability. We already get different decisions on similar cases from different courts in Europe. It is not for the EPO to change the rules for grant. Changing the rules can only lead to uncertainty on both sides and could have serious economic effects on companies with patent portfolios.

The question does arise in some technical fields as to whether the EPO is up to its basic job of assessing patentability. Problems arise, particularly where the technology is complex, due to poor understanding of the technology and management pressures to dispose of cases within given time limits, without reference to the technical field. Too often, examiners seem to focus as a

consequence more on procedural and editorial matters, rather than on substantive quality. ***Directors should be chosen having regard to their expertise in the technical fields covered by their divisions and should be able to help and advise in technically complex areas.***

We understand that consideration is being given to a reassessment of the way that cases are counted as an indicator of examiner performance and we agree with this. Full allowance should be made for the complexity of subject matter. Where cases refused involve more work, this should be recognised. We see all of this as key to raising the status of the Examiner and the job he/she does.

We agree with proposals to strengthen the operation of the 3 person examining division. The division should do considerably more to ensure the maintenance of quality, as opposed to rubber stamping the work of the primary examiner.

4.2 Contribution of applicants, representatives and third parties

We consider the implication in the study that applicants are partly responsible for the grant of patents of inadequate standard to be misconceived. The EPO should understand the overall needs of applicants. Applicants and their representatives are concerned to produce the best possible patent protection. They are not just concerned with grant, but also with possible subsequent court actions and dealing with competitors. The patent document may therefore need to be rather fuller both in description and claims than the EPO would like. Applicants should not be penalised for this. Indeed, the EPO approaches to added matter, priority entitlement, support and sufficiency encourage the preparation of comprehensively full documents and are strong disincentives to brevity.

The system would be more efficient and grant would be more expeditious if the EPO were to relax its very restrictive attitudes to amendment during pre-grant procedure, particularly as regards alleged added matter when wording has been changed. The excessive resistance to intermediate generalisation should be relaxed. Examiners should be more open with applicants and more ready to discuss cases with representatives in an informal way. There is no mechanism for review of the way in which a case has been examined: it should be possible for dissatisfied applicants to approach the director in charge.

As regards the particular measures identified in the study for improving the quality of applications, ***we are opposed to the proposals for strict rules governing the number of claims or the number of independent claims per category.*** Such rules are irrelevant to quality and restrict the applicant's scope for defining the invention accurately. They indicate a lack of willingness by EPO management to understand and be responsive to applicant needs in an environment where commercial value chains are becoming ever more complex; for example, the need to cover intermediates and different delivery methods in cases concerned with new chemical entities. There will be a need to reflect the range of possible goods and services that companies have to source and deploy.

We consider that the applicant should be allowed to construct his claims in accordance with his own assessment of the invention and what constitutes full protection in his market and technological field. The search and examination should be framed to support the applicant's objectives. As regards independent claims in different categories, or more than one independent claim in a given category, we simply do not believe that in many cases these need add to a

significant extra examiner workload. Requiring divisional applications to be filed, on the other hand, definitely does.

Furthermore, ***in relation to claims, we consider that the structure favoured by the EPO, of a prior art part and a characterising part, should not be insisted upon,*** as it is at present by most examiners. This structure can be dangerous to applicants (as comments in UK courts on how to interpret such claims have indicated) and of little help to examiners or third parties. Applicants should be permitted to structure their claims as they consider best. ***We also consider that reference numerals should not be required in claims.*** These are often difficult to insert, especially where there are several examples, and are interpreted narrowly in other jurisdictions.

We are not convinced that a code of practice for applicants should be established, since failure to comply with the code, even though voluntary, may have adverse consequences – both in Europe and in other jurisdictions. If one is to be established, this should be in consultation with users and the code should be no more than a guideline, not a mandatory requirement. Other users, beyond those represented by EPI, should be involved.

The issue of prior search by applicants has been discussed above (section 3.2). It should not be mandatory. Prior art searches by applicants have not been encouraged by the EPO's decision to close the special search facility. Prior art searching by potential applicants would be encouraged and improved if they were able to access the EPO search databases and tools. The possibility of allowing such access should be examined.

Explaining amendments may be good practice in appropriate circumstances but should not be mandatory. Explanation of the significance of an amendment should not be required. If an examiner fails to understand the significance after the amendment has been explained, he/she should not be doing the job. We agree that applicants should respond to EESR, ESOP or WOISA, subject to reasonable time being available. A quid pro quo would be to abandon the constraint under PCT to complete preliminary examination within 30 months, which makes it impossible in many cases to achieve high or even good quality.

We do not object to allowing 3rd parties to request accelerated examination, but there should be no forfeiture of the right to request further processing.

4.3 Changes in legal standards under the EPC

Our views on the proposals under this heading are covered in the comments above. We would be very reluctant to see any changes in the legal standards concerning patentability set by the EPC, its rules and existing court interpretations, certainly not before strenuous efforts have been made to improve quality and rectify faults in work carried out under the existing legal framework. In any event recent experience in Europe makes it clear that trying to change the EPC would be a significant political task which would only divert attention and resource away from measures more likely to have an impact.

5. EFFICIENCY OF THE PROCESS

5.1. Influencing the workload

While we appreciate that the EPO would like every application to conform to the same template, this does not necessarily meet the needs of applicants. The resulting patents have to meet the owners' needs for full protection in the outside world. As pointed out above, senior staff should get out and talk to users to understand better why they structure their applications as they do and what their problems are. Examiners should engage in more informal discussion with applicants. An effort to achieve understanding and cooperation will pay off in more manageable applications and better insight in how to deal with them.

Fee policy is a crude way to control workload. Heavy fees discourage filings by SMEs in particular and lead to a two tier system – European protection for those who can afford it, national for those who can't. Large fees for claims in excess of 15 are unjustified. There should be an open dialogue with users, with a transparent elucidation by the EPO of its financial situation, on the best approach to fees and fee policy. Member states and the European Commission should be involved. Member states' attitude to renewal fees very much affects EPO income, while the Commission must be concerned about the health of the overall system in Europe. Fee policy should also be such as to encourage the EPO, and not just users, to be efficient.

5.2 Concentrate on core business

Subject to reaching a common understanding with the EPO on what is meant by "core" business, we agree. However, there are tasks outside the processing of European patent applications that are important, such as furthering the European approach in seminars and training visits. These should not be reduced below a reasonable minimum. Furthermore, discontinuing the performance of special searches might be questioned.

The EPO should rid itself of the ambition to be the World Patent Office. The extent to which PCT search and preliminary examination for non-European filings are carried out should be reviewed.

5.3. Measures to improve efficiency of EPO procedures

We recommend that a thorough review of the whole patent application process, from lodging the application to grant, including the applicable rules, should be conducted, in an effort to cut out procedural inefficiencies, such as those that arise under old rule 51.4.

Gains in quality and productivity might be achieved by careful case management. A schedule of good case management practices might be established, e.g., by a joint EPO-user working party. In each individual case, the examining division would contact the applicant to agree on a working method and timetable for handling the case, taking account of those good management practices that are relevant to the particular circumstances. Some office practices, e.g., the minuting of verbal communications, might be relaxed in some circumstances.

Interviews with the examiner and telephone conversations should be encouraged.

We approve of the actions proposed in the study concerning e2e electronic processing and automation tools.

In the general comments in section 2 above we have drawn attention to the need to re-visit the BEST procedure, the need for senior staff to have regular contact and interaction with user groups, the need for more training and examiner contact with users, particularly in difficult subject matter fields, the need to improve consistency in the way that applications are examined and otherwise handled and the need to ensure that similar cases are dealt with by the same experts – expertise should be concentrated.

5.4 Oral proceedings

We consider that there should be more flexibility when setting dates for oral hearings, e.g., by offering a (limited) choice of dates or by discussing with the representative in advance. The procedure outlined in the Supplement to OJEPO 1/2008 is unacceptably rigid and pays scant regard to the heavy pressures on most representatives. Further, it is unreasonable that the representative handling the case should be expected to send a replacement, who inevitably will be unfamiliar with the case, when unable to attend on the particular date set under present practice.

We welcome the possibility of oral proceedings by video conference. However, work needs to be done on promoting the use of video conferencing, improving the quality of the equipment provided and the working arrangements. ***There should be suitable arrangements for the submission of requests e.g., for amendment, during the proceedings.*** Perhaps model sessions for those interested might be conducted – though these might need considerable time and effort on all sides. Should such proceedings be only for ex parte hearings?

While more flexibility in oral proceedings is generally desirable, there are undesirable inconsistencies as regards the admission of auxiliary requests for amendment of claims as between different divisions/boards, which we consider should be sorted out. Some divisions/boards will not accept such requests after the final response to the summons to the proceedings; others will allow them on the day, provided the other side is not materially disadvantaged. Some divisions/boards will allow requests as late as lunch time on the day. Uncertainty as to whether and when such requests will be accepted leads to considerable frustration among parties to oral proceedings.

We appreciate the general practice of giving an oral decision on the day of the hearing, so that parties know the result without delay. However, adequate (rather than minimal) minutes of the hearing and the written decision should be issued promptly. Our members have suffered delays of up to 11 months before the written record and decision have been made available, which is unacceptable.

5.5. Opposition and appeal

Procedures in opposition and appeal proceedings need to be reviewed from beginning to end. Oral proceedings should be arranged speedily. Moreover, there can rarely be a good reason for a long delay between a hearing and the written decision. Tight time limits for the issue of decisions should be agreed. This is crucial for continued confidence in the European patent system since many

infringement actions in national courts are at present subjected to indefinite stays awaiting the outcome of proceedings in the EPO.

NOTE: TMPDF represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. This paper represents the views of the innovative and influential companies which are members of this well-established trade association; see list of members below.

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