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Further Questions from users in Sweden

We have now received the following direct questions from our users since I send you the summary of questions last week. Most questions are related to the already suggested topics. However, some of them are new. I understand that some are more detailed and probably referred to others than the President but I want to be clear and put forth all questions. I hope that we will have a good cooperation after the meeting to see that all questions will get an answer, at least in writing, from a EPO representative. As I said before, we are happy to coordinate the further contact.

New suggested topic, PPH-cooperation:

PPH-cooperation is growing over the world. How far, or rather deep, can the cooperation between patent offices develop when it comes to examination? /Patent Eye

New suggested topic, electronic filing:

We have received information previously that the EPO would be completely electronic by 2016, i.e. no paper files and communications. Is this still the plan? /Zacco (the largest IP Firm in Sweden)

New suggested topic, filing statistics:

The EPO statistics on filing numbers each year at the EPO seem to be misleading. Last year, it was said that the number of filings were about 260.000. However, that number includes all PCT applications designating the EPO, i.e. virtually all PCT applications. From your own statistics it can be deduced that that the sum of direct filings at the EPO and regional phase entries amounts to about 100.000 less. This discrepancy is also present in the number of filings broken down on each member state. For Sweden, the numbers were about 5000 and 3600, respectively. Your statistical data are often referred to publicly, in particular at seminars and the like. It seems that very few people are aware of the discrepancy. Would it be possible for the EPO to change the manner in which the filing numbers are presented? /SPOF (The Association of Swedish Patent Attorneys)

Concerning the Tegernsee project:

How do you see the Tegernsee project and studies in relation to the long-standing impasse on patent law harmonization work in WIPO Standing Committee on Patents? /Swedish Federation of Enterprise

The Tegernsee process has been very informative and good for possibly forming a platform for a continued process of international patent law harmonization.

a) What are your expectations? Will the upcoming negotiations on a free trade agreement between the EU and the USA have any influence on patent law harmonization?

b) European Industry is now evenly divided on the issue of introducing a novelty Grace Period. Would it make any difference to the EPO if an effective grace period provision is included in the EPC?

/SPOF (The Association of Swedish Patent Attorneys)

Concerning UPP and UPC:

Swedish Federation of Enterprise (Svenskt Näringsliv) have given us a number of questions concerning renewal fees for Unitary Patent Protection. Background and questions can be found in Appendix A below.

How the EU-patent will effect EPO? Which level of increase of applications are you preparing for? What resources will be needed to keep the EU-patent register? /Patent Eye

Some companies questions predictability in the UPC, and for that reason some say they are thinking of partly turn away from EPO and use national applications. Could that actually happen? /Patent Eye

All EPC-countries are not part of the UPC-agreement, but the UPC judgments will effect European patents and the work at EPO. Is this really a long term solution for all EPC-countries? Do you see another way forward? /Patent Eye

Concerning Processing times at EPO:

Pendency of Euro PCT applications where the Swedish Office has acted as ISA and IPEA: There are no statistical data on such applications but, judging from the cases I handle myself, the time from the priority date (normally a basic Swedish patent application) up to the publication of grant by the EPO is often 8 – 10 years. It does not seem to help to request PACE. Even after filing a response and amended claims, it can take about two years before the Examining Division picks up the case again, and then we have to review the case again, which is time consuming and costly for the clients. Our clients have reacted and started to file national applications instead, where possible. We could appoint the EPO for the PCT international phase work, but to us it is an advantage to have an informal dialogue with a PRV Examiner during the PCT international phase proceedings. /SPOF (The Association of Swedish Patent Attorneys)

Best regards

Anna Danestig

Appendix A: Background and questions concerning Renewal Fees for Unitary Patent Protection. Written by Swedish Federation of Enterprise/

RENEWAL FEES FOR UNITARY PATENT PROTECTION (“UPP”)

Introduction

Europe as a region has so high renewal fees that the aggregate fee level is prohibitive for most owners of European patents and therefore most patentees validate their EP in few Member States participating in the unitary protection (“MS”), the mean value being only three MS. For the success of UPP, the renewal fee level will be one of two crucial factors, the other being the Unified Patent Court (“UPC”).

At the same time, the renewal fee income is a crucial factor for the budget of EPO. This is also reflected in the UPP Regulation, which in Article 12(1)(c) provides that the fees shall be sufficient, together with the fees to be paid to EPO during the pre-grant stage, to ensure a balanced budget of EPO. Article 12(2)(c) further provides that the level of the renewal fees shall be set with the aim of being similar to the level of the national renewal fees for an average EP taking effect in the participating MS at the time the level of the renewal fees is first set. At present, the average number of validations is four MS.

Thus, setting the fee level is a delicate sailing between fees being too high for UPP to be an attractive alternative to national validations in the geographical area of needed protection and fees being too low to provide budget neutrality for EPO.

EPO simulations of the budgetary effect of alternative fee levels

In order to provide a basis for the evaluation of the economic effect of alternative fee levels, EPO has i.a. simulated the alternative of a fee level corresponding to the national fees of the four most validated MS (“Top 4”), i.e. DE, FR, NL and UK. The simulation is based i.a. on certain assumptions regarding the patentees’ choice for economic reasons between UPP and national validations. For the simulation, it is thus assumed that patentees will choose validations in four or less MS instead of UPP but will choose UPP instead of validating in more than four MS.

Based on said assumptions, the result of the simulation is that in a period of 20 years the aggregate Top 4 fees would result in a 10 % reduction of the EPO income as compared with present national validations. However, sensitivity analyses show that near budget neutrality would result if 35 % of patentees which would validate in four or more MS instead choose UPP.

A number of other factors than the fee level may affect the choice between UPP and national validations and the economic effect for EPO of that choice. Thus, the penetration rate may, in particular in an early phase, be affected not only by considerations of geographical scope of protection versus cost but by lack of confidence in UPC, the danger of central attack on validity and lack of a possibility to later reduce fees by limiting the geographical scope of protection. Further, a difference in maintenance rate between UPP and nationally validated EP may also affect the economic result for EPO.

For these reasons, the issue of budget neutrality with the Top 4 fee level is both important and difficult.

Questions relating to the simulation of Top 4 fee level

- The assumption that patentees will choose four national validations instead of UPP in spite of the broader geographical protection at no extra cost may be realistic. However, would it make any difference for

the effect on the EPO budget whether these patentees chose UPP or national validations, since the fee level is the same in both alternatives?

- A penetration rate of 35 % among patentees which chose between UPP and many national validations would substantially improve budget neutrality since UPP for such patents represents a high renewal fee reduction. However, it may be questioned why EPO simulated the effect of such a low penetration rate since - when not restricted to an initial stage - it would mean a failure of the system to attract patentees which need a broad geographic protection.
- The assumption that no patentees would choose UPP instead of three national validations seems rather pessimistic in view of the broad geographical protection that may be obtained at an extra cost which seems to amount to about 50 %. From the point of view of the EPO budget, it would have a positive effect if these patentees chose UPP instead of national validations. Thus, it may be questioned why EPO has not simulated scenarios where 10%, 35% and 50% of the patentees choose UPP instead of three national validations.
- The simulation of the Top 4 fee level gives a necessary basis for considering the appropriate renewal fees. However, for reasons mentioned above the real budget effect will depend on several uncertain factors. These effects may, as e.g. the maintenance rate, only appear after many years. In view hereof, it is an essential question how and when EPO may establish whether budget neutrality actually will be achieved or not.
- Adjustments of renewal fees are normal. However, a subsequent substantial increase of UPP renewal fees in order to remedy a lack of budget neutrality may represent a change in the conditions that were decisive for the patentee's earlier choice between UPP and national validations. Whether and how such unjustified effects of an isolated increase of renewal fees for UPP may be avoided by EPO is an essential question.
- Budget neutrality is an overriding requirement and a renewal fee level for UPP that substantially reduces the income of EPO is contrary to the UPP Regulation. Taking into account that it may be difficult and take time to increase the UPP fee level, it is an essential question whether and how EPO may otherwise compensate such budget effects without affecting its other activities e.g. by increasing application fees or pre-grant renewal fees.