

# REPORT OF THE PRESIDENT OF THE EUROPEAN PATENT OFFICE SEPTEMBER 2004

## I. INTRODUCTION

The following is a brief overview of the developments at the European Patent Office since September 2003. For further details, reference is made to the EPO Annual Report for 2003.

## II. WORK SITUATION

### 1. Filings

For the past few years, growth in the overall number of filings at the EPO has been limited. The year 2003, for example, saw a marginal increase of around 0.5% over the revised reported figure for 2002. The Office has always maintained that one of the reasons for this trend was its limitation of competence in PCT procedures in computing, biotechnology and telecommunications. With the lifting of this limitation taking effect on 1 January 2004 for biotechnology and on 1 July 2004 for telecommunications, the Office expected a certain amount of growth.

First half year results have confirmed the Office's expectations. Euro-PCT filings increased by 7.6% over 2003. European filings by 5.6%. Both results have probably also been positively influenced by the strong growth in the first filings during 2003. This leaves the Office with total filings now 1.5% above the revised plan.

### 2. Search and substantive examination

In the course of 2003, 150 800 search requests were submitted to the EPO. Almost 158 600 searches were completed, a 10.5% increase in production over the previous year (2002: 143 600).

During the first half of 2004 the search workload was up by around 7% over the first quarter of 2003, to 79 960 in total. Search request growth has been comparable to the filings growth despite the new fee for the reformed PCT Chapter I procedure. That suggests that this new procedure has gained initial broad acceptance.

The workload of the EPO's examining divisions in 2003 amounted to nearly 121 000 requests for examination. Almost 109 000 European and PCT examinations were completed.

At the end of June 2004 the workload in substantive examination had risen to 63 700. However, the number of requests of PCT preliminary examination continued to decline

and was about 18% below the number recorded during the first half of 2003.

The number of final actions in the EP examination procedure was up by 11% in 2003, to a total of 73 800 actions. During the first six months of 2004, 39 800 examinations were completed. This is 7% above last year's figures.

### **3. Published granted patents**

In 2003, almost 60 000 European patents were published, 27% more than in 2002. Thus, since 1980 the EPO has granted more than 670 000 European patents, equivalent to 5 million national patents.

### **4. Oppositions**

The number of oppositions filed in 2003 slightly rose to 2 600, compared to 2 200 the previous year. The Office completed 1 900 opposition cases, the same number as the previous year.

In the first quarter of 2004, the number of patents opposed increased by 34% over the same period of 2003. This reflects the large increase in the number of patents published in 2003, while the opposition rate remained stable at 5.3%.

### **5. Appeals**

In 2003, the EPO Boards of Appeal recorded a 4% rise in the number of cases received and a slight increase in the number of cases settled. A total of 1 326 new cases were brought before them, compared to 1 277 in 2002. A total of 1 425 cases were settled, 23 more than in 2002.

The number of technical appeals filed in the first quarter of 2004 increased to 436, 24% up on the corresponding figure for the previous year. By the end of March, 357 technical appeals had been settled, a decrease of 11% compared to 2002.

### **6. Mastering the Workload/Quality**

The EPO's drive to master its workload, initiated in 2002, has met with considerable success. The search backlogs have continued to decline steadily, from 76 700 at the end of December 2003 to 65 000 at the end of June 2004.

Since the end of 2003, the number of examination files not fulfilling the Paris criteria (*ie* proceeding to grant within 3 years) has decreased by 1% only due to priority being allocated to search procedures. The Office met the Paris criteria for 21% of the patents granted in 2003 and for 22% during the first half of 2004, compared with 14% in 2001.

Despite intensive efforts to master the workload, the EPO is not pursuing numbers at the expense of quality, which remains the cornerstone of the EPO's function. A Quality Working Group was formed last year, comprising more than 40 staff members. It recently concluded its deliberations and presented its report to the Office management. Internal discussions on how to implement the group's recommendations are underway.

### **III. PATENT GRANT PROCEDURE**

#### **1. The EESR Pilot Project**

Coming now to EPO new procedures, the EESR pilot project, launched about a year ago, is a big success, and this for all parties involved: our applicants welcome this new "product" (only 2.4% of them have opted out) mainly because it gives them more legal value earlier in the procedure and as such allows them to better manage their patenting risks, while the Office has a powerful tool to master its workload because the first results confirm that the EESR:

- encourages early withdrawals: the trend is that withdrawal decisions are taken three or four months earlier in the procedure
- helps to streamline the grant procedure and reduce the total pendency time: far more amendments are filed at the start of substantive examination, which should lead to more direct grants and thus fewer supplementary communications.

In the light of this positive feedback, it has been decided to extend the pilot project for EP first filings beyond 1 July 2004 and to investigate possible scenarios for formalising the EESR concept so as to extend it to all European filings.

#### **2. New Joint Cluster work structure in DG 1/DG2**

Since January 2004, according to the reorganisation of DG1 and DG2, all 14 technical clusters in DG1/DG2 have been operating in joint cluster mode.

In the past, EPO DG1 and DG2 Principal Directorates (PDs) were separated into DG1 Search PDs in The Hague and DG2 Examination PDs located in Munich. There are now 14 joint clusters divided according to technical sector, with examiners in The Hague, Berlin and Munich, all of which carry out the same tasks. 7 PDs are in The Hague, the remaining 7 in Munich. Alongside, there are 4 so-called "horizontal function"

PDs : Means, Methods, Tools and Patent Administration. The aim is to improve the harmonisation of examining practice across the Office's 3 examining sites and the benefits from its introduction are already tangible.

#### **IV. BOARD OF APPEAL MATTERS**

##### **1. Organisational Autonomy of the Boards of Appeal**

The EPO Boards of Appeal are courts and their members are judges "in all but name", as found by the House of Lords in the UK. The independence of the Boards and the judicial nature of their function are unquestionable. The current structure is fully in line with requirements of TRIPs Agreement. Nevertheless, it was felt that it was not enough that the Boards of Appeal actually be independent: "They must also be seen to be independent".

Therefore, plans were made to emphasise the judicial nature and independence of EPO's Boards of Appeal by organisationally detaching them from the Office and turning them into the third organ of the European Patent Organisation. This resulted in the preparation of a draft basic proposal for the necessary revision of the EPC, although at this time, no date for a Diplomatic Conference has yet been set.

##### **2. Enlarged Board of Appeal decisions**

In April 2004, the Enlarged Board handed down its decision in cases G 1/03 and G 2/03. It held that an amendment to a claim by the introduction of a disclaimer may not be refused under Article 123(2) EPC for the sole reason that neither the disclaimer nor the subject-matter excluded by it from the scope of the claim have a basis in the application as filed.

In two other cases, G 2/02 and G 3/02, which dealt with entitlement to claim priority in relation to the WTO/TRIPs Agreement, the Enlarged Board held that the TRIPs Agreement did not entitle the applicant for a European patent to claim priority from a first filing in a state which was not at the relevant dates a member of the Paris Convention but was a member of the WTO/TRIPs Agreement.

There are currently three cases pending before the Enlarged Board. G 3/03 deals with reimbursement of the appeal fee, while G 4/03 deals with whether appeal proceedings may continue with a party who intervened only at the appeal stage if the appellant withdraws his appeal. Another case was referred recently, concerning the interpretation of the term "diagnostic methods practised on the human or animal body" under Article 52(4) EPC (G 1/04).

### 3. DG 3 Publications

DG 3 is pursuing its efforts to develop information tools to provide information to the public. All the decisions handed down by the technical Boards of Appeal since 1980 are available free of charge on the EPO website which is regularly updated by DG 3 and can be accessed via the reference number or search items. Board of Appeals decisions are also available on the ESPACE<sup>®</sup> Legal DVD-ROM, which is published twice a year.

Following its move to establish contacts with national courts, DG 3 continues to receive national decisions from national judges, and a "Report on European Patent Decisions" collating decisions of interest from the national courts of the Contracting States, has recently been published.

## V. OFFICE AUTOMATION AND DOCUMENTATION

During 2004, the EPO has continued to pursue its strategic objectives through implementation of automation systems.

The EPO's programme of implementing e-business products and services continues to expand with the launch at the end of 2003 of mailboxes, secure file inspection and Online Filing of subsequently filed documents. The EPO now allows online filing of all application types (EP, Euro-PCT and PCT), and it received a total of 8 400 such applications in 2003.

The number of searches in the *epoline*<sup>®</sup> Online European Patent Register continues to exceed 200 000 per day, and Online File Inspection requests have now risen to over 7000 per day.

A new *esp@cenet*<sup>®</sup> interface has been released, now also incorporating INPADOC family and legal status information. The number of facsimile pages requested per day is currently over one million, with the estimated number of unique users per day being about 15 000.

A prototype of a filing tool for chemical structures in electronic form has been made available to interested parties. On the basis of initial reactions, a reflection group has been set up to evaluate the exact technical and legal requirements of industry and the Organisation.

Efforts are continuing to maintain and extend the completeness of the Office's databases and the electronic tools needed to access them, with the objective of making all patent documents, scientific articles, specialised databases and relevant internet publications available to examiners in electronic form and of having as much as possible of the most relevant data and databases loaded under one system. The EPO

will remain one of the world's leading providers of technical information.

## **VI. RECRUITMENT AND PERSONNEL MATTERS**

The EPO staff complement grew again in 2003. More than 500 new employees, including 320 examiners, joined in the course of last year, bringing the total to nearly 6000.

Within the first four months of 2004, a total of 125 new staff (including 45 examiners) were in post or offered positions. It should be noted that examiner recruitment has slowed down considerably. The bulk of the recruitment efforts is being concentrated on DG 3, DG 4 and DG 5, where a recruitment backlog compared to DG 1 and DG 2 still exists.

## **VII. LEGAL AND INTERNATIONAL AFFAIRS**

### **1. Enlargement of the Organisation**

With the accession of Poland on 1 March 2004, the European Patent Organisation now has 28 member states. Iceland and Lithuania have deposited their instruments of accession and will become the Organisation's 29th and 30th member states as of 1 November 2004 and 1 December 2004 respectively.

Latvia will not accede this year, but will do so in the near future. That will bring the process of eastward enlargement initiated in the mid-90s to a temporary halt. With the accession of Iceland and Lithuania and imminent similar moves on the part of Norway, the enlargement process has now shifted to the north. In the south, Malta is expected to join the Organisation quite soon.

### **2. EPC 2000 revision**

The revised version of the EPC (EPC 2000) has been ratified by all the states that have joined the European Patent Organisation since the Diplomatic Conference in November 2000, namely BG, SI, CZ, SK, EE, HU, RO, PL, as well as IS and LT. It has also been ratified by ES and MC, and ratification proceedings have been initiated in other contracting states. The EPC 2000 is expected to enter into force in 2006/2007.

### **3. Community Patent**

Despite the best efforts of the Irish Presidency to broker a compromise over language arrangements, the March and May 2004 meetings of the Competitiveness Council failed again to achieve progress towards a Regulation on the Community Patent.

We need to be aware that uncertainty over the Community patent, as to if or when it will be created or whether industry will use it, is holding back indispensable European patent system reforms that users have long been demanding.

#### **4. London Agreement**

The London Agreement on the reduction of translation costs is one of the projects that could greatly strengthen the current European patent system. The agreement would lead to a substantial reduction of the costs that European patent proprietors have to pay post-grant to have their patents translated.

Yet everything could happen quickly: the London Agreement is undergoing ratification in a number of states. DE, MC, SI, and IS have ratified it, while DK has amended its Patent Act to implement the provisions of the London Agreement but has not yet deposited its instruments of ratification. Other signatory states, *i.e.* SE, have submitted ratification bills to their parliaments. Entry into force of the London Agreement now very much depends on France. Although French industry is very much in favour of the Agreement, French patent attorneys seem to be more reluctant.

#### **5. International Harmonisation of Patent Law**

The efforts to achieve international harmonisation of substantive patent law within the framework of the WIPO seem once again to be at great risk of failing.

The last session of the SCP in May clearly demonstrated the difficulties, if not the impossibility to make reasonable progress on the SPLT negotiations within the framework of WIPO. This is particularly because developing countries are making issues such as the protection of genetic resources and traditional knowledge part and parcel of the negotiations on the harmonisation of patent law.

The Trilateral Offices recently sent a proposal to be discussed at the WIPO General Assembly, putting forward a new work plan for the SCP, but it was not successful. Against this background, all parties involved will now have to explore the possibilities to overcome the current stalemate.

#### **6. PCT matters**

The EPO's new PCT directorate (International and PCT Legal Affairs) worked in close co-operation with DG 1 and 2 primarily on the introduction of the expanded international search and examination system (EISPE) in early 2004. The extensive preparatory work on this project was done at two meetings of WIPO's PCT Reform Working Group, attended by the EPO as a full member, and three meetings of all the PCT international searching and preliminary examining authorities. These were preceded by meetings between the EPO, the JPO and the USPTO aimed at completely rewriting the PCT search and examination guidelines. The guidelines now largely constitute a common

approach, but on a few issues such as industrial applicability and the notion of utility they also indicate the divergent approaches. Nonetheless, the guidelines for the first time extend beyond formal and substantive matters to include quality management provisions applicable to each PCT authority.

## **VIII. PATENT INFORMATION**

The content of the INPADOC databases has been further extended. With the integration of Indonesia in January 2004, the bibliographic data of 72 patent offices is now available in the database. For the legal status database, the current coverage is 43 countries, including Estonian data as of 2003. Spain has started to contribute to the joint EPO/WIPO project on entry into the national phase.

A second important development already in progress is the enhancement of the MIMOSA user software. There are many thousands of MIMOSA software users around the world; it is the world standard for accessing patent documentation on ESPACE® products. However, as more patent documentation becomes available online, it makes good sense for users to be able to obtain their documents from whatever medium they have at their disposal using powerful software they already like. With the Office's recent decision to start storing its databases and ESPACE® products using the same database structure, we will be enhancing the MIMOSA software to enable it to access documentation from any medium, including ESPACE® products and the Internet.

These developments are user-driven, and will allow a full linking of services on different media. For example, ESPACE® products can link to the publication server, which can link to esp@cenet® or the Online Register, the Bulletin can link to ESPACE® products and so on.

Our publications team is keen to respond to the wishes of users and potential users, as expressed in the patent information survey that was conducted last year. The call for more of our services to be offered over the Internet has resulted in two important projects in the publications area.

The EPO is planning to replace the printing of paper copies of EP A- and B- documents by a publication server offering every week all European patent documents published by the Office, fully downloadable, in SGML/XML and PDF formats, available to the public free of charge.

Moreover, the European Patent Bulletin is now published on-line, offered free of charge to all users from the EPO homepage as a PDF file. Discontinuation of paper publication in both cases is expected to take place in January 2005.