

AMENDMENTS TO THE EPC PROPOSED BY THE EUROPEAN PATENT OFFICE

UNICE COMMENTS

UNICE welcomes the opportunity to confirm the comments made on its behalf at the Sacepo Meeting on 11 September 1998, based on Document CA 16/98 and Document Sacepo 2/98 Rev 1. The EPO suggestions are considered in the order of importance to practitioners.

I. IMPORTANT AMENDMENTS

1. ENABLE GENERAL APPLICATION OF THE BEST PROGRAMME - BRINGING EXAMINATION
ENABLEMENT AND SEARCH TOGETHER.

Articles 16 and 17 EPC stipulate that the receiving section and the search divisions must be at The Hague, while Articles 6(2) and 15 imply the examining divisions should be at Munich. Under BEST both search and examination are performed by the same examiner, who may be at The Hague, Berlin or Munich. It is proposed to amend the Convention to purge the EPC of all geographical references, unless indispensable. The EPO Management's desire to extend BEST slowly over about 5 years in all areas has Administrative Council approval.

Bringing search and examination together could result in considerable savings and could be of higher quality and for these reasons is supported by industry. However the users do have some reservations: it is necessary to take positive steps to maintain quality and it will only work with the 3-man examining division. The pilot schemes used the more experienced and able examiners and it worked well in The Hague. The 3-man examining division is essential to overcome the hunting instinct of a single examiner, in order to maintain the objective rulings expected of the Munich examining divisions.

It has to be commented that the quality of the search is different depending on whether done at The Hague, in which case the search examiners have access to paper files, or done at Munich (by electronic means without access to paper files). Industry is not satisfied that the quality is the same. Industry regards it as essential that whether searches are carried out at Munich or The Hague, the same electronic means are used and there is the same access to paper files. The quality of the search is crucial to the success of search and examination. Therefore the same equipment must be used regardless of geographical location.

The EPO has said at SACEPO meetings that there will be no reduction of the standard of the three man examining division, which will not be cut down to one or two examiners, and that BEST will only be applied where the search possibilities are fully equivalent. UNICE insists that both of these undertakings are fully honoured.

2. REMOVE THE EXCLUSION FROM PATENTABILITY OF COMPUTER PROGRAMS AS SUCH (ARTICLE 52(2))

This exclusion appears to be contrary to Article 27.1 TRIPS. The computer industry view is that software inventions which solve technical problems should be patentable.

UNICE agrees and believes the best way to do this is to align Article 52(1) EPC with Article 27(1) TRIPS and to cancel Article 52(2) and (3) EPC altogether. The other provisions of the EPC would ensure that a software invention must serve in the solution of a technical problem, eg Article 56 as interpreted by the Boards of Appeal as well as Rule 27(1)(c)). If only Article 52(2)(c) were to be cancelled there would be an argument that all computer programs are to become patentable, even if not embedded in a technical invention. The first suggested form of amendment would ensure that all inventions are only patentable if they are technical solutions to technical problems, thereby excluding business schemes and the like.

Any other exclusions of Article 52(2) desired to be maintained should be placed in the Implementing Regulations.

3. PERMIT CLAIMS TO PRIORITY FROM FILINGS IN ANY WTO COUNTRY

This is primarily to allow Indian sub-continent applications to benefit. It is required by Article 2.1 TRIPS.

UNICE agrees and notes with satisfaction that India has now acceded to the Paris Convention and the PCT.

4. AMEND ARTICLE 120 REGARDING GENERAL INTERRUPTION AND SUBSEQUENT DISLOCATION OF POSTAL SERVICES

The EPO regards the present practice as too restrictive. Article 120 should be amended to make it more flexible. The system should be like that in the PCT, whereby the delay in arrival of a document will be excused where the interested party offers evidence that he has mailed the document in question at least 5 days prior to expiry of the time limit. UNICE agrees.

5. ARTICLE 121 AND 122: FURTHER PROCESSING AND RESTITUTION

The failure to meet time limits set by the EPO may be rectified by further processing and where the time limit is set by the EPC, by restitutio in integrum. The latter requires evidence of due care and certain deadlines are not restorable. Rules 85a and 85b provide some flexibility if the filing or request for examination deadlines are exceeded, but the deadlines for claiming priority, paying search and applying for restitution are not restorable.

The EPO now proposes:

- (1) all time limits be eligible for further processing on payment of a penalty fee, and

- (2) it should be considered to broaden Article 122(5) regarding the excluded deadlines, particularly regarding claims to priority.

UNICE agrees, but comments that the penalty should not be high in relation to the resources of small applicants. There are doubts about including the claim to priority as baldly stated in the EPO proposal. The important elements of the debate on Article 7 of the PLT Basic Proposal in 1991 should be reviewed. It would appear that the provisions of Article 7(1) could be accepted with a 2 month period. Article 7(2) with a two month period could also be acceptable on the basis of restitution but not on the basis of further processing. Possibly the applicant should have to prove that where a convention application misses the twelve month deadline he posted (or otherwise attempted to transmit) the application in due time.

6. AMEND ARTICLE 123 TO REMOVE THE NEW MATTER TRAP

The Enlarged Board of Appeal decision G1/93 ruled that an amendment made during the examination procedure before grant, that should not have been allowed as it extends the content of the application, cannot be removed if by so doing the protection conferred by the patent is extended after grant.

The EPO proposes an amendment analogous to the German footnote solution. Article 123 might be amended for instance to state:

"An amendment made to a European patent application which extends the content of the application as filed (or the content of the earlier application if the application was under Article 61 or Article 76) shall not be deleted after grant if the effect would be to extend the protection conferred, but no rights or benefit shall be derived from such a wrongly made amendment."

A statement would be added to the specification earmarking the inadmissible amendment. No account would be taken of the new matter for the purpose of testing the patentability of the invention in a subsequent suit.

However the inadmissible feature would be considered as a limitation in assessing the extent of protection for the purposes of determining infringement.

Industry agrees with this general approach but would like the question to be considered further. There is concern that the proposal may create unacceptable uncertainty for third parties and that lifting the examiner's burden of being very careful about article 123 matters could result in many more patents being granted with claims containing unallowable features. The proposal applies mainly to opposed patents, but many more are not opposed. It should be reasonably possible for third parties to foresee the outcome if such a patent is challenged in a court of a contracting state. In such cases there would be no statement earmarking the inadmissible amendment together with its consequences and effects as referred to above in the granted patent. This problem should be studied and a solution found.

Furthermore, since there is no general acceptance of (file-wrapper) estoppel against arguments for infringement by use of equivalents, in cases where the amendment was challenged, corresponding amendments to the description and if necessary the drawings should be made to prevent such arguments. In cases where the patent was not opposed, again the problem needs further study and a solution found.

UNICE opposes the alternative suggestion of reissue of the patent as this would cause unacceptable uncertainty for third parties.

7. AMEND ARTICLES 79 AND 80 TO REMOVE THE REQUIREMENT FOR CLAIMS IN ORDER TO SECURE A FILING DATE.

UNICE agrees.

8. MAKE IT CLEAR THAT THE EXCLUSIONS OF PLANT AND ANIMAL VARIETIES APPLY ONLY TO THESE VARIETIES AS SUCH.

This is required by the Biotechnology Directive.

9. AMEND ARTICLE 53B TO MAKE IT CLEAR THAT THE PRODUCT OF A MICROBIOLOGICAL PROCESS IS NOT LIMITED IN THE WAY DECIDED IN THE PGS DECISIONS.

A process is microbiological if any technical step in it is microbiological. This also is required by the Biotechnology Directive.

10. EPC SHOULD BE CAREFULLY COMPARED WITH THE BIOTECHNOLOGY DIRECTIVE FOR FURTHER NECESSARY AMENDMENTS.

UNICE believes that Article 53b should be transferred to the Implementing Regulations. However, UNICE requests that in order to implement the Biotechnology Directive as quickly as possible, a rule should be added to the Implementing Regulations which codifies the interpretation of the present Article 53b to be in line with the Biotechnology Directive.

11. DELETE ARTICLES 52(4) AND 54(5) - EXCLUSION OF MEDICAL TREATMENT CLAIMS.

UNICE agree that articles 52(4) and 54(5) should be deleted. They are an unnecessary complication in the EPC system. However there is concern that a claims to a therapeutic or diagnostic treatment carried out on the human or animal body might be attacked as not concerning the solution of a technical problem. Consideration should be given to amendment to Article 56 to clarify that it is to be so regarded or to article 57 that such an invention is susceptible of industrial application. Consideration might also be given to whether article 54(5) might be replaced by provision for the present Article 54(5) claims to continue to be available, i.e. claims to substances or compositions comprised in the state of the art for the treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body.

12. ARTICLE 133(3)

Article 133(3) should be amended to make it possible for an authorised employee of a legal person, having residence or principal place of business in one of the Contracting States, which is part of a group of companies, to represent other members of the group even where such other members are not resident or have a principal place of business in a Contracting State. The second sentence of the present Article 133(3) would already allow such a solution but is blocked since the corresponding Implementing regulations are missing. The present restriction raises costs for European companies having a complex company structure in an unfair way and is contrary to the aims of the single market.

13. ARTICLE 54(4) SHOULD BE DELETED

The new Rule 23a has led to considerable doubts since it changes the state of the art after publication, possibly some years later if publication of the search report is delayed. It withdraws the prior art effect of the designation of Contracting States if designation fees are not paid. This causes difficulties in assessing validity. There are suggestions to lower the designation fees further, or to make them payable at grant; Article 54(4) and Rule 23a are then an unnecessary complication. An alternative approach would be to delete Rule 23a. Amending Article 91(4) to deem a designation withdrawn if not confirmed does not overcome the difficulty caused by changing the prior art.

It is commented that at the time (1996) industry welcomed the shifting of the time for payment of the designation fees to 6 months after publication of the search report. What are being discussed now are side-effects. It is not sensible to revert to square 1 because of the side-effects; it is better to address the latter. It must be commented that to link the state of the art to the publication of a search report that can be long delayed, possibly because of long search back-logs, is not a good idea. But it is reasonable for applicants to wish to see the search report before confirming their designations. Again Rule 23a may be ultra vires because it changes the meaning of the EPC on the fundamental question of novelty, and it is already in conflict with the national laws of some

Contracting States. This suggests the radical solutions suggested above. For industry, certainty in being able to work out the rights of others, especially at the time of first publication, is the most important consideration. If designations have to be confirmed long after publication that requirement cannot be met.

II. OTHER AMENDMENTS

1. BRING ARTICLE 53(A) INTO LINE WITH ARTICLE 27.2 TRIPS

Article 53(a) excludes from patentability inventions whose publication or exploitation would be contrary to ordre public or morality, but TRIPS refers only to exploitation. This means dropping the reference to publication and is unnecessary as it has never been applied.

UNICE agrees.

2. ENABLE THE ADMINISTRATIVE COUNCIL TO AMEND THE TIME LIMIT FOR REQUESTING EXAMINATION ARTICLES 33 AND 95

This is to give greater flexibility, especially in view of the evolution of the Patent Law Treaty. The EPO says it would not be used to bring in deferred examination.

Many delegations to UNICE fear this will open the door to deferred examination and are opposed to this suggestion.

3. ALLOW PERSONS ENTITLED TO FILE AN APPLICATION UNDER ARTICLE 61(1) TO REPLACE A WRONGFUL APPLICATION (1) ONLY TO SO FILE DURING PENDENCY OF THE WRONGFUL APPLICATION IT REPLACES, OR (2) PROVIDE A DEADLINE FOR SUCH FILING, OR (3) PROVIDE FOR THIRD PARTY RIGHTS.

(Comment: The first alternative can be misused by the proprietor of the wrongful application withdrawing his application).

UNICE believes that a combination of (2) and (3) would be appropriate.

4. AMEND THE GROUNDS OF OPPOSITION AND REVOCATION TO INCLUDE LACK OF SUPPORT BY THE DESCRIPTION - ARTICLES 100 AND 138

(Comment: The EPO has always said that the grounds based on lack of enablement and lack of inventive step are adequate to control overclaiming, but this has only become established recently as the result of Board of Appeal decisions. Claim breadth is attacked in almost all oppositions, whether the claims were amended or not and to provide a formal ground would cause little increased legal uncertainty or extra expense).

Many industry delegations to UNICE are against making lack of support of the claims a ground of opposition and believe the present grounds sufficient. "Lack of support" is normally interpreted as a formal requirement and would have no effect in enabling of attacks on over-broad claims. It would have to have a substantive meaning related to lack of enablement and inventive step.

5. AMEND ARTICLE 114 TO PROVIDE A FIRMER LEGAL BASIS FOR EXCLUSION OF LATE FILED DOCUMENTS AND EVIDENCE.

The EPO states that following the practice of the Boards of Appeal, a legal basis should be provided for the exclusion of late filed amendments or late submissions of facts and evidence, where the party carries the burden of proof, once the case is ready for a decision. But this should not exclude the possibility to resume the proceedings if facts come to light which, if disregarded, would render the envisaged decision incompatible with the EPC.

(Comment: Article 114(2) already states that facts and evidence not submitted in due time may be disregarded and Rule 71a already requires a final date to be set for making written submissions. New facts and evidence presented after that date need not be considered, unless admitted on the grounds that the subject of the proceedings has changed. However, in G 6/95 the Enlarged Board of Appeal ruled that Rule 71a does not apply to the Boards of Appeal).

UNICE believes that greater certainty resulting from strengthening Article 114 would be beneficial. The present debate on whether the Boards of Appeal should respect Rule 71a when issuing a summons does not deal properly with the question of a deadline for written submissions. Industry believes that the Boards of Appeal should be bound by a rule like Rule 71a which lays down a reasonable time limit after which it is not possible file new facts and evidence, unless the subject of the proceedings has changed - in which case the Boards should admit evidence strictly in response to the new situation. Furthermore there should be a reasoned communication from the Board prior to oral proceedings to cut costs and raise efficiency.

6. AMENDMENT OF ARTICLE 116 TO REMOVE THE POSSIBILITY OF HEARINGS BEFORE THE RECEIVING SECTION.

These have never actually taken place. Instead any matter arising is heard by the full examining Division enlarged by a legally qualified member.

A second suggestion is whether the examining division, the opposition division and the Boards of Appeal should be given a discretion to refuse holding of oral proceedings where the latter are clearly unnecessary.

UNICE agrees with the first suggestion. The second suggestion would take away from the parties the right to at least one hearing before the Boards of Appeal. This is contrary to due process of law.

7. AMEND ARTICLES 154(3) AND 155(3) TO ALIGN WITH PCT

Under these articles the final jurisdiction under PCT protests lies with the Boards of Appeal, but the EPO is not the only PCT authority which provides for judicial review. It is desired to delete these provisions as unjustified, work intensive and costly.

UNICE agrees.

8. PROVIDE FOR A STAY OF PROCEEDINGS IN ENLARGED BOARD CASES

If a case is pending before the Enlarged Board of Appeal there is no suspensive effect on other proceedings before the EPO which might be affected by the outcome of the decision and no stay is available under the EPC. The EPO seeks a discretion to stay proceedings in such cases.

UNICE agrees.

9. DEREGULATION AND SIMPLIFICATION OF LEGISLATION

Patent legislation has to be formulated for the efficiency of the system rather than the needs of users. It is sometimes too burdensome and complex. To simplify the legislation and reduce the regulatory burden consistent with efficient and safe operation of the system there should be an exhaustive and systematic review to identify appropriate amendments. It is hoped that costs to users would be thereby reduced.

Industry agrees, but there should be no changes to substantive law as a result.

10. TRANSFER EPC REQUIREMENTS TO THE IMPLEMENTING REGULATIONS WHEREVER POSSIBLE

The EPO would like the Administrative Council to be able to respond quickly to circumstances by Rule amendments, eg regarding changes in technology, as the number of contracting states rises, and to provide for greater flexibility in response to needs.

For instance in view of electronic filing, digital data processing and office automation the EPC references to written documents (eg in Article 99(1), 108 and 115(1)) causes legal difficulty. Other examples concern the payment of designation fees, filing designations of inventor and drawings, written request for examination, grant date tied to the Bulletin and filing translations of claims.

UNICE agrees.

11. ELIMINATE DIVERGENCES BETWEEN THE ENGLISH, FRENCH AND GERMAN VERSION OF THE EPC AND ITS RULES

Industry agrees, but the alignment must not conceal substantive changes.

12. AMEND ARTICLE 129 TO TRANSFER ITS CONTENT TO THE RULES AND DECISIONS OF THE PRESIDENT OF THE EPO

The present article prescribes the contents of the Bulletin and of the Official Journal.

UNICE agrees to the proposal to sever the link between the Register and the Bulletin so that more items can be placed on the Register.

III. THE FOLLOWING PROPOSALS SEEM UNNECESSARY

1. REPLACE THE "SPECIAL AGREEMENTS" OF ARTICLE 142(1) BY A BROADER LEGAL NOTION

"Special agreements" refers to patents which designate Switzerland and Liechtenstein, or the CPC, and it is difficult to imagine anything else.

In so far as this refers to the 1989 CPC UNICE wholly opposes the amendment. The 1989 CPC is defective on cost, risk, litigation inefficiency and uncertainty grounds.

2. DELETE ARTICLE 117(4) WHEREBY A PARTY WITNESS OR EXPERT CAN REQUEST TO BE ALLOWED TO GIVE EVIDENCE BEFORE HIS NATIONAL COURT.

(Comment: see the comment on the proposed amendment to Article 117 to permit the EPO to take evidence under oath - which would require amendment of the national laws to deal with false evidence and perjury. Even if the EPO were given such powers (and the national laws were so amended) it seems unnecessary to remove the convenience of having evidence taken by the national courts. The suggestion also has political overtones - some member states object to unnecessary centralisation).

A further proposal is to delete Article 117(3)(b) whereby the EPO refers the taking of evidence to the national courts. The deletion would be supplemented by inserting a Rule allowing such a hearing before the national court only under exceptional circumstances.

(Comment: There may well be cases where this is clearly desirable; not merely in exceptional cases. The proposed rule seems likely to lead to uncertainty and unnecessary argument.)

3. REMOVE OBSOLETE TRANSITIONAL PROVISIONS AND RESERVATION

Transfer to Article 134, the substance of Article 163(6) concerning the entering of the professional representatives of a newly acceding state onto the list.

Delete most of Article 167(2) - retaining Article 167(5) whereby the effect of reservations continues to apply to applications filed patents granted earlier while the reservations were still in force.

IV. THE FOLLOWING AMENDMENTS ARE OPPOSED BY INDUSTRY

1. **REDUCE THE INDEPENDENCE OF MEMBERS OF THE BOARDS OF APPEAL**

The proposal is to amend Article 23(3) which at present provides that members of the boards are bound solely by the EPC. It has been suggested that they should be bound in addition by TRIPS and the European Convention for the Protection of Human Rights and Fundamental Freedoms.

UNICE believes this would create massive legal uncertainty about the effect of the European Convention on Human Rights and could be a roundabout way of introducing further appeals. It is also a roundabout way of making the EPC directly subject to these international agreements.

So far as concerns TRIPS, it would be better to amend the EPC to ensure that there are no differences.

2. **CONSIDER THE INCLUSION OF A PROVISION AGAINST SELF COLLISION**

UNICE is opposed to this proposal. Although it is said to have been proposed by users, industry has always said it would cause legal uncertainty. There would be extension of the 18 month uncertainty period to 36 months and even longer if there were to be a grace period. There would also be difficulties regarding ownership. There is no reason to change the system. Furthermore, it will prejudice Europe's negotiating position on the Patent Law Treaty. The present system works well and there is no reason to change it.

3. **ALLOW THE INTRODUCTION OF NEW MATTER INTO DIVISIONAL APPLICATIONS**

UNICE opposes this proposal. It would introduce European continuations-in-part. It would cause considerable legal uncertainty. There would be arguments about whether the new matter supports claims that were arguably not supported before the new matter was introduced. Would this bring in the complex continuation in part practice of the United States? Would there be a need for a terminal disclaimer? Could priority be claimed from the added matter?

4. **DROP THE REQUIREMENT TO FILE PRIORITY DOCUMENTS AND THEIR TRANSLATIONS (ARTICLE 88 AND RULE 38)**

Priority documents and their translations would only be required when necessary (for examination).

Industry sees many problems: (1) It is not in the long run a good idea to destroy the convention document. (2) While it would simplify application formalities, reduce costs and bring Article 88 into line with the draft new PLT, which are aims industry supports, (a) the PCT negotiations are not yet completed (the proposal is premature) and (b) there is a problem with oppositions. Each opponent may have to make it believable that the patentee is not entitled to priority five or more years later and the patentee may have to prove the contrary.

There are two main difficulties (a) if no certified copies of priority applications are required (reliance should not be placed on obtaining same from another patent office which requires them - sometimes this will be possible but sometimes not) and the originating patent office

destroys the files of abandoned patent applications (many do) it will be difficult or impossible in some cases to prove priority; and (b) many European firms rely on translations of priority documents in non-European languages to assess validity and prepare oppositions. If they were no longer available multiple translations would have to be made, eg from Chinese, Japanese or Korean. Regarding proof of priority, there is a fear of claims to priority that can not be strictly proved.

A second proposal is for provision to be made for electronic exchange of priority documents between patent offices, where one filed in another office is deemed necessary. The EPO could obtain it without even asking the applicant, with a further simplification and reduction of costs.

(Comment: again there is the problem of translations from unfamiliar languages).

5. EPAC

While UNICE supports in principle the idea of a common appeal court for European patents (EPAC), UNICE is against it being based on the Protocol on Litigation of 1989. UNICE is also against provisions for first instance courts being based on the 1989 Protocol on Litigation. Such provisions would cause massive legal uncertainty, put patents unnecessarily in risk of revocation by national courts for the whole area of the EPC and, in some circumstances, as the result of stays, prevent patentees from obtaining justice.
