

**EUROPEAN PATENT CONVENTION
MANDATE FOR AN INTERGOVERNMENTAL CONFERENCE**

UNICE COMMENTS

I. INTRODUCTION

UNICE welcomes the initiative of the French Government to hold an intergovernmental conference on 24 and 25 June 1999. This conference will give an impetus towards solving the outstanding problems of the European Patent System.

The French Government's draft mandate makes proposals for reducing the cost of obtaining a European patent, especially the cost of translations, improving the litigation arrangements for the European patent and modernising the decision making-system of the European Patent Organisation.

Many of the French Government's proposals are welcome and will improve the patent system in Europe. However, UNICE believes some proposals are too narrow and some of them are not acceptable to industry.

The three major issues need to be addressed urgently. If they are not resolved before new member states join the EPO in the year 2002, the costs involved in obtaining and enforcing European patents effective across Europe will thereafter become much greater, patent litigation will become more difficult and supervision of the EPO will become more troublesome. It is very doubtful that it would be possible to resolve the problems after expansion, since deadlock on such matters as languages and voting rights would be even more likely than at present. It is not possible for industry to agree with all of the solutions proposed in the memorandum and a number of important proposals made in the past by industry have been omitted.

II. SPECIFIC COMMENTS

UNICE believes that the following points should be dealt with in the mandate.

1. The proposals omit any reference to one of the most important possible ways of reducing procedural fees paid by applicants. The EPO is unique among the patent-granting authorities of the world in that it must meet processing costs mainly from the procedural fees paid by applicants before grant. These fees amount to about EURO 4,000. All other authorities meet most of the processing costs from renewal fees received after grant. The procedural fees could be much reduced if member states were to pay EPO a greater proportion of the renewal fees which they levy on European patents and for which they have done virtually no work. At present, member states keep 50% of the renewal fees and use the money to subsidise activities which may not even be patent-related. They could well afford to pay more to the EPO.

The distribution key needs to be changed so that a higher proportion of renewal fee receipts is available to the EPO to allow reduction of the filing fees and to provide resources to shorten the procedure.

2. Article 65 EPC should be deleted.

On reducing translation costs, the mandate omits to point out that one of the most costly elements is the translation requirement which nearly all member states have adopted. Statistics show that these translations are hardly ever used. In UNICE's opinion, the best way to reduce significantly translations costs would therefore be to delete Article 65.

As an alternative, other solutions should be considered such as: (a) use only one single language [which would be English]; (b) only translate the granted patent into the three official languages of EPO (English, French, German); (c) adopt the so-called "package solution".

3. The filing of translations should be centralised at EPO, without national fees or requirements concerning the status of the translator.

Centralising the filing of translations, with no special national fees or requirements concerning the status of the translator is a very good proposal. While not resolving the translation problem, it should substantially reduce costs.

4. Restriction of the specification for translation purposes to the points necessary to understand the invention is not acceptable because of (1) legal uncertainty over what that is; (2) danger for the validity of the right; (3) potential for disputes about sufficiency of disclosure and the basis of the claims in the resulting patent. Applicants already keep their applications as short as is consistent with the legal needs to describe the specific features of the invention.
5. Arbitration of infringement and validity by EPO is not acceptable because (1) EPO has no experience of infringement law and more especially, no knowledge of the proofs needed and the question of equivalents; (2) EPO would take too long to come to any decision; (3) EPO was involved in grant of the patent; (4) arbitration is already available at national and international levels.
6. Industry agrees that the number of courts must be restricted to no more than three which are specialised in patent litigation and that there must be thorough, on-going training of the judges. There must be a programme to evolve a common jurisdictional system which

meets the need for a uniform interpretation of the European patent at national level. The judges should be encouraged to work together to extend their knowledge.

7. Industry desires creation of a specialist European patent appeal court. The opinion of such a court should normally be binding. Industry is against creation of a common advisory body for litigation.
8. Subject to the Brussels Convention, the mutual recognition of judicial decisions is not acceptable. It is not acceptable for the decision of an inexperienced court in one contracting state to bind an experienced court, especially an appeal court, in another contracting state. Conversely, it is not acceptable to require an inexperienced court to accept unconditionally the decision of an experienced court elsewhere.
9. It is agreed that the decision-making system of the European Patent Organisation needs to be modernised but the proposed weighting system based on patent applications filed in the Contracting States before 1977 is unworkable and, for more recent entrants, unfair. The 1976 figures would be unacceptable to many contracting states and the current figures would be unacceptable to others. In particular it is now easy to designate all states and this would bias voting power towards small states. It would be better to use the voting system used in the EU Council of Ministers.
10. The proposed Executive Board is unacceptable. A Board with restricted membership would not be acceptable to any country in danger of being excluded, especially in the case of the larger countries. If, on the other hand, all contracting states are represented it is difficult to see why there should be a separate Executive Board.

III. EPC REVISION CONFERENCE

UNICE supports the idea of a preliminary intergovernmental conference with a view to changing the EPC on the three main points now. All the desirable amendments to the EPC need to be made before the 1 January 2001. UNICE agrees that articles 34, 35, 36 EPC need changing. Article 36 relies on article 40, which also needs amendment as it is anachronistic and obsolete. Furthermore article 52(2) EPC cannot be amended on its own since that would cause legal uncertainty about which computer programmes are to be patentable (are non-technical field programs included?). Instead article 52 (1), (2) and (3) should be replaced by article 27 (1) first sentence of TRIPs.

UNICE believes that the IGC should deal with the three main points but also mandate a further conference to settle the amendments proposed by SACEPO in documents SACEPO 19/98 and CA/PL 2/99. For convenience these points are listed at annex.

Finally UNICE is wholly against including a grace period. This cannot be discussed unilaterally but only as part of a settlement of patent problems on a multilateral world basis. Unilateral adoption of a grace period will cause loss of rights in most of the world outside the EU as well as causing unacceptable uncertainty for industry.

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Annex

The subjects for further discussion agreed by SACEPO are the following:

- Adapt the Protocol on Centralisation to the BEST project.
- Introduce a maximum age limit for members of the Boards of Appeal.
- Board of Appeal members not to be bound by TRIPS or ECHR.
- Amend Article 52 to allow patentability of computer programs.
- Bring Article 53a into line with TRIPS.
- Consider deletion of Article 52(4) (exclusion of medical treatment claims).
- Delete Article 53b and/or reflect the Biotechnology Directive.
- Clarify Article 61(1) regarding new applications replacing an application filed by a non-entitled person (tendency, deadline for filing, and third party rights)
- Extending the priority right to all WTO countries and those giving reciprocity.
- Transfer the formal requirements for priority documents to the Implementing Regulations.
- Retention of filing priority documents (and their translation) with the application.
- All time limits to be eligible for further processing and broaden restitution possibilities.
- Adopt the footnote solution to obviate the Article 123 trap.
- Separate Register and Bulletin and define their content in the Implementing Regulations.
- Stay proceedings when a case is referred to the Enlarged Board of Appeals.
- Eliminate the requirements for claims to obtain a date of filing and for the request to designate contracting states.
- Remove the requirement for an applicant to confirm his request for examination if made before the search report was sent to him.
- Introduce central limitation and surrender proceedings before EPO.
- Deregulation on the basis of specific proposals to simplify EPC wherever practicable.
- Transfer EPC requirements to the Implementing Regulations where this would not undermine the substantive law provisions of EPC.
- Eliminate divergences and inconsistencies in terminology between the three versions of EPC, while avoiding changes as to substance.
- Review the transitional provisions and reservations where obsolete, but retain the provision inclusion on the list of representatives from newly acceding states.

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