



**US BAR/EPO LIAISON COUNCIL  
23rd MEETING - WASHINGTON D.C.  
12 NOVEMBER 2007**

**Report of the President of the European Patent Office**

**I. INTRODUCTION**

The following is a brief overview of the developments at the European Patent Office since the last meeting of the US Bar/EPO Liaison Council took place in Berlin in September 2006. For further details, reference is made to the EPO Annual Report for 2006.

**II. ORGANISATION**

**A. RESTRUCTURING OF DG 2, OPERATIONAL SUPPORT**

Automation support in the EPO has been reorganised with the creation of a new unit called **Information Management (IM)** which regroups all automation services for the EPO, including the setting up and maintenance of information systems and the production and management of tools for the Office. The new group is under the overall management responsibility of the VP DG2 (Operational Support) in the role of Chief Information Officer.

Built on the merger of the former Principal Directorate Information Systems and Principal Directorate Tools and Documentation, the main principle for the reorganisation of automation services is to focus on the support of the Patent Granting process.

The new structure comprises three Principal Directorates:

- Patent Grant Automation (PD PG)
- Office-wide and External Automation (PD OX)
- IT Infrastructure and Services (PD ITIS)

**III. WORKLOAD AND PRODUCTION**

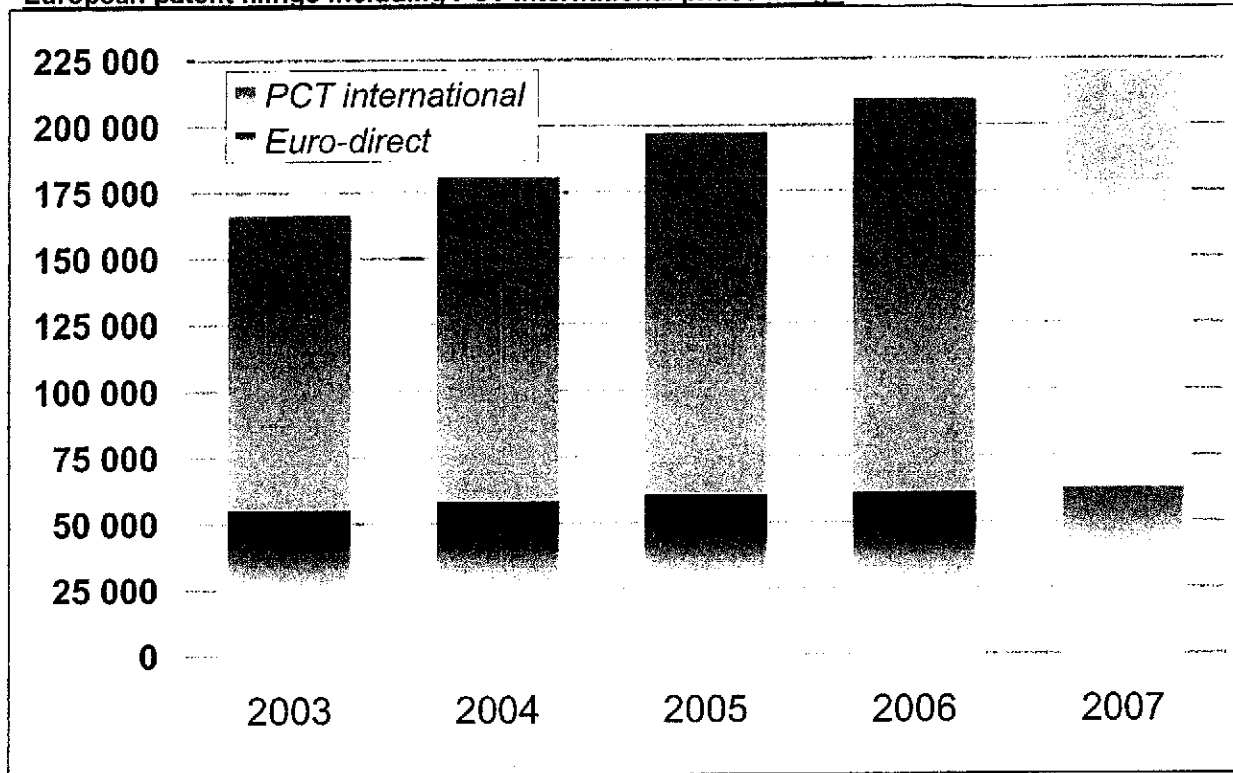
**A. FILINGS**

The number of applications filed is the first indicator of the development of the Office activity. The July 2007 figures indicate that the number of filings for European patent filed increased by 4% over the corresponding figures for 2006. The revised Spring forecast assumes 221 000 applications filed in 2007, a total which is likely to be reached, this would represent an increase of about 5% over the revised figures for 2006 (210 400).

So far, direct European filings are according to plan and just 3% above last year figures. At present time some 39% were filed on-line.

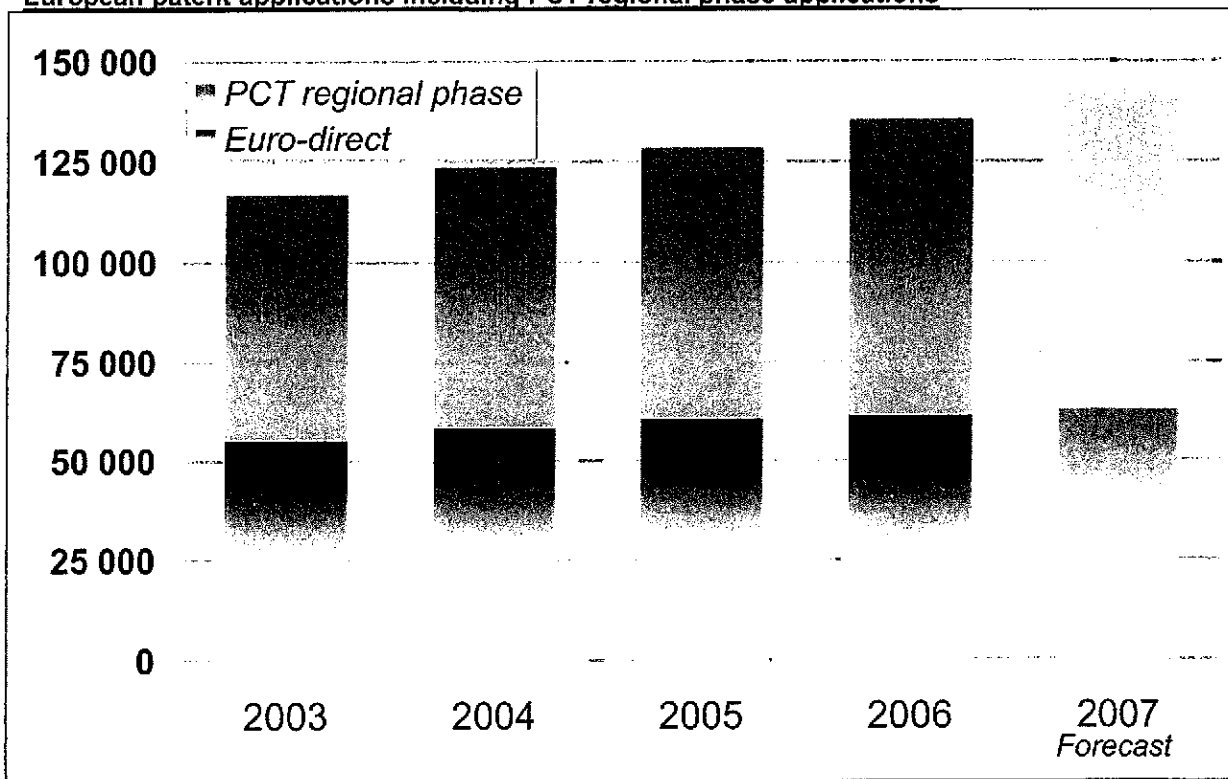
The number of Euro-PCT applications increased over the same period in 2006 by almost 5%. The EPO foresees around 157 400 PCT applications at the end of 2007.

**European patent filings including PCT international phase filings**

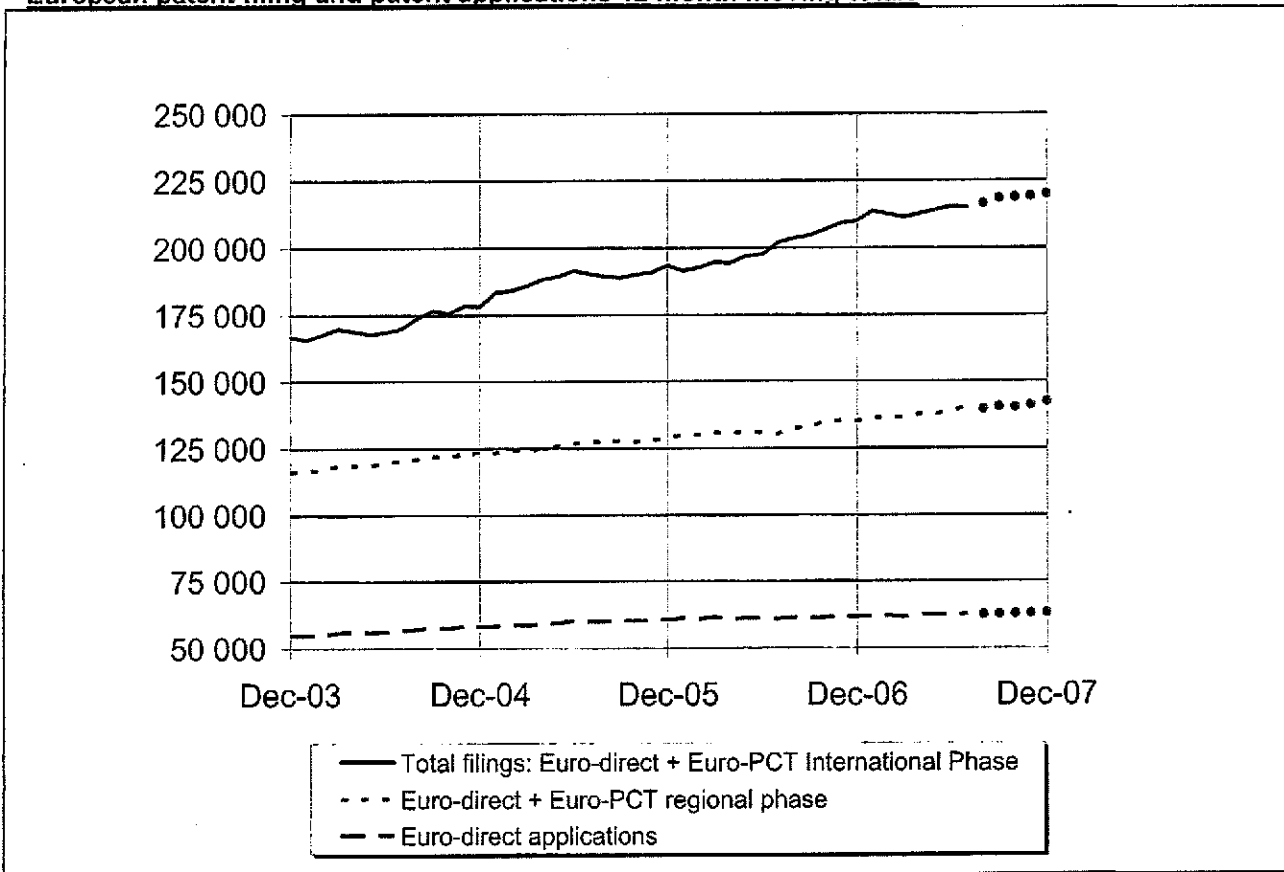


By the end of July, 83 000 applications enter the grant procedure (+7%) of which 56% were PCT applications entering the regional phase. At the end of the year 2007, 144 000 European patent applications should be recorded in the grant procedure, this would represent a growth of 5.5%.

European patent applications including PCT regional phase applications



European patent filing and patent applications 12 month moving totals



## **B. SEARCH, SUBSTANTIVE EXAMINATION AND OPPOSITION REQUESTS**

The development in filings (including PCT internal phase filings) is well reflected in the development of the workload for search. By the end of September 2007, 145 000 such requests had been received, 9% above previous year's figure. The number of search requests for European direct applications was unchanged while the number of international searches was up by 6%. The number of PCT applications for which the Office did not perform the search during the international phase, which require a supplementary search when they entered in the European phase was substantially above last year's figure.

A total of almost 190 000 search requests is expected for 2007.

So far in 2007, 77 200 requests for examination were received. At the end of the year around 104 000 European examination requests should be recorded. As planned for, PCT Chapter II demands have continue to fall. The number of such demands is expected to be less than 10 000 at the end of the year.

The rate of patents opposed was 5.5% in 2006. Nevertheless, the opposition workload further increased in 2007, as a consequence of the higher number of patents granted.

## **C. APPEALS**

By the end of September, the number of technical appeals has increased by 11% over last year. It is expected to reach 2100 by the end of 2007. The number of appeals settled is also increasing correspondingly.

## **D. EXTENSION REQUESTS**

The validity of European patents may be extended to the territory of countries which have not yet acceded to the European Patent Convention. These Extension States include Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and the Republic of Serbia.

There has been so far since the beginning of 2007, 19 100 requests for such extensions. Around 30 500 such requests may be expected by the end of the year.

## **E. SEARCHES PERFORMED**

So far in 2007, the overall output in terms of searches performed increased by less than 1%, and remained also 2% above the revised plan. At the end of the year, production is still expected to reach 170 000 files.

## **F. SUBSTANTIVE EXAMINATION COMPLETED**

The number of final actions in the EP examination procedure was again below the expected level so far in 2007 (-8%), as well as 3% below last year's figures. The EPO will try nevertheless to reach the total of 85 000 final actions at the end of the year.

The number of PCT Chapter II examinations decreased further and around 9 800 such examinations should be completed at the end of 2007, compared to 14 500 in 2006.

### **G. PUBLISHED GRANTED PATENTS**

During the first three quarters of 2006, 41 770 patents were published. The EPO expects to have published around 58 000 European patents in 2007. This would represent a decrease of 8% compared to 2006 which was a high figure due to the modification of the publication procedure.

### **H. APPEALS COMPLETED**

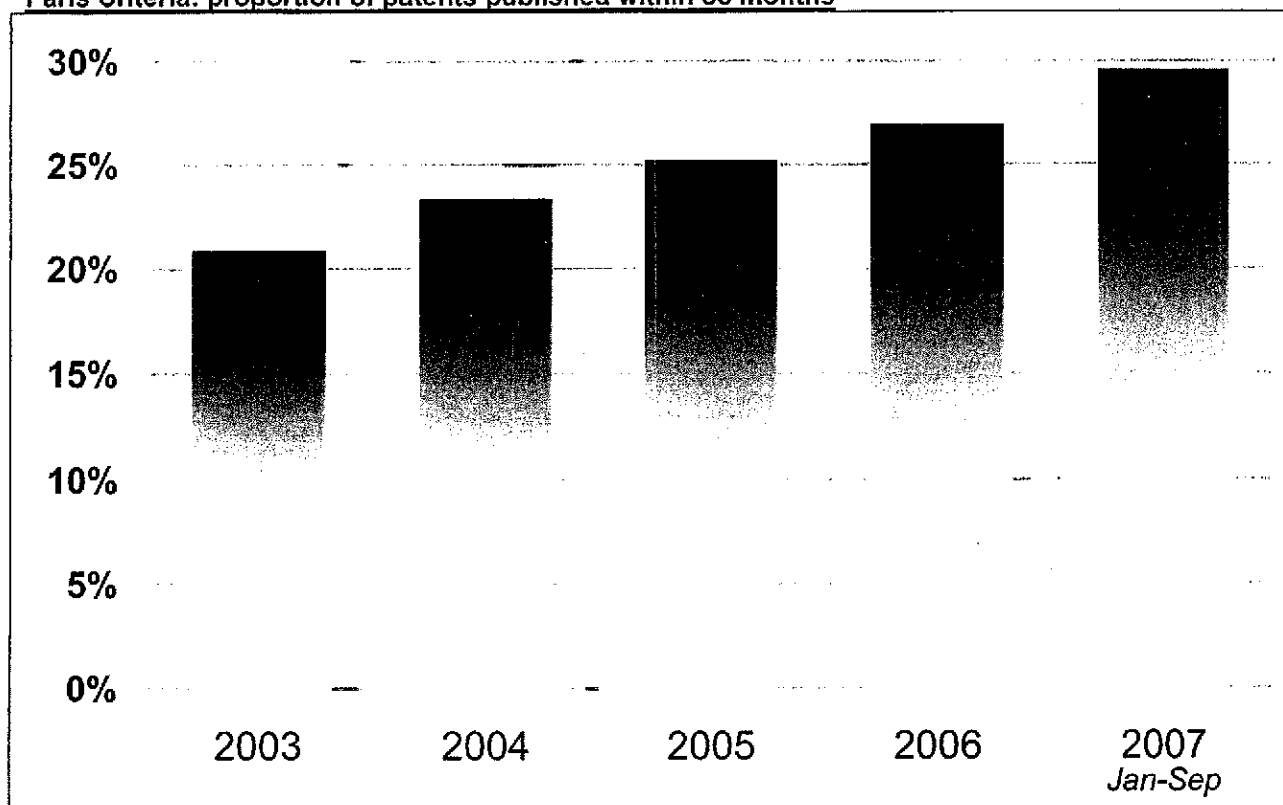
At the end of September 2007, 1 220 technical appeal cases have been settled, which is 7% more than in 2006.

### **I. MASTERING THE WORKLOAD**

The criteria set at the intergovernmental conference in Paris in 1999, namely to achieve a processing time of 36 months remains a key objective of the Office. Its efforts in mastering the workload have indeed been quite successful.

The time to issue the search report for an EP direct first filing remained on average approximately 5 months also so far in 2007. Following the introduction of the European Extend Search Report (EESR), the first communication was sent on average 23.8 months after the receipt of the applications, compared to 26.1 in 2005. On average during the first three quarters of 2007, this average delay was even reduced to 21.3 months.

**Paris Criteria: proportion of patents published within 36 months**



The European second filing search backlog stood at 39 200 at the end of September 2007 compared to 36 100 at the end of 2006.

The share of patents granted within the three years as set in the Paris Conference further increased. At the end of September 2007 about 30% of the patents granted so far in 2007 were processed in less than three years. On average in 2006, it took 44,3 months to complete the procedure up to publication of the patents (45,3 in 2005). This delay was further reduced to 43.7 months during the first 3 quarters of 2007.

In 2006, the grant rate for European patents was 56%, while the withdrawal rate after the search phase was 17% with the remainder refused or withdrawn after the substantive examination phase.

#### **IV. QUALITY ISSUES**

##### **A. QUALITY INITIATIVES WITHIN THE EPO**

The many changes in the EPO's environment, some triggered by external influences such as increasing workload, the changing in filing behaviour and trends in the IP world, or internal developments such as procedural changes and the move to BEST, gave rise to the recognition that quality needed to be addressed.

A formal quality management system aiming for continuous improvement of the quality of the products and services provided has been established.

The presently ongoing activities can be subdivided into

- external
  - European Quality System (EQS)
  - Partnership for Quality
  - PCT Chapter 21
  
- internal
  - Cluster-level Operational Quality Control (CLOQC)
  - Computer-assisted search process extraction and recording (CASPER)
  - Quality Board
  - ISO 9000
  - "raising the bar"
  - Complaints

##### **B. EUROPEAN QUALITY SYSTEM (EQS)**

The Administrative Council mandated the Office to address the issue of a Quality Management System for all Patent Offices within the European Patent Network. The result was the establishment up of a working party comprised certain member states.

The proposed standard for a European Quality Management System drafted by this working party was adopted by the Administrative Council in March 2007. The working party was mandated to continue its work, in particular by addressing product quality standards. A corresponding document is presently being drafted.

### **C. PARTNERSHIP FOR QUALITY**

The Office entered into a process of continuous dialogue with its primary users by establishing the framework of a "Partnership for Quality". By periodically meeting representatives of epi and BusinessEurope, a shared understanding for the responsibilities on all sides for best practice and high quality products is aimed at. Intense exchange of views e.g. on the requirements of inventive step, have already taken place. The EPO is proposing that it and the representative associations agree on a Code of Practice establishing best practice and services that both sides should aim to deliver.

### **D. PCT CHAPTER 21**

The Office played a major role in defining the practicalities of reports to the MIA in view of paragraphs 21.17 and 21.18 of the PCT International Search and Preliminary Examination Guidelines. The template to be used for a main report under paragraph 21.17 as well the template to be used for the updating reports under paragraph 21.18 was developed by the Office and adopted by the MIA.

The EPO intends to further develop and to review PCT Chapter 21 and to exploit further areas such as operational quality control and/or metrics and standards.

### **E. CLUSTER-LEVEL OPERATIONAL QUALITY CONTROL (CL-OQC)**

CL-OQC as an additional facet of operational quality control in the EPO provides for checks of a sample (presently 6-8%) of intermediate and final products e.g. EESR, granted patents, by a peer expert (so-called Quality Nominee) prior to the issue of the product to the client. The purpose of CL-OQC is to provide for

- a common structured and harmonized approach to quality control in DG1
- immediate correction of deficiencies
- monitoring quality levels by acquiring appropriate and meaningful statistical data
- initiation of timely actions for improvement.

The findings of the CL-OQC checks are documented by the QNs by means of electronic on-line check-lists and the results are stored in an electronic CL-OQC database. The results will be reported to DG 1 management together with proposals for improvement. A regular analysis of deficiencies in work performed should enable training needs to be identified and specific needs for improvement of search and examination.

## V. LEGAL AND INTERNATIONAL AFFAIRS

### A. ENLARGEMENT OF THE EUROPEAN PATENT ORGANISATION AND RATIFICATION STATUS OF THE EPC (EUROPEAN PATENT CONVENTION) 2000

With the accession of **Malta** on 1 March 2007, the European Patent Organisation (EPO) now has 32 member states. Thus today the European patent system is the gateway to patent protection in a total of 37 countries (including five extension states).

**Norway** will become an EPC contracting state as of 1 January 2008. Furthermore, EPC ratification proceedings are in progress in **Croatia** and the **Former Yugoslav Republic of Macedonia**.

The EPC 2000 will enter into force on 13 December 2007 (Art. 172 (3) in conjunction with Art. 8 of the Revision Act).

To date apart from 6 of the EPC contracting states (CY, FR, DE, IT, PT, TR), all have deposited their instruments of ratification of the Act revising the EPC with the German Government. In FR, DE, CY and TR internal ratification procedures are completed. In IT and PT such procedures are currently in progress. It is expected that these states will also make it on time.

In accordance with Article 172 (4) EPC, States that have not ratified or acceded to the revised text of the Convention at the time of its entry into force shall cease to be parties to the Convention as from that time.

### B. STRATEGY DEBATE

Work on the different elements of the European Patent Network (EPN) has further progressed in the first ten months of 2007:

- The concept of utilisation of searches by the EPO done by National Patent Offices (NPOs) is now being tested in the Utilisation Pilot Project (UPP). A report on the results of the UPP will follow mid 2008. First indications show that only a limited number of applicants is interested to participate in the UPP.
- The "European Quality System" working party is busy drawing up proposals for product standards after the Council approved the standards for a European Quality Management System in March. It is to be expected that the Administrative Council will be able to adopt product quality standards by the end of the year, as planned.
- The user-support Consortium is gradually becoming clearer. The EPO for example ceased performing special search and standard search work as from 1 September 2007 in order to open up the way for interested national patent offices.
- In addition, the co-operation programme has been in force since the beginning of the year. Its focus will now be on the creation of synergies among the participating national patent offices.

- And last but not least, the Board of the Council has been working on a study on the future workload of the European patent system. The study will be presented to the Council by the end of the year. The EPO will certainly inform its Trilateral partners on the outcome of the study.

### **C. COMMUNITY PATENT AND THE ESTABLISHMENT OF A CENTRALISED LITIGATION SYSTEM**

Following the consultation and hearing process in 2006, the Commission of the European Union published the Communication "Enhancing the patent system in Europe" on 3.4.2007<sup>1</sup>. The Communication stresses that the creation of the Community patent continues to be a key objective but acknowledges that all stakeholders have rejected the 2003 common political approach concerning the Community patent<sup>2</sup> on two grounds –unsatisfactory language regime and inadequate jurisdictional arrangements.

As regards the language regime, the Commission indicates that it intends to explore with EU member states how the translation costs of the Community patent could be reduced.

It appears, however, that at least 6 EU member states consider that the 2003 common political approach should still constitute the basis for further work on the Community patent – despite 12 new accessions to the EU since 2003, the increase in the number of EU official languages (from 12 to 23) and the clear message from the stakeholders during the consultation.

As regards the litigation system, significant divergence exists between the ideas of the EU member states – some preferring the optional EPLA (European Patent Litigation Agreement) approach, while others are keen to set up a litigation system closer to the Community's jurisdictional system which would deal not only with European patents but also with future Community patents. The different options are now discussed in the Council under Portuguese EU Presidency.

### **D. LONDON AGREEMENT**

Few weeks after the French Presidential and parliamentary elections, new impetus was given to the ratification process in France: on 24 August 2007, the French government adopted a proposal for a ratification bill which was discussed in the Assemblée nationale on 26 September and in the Sénat on 9 October. In both Chambers, the bill was adopted. A few last-ditch attempts have been made recently by longstanding opponents to the London Agreement to prevent or delay the deposit of the French instrument of ratification, for instance referring the issue of the constitutionality of the Agreement to the French Conseil Constitutionnel. However, once a Parliament has adopted a ratification bill, deposit of the instrument of ratification is usually considered as a formality only, and it is very likely that France will deposit within the next months, so that the London Agreement can enter into force in the first half of 2008.

<sup>1</sup> COM(2007) 165 final, see [http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007\\_0165en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0165en01.pdf)

<sup>2</sup> Agreed by the Council on 3.3.2003, see [http://www.european-patent-office.org/eng/pubs/oi003/05\\_03/05\\_2183.pdf](http://www.european-patent-office.org/eng/pubs/oi003/05_03/05_2183.pdf)

The London Agreement has thus been approved by the Parliaments of the following 13 EPC Contracting States: France, United Kingdom, Germany, Switzerland, the Netherlands, Denmark, Sweden, Slovenia, Iceland, Monaco, Latvia, Luxembourg and Liechtenstein.

#### **E. SUBSTANTIVE PATENT LAW TREATY (SPLT)**

In the year under review, negotiations on the reduced package for a draft Substantive Patent Law Treaty (SPLT) continued within the forum of the Working Group I of the Group B+. Following the failure of the Working Group to reach agreement on the substance of the Chair's proposal in Tokyo in November 2006, informal consultations were conducted and it was considered appropriate to postpone the meeting of the Group initially scheduled for July 2007.

In the meantime and against the background of the legislative developments in the U.S., the EPC contracting states had extensive discussions within the framework of the EPO Committee on Patent Law, focusing on the development of a common European approach regarding the individual issues of the reduced package and the grace period in particular.

Notwithstanding the commitment of the members of the Group B+ to the process, no real progress could be made at the recent Plenary Session in Geneva. This being the case, the members of the Group will now have to carefully consider the future of the harmonisation exercise and intensify their efforts in defining a viable way forward.

#### **F. PCT**

Discussions with the other PCT authorities in the EPC contracting states led to the proposal for a new system of cooperation in PCT matters, in particular on the harmonisation of international search activities. The new system, involving a model agreement to be concluded with each of the offices concerned, would replace existing agreements with the European PCT authorities. The system would include the Nordic Patent Institute (NPI), that has announced it will take up its activities as PCT authority on 1 January 2008.

Entry into force of EPC 2000 is imminent, allowing for the withdrawal of all reservations made under the PCT. It is envisaged that the new Agreement between the EPO and the International Bureau of WIPO will enter into force on the same date as EPC 2000, i.e. 13.12.2007. Further, an EPC 2000 conform update of the decisions of the President and notices from the EPO is provided in Special Edition No. 3 of the Official Journal 2007. This publication contains e.g. a revised Notice concerning the protest procedure where the EPO as ISA (International Search Authority) or IPEA (International Patent Examination Authority) finds non-unity. The procedure set out in the Notice will apply as from entry into force of EPC 2000.

A new Guide for Euro-PCT applicants, reflecting the revised procedures, is under preparation and should be available early 2008.