

REPORT**U.S. BAR/EPO LIAISON COUNCIL
2013 MEETING, MUNICH, GERMANY
Submitted by Thomas E. Spath**

The U.S. Bar/EPO Liaison Council held its 29th annual meeting in Munich on October 18, 2013 at the European Patent Office conference facility. The location of the U.S. Bar/EPO Liaison Council meetings traditionally alternates between Munich and the United States and is generally coordinated with the AIPLA annual meeting in Washington, D.C.

Fortieth Anniversary of the EPC

In conjunction with our 29th annual meeting, the Council was graciously invited to attend the 40th anniversary celebration of the signing of the European Patent Convention that was hosted by the EPO. The Council thus met for the second year in a row in Munich. The day of festivities preceded the meeting and included morning speeches by EPO President Batistelli and other European Union dignitaries and officials, further presentations at the nearby Deutsches Technologie Museum followed by tours and a buffet lunch. The evening concluded with a social event at the historic Munchen Residenz that included speeches, a buffet dinner and a concert by musicians that included EPO employees.

The Council Meeting

The President of the European Patent Office, Benoit Battistelli continued the president's tradition of attending the annual Council meeting. Nine other EPO representatives also participated in the meeting.

The U.S. contingent consisted of 12 delegates from various national and regional bar associations in the United States, as well as in-house corporate intellectual property counsel. As a result of a special initiative begun in 2011, the membership of the U.S. Bar/EPO Liaison Council has continued to show a significant increase in the number of representatives from IP sections and bar associations from around the country and the effort continues with the goal of enlisting two representatives from each bar association. Those who have served in leadership roles in the Council are also encouraged to continue their participation.

The NYIPLA representative at this council meeting was Thomas Spath from Abelman, Frayne & Schwab, who is serving as the Council's Secretary. Samson Helfgott, who is among the original members of the Council and has a long history of attendance and expertise in the field of EPO practice, also represents our Association.

Significant Changes Favoring Applicants

Two major procedural changes approved by the EPO Administrative Council at its meeting on 16 October 2013 were announced just two days later at our Liaison Council meeting. Both will be welcomed by applicants and their counsel. The principal provisions and effects are as follows:

1. Rule 36 EPC - Abolition of the 24-month deadline for filing divisional applications

As of 1 April 2014, the EPO will abolish the heavily criticized 24-month deadline for filing a divisional application following the first substantive examination communication and will return to the former regulation which permitted one or more divisional applications to be filed at any time, so long as the parent application has not been granted or finally refused. The EPO intends to charge a fee in addition to the application fee for any second (or subsequent) generation divisional applications, i.e., divisional applications divided from an application that is itself a divisional application. The amount of the surcharge had not been announced at the time of our Council meeting, although it was suggested informally that fees for second and subsequent divisional would be progressively higher. In the meantime, the official fees have been set and those for second and later generation divisional are progressively and significantly increased over the first divisional filing fee.

The new rule will also permit the filing of a divisional application in an application for which the 24-month deadline has already expired.

In order to avoid the supplemental fee for second or later generation divisional applications where the twenty-four month term has not yet run, their filing should be completed before April 1, 2014.

2. Rule 164 EPC - Unity objections upon entry from the PCT into the regional EPO stage

Under the present rule, if the EPO examiner finds that the claims lack unity, then only the subject-matter which is found to constitute the first claimed invention is searched. If an applicant wishes to proceed with the subject matter that has been held to be a second or additional invention, it is forced to file a costly divisional application. This rule was particularly criticized by non-European applicants because in many cases non-unity was not raised in the PCT stage and only by the EPO. In such cases, applicants were taken by surprise and did not understand why the claims were divided in the manner chosen by the EPO examiner.

Beginning **1 November 2014**, if the EPO did not serve as the International Searching Authority, the examiner will still draw up the European Supplementary Search Report for the first invention. However, the applicant then will be given the opportunity to pay one or more additional search fees so that any additional invention(s) can be searched. This will give the applicant the opportunity to direct the search(es) to any invention(s) disclosed in the application as filed and to avoid the necessity of filing of divisional applications just because the EP examiner classified the desired subject matter as a second invention rather than as the first invention.

An analogous procedure will apply when the EPO was the International Searching Authority for the PCT application. In this case, the applicant will have the option of requesting a search for subject-matter for which it did not pay search fees in the international phase or for non-unitary subject matter which was later claimed.

These changes to Rules 36 and 164 are seen as harmonizing European practice in a way that will be a significant benefit to many applicants and have been on the Council's agenda in the past.

EPO Developments

President Batistelli opened his remarks with the observation that "The EPO is doing well!"

There has been a continuation of the trend of increased filings, again up 5% from the prior year with a record 258,000 European application filings. U.S. filers continued to represent the largest number from a single country at 25%, with the next closest being Japan at 20%. About 37% of the EPO filings originate from the 38 member states of the European Patent Organization.

The EPO has also entered into an agreement to accept validations in the non-member state of Moldova and, at the time of our meeting, was negotiating with Georgia, Tunisia and the OAPI.

It was noted that the percentage of granted patents increased to 50% of filings (a total of 65,700 for 2012); 22% of applications were abandoned after receipt of the search report and 28% during examination.

The President also expressed satisfaction with EPO pendency times, with searches and preliminary opinions being completed on average within about 5 months for first-filed applications, thereby allowing applicants a significant amount of time to determine appropriate international filing strategies within the priority year and well before the publication of their applications at 18 months. The average time from filing to issuance in 2011 was 44 months, which President Battistelli considered too long. The accelerated examination program referred to as PACE remained at only about 6% of applicants – a surprisingly low rate to most U.S. practitioners since there is no special required petition or fee payable when PACE is requested; the only requirement imposed upon the applicant is that responses be filed within a somewhat shortened reply period. The appeal and opposition rates were both down compared to prior years. An increase in the number of Board members has resulted in more issued decisions.

Machine Translation Advances

Machine translations are now available in 22 languages – JP, CN, RU and KR were expected to be available in 2013. An average of 10,000 requests/day were being received.

Common Patent Classification (CPC)

The CPC was launched in January 2013 by the USPTO. The EPO has the world's most refined patent document classification system, with 250,000 subdivisions.

Concern was expressed that the USPTO had committed insufficient funds and had hired a private contractor, resulting in a lower quality of 24% vs. 80% by the EPO. We were advised that the EPO would be pressing the USPTO to improve its system and results.

PCT Procedures

It is the EPO's goal to provide an "Equal Service Level" for PCT filers, i.e., to achieve equivalency of PCT examinations with directly filed European applications; PCT fees will be frozen (if possible) to reduce the spread between PCT and EPO direct filings.

Most EPO applications and granted patents have followed the PCT route, and the EPO wants to enhance the quality by:

- (1) performing a "top up search" during the IPEA stage (after the ISA) to identify any non-published EPO and PCT applications that were not available at the time of the ISA report, and the results of searches in the family by other patent offices; and
- (2) a second Written Opinion will be issued and the applicant will be given an opportunity to reply where claim amendments were filed and there are still negative issues that would otherwise result in a negative IPER.

Concern was expressed that some of the new PCT/ISA patent offices lack technical expertise, but as Mr. Batistelli said, those are political decisions.

Joint Activities/Cooperation with Other Patent Offices

The June 2013 IP5 meeting was held in California and continued the tradition of a "user day" with representatives from industry invited to meet with patent office officials. Todd

Dickinson, former USPTO Director, noted that industry users will continue meetings with the Trilateral offices. The Trilateral group will reportedly assume more of a steering function.

The IP5 heads agreed to move ahead on the so-called Global Dossier that would make an IP5 Wrapper available to the public. A user could enter at a single point and determine the status of a family of applications pending at the IP5 offices. This system is already available to, and regularly used by EPO examiners. Apparently, at the time of our Council meeting, the EPO was awaiting authorization from the other four member Offices to make this information available. This is a significant step since the IP5 offices account for 95% of PCT work and 80% of patents worldwide.

EPO Practice and Procedures

The program to improve quality under the EPO designation "Raising the Bar" continues with no significant new regulations in 2012. The effects of this program will be evaluated in about two years; user consultations for changes are also being received and evaluated.

Time has shown that a significant improvement has resulted from previously enacted Rule 62(a) which requires the applicant to promptly respond to a Pre-search Classification Communication to clarify the subject matter which is intended to be claimed. Before Rule 62(a), about 7% of applications were rejected after examination because the examiner found the specification and claims to be so unclear that an effective search could not be performed. Under the new procedure, the rejection rate was reduced to 2.4%. Typically, the applicant sends amended claims with the reply to the Communication.

As discussed in detail above, the amendment to Rule 164 will allow an applicant entering the regional stage of a PCT application in which the EPO was the ISA to pay additional search fees(s) for multiple invention, rather than having to immediately file one or more divisional in order to obtain the search. This change will give applicants the benefit of multiple searches on which to base the decision of which invention to elect for initial examination and permit the delay of divisional filing(s), if any.

The Unitary EU Patent and Unified Patent

As noted in the past, the adoption of the unitary patent will not have any effect on EPO examination, since it will be up to the applicant to decide at the time of grant whether to proceed under the current national validation procedure on a country-by-country basis, or to choose the new unitary patent.

The work and contributions by the EPO to the regulations relating to the Unitary Patent Protection (UPP) scheme and the Unified Patent Court were described. A significant concern to users that was reiterated by the US Bar Council members will be the cost of maintaining the granted UPP over the entire block of member countries for the life of the patent, as compared to the present scheme where subsequent annual maintenance fee payment decisions can be made on a country-by-country basis in view of commercial activity with the passage of time. We were advised that the EPO officials involved in the financial aspects were well aware of the issue. Mr. Batistelli expected that the EPO would receive 50% of the fees, the balance to be shared in proportions that remain to be established.

The EPO is also participating as an “observer” and is providing logistical support and input to the drafters of the UPC Rules, such as training of judges.

The goal of having the UPP and UPC operational by “early 2015” was recognized as optimistic, in view of the significant amount of detailed work to be completed.

Formal Presentations

In accordance with the generally established custom, after Mr. Battistelli’s introductory remarks, the following formal Agenda topics were presented on behalf of the EPO by the speakers indicated:

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| 1. The Unitary patent and the Unified Patent Court | M. Fröhlinger |
| 2. PCT Strategy - EPO proposals to strengthen the PCT | M. Fröhlinger |
| 3. Recent caselaw from the Enlarged Board of Appeals | W. van der Eijk |
| 4. Raising the Bar Follow-up | A. Spigarelli |
| 5. Practice issues | A. Spigarelli |
| A. Sufficiency of disclosure | |
| B. Rejection of late filed claim amendments | |
| C. Inventive step | |
| 6. Practice changes, actual and considered | H.Pihlajamaa/
E. Stohr |
| A. Amendment of Rule 36 EPC | |
| B. Fee changes considered | |
| C. Amendment of Rule 164 EPC | |
| 7. IP5 and Trilateral Cooperation | N. Morey |
| 8. Report on work-sharing | P. Treichel/
P. Rigopoulos |
| 9. SPLH - Tegernsee Experts Group Studies | S. Strobel |

As in the past, many of the topics on the agenda had been identified as being of particular interest to the US Bar representatives during the planning stage for this meeting, and were the result of topics proposed during planning meetings of the US members during the preceding year.

In accordance with a prior request by the EPO for a discussion of features of the AIA, a presentation by John Pegram also appeared on the above agenda as: "10. Implementation of first to file under the AIA". Rich Beem gave a presentation on Gaming Methods. A general discussion with questions and comments followed.

Copies of the formal papers corresponding to the EPO presentations for these agenda items are available at the NYIPLA website.