



**SESSION VII:
ROUNDTABLE DISCUSSION**

SUMMARY

Chair:

Thierry Sueur, Vice-President, Intellectual Property Department, Air Liquide

Participants:

Florian Andres, Principal Director, Electronics, EPO

Pantelis Kyriakides, Vice-President, DG 2 Operational Support, EPO

Colin Philpott, Principal Director, Quality Management, EPO

Peter Messerli, Vice-President DG 3 Appeals, EPO

Manuel Desantes, Vice-President, DG 5 Legal and International Affairs, EPO

Jan Brinkhof, Attorney and former judge

Manuela Loidl, UEAPME representative

Jacques Combeau, UNICE representative

Chris Mercer, President, *epi*

To conclude the conference, Thierry Sueur chaired a roundtable discussion to address the main issues raised during the conference.

A final comment from the previous session was made first, regarding the national court systems. The national courts ultimately measure the work of the EPO examiners. But the inventors in the end trust their national courts and not necessarily a new abstract centralised court. The fact that the EU Constitution was voted down by almost 70% of the population in the Netherlands and France should be taken into consideration for this debate. The trust in the national courts remains and this of course may change over time.

Is the trust that we may have in national courts as important as different decisions taken by national courts on the same patent in different member states?

Manuela Loidl, the UEAPME representative, stated that it is very important to talk about the European patent system for small companies. National patent offices are just as important, however, for small companies, as they will usually do their first filing there, and need patents early on or priority applications. Regarding the quality of searches, in any case where a small company has to face partners or investors, diligence procedures are undertaken, which are almost like pre-litigation procedures. Potential partners or investors analyse and do additional searches and look at the patent portfolio. The better the quality of the searches the better it is for the company.

Everyone is seeking perfection, but could we live with a European patent system that applies the 80/20 rule as in industry? Is it worthwhile spending two or three times the cost to find a needle in the haystack as it is sometimes the case with some very complex applications?

To Pantelis Kyriakides, there is a law of diminishing returns with respect to the amount of relevant prior art which may be found, and the length of time spent searching. For the EPO it is a balance between ensuring that the available prior art has been found, and spending the appropriate amount of time on the searching activity. It is an *overall quality* issue for the public, not just classical theoretical quality. There must be a balance between legal certainty, timeliness,

cost and consistency. You cannot ignore one of those four, or sacrifice one for the other. The users also want a good balance between these aspects. Surely the EPO can provide outstanding quality in examination and search, but it clearly has a cost. Again, we need to find the right balance. It is important to have tools which supplement the examination procedure per se, such as opposition, appeal and litigation to correct for potential failures which might allow finding the needle, which we might have missed. Moreover, to Mr Kyriakides, to the question of language competence, there have never been problems at EPO, and furthermore there is a language training department to ensure that examiners are sufficiently skilled in the Office languages.

Chris Mercer stated that trying to reach 100% efficiency in the search is unrealistic. The searches are based on databases, which will ignore or miss out on prior uses, or publications at conferences. The amount of prior art not available to the examiner cannot be searched.

Mr Kyriakides added that the EPO's new QMS will audit the search and will also include a monitoring of documentation to evaluate the quality of BNS, other search databases and tools. If something relevant exists, clearly it should be in the database. It is the role of the QMS to avoid cases where the examiner missed something because of the quality of the tools available to him.

Now, if the quality of the final product or service is sufficient, why are there sometimes invalidated patents? Was prior art missing, were there deficiencies in examination? According to Mr Brinkhof, it is very often due to a combination of missing some prior art in examination (US patents are often not seen by EPO examiners) and evaluation and assessment of inventive step, though it is clearly a very difficult question, sometimes more of a matter of appreciation. National courts' opinions sometimes differ from examiners' ones, which does not prove a lack of quality in the examiner's job. As mentioned in Session VI, there are also cases where judges think patents are granted too easily. Maybe examiners should be aware of the fact that in some countries file history plays an important role in the litigation proceedings and would be wise to elaborate on the change of attitude during the grant proceedings. In addition there are some instances with second or third generation pharmaceutical inventions, where we think that examiners are not critical enough. Sometimes the patent holder files very small (questionable) improvements, in order to extend the patent. We would like a more critical approach in this respect. As to the boards of appeal, the general feeling is that the quality is good. There is attention to consistency in the decisions. In general the biggest problem is the examination. Maybe a bigger problem is the national court. In Europe there are very divergent opinions as to the main issues in patent law.

Mr Combeau, addressing remarks made in Session VI, share the view that examiners are competent and helpful. However, there is a general agreement that the end product is not as good as it could be. A good objection made by the examiner gets lost in the process. Why? Perhaps it is the result of the process itself. Perhaps the examiner is not considered important enough to have a real opinion in the process. The reason for that, out of the 1500 applications refused, 50% are appealed, and that 75% of these appeals are successful. This demonstrates the problem we have. Isn't it time to put the examiner at the centre

of the patent system rather than the applicant? Does the EPO become a patent granting machine?

Mr Messerli addressed the comments and ideas on whether the inventive step level was right. He said that we also had to consider that there were three kinds of patents and that it should be clear about which ones we were talking. Patents that were granted and not challenged, patents that underwent opposition proceedings, or patents that underwent opposition *and* appeal proceedings? Were there differences in the standards of these patents concerning inventive step? If there were differences, we would need to work on this. It could also mean that some standards were not followed as they should be, although if one talked about setting standards in inventive step, this was very difficult, because inventive step at the end of the day was a subjective assessment. The problem-solution approach was a useful method, but it would not give you a direct and immediate answer as to whether something was inventive or not. It was a method to avoid the *ex post facto* consideration of inventive step. In any case, ultimately and to achieve a given result, it was the legislator who had to act; for example, in the biotech area the European patent organisation adopted new rules. This was also true if the practise or case law went into an unwanted direction. Concerning inventive step, legislative action would admittedly be difficult, however not impossible, eg by laying down the problem-solution approach and stating that in terms of the could/would approach, it was not enough to ask whether the person skilled in the art would have combined prior state of the art, but you would rather ask whether he could have done so. If yes, inventive step would be denied. But this was of course an extreme example because under it virtually no patents would be granted any more. It just served to show that legislative action even in the area of inventive step was not impossible.

Mr Andres, Principal Director in DG1, stated that in DG1 they are indeed attempting to looking at having the examiner at the centre of the system. A specific case to consider is not how high we set the bar for inventive level but if there is absence or presence of an inventive step. There are more than 3 000 examiners in the Office, and we cannot be subjective in our judgments, but as objective as possible when determining inventive step. Since the early years of the Office, we have adopted the problem-solution approach. All the young examiners learn this. Whether the results of this is considered as high level or not is different. Here examiners are bound by law and the "guidelines" based on case law according to decisions of DG3. No examination can reject on lack of inventive step when nearly all decisions of DG3 say it is inventive. The second point on inventive step, not only considering problem-solution and case law, is that inventive step is essentially defined within the technical domain, and is field-related. The next area is office practice, and confirmed by cases DG3, benefit of the doubt. If there is a doubt for inventive step, the examination division would give the applicant the benefit of the doubt. This is something you can look it also in objective terms.

Mr Andres also addressed three other points from Session VI. First, the importance that is attached to the preliminary search and PCT, because we have given a preliminary opinion since July 1st 2005. This is a service that DG1 is providing to all applicants, European or other. Second, there appear to be some differences in search and examination between Munich or The Hague. With the

joint cluster model, the EPO is trying to harmonise the practice in a given technical domain to achieve a uniform process and product. This would mean that the applicant would not be able to tell whether it was done in Munich or the Hague. Third, we cannot grant before the 54(3) documents are available. This grant is done after request for accelerated procedure even in fields where we have a backlog. The last point is that during examination, objections made change. This may have to do with a lack of experience of the examiner or the examining division. In normal practice, there should be no change in objections. All major objections should be dealt with in the first notification. The importance of having good prior art is a good point. We have to find the most important documents and find a balance. On the clarity of claims, we have to be careful. The examiners do not judge the invention, but what is defined in the claims. To do that the subject matter has to be defined clearly. Sometimes we will have to give an opinion on clarity. In the new structure of joint clusters, the aim is to produce quality, and one must train and coach the people. So far the results demonstrate that we are on the right track.

Mr Mercer went on to question why we are worried about the level of inventive step as long as it is consistently applied? Are we worried about what effect that it will have economically. Users will not want trivial patents granted to their competitors. The problem that the EPO and EPI has, is that they are working in a vacuum. Patents are an economic tool and should be part of a grand strategy to work out how Europe's economy could be promoted and the patent system is part of that. What we need is to look at the overall strategy that is being developed in Europe, and perhaps embark on a strategy debate about what patents are for within Europe. This might set a clearer idea for people as to what inventive step might be and what sort of quality we should have. There are a lot of players that need to discuss this at the highest level; national governments, do we mind that Europe has a few trivial patents, do we mind that the EPO has this particular procedure and this might feed into legislation. There are many people who do not use the system and others who are against the system. So what we need to do is to persuade people that the system is useful. The quality of the strategy surrounding the whole patenting process in Europe needs to be addressed and how this makes Europe an economically more useful place.

Mr Sueur touched on the fact that there is an initiative to reform aspects of the US law in patents, first inventor to file and introducing an opposition system. This was introduced because it was preceded by two very important reports; one by the Federal Trade Commission and the other by the National Academy of Science. So first the patent system was evaluated, then its effect on the economy and finally how it should be changed to satisfy the needs of the society and the economy.

To Mr Desantes, it is not only about quality in the patent system (are EPO grants as good as they should be?), but whether the system fulfils its objectives. The perspectives of the users, governments, and society are different. When talking about society's objectives, we are enlarging the debate, and the question becomes whether the system does serve the economic growth. Do we have a single European policy on quality of the EPS? The answer is "not yet". But where we go from this observation needs to be put into an international perspective. Japan and the US do know where they are going. Europe has to complete the

European patent system. And quality must be addressed based on principles shared with national offices in order to create synergies. A general understanding of the concept of quality *in* the European patent system is needed. The service that we bring to society is how quality can be monitored.

Mr Andres, responding to a comment from Mr Combeau regarding the EPC, stated that although DG1 has tools and criteria to reject an application, Article 96 of EPC requests not to reject an application too quickly. It boils down to examination tactics to some extent here. What some examiners would like, is to be allowed to reject an application as soon as the first reply of an applicant to their comments would be unsatisfactory, but it is not quite so. We do not have the tools for that, and we should not have them. Perhaps the objection is badly worded, perhaps we have not understood the response and the applicant must have the opportunity to explain himself. This is what happens when we have oral proceedings. The examining division has normally to convene oral proceedings before rejection.

Mr Sueur broached the subject of the judicial system. There are very few cases compared to the number of granted patents. As a user of the system, one must reflect and take into account court decisions on a daily basis, when studying competitors' patents or one's own, one must ultimately ask, what would the judge say? Do trivial patents create a problem or not?

Jan Brinkhof stated that judges see only the peak of the iceberg, but more precisely they see weak patents, perhaps the weakest that exist. It may be because the litigated patents in the example above were actually second or third generation patents. It is difficult to evaluate figures. Weak patents clearly disturb competition, and it costs a lot of competitors' management time and money to eliminate them. Hence, it is in the general interest that patents which are being granted are strong patents, and meet the patentability requirements. Many patents are granted too easily, which is a burden to society as a whole. Examiners need to be a little more critical to second and third generation pharmaceutical patents.

Mr Kyriakides stated neither the number of refusals, the number of oppositions and appeals, the number of litigations is an appropriate measure of quality. What drives oppositions and appeals is quite simply economic interest. Very often the goal in patenting is to get published. This is also true for the pharmaceutical area, where arguably it does not matter if the inventive step is high or low. Quality of examination does not determine whether the patent will be opposed, appealed or litigated. However, that does not mean that top quality patents are not the aim of the Office.

From the audience and further to these comments, Roy Marsh wondered why people worry so much about the exact level of the inventive step. In the patent community, the inventive step level matters less than that it is consistently applied. Patents are economic tools to foster Europe's economy. A quality system of patent litigation should meet in full not only all the legitimate business interests of patent owners, but also (just as important) all the legitimate business interests of their potentially infringing competitors. Legal certainty is just one of those interests. Speed to justice is another. Adequate compensation in damages is

another. This is much more important than what the exact level of inventive step should be. People evaluate patents before litigating. If a patent is evidently weak or evidently strong, it should never be litigated. If a litigation system is functioning properly, infringement actions or nullity suits should go to trial only in 50:50 cases, that is, when both litigating parties have legitimate expectations of winning. Trivial patents provide information, which people make use of. Disclosure may be valuable even with trivial applications.

To Manuel Desantes, judges have two distinct responsibilities: their decisions and the consequences of their judgments for parties. The principle of publicity should also be applied to judiciary. Judgments should be published and known in countries where they are not yet published and it is the responsibility of European judges to converge across Europe on final decisions. Judgments should be studied and compared (especially by the EPO at first), and the judiciary should play a preventive role in the system. To help achieve this objective, Peter Messerli reminded the audience that the EPO is publishing a comparative compilation of national decisions in a publication titled "European National Patent Decisions Report". In addition, EPO also co-hosts biennial symposia where many national judges converge and exchange views.

As a conclusion, patents are economic tools. This is the rationale of the system. Users are saying the system is important to them but people from the economic world question its utility or more precisely would like to amend the patent system to make sure that the utility goal is reached. The system needs to be balanced. Everybody seems to agree that quality matters. But we still need to agree on a clear definition of quality and therefore it is already good from the EPO to put the question on the table. We are talking also of a global system with complex interactions among actors: innovators who patent, innovators who do not, the EPO, the judicial system, the whole society. Interrelations are important. The easier it is to obtain a patent, the more companies will apply for them. All stakeholders need quality, and quality requires interaction between all users of the European patent system.