

CA/63/06

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SUBJECT: The strategy debate: the way forward

DRAWN UP BY:

1. Austrian delegation
2. Danish delegation
3. Estonian delegation
4. Finnish delegation
5. Hellenic delegation
6. Hungarian delegation
7. Icelandic delegation
8. Latvian delegation
9. Norwegian delegation
10. Portuguese delegation
11. Spanish delegation
12. Swedish delegation

ADDRESSEES: Administrative Council (for opinion)

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I. BACKGROUND

The above delegations reaffirm their desire to have the political agreement expressed in CA/94/05 turned into practical implementation. We also consider that CA/128/05 does not provide the proposals in this respect which the Council has asked for. Furthermore, CA/128/05 draws conclusions which in our view are based on wrong or incomplete premises. Details in support of our view can be found in documents CA/5/06 and CA/6/06. The comments in these documents are summarized below:

- CA/128/05 seems to reduce the benefits of cooperation to a minimum. This is particularly true for Annex 3 to CA/128/05, where the Office, instead of submitting a proposal, has put forward a number of arguments against the ideas expressed in CA/94/05. We find that there are indeed several possibilities for the Member States Offices to cooperate closely with the EPO in order to increase effectiveness within the Organisation.
- The Convention contains two fundamental provisions, namely, that the Office is supervised by the Council, and that the President of the Office is responsible for its activities to the Council. With reference to CA/94/05, this implies that the Council takes the main decision on outsourcing and the criteria to be applied and the Office reports to the Council on the implementation.
- The strategy debate is conducted between states and not between offices. Blurring these lines can conceal that, under the present EPC legal framework, the political control of the European Patent Organisation lies with the Contracting States. In addition, we continue to subscribe to the relevant passage in CA/94/05 on the European patent network concerning the role of the Council: *“the political role of the AC should be strengthened and the AC should concentrate its work on ... strategic issues”*.
- Contracting states have retained their competence to grant national patents for their own territories. Therefore, the EPC is based on the co-existence of European patents with national patents, and presupposes a certain interaction between the EPC and national laws as well as the European Patent Office and the national patent institutions.
- The reference in CA/128/05 to the work done in the NPOs is a poor and depreciative description of what is performed by many NPOs and not in accordance with facts.

- Further, the Office generally seems to consider existing procedures and standards as obstacles instead of looking at possibilities for amending or revising them in order to accommodate the objective of making use of work carried out by the NPOs. An example of this is the difficulties and debate which have resulted from the Office's inflexible and in our view also wrong interpretation of written opinions. It is thus necessary for the Office to take account of the written opinions produced by NPOs on patentability if duplication of work as expressed by the Council is to be avoided.
- Under the scheme proposed in CA/61/05, any concerns about "*sovereignty issues*" can be allayed and, in our opinion, completely disposed of. Under that scheme, in full line with the generally accepted definition of sub-contracting, work (e.g. search) would be performed by NPOs on behalf and in the name of the Office, i.e. with its full responsibility and under its full control.
- We cannot see any reason to call the legal basis, i.e. the prevailing interpretation of Article 33(4) EPC, into question. This article has at several occasions been considered the legal basis for working agreements with NPOs or sub-contracting. We see no argument in support of changing the established interpretation of the use of Article 33(4) EPC as legal basis for outsourcing.
- CA/128/05 refers to a "*not purely theoretical risk*", namely that, as a result of outsourcing, the Examining Division could be challenged for acting ultra vires to the extent it has based its decision on work done outside the Office. We are of the view that, under the scheme described in CA/61/05, this question becomes wholly irrelevant for the reasons set out in that document as well as in the remark above about "*sovereignty issues*". In our opinion, there are no provisions which would empower the Boards of Appeal to use a particular working agreement decided by the President and the Council as a reason for challenging a decision taken by the examining division.
- A similar concern is also raised by the Office concerning the possibility of European patents being revoked on the ground "*that the requirements of the EPC have not been satisfied*". However, the grounds for revoking a European patent are defined in a clear and exhaustive manner in Article 138 EPC. The fact that the Office's decision to grant the European patent was based on outsourced work is not identified as a ground for revocation. Therefore, we do not think that there is any problem whatsoever regarding revoking of EPO decisions on the ground that part of the examination was subcontracted.

Finally, we find it important to emphasise that the strategy debate addresses the European patent system as a whole and the interest of European users in general. It is therefore necessary to look at it in a broader context than the needs of the Office. All European countries have to be part of the development of European growth, and this requires well developed infrastructures and local services in support of innovation.

II. QUALITY MANAGEMENT SYSTEM (QMS)

There is an undisputed need for a quality assurance in Europe based on QMS systems in the individual offices and supplemented by an EQS system for the entire network of offices. A well-functioning QMS comprising these elements is a precondition for exploiting the potential for effectiveness expressed in CA/94/05.

Annex 1 (European Quality System, EQS) to document CA/128/05 was in the discussion in the Council in December 2005 given a generally positive appraisal. The system is intended for the EPO and, implicitly, for the individual NPOs. Basically, what is displayed in Annex 1 was considered to be sensible and well thought through. The approach seems to be on the right track to establish the proper structure for efficient quality management. It is assumed that the first proposal contained in Annex 1 will be further elaborated by the Office in cooperation with interested NPOs.

The Quality Management should apply a concept for a European standard for search and (preliminary) examination. The implementation of this would facilitate cooperation towards a more efficient patent process in Europe. We thus believe that this concept is essential if the Office is to benefit from the work done by the NPOs.

The system should also comprise an audit and quality control covering the work of all the offices including the EPO. The purpose of the EQS is to ensure that the agreed quality standards are met by all parties taking part in the cooperation, and to give the NPOs and the Office a reliable tool to identify needs for corrective action (procedures, standards, practice etc).

In order to ensure the participation of all parties, we propose that a “working group on quality” be set up by the Administrative Council, with the following tasks:

- the development of common European quality guidelines,
- to act as a quality evaluation panel
- to assume the general supervisory function on quality issues in the network

III. UTILIZING THE WORK PERFORMED BY NPOS

In accordance with CA/94/05, as unanimously approved by the Council, there will be no automatic recognition of the work provided by the NPOs. On the other hand, no NPO's work should *a priori* be excluded, since duplication of work must be avoided as much as possible. It is important, therefore, to establish objective criteria to be applied by EPO examiners when deciding the extent to which NPO work can be used.

All Member States must have the possibility of participating in the network cooperation, provided they are part of the quality system.

Few patent offices are producing search reports comprising merely a set of cited documents. In fact, NPOs have since the beginning of their existence been working according to "the BEST model" and the output of this work is a statement on patentability based on relevant documents which have been revealed during the state-of-the-art search. These statements are part of the national procedure, which is based on regulations harmonised with the EPC. And for the NPOs acting as ISAs, the procedure is based on the PCT regulations. This means that there are no major differences between the legal frameworks upon which the EPO and the NPOs base their statements. In our view, the implementation of BEST at the Office facilitates rather than prevents co-operation with NPOs, as the latter have traditionally and efficiently worked in that "BEST mode" for quite a long time.

When establishing the European Patent Network one has to contemplate the entire process, from the filing of a national application in the NPOs to the final grant in the EPO, considering how the work done in the NPOs can be used by the EPO in the grant procedure. To establish a cost effective and efficient patent process in Europe it is essential that the resources in the European patent process are used in an effective way and that the quality of the search and examination meets the expectations of the users of the system.

This can be achieved by establishing cooperation on search and preliminary examination in a European Patent Network. The network shall be based on a European standard for search and (preliminary) examination. This standard also has to be applicable to the PCT procedure in Europe, which will result in a further harmonisation between the PCT and EPC regulations. The standard should comprise the following items:

1. Search
2. Patent practice

3. Examiner competence and training
4. Tools
5. Feedback system

IV. SUB-CONTRACTING

One aim of sub-contracting is to maintain the accessibility and competence on patent matters in all the contracting states.

Another aim of sub-contracting is to be able to mobilize the total search and examination resources of the Organisation so that effectiveness and efficiency can be maximised.

It is understood that before any sub-contracting can take place, the contractor has to comply with the requirements of the QMS.

Priority should be given to sub-contracting PCT work, in particular in respect of PCT applications of non-European origin, but searches in other applications might also be sub-contracted.

Sub-contracting implies transfer of work, not transfer of responsibility. PCT work might therefore also be contracted out to other NPOs than those having PCT status, provided PCT quality standards are met. The PCT minimum requirement of 100 examiners is therefore irrelevant as is the language, since the EPO remains the PCT authority on whose behalf outsourced work would be carried out and as such it guarantees the quality. Similarly, the Protocol on Centralisation will not be relevant with respect to the official language of the NPO or PCT authority acting as contractor.

Any transfer of work from the EPO to an NPO must be fully transparent and based on sub-contracting agreements. All contracts on sub-contracting, including the specification on work to be delivered by the NPO, must be approved by the Council.

V. TECHNICAL COOPERATION

We firmly maintain the view that technical cooperation is core business for the Office. In order to foster innovation in Europe we need to create an efficient and user-friendly IPR infrastructure in all member states of the EPO, and improved systems in one member state is to the benefit of Europe as a whole.

All cooperation activities must be completely transparent in relation to content and costs. Cooperation activities are political in nature and the Council therefore constantly needs to monitor the nature and volume of these activities. This is only possible with accurate, transparent and timely information about the activities.

We find it important in general that all activities under CA/94/05 fully respect the principle of equal treatment, i.e. equal rights, equal obligations and equal opportunities for Member States.

For technical cooperation, the different strategies and needs of Member States should be taken into account. For instance, some Member States have chosen not to have their own search capacity, others wish to develop such a capacity, and still others already have this established. Another example would be that some Member States have joined the Organisation recently and others have been a member for many years.

Co-operation with new Member States and those with small offices must have a high priority, in order to provide them with the technical infrastructure required for integration into the European patent network.

VI. CONCLUSION

The delegations behind this document are of the opinion that it is both possible and necessary to start assembling the elements needed to build a network of cooperating patent offices in Europe. The principles and suggestions in this document show a possible way forward in this respect. We invite the Office and all Member States to a constructive dialogue and cooperation in order to develop this matter further and in more concrete terms.