

# European Patent Office After Year

*Review of philosophy of EPO and report showing response to service indicates successful operation*

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A patent office is a hybrid body. On the one hand it is a judicial authority applying the law. On the other hand, it is an establishment providing a service. What



a patent office provides is not so much an abstract right but something very real which in practice is used for transfer of technology by way of licensing.

We in the European Patent Office are aware of our responsibility and duty to provide applicants with the instrument to play such a role in industrial life.

*Dr. Staehelin* It is now a little over one year since the Convention on the Grant of European Patents entered into force. The exact date was October 7, 1977, and it marked the end, for the time being at least, of a development which can be traced back to 1959.

Indeed, from that time right up to the present day the creation and perfection of a European body of patent law has been the subject of unremitting effort.

What is the purpose of the European Patent Convention or, to give it its shorter title, the "Munich Convention"?

The Munich Convention is intended to simplify the procedure for obtaining patents within Europe, by offering as an alternative to several patent applications in different languages before different patent offices, the possibility of obtaining a package of patents for several European states at once by means of one application in one language, namely English, French or German, with one procedure before one patent office, namely the European Patent Office.

An initial objective is therefore the simplification of patent grant.

A further objective is rationalization, both for the applicant and for the national patent offices, by avoiding duplication of effort.

Yet another objective is to reduce the cost. In the minds of the drafters of the Munich Convention the European procedure should be cheaper for the appli-

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cant seeking patent protection in three or more European countries at once.

## Strengthen Law

Finally, the Munich Convention is also aimed at strengthening substantive patent law, a feature which must be of particular interest to those concerned with transfer of technology.

The European patent extends what is known as the "pre-examination system" to countries like France, Italy and Belgium, thus ensuring that free competition will not be restricted by merely formal exclusive rights.

However, although the drafters of the Munich Convention sought to simplify and rationalize the grant of patents as well as to make it less expensive, the European patent system was never intended to replace wholly the various national systems. The "national route" to patents in Europe is still open. But the European Patent Convention provides an additional route, an advantageous alternative.

Thus, on the one hand, we see an effective diversion of labor between the European Patent Office and the national offices.

On the other hand, the European Patent Office is inevitably to a certain extent in competition with national offices.

The staff of the European Patent Office is keenly aware of this situation, and we are doing all we can to build up the European patent system to the satisfaction and benefit of the applicant.

Let me make one last general introductory comment. Although primarily intended to bring about simplification, the Munich Convention has had unimagined and perhaps unexpected repercussions for the harmonization of national patent law in Europe. Despite the fact that there is no provision in the Munich Convention requiring member states to align their national law on European patent law, the national alignment legislation adopted to date by the contracting states to the Munich Convention incorporates to a considerable extent, and in some cases, word-for-word the provisions of European patent law. This applies not just to procedural law but to what is termed substantive patent law (for example, the provisions on patentability).

Let me now turn to the European Patent Organization.

After entry into force of the Munich Convention in October 1977 the European Patent Organization came into being with the inaugural meeting of its Administrative Council in Munich.

A condition for the entry into force of the convention was its ratification by at least six states. This was fulfilled when, after the Federal Republic of Germany, France, the Netherlands, Switzerland and the United

Kingdom, Luxembourg as sixth state ratified the convention.

Since then Belgium has ratified and Sweden and Italy, which deposited its instruments of ratification on September 29. This means that there are now eight members of the European Patent Organization and on December 1, when Italy's ratification takes effect, this will be increased to nine member states with a population of almost 270 million inhabitants.

The main business of the first meeting of the Administrative Council was to approve the decisions and regulations prepared by its predecessor, the Interim Committee. The Interim Committee was set up after the Munich Conference at the end of 1973. In meetings held over a total of more than 450 days, the Interim Committee, assisted by its seven Working Parties, drew up more than 1,400 preparatory working documents, all in three languages and dealing with a wide variety of problems: procedure, personnel, fees, etc.

There has probably never been another international organization whose setting up was so comprehensively and meticulously prepared. The decision taken at the first meeting of the Administrative Council also created the basis for the setting up of the European Patent Office as the executive arm of the Organization and enabled the office to commence operations.

The European Patent Office opened with just over 100 employees on November 1, 1977, in provisional accommodation in an apartment hotel and shopping center near the Munich city center. On January 1, 1978, with the integration of the International Patent Institute at The Hague, the Organization acquired a further "contingent" of 700 employees — including 400 highly qualified, experienced and well prepared search examiners — and on June 1 of this year more than 100 former employees of the German Patent Office in West Berlin joined the office.

By now the staff consists of around 950 persons. In the steady state — in other words when it has been fully built up after several years' operation — the European Patent Office will have just over 2,000 employees. On the basis of planning to date, this staff will handle about 30,000 or 40,000 patent applications per year.

### Expand Progressively

The Office opened for the filing of European patent applications on June, five months ago. In order to keep the number of applications under control it was decided by the Administrative Council that the field of activities of the EPO should expand progressively. This action was taken with the twofold aim of avoiding problems for national patent offices — due to a sudden fall-off in patent applications — and of avoiding problems for the EPO, due to a sudden flood of patent applications. Therefore, for the time being, only 50% of the areas of technology are opened.

As long as this restriction exists, the office will provide a pre-classification service. This service enables the potential applicant to find out — free of charge — whether his invention falls into an "opened" field.

It is hoped that, in the near future and perhaps even

next year, all fields of technology will be opened for applicants.

How is the work of the European Patent Office organized?

The first stage of the procedure for obtaining a European patent takes place in Directorate-General 1 (DG 1) at The Hague.

The Receiving Section in The Hague performs the examination on filing and the examination for certain deficiencies in the application. DG 1 then carries out the European search. Thereafter the application and the European search report are published.

It should be noted that the EPO with its branch at The Hague will act as an International Searching Authority under the Patent Cooperation Treaty (PCT). Thus, the branch at The Hague will be one of the world's centers for patent searching and documentation, side by side with the U.S. Patent Office.

### Second Stage

Let us now turn to the second stage of the European procedure: substantive examination for patentability. This stage takes place in Munich, in Directorate-General 2 (DG 2).

The basic conditions for patentability under the European patent system are: absolute novelty of the invention, existence of an inventive step and potential for industrial application.

These conditions are different for nearly all the national patent laws of the contracting states concerned. The differences occur at different levels, and they are of differing importance to each of the states. For some, the conditions for the grant of patents have become more severe; in other respects, these conditions have become milder. This applies, for example, as regards the "technical progress" required in German practice, and as regards the concept of "utility" provided for in English and indeed U.S. law.

Two principles were dominant right from the outset in the minds of those who drafted the substantive provisions of European patent law: on the one hand the desire to be as liberal as possible on the question of patentability, i.e. to draw the categories of patentable inventions as wide as possible; and to include, for example, chemical and pharmaceutical products which were not yet directly patentable in all European states (I am thinking especially of Italy in this connection), and on the other hand the desire to provide for a strong patent giving legal security. This in turn made it necessary to lay down strict conditions for the grant of a patent.

Since European patent applications could be filed only from June 1, 1978 — and since it takes time to get through the first stage of the procedure — substantive examination of European applications will not start until June 1, 1979.

The first 50 examiners will arrive at the EPO on April 1, 1979. They come from different national patent offices and all of them are extremely well qualified and experienced. First, they will participate in a two-month training course in order to establish a uniform European approach as to the standard of examination.

Another safeguard for a uniform European standard of examination can be found in the convention which provides that Examining Divisions should consist of three technical examiners. Since one may assume that these examiners will be of different nationality, this again should prevent one national approach to the standard of examination to become predominant. Still another safeguard for a uniform European standard of examination is the quality control system we intend to operate.

This second stage of the procedure — examination — ends with the refusal or grant of a European patent, and in the latter case with the publication of a specification of the European patent.

This stage may be followed by opposition proceedings, if notice of opposition is filed.

It has been the wisdom of the drafters of the European Patent Convention to provide for opposition only after the grant of the patent, so that the exercise of the exclusive right is not delayed by this procedure. But in view of the retroactive effect of revocation of the patent it is nevertheless necessary that the opposition procedure which is more or less a revocation procedure be dealt with in a quick and efficient inter partes procedure.

The opposition proceedings will generally be conducted in writing. Even if oral proceedings do take place (if one of the parties so requests, and this will often be the case), the Opposition Division is not obliged to take oral evidence. It will only do so if this is considered necessary. While this sometimes will be the case, it is nonetheless clear that opposition proceedings will have to be disposed of quickly if the procedure is not to impose an undue burden, both financially and otherwise, on the EPO.

This concludes my remarks on the various stages of the procedure.

Let me now take up one other point, namely how the staff of the EPO will approach its work.

### Guidelines

The work of all those involved at any one time in the procedure for the grant of a European patent is carried out in accordance with what we call the Guidelines.

These Guidelines were originally drafted by the Interim Committee of the European Patent Organization in close consultation with the interested circles, namely the patent profession and industry. They were then formally adopted by the President of the Office and can therefore be taken as an authoritative guide as to how the EPO will interpret and put into effect the European Patent Convention and its Implementing Regulations. The Guidelines are not legally binding, but the parties can, as a general rule, expect the office to act in accordance with the Guidelines, until such time as they are revised, e.g. to take account of decisions of the EPO Boards of Appeal.

The Guidelines are in 5 parts dealing respectively with the Formalities Examinations, the Search, Substantive Examination, Oppositions, and General Procedural Matters. They run to more than 550 pages.

Let me end this part of my paper on the work of the office by saying that the president of the EPO and his principal collaborators are firmly resolved to ensure

that the office does not become bureaucratic or adopt a too formalistic approach in its dealings with the public. We want all staff to be approachable and to be ready to discuss matters in an open and informal way, bearing in mind that the task of the European Patent Office is to grant patents and not to refuse them.

This leads me to my next point: establishment of relations with the interested circles.

We are aware that the European patent system can only operate satisfactorily if relations of good cooperation and open communication are established with the applicants and their representatives.

The first step which had to be taken in order to establish such relations, was the creation of the Council of the Institute of professional representatives before the European Patent Office.

### Advisory Committee

The second step was the setting up of what we have named the Standing Advisory Committee of the European Patent Office. Our motives in creating this new body are quite simple and may be summarized as follows: During the long years when the convention was being drawn up and during the preparatory work by the Interim Committee the interested circles were consulted on a wide range of matters and this consultation has proved not merely useful but absolutely indispensable. I have mentioned one concrete example, the guidelines, but there are many more.

The Standing Advisory Committee for the EPO has been set up with a view to continuing this consultation. We want to give our customers a say in the ongoing development of the European patent system. Rather than a complicated formal consultation machinery, what we need is a small, quick reacting team of advisers who can keep us informed on the interests of both applicants and their representatives and help us tackle the practical problems of implementing the convention. One task which this group might fulfil would be to analyze jointly the most serious or the most frequent difficulties encountered by applicants and their representatives during proceedings before the Office and to see how these difficulties, if any, can be eliminated.

In order to set up the group, the president of the EPO has invited the organizations of European industry and the Council of the Institute of professional representatives to nominate members to the Standing Advisory Committee which will also include some other outstanding members nominated ad personam by the president.

The last question I want to discuss is:

How have the interested circles reacted so far to the concept of a European patent?

The reaction to date is quite favorable and encouraging in terms of the number of patent applications which have been filed in the five months since the opening of the office. When I left Munich on November 2 a total of more than 2,300 applications had been filed. This broadly corresponds to the Interim Committee's forecast of applications for the same period. We are thus on course for this year's goal of 3,000 to 4,000 applications as estimated during the preparatory planning.

Statistics dating from October 20 give us the following additional information:

1. Of the 2,100 applications filed 93% were claiming priority, 7% were first applications.

2. As expected, the dominant field of technology is chemistry. More than half of the applications fall into this field; 35% are mechanical inventions while the remaining 10% are applications classified under electricity or physics.

3. Almost half, 47% of the applications filed, are drawn up in German, 41% in English and the rest in French. A small number of applicants (13) have invoked the clause allowing them to file in the official language of a Contracting State not having English, French or German as official languages.

4. From what countries have these applications come? For the time being, the West Germans predominate by far: 36% of the applications come from German applicants, 10% come from British applicants, 8% from French applicants, 7% from Swiss applicants.

How about the Americans?

In all, 513 applications of American origin have been filed up to October 20. That means 24%. This is a slow but encouraging start. The percentage expected by the Interim Committee was around 28%.

The Japanese are much more hesitant. Only 56 applications, or less than 3% of the total number of applications come from Japanese applicants. In the forecasts the Office counted on at least 7-8% Japanese applications. But let's wait and see!

5. As regards the number of states designated, I can only give you the average number. This lies somewhere between 5 and 6 (approximately 5.6). But the number of designations varies widely. Quite a few applications with 3 and even 2 designations have been

filed — but many have designated all eight states.

What conclusions can be drawn from these statistics? A Member of the British Parliament once said that there are lies, damned lies and statistics. This certainly applies to statistics which do not cover a sufficient period, in our case five months. While the absolute number of applications to date confirms our forecasts, we would not be justified in concluding that these forecasts will always be valid in the future. On the other hand, it would also be wrong to conclude from the average number of designations (5.6) that the three-states-theory is unrealistic. In the opening period, applicants will tend to select clear-cut cases for filing European.

Finally, I would also contest the conclusion that, because more than 80% of applications come from large companies, the European patent is not popular with small industry and independent inventors. The 2,300 applications received up to November were filed by 670 different applicants, 100 of which (15%) were small companies and independent inventors. The relative lack of response from this group of applicants may be explained by the fact that it is less well informed about the European patent and by the fact that big companies have prepared in advance for switching over to the new system.

My overall conclusion is that one should not, at this early stage, jump to conclusions.

Obviously, this does not imply any lack of faith on my part in the new system. On the contrary, I think it is a good system which is well thought out and which — as far as one can tell from the early months of operation — works smoothly in practice.

And I hope this favorable conclusion will also be yours!