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## Interview with Francis Hagel

### 1. The Relationship between Applicant and the EPO

**Francis Hagel:** This title assumes that the relationship between applicant and the EPO is the main thing to be concerned about. It reflects the examiners' practice, which is dominated by the communications with applicants and professional representatives, and the fact that the financing of the EPO relies on the fees paid by applicants. The risk is to see in the EPO a commercially-oriented organisation which must provide a good service to applicants, equated to customers. I have criticised this approach in my paper published in 2004 in *epi-information* and *Patent World*, to which I refer for more developed analysis ([see 1](#)). A "friendly" attitude towards applicants is welcome if it is aimed at efficiency in communications and operations, it is misplaced if it leads to the grant of poor patents, based on the wrong conception that the EPO's mission is to grant patents – the EPO's mission is to review applications. The correct position is aimed at achieving a proper balance between the interests of applicants/patentees and third parties.

*A patent system is seen as a "recipe for more innovation", essential for protecting intellectual property and an indicator of economic growth.*

**Francis Hagel:** The patent system is aimed at stimulating innovation, by providing incentive for R&D investment and by fostering follow-on innovations through the public disclosure of inventions. But follow-on innovations may be stifled rather than stimulated if the system is not properly balanced, i.e. if patents are granted for low-merit inventions or if there is no adequate technical disclosure, or the scope of the claims is overly broad having regard to the technical disclosure. This creates uncertainties and additional costs for companies. As to the link between innovation and patenting activity, there is a logically a relationship between R&D expenditure and filing volume. However this is a loose relationship. The number of filings or granted patents is not a reliable indicator of innovation. This is emphasised in a recent note of the French Centre d'analyse stratégique ([see 2](#)). First, patenting is not only the only means of securing the return on R&D investments, trade secrets and contractual provisions are also effective, or the lead-in in the marketplace. Second, it is a fact that the number of original patent filings per million euros spent in R&D has significantly increased over the last two decades. This can be attributed to several cumulating factors: the "patent arms' race" effect, i.e., if a company significantly increases its patenting activity, its competitors feel threatened and tend to mimic this increase for defensive purposes. Second, the fact that the number of patent filings or grants has come to be used especially by public officials and top executives as a measure of innovative activity has resulted in a strong increase of the filing volumes. In this case, the primary objective is to build an image of innovation and establish credibility or provide evidence of the level of activity. In the case of public research organisations, this may be perceived as crucial to secure the allocation/renewal of budgets.

### ***What are the most important expectations of an applicant into the patent system?***

**Francis Hagel:** the question as worded is biased since it implies that only applicants are entitled to express expectations as to the patent system. There are other stakeholders to the patent system, who hold various positions in relation to an applicant/patentee or an application/patent : competitors, partners or prospective partners (supplier, customer, licensee, investor). These stakeholders are interested in assessing an application/patent and possibly challenging it. Expectations from the patent system must take into account these various positions and the resulting interests, this is a condition for a balanced analysis. Since industrial companies are simultaneously, depending on the case, applicant, competitor, partner or prospective partner, member of the public, it is my view that "industrial users" (the staff of industrial companies exposed to patents and patent issues) should be considered by the EPO and other authorities as good judges and their assessment of the patent system and recommendations be given particular weight (Note: this view is developed in an article published in the February 2008 issue of *Patent World* ([see 3](#)). Expectations can be summarised as follows. The patent system should produce a reliable search of the prior art. Patents should be granted for valuable inventions, with a scope commensurate to the technical disclosure. The disclosure should describe feasible means for the implementation of the invention. The information relating to a case should be produced and published as soon as possible: the application, the search report, the examination file. Fees should be affordable, but structured so as to deter applicants from filing unreasonably lengthy specifications and excessive number of claims. The patent system should be predictable, for that purpose the legal framework should be simple and consistent.

### **Which importance does a patent have for industry?**

**Francis Hagel:** First, it is not possible to answer in general since, as for R&D, there is a Darwinian selection. Some patents (a relatively small percentage) can be strategic for the business whereas many patents relate to minor improvements or variations or are never used commercially (on this topic, see "The global innovation 1000", a study by Booz Allen Hamilton of the world's 1000 largest corporate R&D budgets, page 52, ([see 4](#)). Second, a patent can be used by a company in quite a diversity of ways, depending on the sector and the particular case. It may be used as an offensive tool against competitors, or to strengthen the negotiating position of the company with customers or suppliers, or it may be primarily used for defensive purposes, to minimise infringement liability, or to favour alliances and cooperation, or for strengthening the image and reputation of the company. Furthermore, the weight of patents must be assessed within the broad picture of the competitive situation in the field of the company and of the other legal and business factors which affect the players' freedom of action, such as supply agreements and no-compete covenants.

### ***Why are grant and rejection of applications equally important for the quality of patents?***

**Francis Hagel:** It can be argued that rejections are more important as a measure of quality, especially because rejections must be justified in very detailed manner by the EPO (which is not the case for grant decisions). In this respect, it must be pointed out that the stability of the grant rate over the last decades is, in the context of a strong growth of filing volumes, an indication that the quality of granted patents has deteriorated. It would have been more logical for the grant rate to decline.

## **2. The Quality of Applications**

*Every year, the number of applications filed at the European Patent Office (EPO) continues to grow, rising from 79 000 in 1995 to 178 000 in 2004 (+ 125%). In addition the applications have*

*an increasing number of claims, they are getting longer and more complex. Hence examiners face not just more but also longer applications*

**Francis Hagel:** It is true that applications are getting longer, for example, recent statistics concerning US patents show on average a doubling of the length over the last two decades.

### **How can the quality of applications be improved?**

**Francis Hagel:** In my 2004 article, I have recommended a number of measures aimed at encouraging companies to be more selective in their filing decisions and third parties to submit observations during examination.

### **Do you think increasing fees would reduce the number of applications?**

**Francis Hagel:** An across-the-board increase of fees may dissuade from filing applications on low-merit innovations but I expect the effect to be marginal. I am more confident that the filing of applications with very lengthy descriptions and/or large number of claims will be reduced if the fee structure is modified to make such filings very expensive.

## **3. The job of examiner**

### **What do you see as the weaknesses of current examination-practice?**

**Francis Hagel:** The fact that rejections require much more time than grant decisions does not seem to be given due consideration. In the mechanical and electrical fields, compliance with Article 83 EPC (sufficiency of description) does not seem to be reviewed at all, resulting in the grant of patents without technical substance. The amendment of the description to include a discussion of the prior art and a redefinition of the technical problem is a sheer waste of time, it adds no information value to the patent (all the information is in the examination file anyway) and only creates additional unnecessary issues esp. compliance with Article 123(2) EPC. There is insufficient motivation for submission of Art 115 EPC observations by third parties. The last comment does not relate to the practice strictly speaking, but to the context: examiners suffer from the "ivory tower" syndrome, they are too isolated from the real world.

### **How do you think examiners' work should be assessed?**

**Francis Hagel:** I am not familiar enough with the examiners' work and working environment to make any recommendation.

## **4. Internal EPO structures**

*The highest governing body of the EPO is the Administrative Council, consisting of delegations of the Member States. Most of the heads of delegations are also heads of a national patent office.*

### **What effects (advantages / risks) does this combination of functions in a national and European offices have?**

#### **Francis Hagel:**

There are pro's and con's in any governance system. Certainly the fact that members of the Administrative Council are heads of national patent offices interested in the transfer of workload from the EPO raises a conflict of interest when such transfer is discussed by the Council. This may provoke criticism. However, the question is : what is the alternative ? A significant advantage of the current system, on the other hand, can be seen in the fact that the members of the Council understand very well the patent system and the operation of patent offices. Replacing the heads of national patent offices by public officials unfamiliar with the patent system and the operation of

patent system, or involving the EU institutions in the governance of the EPO, could entail serious risks for the EPO.

**What do you think of the proposal to create a European Patent Network (EPN)?**

**Informations:** <http://www.epo.org/about-us/european-patent-network.html>

**Francis Hagel:** There are areas where cooperation and coordination between the EPO and national patent offices are obviously welcome. However, decision-makers should be wary of the additional workload and drain of resources this may impose on the EPO. As to the transfer of workload from the EPO to national patent offices for which the EPN will provide a framework, I will refer here to the contribution submitted by ASPI, the French association of corporate patent specialist, in November 2004, in the context of the “Strategic debate” ([see 5](#)). The serious concerns voiced in this contribution remain entirely justified today.

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