

## Interview with Dr Eugen Popp

President of the German Chamber of Patent Attorneys 2004 - 2009

### "The European patent system is out of touch with user realities"

*"The EPO was certainly a huge success and used to be very user-friendly – which ensured that it was truly accepted. In the past, the way it dealt with users was exemplary. But that is gradually changing, to users' detriment. We now see competition in Europe with national offices, which could become more user-friendly and consequently more attractive for applicants."*

#### 1. Organisational structure of the EPO – information and influence of interest groups

**The EPO Administrative Council is largely composed of members of the 36 national offices. How do you see this mix of national and European bodies?**

**Dr Eugen Popp:** I think it has always been highly problematic. It is understandable, in view of their expertise, that national offices should have helped to shape the Office and Organisation when they were being set up; but now that the founding phase is over, I think the arrangements cause difficulties. There are ever more conflicts of interest – particularly over money, to which far too much attention is paid. At least that is how the users see things, and they don't like it.

Patents are part of economic policy, remember, so political interests also play a role. The Council should be monitoring and steering that policy to serve European interests, not the agendas of certain lobbies. Yet it seems increasingly preoccupied with such agendas, allowing them to determine European patent policy.

**Bruno van Pottelsberghe suggests that politicians, economists, patent lawyers and scientists should also be represented on the Council, with voting rights. Do you agree? Would you like to see the Council restructured so that other interest groups, like patent attorneys, could vote?**

Bruno van Pottelsberghe's model:

BOX 3: TIME FOR NEW GOVERNANCE AT THE EPO?	
Current EPO administrative council	Future EPO administrative council
35 NPOs	10 member country representatives (NPOs)
Observers: European Commission BusinessEurope Patent attorneys	Representatives of: Consumer associations Business associations Academia Technology transfer offices Patent attorneys Centralised patent litigation institution
	1 independent member European Commissioners for research, internal market, enterprise and competition Observer from the European Parliament

*Source: Bruno van Pottelsberghe "Lost property: The European patent system and why it doesn't work"*

**Dr Popp:** Yes, he's right. The Council should be restructured, and the new structure should represent all stakeholders. After all, national institutions do not cover the full spectrum of interests; there's also industry, attorneys and the science community to consider. At the moment, the Council seems unduly preoccupied with political and financial interests. Of course the national offices' expertise is needed, but the ten representatives suggested by Bruno van Pottelsberghe seems reasonable. I would certainly support his idea because I am convinced that it is a better way.

**As things stand, how do other interest groups exert influence in the Council?**

**Dr Popp:** The fact is that "observers", such as epi and Business Europe, wield little influence. They are formally involved in decision-making but in practice their views carry little weight. This is causing growing dissatisfaction among the groups they represent. Patent attorney organisations in Germany, France, the UK and perhaps the Netherlands are now trying to form a kind of "European Patent Attorney Network" in an effort to obtain more influence. But will they succeed? In the past, such initiatives were not felt to be necessary; they are the result of growing unrest among professional representatives. These concerns are shared by industry, and increasingly the two groups' associations are co-ordinating their positions. So far they have had little effect on Council decision-making process, and this needs to change.

The epi in particular is clearly too marginalised. The epi is not weak, but it is just one voice among many, and an observer at that. It cannot make itself heard amongst so many "lawmakers".

**Turning now to the related question of transparency: the patent community is often in the dark about Council decision-making. How could this process be made more transparent?**

**Dr Popp:** It's not that bodies like the epi are getting too little information from the EPO. If anything, the tendency is more towards information overload. The problem is that the information is not structured and sometimes comes very late. The epi is represented by just a few individuals, and sounding out all its members is a practical impossibility. So its positions are taken by individuals, often acting under great time pressure. The various organisations' individual members have no involvement whatsoever in the process. For them, the Council's decisions are simply *faits accomplis*. There is then very often a huge outcry, but by that time it's too late to do much about them.

National patent-agent organisations such as the German Chamber of Patent Attorneys are consulted only in exceptional situations. Usually, this is because the German Federal Ministry of Justice (BMJ) asks us for our views on an issue. But this only happens at the BMJ's discretion. We are, of course, very grateful for the opportunity to provide input, but the big problem is that the BMJ itself is informed very late in the day, so by the time we get the information it is virtually impossible to co-ordinate a position within the deadline. Organisations like ours are not consulted on landmark policy decisions. This would however be desirable. As an example of the possible effects: only recently the German Chamber of Patent Attorneys was asked to comment on a change to Rule 71(3) EPC. We were strongly opposed to this amendment because effectively it would have transferred work done by EPO examiners to the applicants. CIPA, our UK counterpart, took the same view. Clearly, our reservations were taken on board, because a revised text was then put forward for discussion. But that was an exception rather than the rule.

**Should Council documents be public? Would that make it easier to follow what was going on?**

**Dr Popp:** Yes, definitely. It would increase transparency, and the Council would get more input, i.e. a wider range of opinions from different interest groups. Of course that can be awkward. But I think it would be manageable; after all, how many useful submissions would come in? They would be confined to a few individuals and national patent-attorney organisations (such as ours, CIPA, CNCPI, etc.), plus one or two industry associations. And generally speaking the feedback would not be Europe-wide, but probably limited to the UK, France, Germany, the Netherlands and possibly Austria. The Council should be well able to handle that, and it would enrich its decision-making process. After all, the patent community in Europe is of a very high calibre, so its views should carry a certain weight.

To be clear: if the Council stays in its current form, at the very least there must be greater transparency. A complete restructuring **and** greater transparency would of course be much better. That would ensure across-the-board involvement in the entire decision-making process, with more notice perhaps than being taken of users' views and needs. Right now the Council seems preoccupied with the internal structures of the Office. The main thing, it appears, is that the Office functions – whether or not it benefits users is of secondary concern.

## 2. Relationship between patent applicants and the EPO

### What are users' thoughts on this issue?

**Dr Popp:** On recent trips to Japan and the USA, I was asked several times whether it still made sense to file European, or whether it was now better to go back to filing nationally. I was quite taken aback at this question, but look at recent changes to the EPC rules and you might well ask yourself whether filing European still makes sense. Such doubts about the European patent system cannot be what the EPO wants. My position on this is clear:

If you want protection in a large part of Europe, if your application is fairly self-contained, i.e. comprises no more than two relatively closely linked inventive aspects, if your claims are clear and straightforward and, in particular, contain only one claim per category, and if cost is an issue, then it's a no-brainer: you should file European!

If, however, your application is long and complex and covers several inventive aspects, if the invention is particularly important, and if you only need protection in a few European countries (for example in the car industry, where an application in three or four key ones is enough to cover your whole market), then you might do better to follow the national route.

For only three or four key European countries, the national route is not much more expensive than the European one. I recently did a survey on this very question, and concluded that national procedures in four countries – the UK, France, Germany and Italy – do not cost that much more than the European procedure. This was based on an application with 38 pages and 20 claims. It also assumed two examining communications in Europe, Germany and UK, one in France (the search report

opinion), and a formalities communication in Italy, followed by oral proceedings at the EPO, UKIPO and DPMA. That seemed a plausible scenario. The European procedure worked out about EUR 4 000 to 5 000 cheaper than the national route, which is not so big a difference as to exclude filing nationally. The national route now seems more flexible, especially considering Europe's new rules on divisionals and the pressure on applicants due to new Rules 72a and 161 EPC.

Whether filing nationally is worthwhile depends, of course, on the sector. But there are some Japanese firms, for example, which often file European for just two or three countries. They could certainly ask themselves if it might not make more sense to take the national route instead. This is now a real issue.

### **That sounds a bit worrying for the EPO ...**

Quite. I hadn't expected the Americans and Japanese to ask about national filing, and the whole thing really unsettled me. But it seems to have been on the table for some time now outside Europe, with industry reconsidering its position. For example, some US attorneys are giving talks advocating a return to the national procedure.

Personally, I have to say that the EPO was a huge success; it used to be very user-friendly, which ensured that it was accepted the world over. In the past, the way it dealt with users was exemplary. But that seems to be changing gradually, to users' detriment.

It's not just about getting patents granted. They must also be of a certain quality. That's all fine. The issue is how proceedings are conducted, and what relations with users are like. Here the EPO now faces tougher competition from national offices. Some have already spotted the opportunity and are becoming more user-friendly, and hence more attractive for applicants. The EPO needs to counteract this trend. Workload pressure must be taken off EPO examiners. They must have time to discuss applications in detail with applicants or representatives. Only that will ensure high-quality patents benefiting the public and competition alike.

### **What other weaknesses does the European patent system have?**

**Dr Popp:** The restriction on the filing of divisionals (under the new Rule 36 EPC) is dreadful. Yes, there was abuse in the past (apparently the IT industry took divisionals to extremes). Such abuse is unacceptable, but negligible in percentage terms. So the problem could have been solved differently, using the means already available and rigorously refusing these divisionals in the first examining communication. But instead, all applicants have to operate under the new rules, and they have not yet accepted that. Don't forget that patent applications are becoming increasingly complex. You can't call for simpler applications just because they would be easier to examine. Such calls are all about making the EPO's life easier; they pay scant heed to users and the complexity of technology.

The present system is out of touch with user realities. The 24-month period for filing divisionals begins on receipt of the first substantive communication from the

examining division. That is often not enough to decide whether a divisional is necessary or worthwhile. Later on, once the second examining communication is issued, the applicant frequently realises that he must add another feature to a still ungrantable independent claim. If that further feature was not covered by the original search, he cannot now file a divisional: the 24-month period is over. This effectively "robs" (or "dispossesses") him of a sufficiently disclosed application, on purely formal grounds. After all, on filing he cannot foresee every possible development. In particular, he does not know all the prior art, which may force him to fall back on features originally disclosed but possibly not searched.

### **Does that make the national route more attractive?**

**Dr Popp:** Yes, the pharmaceutical and chemical industries have really complex applications and need a long time to decide; often they don't know which of their complex compounds will end up being approved. In medicines, for example, it often takes a long while to establish which composition has the best curative properties and slightest side effects. When applications are filed, the test phase is still under way, and can last another five to ten years. If it turns out that the best composition is an unsearched example, nothing can be done. This is simply not acceptable in certain sectors. The old flexibility is lost. This can make the national route more attractive for some applicants. Just think of Germany with its deferred examination system (where examination has to be requested within seven years of filing). That gives the applicant a fairly long time to decide whether and in what form he wants to pursue his application. The decision on divisionals can also usefully be deferred in this way. Long periods for reflection can be very attractive in certain areas of industry.

## **3. Patent quality**

### **Are higher filing fees a good way to reduce filings and clear the backlog?**

**Dr Popp:** In my view, higher filing fees would be a counterproductive paradigm shift.

For the past ten or fifteen years, policy worldwide has been to promote innovation and learning. And then everyone's surprised that more filings are coming in, and the resulting workload's too heavy to master. But you can't promote innovation and IP protection whilst taking no steps to cope with the bigger workload likely to ensue. Of course the patent offices should have expanded accordingly. You can't simply say there's too much work to cope with.

Now they're trying to curb growth through higher "entrance fees", but in my book that is not the right approach either. In the past, policy was to keep these fees low enough to give independent inventors and SMEs access to patent protection. Progressively rising renewal fees are fine: after all, the longer an applicant maintains a patent, the more valuable it must be to him. As long as he is benefiting from his patent, he can afford to pay higher fees. But applications are always filed at the start of the business

process, not the end. Costs are more painful early on, so entrance fees should be kept as low as possible.

You can also cripple a system by making it completely unattractive. Take the new claims fee structure. Clearly, an application with 110 claims is more work than one with 20, so charging more for it is fair enough. But users do not see why they should pay EUR 210 for each of claims 16 to 50. They feel well and truly overcharged, because applications usually have around 25 claims. A more differentiated cost structure is needed. My own firm has cases where the filing fees alone are EUR 18 000 to 20 000. That's very steep, and way out of line with the US, Japan and China. The upshot is that US clients especially are asking us to reduce the number of claims when making a European filing or entering the European phase. That leads to strange-looking claims that are hard to understand, because new dependent claims combining numerous original dependent claims are formulated. These are impenetrable and make the examiner's life more difficult, without generating more claims-fee income for the Office. This cannot be what the new rules were intended to achieve.

I recently asked the USPTO Commissioner about its grant rates, which fell from 72% to about 45% in two years. He told me that his predecessor had wanted to make patents less attractive, to reduce the filings backlog. That too is wrong in my view. Happily the USA is reconsidering; the new Commissioner confirmed that the USPTO is currently hiring more examiners. I also told Ms Brimelow at a panel discussion that the EPO too would have to recruit more staff. If the work increases for some reason, staffing levels must rise accordingly. It's the same in industry: when business is good, more staff are hired to meet demand. Why should a patent office be any different?

The DPMA too conducts an annual review of staffing levels, and tries to get new posts approved when the budget is adopted. In the past, even when money was tight, it always managed to get new posts approved. It was simply taken for granted that more people could and should be hired if business was good.

That does not of course mean that we should encourage "patent hype". But when you're promoting innovation and IP, you also need to build up the institutions dealing with it. The EPO seems to be taking a different tack, however, as exemplified by its efforts to set up a European Patent Network (EPN) with the national offices.

### **What do you think about this EPN idea, and giving EPO work to national offices?**

**Dr Popp:** I am very much against it. If I, as an applicant in Europe, pay filing and examination fees, then I want the work done by the EPO. Mutual assistance with search work is fine, but a European search must not be replaced by one from the Swiss or Danish office. No applicant minds their search results being used to improve quality; that happens anyway, so we don't need an EPN for it. These days the first thing an examiner does on a European filing is conduct a family search to see which parallel applications have been filed and whether search reports on them already

exist. That is relatively easy these days, and gives examiners a head start with their own search and examination of the application.

And then there is the "Patent Prosecution Highway". These measures are enough. I believe that the EPO must do the substantive work itself, and by that I mean search as well as examination.

#### **4. The future – ideas – opportunities**

##### **What would you ask of new EPO President Benoît Battistelli?**

**Dr Popp:** Mainly that the EPO should refocus on its sovereign tasks and stop being treated as a profit centre. It's about earning not only money but also the respect of users and the public. And even if the Office were then to need financial support from the member states – so what! After all, the EPO – like any other patent office – is there for the public, not just for applicants and users. A patent office is the platform for information transfer. It also promotes free competition through thorough examination. Both information transfer and high-quality examination ought to be worth something to the public. So the EPO has value not only for its active users but also for indirect ones (the public), and can therefore be helped from the public purse if need be. The EPO is not selling trinkets; it is granting rights that must first be examined properly. Other authorities, such as ministries or consumer protection bodies, are not treated as profit centres. They too are there for the public, which does not complain about supporting them with taxpayers' money.

So a president must ensure not only that his office functions, but also that it is implementing the right system. Its work must be in line with general policy. And if its task is to promote innovation and IP in an age of global competition, it must be given the support it needs and the president must make it his business to get more resources. Otherwise the system could start breaking down.

In my view, it is quite wrong to structure a European authority primarily to make money for national authorities or EPO member states. If the system happens to be profitable, that is fine. But it should not be the overriding objective.

My second wish is for EPO decision-making to be more transparent for users.

**Interview conducted by**  
Cynthia Matuszewski (journalist)  
Germanenstrasse 45  
86845 Grossatingen  
cynthia.matuszewski@t-online.de