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The quality mission of the European Patent Office

- A perspective for the future -

Introduction

After the quality of the EPO's work has been repeatedly criticized, not only by the staff representation, but also in staff surveys, and by the interested public from various quarters, the EPO's management has finally tabled a proposal on a quality policy of the EPO¹ shows that - at least in principle - it is concerned by the quality issue. Moreover, MAC's recent decision to hold public hearings of economic actors², albeit still a bit vague, shows its genuine commitment to assessing how the quality requirements are fulfilled.

However, the management's proposal fails to clearly address the real priorities for quality, which are instead diluted in vague concepts, or even outrightly shunned. As a consequence, the proposal also fails to address the proper means to assess quality, as well as the concrete means needed for a genuine improvement of the quality of our work. Only if these priorities are clearly defined will a *total* quality policy become possible, where all levels and departments of our Organisation know how to contribute to the quality mission of the EPO, and are enabled to act accordingly.

In an accompanying paper³, the MAC proposal is analyzed and discussed in detail. The focus of the present paper is on the Staff Representation's own perspective for a future quality policy. In the following, it will present its views on the need for defining the priorities in quality (I), how the fulfilment of these priorities can be assessed (II), and the means needed to meet these priorities (III).

¹ See <http://miLinternal.epo.org/pdf/epoqualitypoUcypdf>, <http://mitinternal.epoorg/pdf/epo~qualitystrategypdf>

² See report of 115th MAC meeting in Berg, 29-30 July 2004, under point 3

³ available on Munich web-site: www.suepo.org

I. Clearly defining the priorities

The EPO's mission: a public service for the benefit of the European economy as a whole (A) is best served by focusing on the core requirements of the EPC (B). These requirements cannot be compromised (C) and the core tasks associated with them must drive the remaining tasks (D).

A. *The EPO's mission: a public service for the benefit of the economy as a whole*

Patents will generate value for the economy as a whole if the monopoly granted to the inventor is commensurate with its contribution to the enrichment of technical knowledge.

A too lax granting policy (whether by patent offices or by courts) will merely hamper competition and create considerable (legal and economic) risk for Competitors. As a result, the economy as a whole will suffer.⁴

This is not to be confused with the value of patents for individual applicants. Recently, Google paid more than 250 Mio. USD to Yahoo to avoid litigation risk over US-Patent Nr. 6,269,361, whose European family member is still under examination at the EPO⁵. Hence, the patent might have brought considerable value to Yahoo, but it is doubtful whether it benefited the economy as a whole. The EPO does not serve individual "clients", but the public interest.

This economic balance or "quid pro quo" of the patent system determines the core requirements of the EPC.

B. *The core requirements of the EPC*

It is unfortunate that nowhere in the MAC paper these requirements have been referred to. This is not for lack of reminder by interested circles from all tendencies, including "active" users of the system

⁴ See also *A Qualify Strategy for the EPO* (SUEPO working paper, December 2002), available at <http://www.suepo.org/public/docs/2002/qaaitypdf>

⁵ See *Heise Newsticker of 09.08.2004* at <http://www.heise.de/newsticker/meldung/49912>

(industry big and small, attorneys, etc), "passive" users (companies not active in patenting, the "open source" community, Greenpeace, etc), as well as members of public and quasi-public bodies (members of the EPO Council, EPO staff representation, various economic bodies, etc). A representative sample of opinions can be found in the dossier transmitted by the Staff Representation to Mr. Pompidou, as well as in the Staff Representation's publications and the numerous references cited therein.

Hence, there seems to be a need to recall once more these core requirements:

- *Sufficiency of disclosure (Art. 83 EPC):*

The fundamental *quid pro quo* between the inventor and society is that in exchange for the monopoly granted, the applicant fully discloses his invention. Actually, there has been a decline in the quality of incoming applications and an increasing trend for applicants to obscure their disclosure (this is particularly so for the so called "complex applications"). As a consequence, doubts have been expressed as to whether published patent applications still serve their purpose as a source of technical information.

- *Level of patentability (Art. 52 if. EPC):*

The monopoly conferred by a patent is justified only if the applicant provides a sufficient contribution to the existing state of the art (novelty and inventive step requirements). The assessment of these requirements starts with a reliable search, which supposes a well maintained documentation. Unfortunately, this latter requirement has been increasingly neglected by management, probably because documentation is a less visible "product" of the EPO. However, a proper assessment of patentability needs both time (e.g. to argue with the applicant) and training (e.g. to know the relevant case law), two resources which have become increasingly scarce at the EPO. As a consequence, examination at the EPO is now recognized to be often limited to quasi-novelty.

- *Scope of protection (Art. 84 EPC):*

Even when the state of the art has been determined properly, the patentee often gets

a protection which is overbroad with respect to his contribution to the art, since the requirements of Art. 84 are not applied thoroughly.

The EPC contains of course numerous other important requirements (e.g. those related to procedural fairness). But fulfilling these requirements will be of little avail if the above core requirements are not fulfilled.

C. The core requirements must not be compromised

The requirements cited in the MAC paper either fall short of the above core requirements, or even risk diluting them.

It is certainly important that patents have a high presumption of validity and provide legal security (a general requirement of any legal system). But this is not enough. Only a small fraction of patents are ever litigated. Many more “low standard” patents stuff big portfolios which are too costly to litigate and serve as a threat (or a bargaining tool) against competitors (patent thickets, hold-up licensing). Hence, one cannot rely on opposition and invalidation proceedings to “police” the patent system. The role of patent offices is to weed out these patents (or at least most of them) in advance, before they can do any harm. Therein resides the economic value added by patent offices.

Other quality criteria cited by the MAC, even though justified, may become dangerous if not put into the proper perspective. For instance timeliness is important for the legal security both of the applicant and the public. If however it leads to unjustified patents (e.g. because of production pressure), it is not only dangerous, but also harmful. Contrary to what the MAC says, it is not a matter of balance, but a matter of priorities.

D. The core tasks / requirements are the drivers for the other tasks / requirements

The above core requirements are achieved in the framework of the corresponding core

tasks, namely substantive examination and opposition. But of course, quality in the core tasks can only be achieved if the remaining tasks provide appropriate inputs, starting with search and documentation (which are the most immediate inputs and are therefore often counted to the core tasks), and being supported all the way by formalities, patent administration, IS, etc., from beginning till end. The inclusion of all these tasks into quality management is often referred to as “total quality management”.

But to insure real quality, the order of the factors in the input chain must be preserved. The core requirements must drive the remaining tasks and not the reverse. For instance, to determine what a good search is, it is necessary to know the requirements of substantive examination (other state of the art documents are needed for a quasi-novelty analysis than for a real inventive step analysis). Likewise, the patent administration and IS need to be sufficiently aware of the needs of the examination process, so that they can deliver the appropriate inputs (which requires better communication and better training).

Obvious as these statements may seem, they are often disregarded. An example in point is the classification of non-patent documents: this was reduced or even completely suppressed in fields where there was too much “backlog”, i.e. precisely in those fields where this kind of state of the art is most important.

E. Conclusion: Clearly name the priorities and focus on them

Management should clearly state what the core requirements are, declare them to be the priority, and focus on these priorities. Only thus will a total quality system get a sense of direction. The MAC report goes one step in the right direction by focusing on the quality of examination. But the key requirements are not clearly stated. It is true that these core requirements of the EPC are utterly difficult to assess, especially in terms of scores on a card. But this is not a reason to neglect them.

II. Assessing the core requirements of the EPC: Not a simple matter of bean counting

What makes assessing the core requirements of the EPC so difficult is that they are flexible “standards” which require the exercise of judgment (A) by a quasi-judicial body made by highly qualified professionals (B). Improving and refining the application of such standards is done not so much by some “measurements”, but through case studies involving these professionals (C). Hence the nature and the role of the EPO’s quality department needs to be carefully designed (D).

A. The EPC’s core requirements are flexible standards, which require the exercise of judgment

The EPC’s core requirements have not been defined by the legislator in a precise and detailed way, which would allow a mechanical and quasi-automatic application (as is the case for instance with the time limits of the EPC). Concepts like “non-obvious” are similar to fuzzy concepts of general law like “negligence”, “reasonable”, or “good faith”, which are known as “standards” (“Generalklauseln” in German). The reason these concepts have not been defined in more detail is that the situations to which they apply are too varied and moreover evolve over time. As a consequence, their application has been left to case law, which allows more flexible adaptation to individual situations and to changing needs. In the present edition of the Case Law of the Boards of Appeal, the substantive requirements of the EPC take more than 200 pages. Moreover, this case law is constantly evolving over time. Such a diversity of situations is not easily captured in a few articles of law. For these reasons, the legislator has preferred to give some general directions, which are then applied to individual cases by quasi-judicial bodies, in the first instance the examining and opposition divisions.

In order to be able to properly exercise discretion and judgment, these bodies must consist of technically and legally highly qualified professionals.

B. The need for highly qualified professionals

To properly assess the merits of patent applications with respect to the EPC’s core requirements, professionals are needed who have both the adequate technical qualification in their specific field, and the legal qualification regarding patent law in general and the EPC in particular. This is also reflected in Rule 9(3) EPC, according to which the President may delegate only certain tasks (e.g. checking time limits) to people not having these technical and legal qualifications.

A consequence of this is that the only ones who have enough knowledge and skills to fairly assess the quality of the work are the professionals themselves working in their special field (i.e. the examiner inside the EPO, and to a certain extent the patent professional outside the EPO). As experience has shown, attempts to have their work evaluated by “generalists” using some general criteria are easily circumvented, not to say cheated. A somewhat caricatural (but real) example was the attempt to evaluate search quality by counting the number of X and Y documents. More generally, even though the existing DHQ was composed of examiners with high (and even above average) qualifications, it has not been allowed to develop its full potential. Its control had largely to remain confined to aspects of quality which can be assessed relatively formally, like clarity or novelty. More difficult aspects like inventive step and scope of protection have at best received superficial attention.

This begs the question of the appropriate methodology to evaluate quality, as far as the EPC’s core requirements are concerned.

C. Metrics versus case studies

There has been much talk of setting up a quality “metrics”. Metrics has however its limitations (1°). Evaluating and refining legal judgment is primarily effected by the study of cases (2°). These should be performed internally (3°) but also involve external professionals (4°), and the dialogue with the courts, including DG3 (5°).

1° *The limitations of metrics*

Some quantitative and/or econometric indicators might give valuable insights and crystallize reactions when the alarm bells are ringing. But they may also give a false sense of security. For example, it would be interesting to monitor the ratio of refused to granted applications over time. Another proposal made by the WG on quality was to monitor the grant or rejection rates of family members of the same application at different patent offices; in that respect, the EPO would probably fare better than the USPTO, but “au pays des aveugles, les borgnes sont rois”.

However, like legal standards, economic measurements are subject to interpretation, which might be even more fluctuating than that of legal standards (there is a proverbial saying about the value of statistics ...). This begs the question of who will be controlling the quality of the controllers.

Moreover, econometrics is not the core business of the EPO, and one might wonder to what extent it would be useful to “insource” it.

There are plenty of outstanding economic research institutions which are presently gaining experience in econometric (and theoretical) work on the economics of patents. Leaving this task to these better qualified bodies has moreover the advantage that we will get a plurality of different views which can be compared (instead of a single “in house” view).

In order to validate metrics and to gain further insights, a qualitative study of a wide range of real cases is indispensable.

2° *Evaluating and refining legal judgment through case studies*

Up to now, the main instrument for monitoring the quality of our work have been surveys of users (narrowly defined as applicants) and control of individual files for “compliance with the regulations”. The results of these surveys tended to be biased in so far as they were answered from the perspective of the individual applicant (the “client”) and not from

the perspective of the economy as a whole. The control of individual files mainly concerned easy to monitor aspects, like procedural matters, clarity and lack of novelty with respect to the cited documents; legal reasoning was monitored mainly as to whether initial arguments were upheld or not in later communications (implying that a withdrawn argument was an invalid one); but few resources, if any at all, were devoted to investigate the soundness of the arguments, or whether their withdrawal was justified. Some have expressed surprise that despite its undeniable level of expertise, DHQ never found any serious evidence of a decrease in the quality of our work’s core requirements; but one might wonder whether they received the appropriate means and mandate to that effect.

Actually, the nature of our work, making legal judgments on technical inventions, hardly allows any control by detailed regulations and quantifiable compliance checks. It rather relies on the application of broad guiding principles which have to be adapted to each individual case. Hence the critical discussion of cases is the only practical way of both evaluating the soundness of reasoning and sharpening this reasoning. There was even one case where DHQ initiated such an approach: it was the comparison of EPO board of appeal decisions with those of the German BGH and BPatG on the same cases. Unfortunately, only quantitative aspects were stressed (1/3 upheld, 1/3 reversed, 1/3 upheld in part). A qualitative discussion of the points of convergence and divergence, their reason and their appropriateness would have led to much deeper insights.

Such studies should lead not merely to “harmonization” (which might mean the least common denominator), but to best practice. They should be furthered both in house and externally.

3° *In house studies*

Inside the EPO, case studies take place (or at least they should) on a daily basis within the *examining / opposition divisions*. This assumes that the members of the divisions perform their job and are given the means to

do so. These divisions are the primary tool foreseen by the EPC for quality control and enhancement. This tool should be recognized and reinforced by management. Moreover, it would be useful to extend them to other tasks than substantive examination, like the search divisions foreseen in Article 15(b) EPC.

Cases relating to questions of more general interest should be discussed at the unit or department level (director, PD, patent administration, etc.), or if appropriate at cross disciplinary level. Seminars and workshops to evaluate typical cases (and related case law) should be organized on a regular basis (and sometimes are - budget permitting). In particular, the role of the *directors* and line managers should be strengthened: they should have the required qualifications and knowledge to assess quality, and they should encourage quality and further best practice, e.g. by meetings, lectures, training, teamwork, etc.

4° Public hearings

A critical assessment of the quality of the EPO's work must involve all concerned parties (whether they use the patent system themselves or are merely affected by it). In particular, patent professionals can provide important insights as to how the EPC's core requirements are fulfilled.

The staff representation has already proposed to hold public hearings of all interested parties, similar to those held in the US by the FTC, and it seems that the MAC has finally decided to hold at least some sort of hearings. In order for such hearings to provide meaningful and unbiased results, it is important that all circles interested in providing a contribution get the opportunity to do so. It is also important to ensure an objective assessment and interpretation of the results. The staff representation thinks it is important that more precise implementation details in that respect are discussed.

Once these hearings have provided a clearer picture of the state of quality of the EPO's work, a more structured approach should be envisaged. This should involve case studies of randomly selected patents between EPO

and external professionals (see the proposal in the article of Mr. Hagel).

5° Dialogue with the courts, including DG3

Another important player in the quality system is DG3 (and more generally the Patent Courts, especially those in charge of invalidity proceedings). When these courts uphold low level patents, the system is harmed as well. But the dialogue between higher instances and lower instances is not a one-way communication. Just as courts are sensitive to the arguments of the parties, upper courts have often been persuaded to reverse their case law, if faced with sufficiently sound arguments from lower instances, or from the professional public (in particular legal scholars of high reputation - see the French "doctrine"). Such a dialogue with the jurisdictional patent bodies should be integrated into our quality system.

D. The quality department

In view of the preceding sections, some important conclusions can be drawn regarding the structure and role of the quality department.

1° Its composition

It must be composed of professionals, i.e. of technicians trained in patent law.

2° Its role

It should not deal with micro-control of the operational line. The responsibility for the quality of individual files rests with the examining divisions and with the director. In any case, such micro-control by non-specialists would be easily circumvented and be at best useless, at worst leading to perverse effects (examiners do not aim at true quality but at meeting the visible criteria by which they are controlled).

It could however spot gross quality deviations, in cases where the overall functioning of the department is so defective that the resulting drop in quality is soon to be noticed by the

public.

More generally, it could monitor average trends and play a supporting and advising role as to quality methodology.

However, quality assessment will be of little avail if examiners do not receive the means to achieve their quality goals. Quality is not so much a matter of control than a matter of enablement.

III. Providing the means to improve quality

A. Create a climate of support (“quality culture”)

1° The commitment of management

The commitment of management to quality should be a genuine one. The trust of the staff will rapidly be lost if management merely pretends to be committed to quality, but then does not provide the appropriate means, or even creates obstacles to it. As one example among many is the sudden suppression of (the usual) language training, because the (newly introduced) time budget had been exhausted. The budget has to be adapted to the needs, and not the other way round.

2° Human resources: a culture of recognition and empowerment

We will not achieve a working quality system by “command and control” system, but by an appropriate human resources policy which respects the professionalism of our staff. We need a culture of recognition, where staff is empowered and is given real responsibilities (including the power to take themselves decisions affecting his work). We need a culture of dialogue and mutual respect, furthering professional pride and authority. This culture is needed at all levels of the organization (in particular middle managers should be empowered to go beyond their role as mere messengers, with the proverbial risk to be shot, but with no means to shape our organization).

B. Provide appropriate training

The following aspects have to be taken care of:

- Initial training - continuous training
- Classroom training - training on the job
- Fields of training (technical, legal, language, drafting and argumentation skills)

Sufficient resources have to be provided to allow all of the above aspects to be taken into account. To cite just a few examples, it seems presently that the initial class-room training is too superficial (in particular regarding legal and procedural aspects). Continuous training is neglected e.g. regarding the technical aspects of the job (keeping up to date with technological change; in some departments, conference attendance is discouraged in favour of works visits, perceived to be better for public relations).

[transitional period: re-training may be needed for certain substantive or procedural law aspects, in order to promote both efficiency and quality]

C. Provide appropriate time, in particular during transition phase

The present lack of quality perceived in examination is not due to the lack of good will of examiners, but to the lack of resources (time, training). Restoring an appropriate level of quality will not be done for free. However, in the long term, this instrument will bear its fruits through genuine gains in efficiency due to enhanced skills (and not apparent efficiency gains due to botched work).

This is not to say that the time allocated per file should be increased without bounds. There is anyway a law of diminishing returns and consequently a point above which further time increases yield no sizeable quality gain. However this time has to be reasonable and it seems that presently, we are below this point (some even say that below a certain point, a further decrease in time per file does not give any decrease in quality).

The point system should remove certain biases which presently stand in the way of quality (e.g. a refusal and/or oral proceedings take more work than a grant; chairpersons do not get any incentive to strengthen their role).

Spending more time for quality might be the only practicable way to master our present workload, since granting too many low level patents (as apparently is the case under the present system) merely encourages the filing of even more low quality applications.

D. Change regulations where they stand in the way of quality (and efficiency)

Certain procedural regulations (in particular EPC Rules) make it very time intensive for examiners to deliver quality if the applicant is only clever enough to play the procedural tricks. These rules should be changed (e.g. auxiliary requests at oral proceedings, unsearched subject-matter - R.86(4) EPC).

E. Towards "Total Quality": enhancing communication with the service departments

This paper has mainly focused on the fulfilment of the core requirements of the EPO, which must constitute the guiding priority. However, to perform these core tasks well (and efficiently), the provision of adequate support services in areas such as Formalities, Patent Administration, IS, Administration and Facility Management is essential. The members of these services contribute as much to the fulfilment of our core requirements as do the examiners.

Too often, however, the users have the impression that they have no real possibility to influence these services. Feedbacks and suggestions for improvements through the hierarchical line get lost in the bureaucratic mill. Appropriate structures should be created to allow horizontal communication between the "users" and the providers of these services, both during the planning phase of a project and afterwards. To that effect, one might for example set up user Councils elected by the

users and allowing a direct contact between the users and the service departments.

Once the priorities of the EPO's quality mission have been clearly stated, we will be in position to implement a system where all departments and all staff members are enabled to contribute to the achievement of this mission. Only thus will we achieve a system of "Total Quality".
