EPLIT
EUROPEAN PATENT LITIGATORS ASSOCIATION

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Mr. Jesper Kongstad
Chairman of the Administrative Council
European Patent Office
c/o Danish Patent and Trade Mark Office
Helgeshoej Allé 81
2630 Taastrup
Denmark

June 30, 2015

Dear Mr. Kongstad,

Regarding: **Reform of the BoA – User Consultation**

1. EPLIT was founded in 2013 as the association of European Patent Attorneys who are qualified to represent and litigate before the Unified Patent Court (UPC) and other patent practitioners qualified according to Article 48 (1) or (4) of the Unified Patent Court Agreement (UPCA).

   EPLIT's main objectives are to promote user-friendly, fair, efficient and cost-effective patent litigation in Europe, in particular litigation before the UPC, to promote any measures for improving patent litigation, in particular before the UPC, and to increase and strengthen the relationships between practitioners entitled to represent parties in patent disputes in Europe.

2. This position paper is in reaction to the proposal by the EPO in document CA/16/15 of March 6, 2015 ("the Proposal") on a reform of the Boards of Appeal ("BoA") and the corresponding consultation on the Proposal launched by the EPO.

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We welcome the initiative of the EPO to try to improve the independence of the BoA as well as the opportunity given to stakeholders to provide their comments.

We are aware that in the meantime several other professional associations, *inter alia* EPLAW, CCBE, and CNIPA, have submitted position papers, some of which discuss the Proposal in great detail. In the present position paper, we will focus on some more fundamental aspects concerning the independence of the BoA and on the Proposal.

In the following, all references refer to the Proposal, unless otherwise stated.

3. First of all, we do not think that it is appropriate to commingle the questions of *independence* and of *efficiency* of the BoA, or even to think of them as a unit of two criteria that imply each other, as it seems to be done in the Proposal.

   Starting at the interlocutory decision R 19/12, the task underlying the Proposal was to "discuss the decision's possible consequences for the organisational and managerial autonomy of the EPO's Boards of Appeal (BOA)", and "the President of the EPO was asked to submit a proposal for a structural review of the BOA system within the current legal framework of the EPC" (point 3). The aspect of efficiency – which no doubt is an essential goal to be achieved by a judiciary system – was obviously added later and was not part of the occasions that gave rise to the Proposal, however. It is our position that a discussion about the independence of the BoA is in principle unrelated to the efficiency of the BoA.

   As a matter of fact, in decision R 19/12, which occasioned the reform process presently discussed, "objectives of efficiency to be reached" are mentioned as a possible source for a *conflict of interest* for the Chairman of the EBoA in

developing a case law which renders the review procedure an efficient instrument of legal protection for the parties (R 19/12, points 17.2 and 17.3).

First and foremost, efficiency of the BoA is ensured by appointing a sufficient number of members of the BoA – a prerequisite which is currently not fulfilled as, for instance, no new appointments have been made to replace retired BoA members since the issue of decision R 19/12.

4. Efficiency is one of the aspects which have to be considered in the organisation of a court, but not the most important one. The main objective of a judiciary are well-founded decisions issued on the basis of a fair trial, as it is required by Art. 113 (1) EPC and Art. 6a of the European Convention of Human Rights, which governs the proceedings of the EPO, as stated in decision R 19/12 (point 9), G 1/05 (point 22), and G 2/08 (point 3.3). Already today, there are tendencies to overestimate the importance of efficiency versus that of a fair trial, e. g. in Art. 12 (4) of the Rules of Procedure of the BoA (RPBOA), which gives the BoA the unrestricted right to reject facts, evidence, and requests in the appeal procedure which could have been presented in the first instance proceedings.

   Eventually, efficiency is a question of the internal organisation of the court, e. g. in terms of the number of judges, their legal and technical skills and the preparation of the cases. For example, if the Board communicates a preliminary opinion early and in detail, the parties can concentrate on the essential issues of the case and do not have to file unnecessary requests and arguments.

   Surprisingly, the term "efficiency" can be found 14 times in the Proposal, whereas the term "quality" only appears three times.

5. The requirement set by the Administrative Council ("AC") that the structural review of the BoA system should be within the current legal framework of the EPC (point 3) seems to be inappropriate and reflects a too narrow view on how the independence of the BoA can be guaranteed. The Proposal itself – being bound by this requirement – only states in this context that this would "avoid the long and difficult process of revising the EPC" (point 12).

6. In our view, the Proposal does not sufficiently take account of the superior goal of a *separation of powers* between the legislative, executive, and judiciary organs, which is fundamental to all constitutional democracies. According to the present architecture of the Organisation, the AC is the legislative and supervisory organ according to Article 4 EPC, and the President of the EPO is the representative of the executive organ. According to the Proposal, the President of the EPO delegates part of his power to the AC or its sub-committee, the BoAC. Consequently, the dependency of the BoA from the management of the EPO criticised in R 19/12 is replaced by the dependency from the AC, since the BoAC only has the right to make proposals, but cannot make binding decisions itself. For genuine independence, the BoA would have to have some kind of self-governance instead. The BoAC is not such a self-governance organ, as it is not composed of BoA members, but of AC and external members instead. The President of the BoA may participate in BoAC meetings, as it is stated in points 26 and 31 but does not even have a right to vote. Therefore, we do not see how the Proposal could establish the "perception of independence" of the BoA. In this regard, we would like to point out that the actual independence of the BoA is much more important than the "perception of independence", as it is stated multiple times in the Proposal. What matters is that the BoA are truly independent and not merely that they are perceived to be. By focussing on the perception, the impression is given that it does not matter at all whether the BoA are in fact

independent. While the perception of the users that the BoA are independent is certainly important to build trust and confidence in the EPO, what matters more is that the users will be guaranteed a fair trial. If the BoA are truly independent, the users will certainly also perceive them to be so.

7. Furthermore, the Proposal states several times (see points 19, 29, 32, 37, and 38) that the President of the EPO *intends* to delegate certain rights to the President of the BoA or to waive these rights, respectively. It is unclear whether such an intention is legally binding or can be withdrawn at any time.

   Importantly, the proposal is silent about a delegation or even a waiver of the right of the President of the EPO to propose disciplinary action to the AC with regard to BoA and EBoA members and Chairmen according to Article 10 (2) (h) EPC. This means that these members would still not be completely independent from the EPO and its President with respect to disciplinary measures. In particular, the preliminary investigation in case of an alleged misconduct of such a member could, in our understanding, still be carried out by the EPO's Investigative Unit, which has reportedly used "intelligence methods" on such occasions in the past and which is firmly embedded into the EPO's internal structure. The judiciary must not be dependent – as far as disciplinary measures are concerned or otherwise – on the executive authority. Such dependency is exactly what R 19/12 held to be undesirable.

8. According to the Proposal, the "perception of independence" could be improved if the BoA are relocated to another building in Munich or even in another European city. In EPLIT's opinion, the question of location is of minor importance. It is well known to every professional that two companies can share the same office building without interfering with each other. In the present case, only few

examiners reside in the Isar building, and we do in general not believe that a contact between examiners and BoA members will endanger the independence of the BoA or the Office.

The most important items which can be realised at short term even in a common building are to establish a separate Human Resources administration and a separate communication system of the BoA to which the Investigation Unit of the EPO has no access. Nevertheless, it would be seen as an advantage if the BoA can have their own building in Munich, provided this can be done at reasonable costs. To relocate the BoA away from Munich, for instance to a city like Warsaw or Venice, would lead to severe personnel problems, as the members of the BoA had to plan ahead and organise their lives centred in Munich. We are concerned that many experienced BoA members will not be willing to move out of Munich and that such valuable assets to the EPO will be lost. For the same reason, recruitment of new BoA members among the examiners of the EPO will be more difficult.

9. Last but not least, we would like to comment on Annex 2 of the Proposal, the statistics. The data of the TBoA differentiates between settled cases and withdrawals. This does not take into account that according to Rule 84 (2) EPC opposition proceedings can be continued if the opposition is withdrawn. As an example, in case R 19/12 the opposition was withdrawn shortly after the patentee had filed an appeal, but nevertheless the oral proceedings were prepared and held (and in this case took seven hours). In nullity cases before the German Federal Patent Court (GFPC), used in the Proposal as reference, the cases are terminated by law as soon as the notice of withdrawal is received by the court. In 2012, new figures are not known, in the GFPC 252 nullity cases were settled, 112

of which (44 %) by withdrawal.[1] Accordingly, these cannot simply be compared in this respect.

In the EPO in 2013, 2,137 cases (including 681 withdrawals, i. e. 32 %) were settled by 28 TBoA; these are 76 cases per Board. In the GFPC, 7 nullity senates settled 262 cases (including withdrawals); these are 37 cases per senate. The high number of withdrawals, the legal consequences of withdrawals and the lower number of cases explain why the average duration of the TBoA cases (34.3 months) is longer than that of the GFPC nullity cases (23.6 months) without questioning the efficiency of the TBoA.

The overall number of 2,320 cases reported in Annex 2 for the GFPC in 2013 includes 1,188 cases handled by the trade mark senates and only 483 cases handled by the technical appeal senates, which are comparable to the TBoA cases.[2] The average duration of those cases at the GFPC in 2013 was 51.7 months which is considerable more than the 34.3 months which the TBoA needed.

Further, it should be noted that the TBoA handle complex opposition cases e.g. in the field of pharmaceutical or biochemical inventions with sometimes ten or more opponents filing submissions that fill dozens of binders. Those cases are rare at the GFPC, since applicants in these fields usually seek overall protection in Europe and not in national patent offices.

[1] Presentation of R. Engels, Presiding Judge of the 4th Nullity Senate of the GFPC, Mannheimer Patenttage, 11.10.2013.
[2] Annual Report 2014 of the GFPC, pages 56-60, available at www.bundespatentgericht.de.

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As a consequence of these figures, we cannot see why the TBoA lack efficiency.

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CC: Mr. Benoît Battistelli, President of the EPO