IPLA INTELLECTUAL PROPERTY LAWYERS' ASSOCIATION

IPLA Comments on EPO BoA Proposals

Reform of the Boards of Appeal; and Post Service Integrity: Prevention of Conflicts of Interest

Comments by IPLA on proposals in Documents CA/aa/16 and CA/29/16.

Executive Summary

IPLA has five comments on the above proposals:

1. If the reform of the Boards of Appeal is to increase their autonomy and the perception of their independence, third parties such as the President of the EPO should have no possibility of influencing them, and the OPO president's residual connections need to be removed.

2. The proposed performance-related career system needs to specify the criteria for assessing the performance of BoA Members, along with the procedure for assessment.

3. Although the Boards of Appeal will be independent, they will still form part of the European Patent Organisation. The fees which they charge should be proportionate to the fees charged in prosecutions and oppositions. There should be no significant increase unless the total funds available to the European Patent Organisation are insufficient to finance its functions, in which case there should then be a pro rata increase across the board.

4. The "conflicts of interest" provisions place significant power in the hands of the "Appointing Authority". IPLA questions whether such a new procedure is needed, and if so, whether now is the time to introduce it. In any event, there needs to be a procedure for the rapid review of decisions by the Appointing Authority (within a matter of weeks). It is highly desirable in the interests of transparency and predictability that examples of occupations which are acceptable and occupations which are not acceptable are published as a guide, and that there is an annual report of all notifications and the decisions made on them.

Analysis

1. Influence of thid parties, notably the President of the EPO

In a number of provisions, the President of the EPO retains influence over the Boards of Appeal, and these should so far as possible be removed. We refer in particular to the following paragraphs of Document CA/aa/16.

Paragraph 19: the BoA budget request "will be forwarded to the President of the Office for consideration for the yearly draft budget". Influence over the budget can significantly interfere with independence, and the EPO President should have no part in this. There needs to be a clear formula whereby the total amount of the budget of the Boards of Appeal is calculated, and the detailed budget setting out how that sum should be spent should be entirely the responsibility of the administration of the Boards of Appeal. The Boards of Appeal budget proposal should be provided to the Budget and Finance Committee and the Administrative Council: the only right of the EPO President, if anything, should be to comment separately on the budget proposal.

Paragraph 21: this gives the EPO President a disciplinary power parallel to that granted to the President of the Boards of Appeal. IPLA notes that this disciplinary power applies only to the support staff and not to members of the Boards of Appeal themselves. Nevertheless, it is highly undesirable that staff

should be subject to two separate disciplinary regimes. IPLA suggests that the President of the Boards of Appeal should be trusted to take action where there may be impact on the Office or Organisation and its reputation as a whole. If the Administrative Committee takes a different view, then the EPO President's parallel powers need to be very clearly specified. The right to discipline support staff and thereby to control their behaviour is potentially an indirect way of influencing the Boards of Appeal which rely on those support staff.

Paragraph 23: there is no reason why the EPO President should have the absolute right to attend BoAC meetings. His attendance should only be by invitation of BoAC, which could be for specified parts of the agenda only.

Paragraph 26: the Rules of Procedure of the Boards of Appeal are a matter for the Boards of Appeal and not for the EPO President.

IPLA's experience is that users of the system have an important role in identifying practical problems with court procedures and assisting in their resolution. We recommend that a formal structure is set up where the views of users of the Boards of Appeal can be discussed and considered.

Side Note

IPLA notes that the Boards of Appeal are not fully harmonised in their interpretation of the Rules of Procedure and, sometimes, of the substantive law. This is a problem which has also affected the different national courts across Europe (with regard to the substantive law). Progress towards harmonisation has been achieved through regular meetings of European patent judges, frequently at symposia sponsored by the EPO. These meetings have engendered an understanding how judges in different jurisdictions approach the law, and such understanding, combined in many cases by personal friendships, has fostered a greater degree of respect for the decisions of judges in other jurisdictions, which in turn has led to a willingness to follow such decisions and achieve *de facto* harmonisation. IPLA believes that it would be beneficial to promote similar symposia for the Members of the Boards of Appeal, and indeed for Members of the Boards of Appeal to attend meetings of European patent judges.

2. Performance-related Career System

IPLA submits that transparency and fairness require that, in any performance-related career system, there is a clear specification of the criteria against which performance will be evaluated, and of the evaluation procedure. In addition, there should be safeguards to ensure that the system is properly objective (this is particularly important where evaluation is the responsibility of one individual such as the BoA President; in such a case, measures (such as third party review) need to be in place to ensure the appearance of objective fairness and to avoid accusations of evaluations being affected by personal relationships).

IPLA is accordingly concerned that the current proposal does not identify the evaluation criteria, the evaluation procedure or the safeguards to ensure that the evaluation is objective.

IPLA also considers that it would be helpful that there be a mechanism for obtaining feedback from users. It can be very helpful for members of the judiciary to receive feedback as to how they are perceived: this can lead to changes in behaviour which will significantly improve users' satisfaction with the quality of the system.

3. New Fee Policy

The EPO is essentially a patent-granting organisation. When patents are prosecuted, the applicant does not normally know which will turn out to be of commercial significance. The same is generally true of oppositions: the nine month opposition deadline means that patents are opposed because of their potential to block opponents' future activities, rather than because of their present commercial significance.

This is a very different commercial background to the position with courts in which infringement proceedings are brought. When a patentee brings proceedings for infringement, it knows the commercial significance of the relevant patent and the investment in the cost of the litigation which patentees are prepared to pay reflects this.

Accordingly, the fee systems and cost coverage in national courts and the UPC (see paragraph 53) have no relevance to the appropriate levels of fees and cost coverage in the EPO, where the commercial value of the applications and patents concerned is in most cases not yet known.

That is why levels of fees in patent offices are generally low, and patent office fee income is supplemented to a significant extent by renewal fees paid by patentees on patents whose commercial importance has become apparent over time. The fact that reforms are being made to ensure the independence of the EPO Boards of Appeal does not mean that they should not benefit from income from renewal fees in the same way as other parts of the EPO.

Funding considerations should not be used to justify what it is in effect a financial impediment to the right to appeal. Appeal fees should be proportionate to, and should provide a commensurate level of cost coverage as, fees charged during prosecution and in first instance opposition proceedings.

It is of course true that control of the funding of the Boards of Appeal provides a mechanism for eroding their independence. However, for the reasons stated above, it is simply not appropriate to seek to achieve high levels of cost coverage through fees for a body which is part of the granting and early stage opposition system. Rather, independence of influence through financial control must be achieved through the use of a transparent and objective formula for the total funding of the Boards of Appeal (control of how that amount is spent being the responsibility of the BoA President under the supervision of the BoAC).

The only justification for significant increases in appeal fees would be if the European Patent Organisation had insufficient funds, and in that case, any funding shortfalls should be met by fee increases pro rata across the board and not just for appeals.

4. Post-service integrity: prevention of conflicts of interest

IPLA does not understand why it is necessary to introduce this system at the present time. References made in paragraph 63 to decision G2/94, decided in 1996, 20 years ago. There is no indication in document CA/aa/16 or CA/29/16 of any significant change of circumstances justifying the introduction of this measure at this time. Relations between the management of the EPO and the employees are notoriously at a very low ebb, and a measure whereby management can limit former employees' employment prospects carries a serious risk of being mischaracterised, leading to a further worsening of management/staff relations.

If the Administrative Committee is nevertheless keen to implement this new system, IPLA urges that it should be fully transparent, and that measures are in place to ensure that the "Appointing Authority" is protected from accusations of the arbitrary exercise of the new power, by a rapid and effective review or appeal system.

It is suggested that, at the outset, there should be published a list of examples of occupational activities which are considered to be acceptable, and examples of occupational activities which are considered to contravene post-termination obligations on employees (it should be possible to look for examples to specific recent cases; if there have been no recent examples, that calls into question the need for this provision). Furthermore, the appointing authority should publish an annual review of notifications by former employees, identifying the occupational activities in respect of which the appointing authority has made no objection, and occupational activities in respect of which it has issued a prohibition or provided authorisation subject to undertakings. Through this, transparency as to what is and is not acceptable can be achieved.

Furthermore, if a former employee disputes a decision by the Appointing Authority, natural justice requires some form of rapid appeal or review, which should ideally be structured so as to provide a decision within, say, four weeks (since any delay will significantly adversely affect the position of the former employee). IPLA would suggest that the review could be carried out by a panel of members of the Enlarged Board of Appeal.

Intellectual Property Lawyers' Association
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