

The EPO and the Problem of the Right Speed (II) - Examination Proceedings

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The current President of the EPO claims in his blog that there is a general demand from the users of the EPO - i.e. primarily the applicants - to have a timely delivery of the work product of the EPO. In his words (emphasis added):

But, as with any good service, good products need to be delivered on time. This is particularly so for our users, as innovators and investors look for certainty at an early stage in the process.... Timeliness is therefore a key issue not just for applicants, but also those potentially affected by pending patent rights. Our users have stressed that it is a priority for them and, as such, timeliness is a priority for the EPO.

Based on this premise, the President derives the aim of speeding up all EPO proceedings. In July 2014, the program "Early Certainty from Search" was introduced that is aimed at providing a search report with a preliminary opinion within six months of filing. This idea of streamlining the procedure has now been expanded to the examination and opposition stages. Key to the EPO management's agenda are two targets:

For examination, grants will be concluded on average within 12 months after the start of the examination procedure.

For Opposition, we have now committed to ensuring that the overall duration of the procedure is reduced, from the current 26 months for cases with no specific legal complications, down to just 15 months.

In my personal opinion, receiving an early and well-reasoned search report is, indeed, of great value for many users of the EPO. However, as concerns the examination stage, there are practical consequences of the President's program, which may, in fact, be highly undesirable and will not be liked by applicants and their representatives.

First and foremost, it is my impression that the pressure exerted by the "Early Certainty" program on the work output of examiners has considerably increased. Perhaps unsurprisingly, several colleagues of mine have started to observe that the quality of the reasoning and the depth of analysis of official communications at least in some technical areas has been declining to a noticeable degree. This is exactly what should not happen. Superficial examination, whatever its outcome may be, helps no one.

Additionally, we are currently experiencing a significant surge in summons to oral proceedings by examining divisions in some technical areas. Some of my colleagues have received the same number of summons by examining divisions in the last half year that they had received in the previous ten years. And not only the frequency of summons is without precedence, but also the stage of the procedure at which summons are issued. Of nine summons received by one of my colleagues for oral hearings before examining divisions this year, five were issued after a single (!) examination report under Art. 94(3) EPC. Such early summons, on such a broad scale, are unheard of and certainly not welcomed by applicants.

Fortunately, this new practice has not been implemented with the same rigorously in all technical fields ("clusters" in EPO speak). And it should not (*principis obsta!*) This is because such a change in practice would have quite dramatic consequences for applicants and their European representatives, particularly if it is implemented all of a sudden rather than gradually over some years.

a) Workload

An obvious and immediate consequence of the above procedural changes is that both external counsel and in-house patent departments will face a surge in workload in the near future. Proceedings that used to have an average duration of maybe four to five years are now to be compressed into a single year, on average. This means that at least for the "ramp-up" phase of the new system, the frequency of communications, and thus the workload, will significantly increase.

In addition, the high frequency of summons to oral proceedings would greatly add to this effect. The workload associated with a summons to oral proceedings is much higher than the work required to respond to a "normal" communication, owing to the simple fact that the applicant has one last possibility of presenting written arguments and amendments in the final written submission before the hearing before the EPO has the power to reject the case. The assessment of late filings by the Boards of Appeal, at the same time, has become much stricter over the past years. Hence, the last written submission and the requests included therein should foreshadow not just the oral proceedings, but also a possible appeal. Needless to say, the preparation for the oral proceedings itself requires significant efforts. This is because one has to think about all eventual outcomes, bearing in mind that the examining division has the power to raise any additional issues or arguments, at their discretion, during the hearing.

b) Budget

When the workload for external counsel and in-house patent departments suddenly increases by a dramatic change in practice by the EPO, the allocated budgets, based on long-term experience with the EPO, will become moot and insufficient. Whilst a standard reply to an examination report may be well be within the capabilities of the in-house patent department, preparing a final written submission and for the oral proceedings will typically require substantial input by outside counsel. This results in a dramatic rise in costs for the proceedings, at an early stage. This is particularly the case since a summons at an early stage when multiple objections are still unresolved means that on average the cases are more complex at that stage and this further increases the costs.

Corporate users of the EPO plan their budgets ahead, typically for a fiscal year. And a budget can only be spent once. When there is an unexpected rise in the costs for pending procedures, there is only one way to react, when trying to stay within the budget: stop any spending on new projects. This means that the waste of resources on unduly early summons and rushed proceedings will have a negative impact on the possibility to file new cases. Thus, "early certainty" is likely to be detrimental to innovation and furthering research, at least for several years to come.

c) Time-pressure

It goes without saying that the proceedings, if compressed by a factor of four to five, will further be affected by tremendous time pressure. An early summons means that the applicant has to decide on its strategy for the case very rapidly and at a very early stage of the proceedings, where it may perhaps not even be clear which of the embodiments disclosed in the patent will eventually make it to the market.

d) Conclusion

In summary, I am afraid that the "early certainty" program in examination proceedings, at least if implemented as described above, i.e. if it results in a significant increase in the number of oral proceedings at an early stage of the examination proceedings, will - needlessly - have quite significant negative consequences for most applicants. In my view, there is no need to introduce such an "early certainty" program in examination proceedings at all, provided that the EPO continues its previous practice to accelerate examination proceedings when so requested by the applicant (via a PACE request) or a third party (via observations under Art 115 EPC).

This would also give the examiners the necessary leeway and resources to speed up those (usually more important) cases where an actual dispute needs to be quickly resolved, i.e. contentious examination proceedings and opposition proceedings.