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What's the worst that could happen – Constitutional complaints against the EPO in Germany

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Patent Attorneys like myself are not known for their love of excitement. For example, I like reading lists. One regrettably exciting item that appears to have slipped off the 'things to look out for in 2020' lists that I have seen is the outcome of the constitutional complaints against the EPO in Germany. The outcome of these complaints could have potentially explosive implications for patent practice in Europe and they have not received enough attention.

At present there, are five constitutional complaints relating to the European Patent Office (EPO) before the German Federal Constitutional Court (BVerfG), namely, 2 BvR 2480/10, 2 BvR 421/13, 2 BvR 756/16, 2 BvR 786/16, and, 2 BvR 561/18. At issues is the lack of sufficient legal remedies at the EPO against negative decisions of the Boards of Appeal. I believe there is a clear risk that the BVerfG will uphold at least some of the constitutional complaints relating to the EPO. Such an outcome would likely mean that the European Patent Convention (EPC) in its present form is incompatible with the German constitution.

My reasoning is as follows: according to these complaints there is a question (amongst others) on whether or not Articles 19(4) and 103(1) of the German constitution (i.e. the Basic Law of the Federal Republic of Germany) have been violated. Article 19(4) states that if any person's rights are violated by a public authority, they have recourse to the courts. Article 103 deals with the right to a fair trial.

Is it possible to get 'a fair trial' from the Boards of Appeal? Do they have judicial independence?

Regrettably, there are already clear existing examples of EPO management interfering with the independence of the EPO's Enlarged Board of Appeal (i.e. in the first and third Corcoran cases). Further, there is a strong *prima facia* argument that the Boards of Appeal cannot be independent of EPO management or impartial from the needs of the EPO as an organisation (especially where these conflict with an applicant's rights) because members (i.e. the 'judges') of the Boards of Appeal can only have their position renewed if they reach performance criteria set solely by EPO management. Indeed, the Enlarged Board of Appeal itself declared in decision Art. 23 1/16 that judicial independence is not guaranteed within the framework of the EPC. In my opinion, this issue was not addressed in the recent reforms to the Boards of Appeal.

In addition, new Rules of Procedure of the Boards of Appeal (RPBA) came into force on January

1, 2020. There is already some concern that these rules are balanced towards ‘efficiency’ over quality (see the blog ‘Happy New Year? Entry into force of the new Rules of Procedure of the Boards of Appeal‘ by Thorsten Bausch). I believe this focus on efficiency increases the risk of partial decisions as they open up the a risk that the needs of the EPO might become pre-eminent over the needs of applicants or third parties.

If the European Patent Convention (EPC) in its present form is incompatible with the German constitution it would also likely mean that the EPC is incompatible with the EU Charter on Fundamental Rights.

According to Article 47 of this charter, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal previously established by law. Similar provisions exist in the European Convention on Human Rights (ECHR) and EU law has consistently followed the principles established by the European Court of Human Rights’ (ECtHR’s) case law regarding the two required aspects of impartiality: subjective and objective impartiality. Independence is considered a prerequisite of impartiality and adequate rules are required with respect to the composition of a body and the status of its members.

So given this risk – what is the likely remedy?

As noted in by *Vissel* (GRUR Int. 2019, 25) it is instructive to note the submissions of the Federal Republic of Germany during the Travaux Préparatoires of the EPC (emphasis added):

“The delegation of the Federal Republic of Germany opposed this request [to delete para. (b) of Art. 135]. **It pointed out that the application of a national procedure should be possible not only in cases in which the applicant suffered a loss of rights as a result of the omission of an act but also where the European Patent Office had given a negative decision**. It was in precisely these cases that there was a constitutional problem in the Federal Republic of Germany. The Basic Law required that every administrative act should be capable of being examined by a court. **The Boards of Appeal of the European Patent Office, although similar to courts of law, were not in fact courts proper so that the possibility of recourse to a German Court had to be maintained.** It should, however, be borne in mind that the Federal Republic did not at present intend to avail itself of the option available under para. 1(b). However, even if this option were applied, there would be little danger of any delay in the procedure since it was unlikely that proceedings would be initiated before the German patent authorities and the German Court after the European procedure had been concluded.”

Hence, the provision of Article 135(1)(b) EPC was drafted for a situation in which the Boards of Appeal of the EPO could no longer be seen as independent courts.

This was a situation that had occurred within the German Patent Office when appeals against decisions of the Office were conducted internally. There was a constitutional complaint against the internal appeals of the German Patent Office because of a lack of sufficient legal remedies at the German Patent Office. This complaint was upheld and it ultimately lead to the establishment of the German Federal Patent Court.

Article 135(1)(b) EPC reads as follows:

(1) The central industrial property office of a designated Contracting State shall, at the request of the applicant for or proprietor of a European patent, apply the procedure for the grant of a

national patent in the following circumstances:

…

(b) in such other cases as are provided for by the national law, in which the European patent application is refused or withdrawn or deemed to be withdrawn, or the European patent is revoked under this Convention.

If the BVerfG does decide to uphold the constitutional complaints relating to the EPO, there is also a risk that the only remedy that can be selected is to convert the EP applications in questions into German patent applications in line with Article 135(1)(b) EPC. This would be within the jurisdiction of the BVerfG and would at least protect applicants from partial decisions on the German portion of an EP application.

However, it would not be a happy outcome.

If this is the outcome it would result in a process where an applicant could apply for a European patent application which would be examined by an Examining Division of the EPO. If it is refused, the decision can be appealed to a Board of Appeal of the EPO. If e.g. the Board of Appeal finds against the applicant and application is refused, the applicant could then convert the refused European application into a German patent application. The German patent application would then go through another round of examination by an Examining Section of the German PTO. If refused, the decision could be appealed to a Board of Appeal of the German Federal Patent Court. In addition, if the European proceedings have resulted in decisions based on formal objections (clarity, added matter, late filing of evidence, late arguments, etc.) national courts may have to consider these cases *de novo*.

This seems like a long, convoluted and costly procedure because it is.

Further, if this route opens up in Germany it is entirely possible that it can be opened up in other EU countries and EPC countries where one has the right to a fair hearing. As such, the rejection of a European application could result in a bundle of national applications.

Further, after a revocation by an Opposition Division or Board of Appeal of the EPO, the owner could convert the (revoked) European patent into German patent. This would result in opposition procedure being useless because a successful opposition would potentially result in a bundle of national rights that would each need to be opposed in turn.

This would frankly be a mess – such a long and convoluted examination phase and the conversion of a revoked European Patent into a national patent clearly reduces legal certainty for all parties.

This mess can be avoided by a further revision of the EPC clearly separating the powers of the European Patent Office (administration), the Boards of Appeal (judiciary) and the Administrative Council (legislation).

Ideally, the impartiality of the Boards of Appeal should never have been put under scrutiny by the management of the EPO and, when this happened, a conference should have been organised to revise the EPC.

Now there is a risk that we may be facing a revision of the EPC as a result of the chaos which may

soon be upon us. I hope I'm wrong – but it's always wise to hope for the best and prepare for the worst.

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