

## **CIPA Comments on CA/43/16 and CA/29/16**

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The Chartered Institute of Patent Attorneys (CIPA) is the United Kingdom professional body which represents over 2000 UK patent attorneys. Most of our UK patent attorney members are also European Patent Attorneys. We also have a number of other members who are European Patent Attorneys while not fully qualified as UK patent attorneys. Our members play major roles in representing clients before the EPO Boards of Appeal.

CIPA welcomes the basic principle that the Boards of Appeal (the “Boards”) of the European Patent Organisation (the “Organisation”) should be functionally independent from the European Patent Office (the “Office”). However, CIPA considers that the proposals presented in CA/43/16 require amendment to provide the Boards with functional independence from the Office. This would also be an excellent opportunity to ensure appropriate user involvement.

CIPA also considers that the question regarding the level of the Appeal Fee should not be considered while considering the independence of the Boards. The level of the Appeal Fee has a significant effect on access to justice and so requires independent consideration.

CIPA notes that the proposals on conflicts of interest are not specific to the Boards. However, the proposals will have effects on members of the Boards and could adversely affect the possibility of recruiting Board members from outside the Office. CIPA considers that the Boards should have members who were not “promoted” from within the Office.

### **Independence of the Boards**

CIPA welcomes the principle that there should be a President of the Boards who is responsible for the Boards, that there is a Board of Appeal Committee (the “BOAC”) and that the President of the Office has agreed to delegate his powers and duties regarding the Boards to the President of the Boards.

However, there are a number of points where the independence of the Boards seems to be restricted and CIPA considers that these need to be addressed.

Budget – in CA/43/16, it is said that the budget of the Boards will be forwarded to the President of the Office “for consideration” for the Organisation’s yearly budget. CIPA is of the view that the budget of the Boards should be forwarded to the President of the Office who should, without amendment, incorporate it into the Organisation’s budget for consideration by the Budget and Finance Committee (the “BFC”) and approval by the Administrative Council (the “AC”). If there is any suggestion that the President of the Office controls the budget of the Boards, it will be considered that the Boards are not independent<sup>1</sup>.

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<sup>1</sup> CIPA considers that the President of the Office should be required to comment on the proposed budget of the Organisation, including the budget of the Boards, but that such comments should be provided to the BFC and to the AC. The AC still has the duty to approve the budget of the Organisation and should take into account the comments of the President of the Office. Moreover, CIPA considers that the AC should decide that the President of the Boards is a permanent observer at the meetings of the AC and the BFC.

Service Level Agreements – CIPA agrees that it may be uneconomical for the Boards to have a completely separate organisation for HR, IT and administrative and other services and agrees that these could be provided by existing departments of the Office where appropriate. A shared online filing system, as currently prevails, is a major benefit for users. However, in order to ensure that the Boards are independent, it will be necessary to draft the Service Level Agreements very carefully, and to allow the President of the Boards the option to set up or buy in services independently instead. If the Boards see the need for separate systems then these should be implemented in a cost-neutral manner and with user consultation.

The BOAC – in CA/43/16, it is suggested that the President of the Office should be an observer at the meetings of the BOAC. CIPA considers that this would also give the impression that the President of the Office still has an influence on the Boards. It is therefore suggested that the President of the Office should not be an observer at the BOAC unless invited by the BOAC.

The BOAC – CIPA suggests that there needs to be much more user involvement in the governance of the Boards. This could be provided by having user representatives as permanent observers at the BOAC, or a requirement to consult users on changes, e.g. by way of open meetings. Ordinary members of the Boards should also be permanent observers. An alternative would be to institute a Standing Committee for the Boards similar to SACEPO.

The Presidium – CIPA welcomes the fact that the Presidium will continue to operate essentially as at present. However, CIPA again notes that there is no user input to the Presidium, which could be provided in a similar way to the BOAC.

The Rules of Procedure – CIPA considers that the President of the Office should have no input into the development of the Rules of Procedure (the “ROP”) of the Boards. These should be developed by the Presidium and the BOAC, with user consultation, and presented to the AC for approval. CA/43/16 implies that user consultation would be desirable (paragraph 25) but fails to provide for it. We note that users are involved in the development/amendment of the rules of procedure of both the English courts and the UPC. The President of the Office should be entitled to provide comments to the AC when any amendments to the ROP are proposed by the BOAC<sup>2</sup>.

Delegation of Powers – it is not clear from the papers but it seems to be the case that the President of the Office will not delegate his power to propose candidates for the President of the Boards. CIPA considers that this will undermine the attempts to make the Boards independent of the Office. CIPA suggests that the AC and BOAC should take complete control of the process with no assistance from the President of the Office. They could, for example, employ a recruitment organisation to provide candidates for consideration. Thus,

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<sup>2</sup> It is noted that the AC can only approve or disapprove the ROP. It may be worthwhile to consider whether the AC should be empowered to make amendments to any proposal from the BOAC. CIPA also notes that there is no mention of the Committee on Patent Law (the “CPL”). It is considered that the ROP should be considered by the CPL which should provide an opinion to the AC.

the Act of Delegation should be amended to ensure that the President of the Office does not exercise his power to propose a new President of the Boards.

Delegation of Powers – CIPA sees that there is a tension between the independence of the Boards and the possibility for the President of the Office to withdraw his delegation set out in Article 5 of the Act of Delegation. If the delegation is withdrawn, then the independence is also withdrawn. This problem arises because of the opinion of Professor Sarooshi. CIPA considers that this problem could be overcome by a contractual arrangement between the AC and the President of the Office which would require the President of the Office to consult the AC before withdrawing any delegation. Alternatively Article 5 might be amended to read *“This Act of Delegation may only be revoked by the President of the European Patent Office on his own initiative after consultation with, and approval by, the Administrative Council”*.

Delegation of Powers – CIPA considers that Article 3(b) of the Act of Delegation should be amended. The President of the Office should only comment on the management report after it has been submitted to the AC. Article 3(d) should be deleted. It gives the impression that the President of the Office will retain the power (widely criticised by external judges and others) to impose a house ban on a Board of Appeal member, pending action by the Administrative Council. Any such sanction should be the responsibility of the President of the Boards of Appeal.

Career Structure – in principle, CIPA has no objection to the proposed career structure for members of the Boards. However, CIPA considers that there will be some more concrete structure behind the proposal. In particular, candidates will need to know what criteria are to be met for appointment and members of the Boards will need to know what criteria are to be met for re-appointment and for re-appointment with promotion.

Relocation of the Boards – CIPA considers that the location of the Boards is significantly less important than the functional independence of the Boards. The Boards are already considered by the users to be independent of the rest of the Office and the fact that the Boards are in the Isar Building does not detract from that view. There are no examiners or opposition division members in the Isar Building. There does need to be a permanent allocation of enough space within the building entirely reserved for the Boards and their users<sup>3</sup>. We would not oppose relocation to another suitable building within Munich if that could be done on a basis which was cost-neutral to users.

### **The Appeal Fee**

There has been no direction from the AC that the question of cost coverage should be addressed in connection with the independence of the Boards. This is an entirely separate subject and should be treated as such. It is to be noted that the previous paper submitted to the AC (CA/16/15) did not address the question of the Appeal Fee and there was no user consultation of the topic. CIPA therefore suggests that, if the AC considers that this is a topic which needs to be addressed, then a separate topic should be raised and considered by the BFC and the CPL before being considered by the AC.

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<sup>3</sup> In addition to space for the Boards, this would allow more facilities for users – the present representatives' room is inadequate where there are a number of oral proceedings going on – which will improve the conduct of oral proceedings.

CIPA is ready to provide detailed input if the AC were to decide to address this topic. However, CIPA can point out now that many of the points made in CA/43/26 are debatable or have no basis in any decision of the AC, and notes that:-

- An effective, independent appeal procedure, affordable to SMEs, serves the interests of justice and supports public confidence and a good reputation for the office.
- Appeal provides an independent quality control function.
- The current appeal fee is comparable with the appeal fees of USA and Japan.
- The comparison of the appeal fee with the fee for revocation before the UPC and the fee for inter partes review in the USA appears disingenuous, given the very different nature and purpose of such proceedings from appeal.
- The last increase in appeal fees (by 50%) resulted in a more than 25% drop in appeals in examination, decreasing the quality control function over the Examining Divisions. The cost is a factor when an applicant decides whether to appeal a poor decision.

In short, a proposal to increase appeal fees requires significant thought and analysis, as an increase could significantly damage the checks and balances in the present system.

CIPA does not support the present proposal on Appeal Fees.

### **CA/29/16**

CIPA agrees that it is necessary to have provisions for avoiding conflicts of interest. However, these should be workable, transparent and encouraging. We question whether broad discretionary proposals would be enforceable in a national court if necessary. We also question the relationship between CA/29/16 and the proposed Code of Conduct to be developed by the Presidium (proposed Rule 12b(3)(b) EPC).

If the provisions are too onerous, it will be difficult to attract candidates to the office or to the Boards. In particular, if the Organisation intends to encourage non-Office candidates to become Board members, then it should be possible for such candidates to return to their previous career paths without burdensome restrictions.

It is pointed out that at a practical level, the problem of conflict of interest is much reduced compared to that which can occur with other public servants. Generally, ex-members of the Board will be working on particular cases, not on matters of policy, and so the likelihood of a conflict of interest arising is reduced. It also needs to be borne in mind that any Board member will have demonstrated discretion and understanding of sensitive issues and so there is no need for onerous or draconian provisions regarding Board members.

### **Summary**

CIPA considers that it should be possible to take concrete steps to make the Boards independent. CA/43/16 provides a reasonable basis where it refers to considerations of independence. However, changes are required to ensure that there is no impression that the President of the Office has any influence or control over the Boards, and to provide appropriate user involvement. This can be achieved on the basis of the documents attached to CA/43/16 with appropriate amendment.