Increased flexibility in the timing of the examination process

Report on the results of the online user consultation
Increased flexibility in the timing of the examination process

- In autumn 2017, the Office presented a proposal for User-driven Early Certainty (UDEC) offering applicants the possibility to postpone the start of substantive examination by a maximum period of 3 years
- Rationale:
  - Where needed, providing applicants more time to decide about the economic relevance and scope of protection for an invention before incurring significant prosecution and validation costs
- Several user consultations took place in autumn 2017 / winter 2018
- The proposal was discussed in the Committee on Patent Law (CPL) in February 2018 (CA/PL 4/18)
Increased flexibility in the timing of the examination process

- Mixed feedback received from the Contracting States on CA/PL 4/18 regarding:
  - The legal basis for introducing a postponed examination system
  - The need for and the general impact of such measure on the European patent system in terms of legal certainty and protection of third parties
- The feedback from users was also very varied ranging from outright support to concerns
- All stakeholders called for a broader consultation
Increased flexibility in the timing of the examination process

- A broad online user consultation was launched in November 2018
  - User feedback gathered for almost two months (19.11.2018-11.01.2019)
- Comprehensive questionnaire divided into five parts
  - Need for more flexibility in the timing of examination (Q1-Q6)
  - Possible features of a postponed examination system (Q7-Q13)
  - Third-party activation mechanism (Q14-Q16)
  - Office activation mechanism (Q17-Q18)
  - Other suggestions (Q19-Q20)
Report of the user consultation: Participants

Total: 627 replies

- European patent attorney (400)
- Other patent attorney (37)
- Patent professional (in-house) (74)
- Association of patent professionals (11)
- User group (12)
- User from industry (73)
- Other (20)
The following user groups and professional associations participated:

- AICIPI (Association of patent and trademark attorneys in Italian industry)
- Confindustria (Association of manufacturing and service companies in Italy)
- CIPA (Chartered Institute of Patent Attorneys, UK)
- EFPIA (European Federation of Pharmaceutical Industries and Associations)
- epi (Institute of Professional Representatives before the EPO)
- ICC (International Chamber of Commerce)
- IP Federation (United Kingdom industry intellectual property trade association)
- UNIMPRESA (National Union of Enterprises, Italy)
- VPP (Association of Intellectual Property Experts, Germany)

Some groups and associations did not indicate their identity in the replies to the questionnaire.
Report of the user consultation

- Need for more flexibility in the timing of examination (Q1-Q6)
- Possible features of a postponed examination system (Q7-Q13)
- Third-party activation mechanism (Q14-Q16)
- Office activation mechanism (Q17-Q18)
- Other suggestions (Q19-Q20)
Would you be in favour of a procedural option for postponing examination of a European patent application?

- Yes: 323 (52%)
- No: 290 (46%)
- No answer: 14 (2%)
Need for more flexibility in the timing of examination

- **More flexibility**
  - Better aligning the timing of examination with long product development cycles, regulatory approval procedures e.g. in pharma and biotech
  - More time to assess the commercial value of the invention, e.g. in view of standardisation process or the situation in the relevant market(s)
  - Possibility to await examination results from other countries before deciding how to proceed

- **Saving costs**
  - Companies, especially SMEs, could optimise resources by postponing the prosecution and/or validation costs
  - More time to obtain funding or arrange for licensing, especially relevant for SMEs and universities

- **Giving more control to the applicant**
  - Pace of procedure and/or prioritisation of files decided by the applicant
  - Postponement and PACE= balanced range of procedural options
Need for more flexibility in the timing of examination

- Increased legal uncertainty for third parties, especially SMEs, and the public at large:
  - Prolonged pendency of applications
  - Prolonged uncertainty on the final scope of patent protection sought (impact on freedom-to-operate)
  - More resources required to monitor the patent system

- Balance of interests achieved by the European patent system shifted in favour of the applicant:
  - More applications filed, possibly of lower quality
  - Benefits only for large companies with more resources

- Other comments:
  - Harm to competition and stifling innovation in Europe
  - Postponement contrary to the EPC and/or “Early Certainty” initiative
  - De facto postponement available via PCT route

Comments against a postponed examination system
Need for more flexibility in the timing of examination

Would a postponed examination system benefit the European patent system?

- Yes: 308 (49%)
- No: 290 (46%)
- No answer: 29 (5%)  

Would a postponed examination system benefit the public at large?

- Yes: 227 (36%)
- No: 324 (52%)
- No answer: 76 (12%)
Would a postponed examination system benefit the European patent system?

<table>
<thead>
<tr>
<th>Yes: Main arguments</th>
<th>No: Main arguments</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Postponement system would result in more efficient use of EPO’s and applicants’ resources</td>
<td></td>
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<tr>
<td>▪ Focus on examining applications most relevant for the applicant</td>
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<tr>
<td>▪ More applications abandoned without the need to examine</td>
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<tr>
<td>▪ Less delaying tactics used</td>
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<td>▪ EPO’s stock of files reduces</td>
<td></td>
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<tr>
<td>▪ Increase of quality of examination and of patents granted</td>
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<tr>
<td>▪ European patent system would become more flexible and more attractive for filing</td>
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<tr>
<td>▪ e.g. due to additional cost savings offered by postponement option</td>
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<tr>
<td>▪ European patent system would be more harmonised with other jurisdictions in terms of procedural options offered</td>
<td>▪ Postponement system would increase legal uncertainty in the European patent system</td>
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<tr>
<td></td>
<td>▪ The current balance between applicants’ rights and public interest would be lost</td>
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<tr>
<td></td>
<td>▪ Negative impact on competition, innovation</td>
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<tr>
<td></td>
<td>▪ Not all applicants would benefit from it but mostly those with more resources</td>
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<tr>
<td></td>
<td>▪ The reputation of the European patent system, including the role of EPO as a global leader, could be prejudiced</td>
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<td></td>
<td>▪ Faster IP offices could be perceived as new global trend-setters</td>
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<td></td>
<td>▪ Overall quality and rigorousness of the European patent system possibly reduced</td>
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<tr>
<td></td>
<td>▪ Postponement would go against the wishes of the founders of the EPC and the aims of “Early Certainty”</td>
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</tbody>
</table>
Would a postponed examination system benefit the public at large?

Yes: Main arguments

- Postponement would result in fewer but higher quality patents issued, thereby benefiting all stakeholders
- Increased legal uncertainty for the public can be mitigated by providing a third-party activation mechanism
- The impact on the public would be low, since the search report with search opinion would continue to be prepared
- More applications filed will result in more technical information available to the public
- Applicants would engage less in tactics aimed at delaying the conclusion of the grant proceedings, e.g. filing precautionary divisional applications
- Postponement will result in better allocation of resources of the EPO and applicants, including reduced backlog

No: Main Arguments

- Postponement might create de facto monopolies for dubious unexamined inventions which is not in line with the basic principles of patent law
  - The balance between applicants’ rights and public interest would be lost
  - It might benefit a few but not the public at large
- The public benefits from timely examination leading to grant of a patent and the legal certainty this brings (clearly defined scope of patent protection)
  - Postponement results in increased legal uncertainty for the public
- Postponement would have a negative impact on competition and innovation which is contrary to the public interest
- Increased legal uncertainty for the public can be mitigated by providing a third-party activation mechanism
- More applications filed will result in more technical information available to the public
- Applicants would engage less in tactics aimed at delaying the conclusion of the grant proceedings, e.g. filing precautionary divisional applications
- Postponement will result in better allocation of resources of the EPO and applicants, including reduced backlog
What might be the economic and business impact of a postponed examination system?

Negative impact

- Prolonged legal uncertainty regarding the final scope of protection of a pending patent application (indicated both by users in favour and against postponement)
  - Negative effects on innovation and competition
  - The balance of the patent system shifted in favour of the applicants as opposed to public interest
  - Increased costs and burden for third parties (competitors) due to more detailed freedom-to-operate analysis required
  - SMEs especially negatively affected, as they often do not have sufficient resources for market monitoring
  - Most benefits likely reaped by bigger companies having more resources to "play" the system
- Potential “snowball” effect in the use of postponement (if the applicant uses postponement, so will his competitor)
- Possibility to unduly prolong pendency of non-patentable applications coming from other jurisdictions via the PCT-Route
## Need for more flexibility in the timing of examination

<table>
<thead>
<tr>
<th>Positive impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>- More flexibility offered by the European patent system, allowing applicants to obtain an adequate scope of protection for their inventions, especially in more regulated technical fields (e.g. pharma and biotech)</td>
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<tr>
<td>- Better prioritisation of applications by the applicant, focusing on those applications that are commercially most relevant</td>
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<tr>
<td>- Building up portfolios of necessary applications</td>
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<tr>
<td>- More time to evaluate the invention before arranging for funding, licensing or selling it, which is especially relevant for SMEs</td>
</tr>
<tr>
<td>- Option to postpone the prosecution and validation costs, including costs sometimes incurred to prolong pendency, i.e. by filing divisional applications and/or triggering further intentions to grant</td>
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<tr>
<td>- Improved access to the patent system to SMEs in view of reduced costs</td>
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<tr>
<td>- Facilitating the planning of innovation budgets</td>
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</table>
Would a postponed examination system influence applicants’/patentees’ behaviour in filing patent applications or enforcing patents?

- Yes: 66 (11%)
- No: 115 (18%)
- No answer: 446 (71%)

Would a postponed examination system have an impact on competitors’ behaviour?

- Yes: 103 (16%)
- No: 80 (13%)
- No answer: 444 (71%)
Need for more flexibility in the timing of examination

<table>
<thead>
<tr>
<th>Main feedback regarding the impact on applicants’/patentees behaviour</th>
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<tr>
<td>▪ More applications might be filed</td>
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<tr>
<td>− Possibly for dubious inventions not meeting the patentability criteria</td>
<td>− Due to cost savings and additional flexibility offered by postponement</td>
</tr>
<tr>
<td>▪ Applications filed with broad, speculative claims designed to create uncertainty on the market</td>
<td>▪ Applications filed with broader claims, e.g. at an earlier stage of product development cycle</td>
</tr>
<tr>
<td>▪ More “targeted” divisional applications filed, while keeping the parent application postponed</td>
<td>▪ Less divisional applications filed, less use of other delaying tactics</td>
</tr>
<tr>
<td>▪ Postponement used to negatively affect competitors</td>
<td>▪ Postponement used to focus on most relevant applications</td>
</tr>
<tr>
<td>▪ Limited user feedback concerning impact on enforcement of patents</td>
<td>▪ More applications abandoned before examination could result in fewer but higher quality patents granted</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Those in favour of postponement

Those against postponement
Need for more flexibility in the timing of examination

**Negative impact**

- A significant part of users (both in favour and against postponement) indicate that such system would create additional legal uncertainty for competitors
  - For most users in favour of postponement, legal uncertainty would be mitigated by a third-party activation right
- Additional effort (time and costs) might be required by competitors to monitor the patent system, e.g. to assess freedom to operate
- Competitors might innovate less, delay launching competing products or decide to stay out of market altogether in view of pending postponed applications, resulting in negative impact on competition
  - In case of misuse of the postponement system by the applicants, competitors might engage in the same behaviour

**Other**

- Competitors might file more third-party observations and less oppositions
- Postponement will allow competitors to establish that the invention is not ready for market launch or that the invention is less relevant for the applicant

Impact on competitors’ behaviour
Report of the user consultation

- Need for more flexibility in the timing of examination (Q1-Q6)
- Possible features of a postponed examination system (Q7-Q13)
- Third-party activation mechanism (Q14-Q16)
- Office activation mechanism (Q17-Q18)
- Other suggestions (Q19-Q20)
Possible features of a postponed examination system

Should all European and Euro-PCT applications be eligible for postponed examination?

- Yes: 311 (50%)
- No: 233 (37%)
- No answer: 83 (13%)
Possible features of a postponed examination system

Feedback on eligibility - supporters of postponed examination

- Yes: 277 (86%)
- No: 29 (9%)
- No answer: 17 (5%)

Feedback on eligibility - opponents of postponed examination

- Yes: 60 (21%)
- No: 198 (68%)
- No answer: 32 (11%)
Possible features of a postponed examination system

- Strong correlation between general opinion on a postponed examination system and feedback concerning eligibility
  - Most opponents in favour of eligibility restrictions
  - Most supporters against any restrictions

- Majority of replies supporting restrictions to eligibility either do not provide concrete proposals, or state that no applications should be eligible for postponement at all
  - Re-iterating a negative opinion on postponement
Possible features of a postponed examination system

- Some replies provide concrete proposals regarding eligibility:
  - Exclude divisional and/or Euro-PCT applications
  - Limit eligibility to applications with a positive search opinion
  - Offer postponement option only to SMEs, universities and non-profit organisations
  - No postponement if application/family member is subject to litigation
  - Introduce an upper threshold of postponed applications per applicant
Possible features of a postponed examination system

Which postponement option would you consider the most suitable?

- Prolonged time limit for requesting examination
- Procedural option for postponing the start of substantive examination
- Other (e.g. postponed search, postponed decision to grant; please specify)
- No answer

Graph showing the number of responses for each option:

- Prolonged time limit for requesting examination: 225
- Procedural option for postponing the start of substantive examination: 179
- Other: 90
- No answer: 133
Possible features of a postponed examination system

How should the postponement of examination be activated?

- By filing a request: 267
- By filing a request and paying a fee: 154
- Other: 57
- No answer: 149
Possible features of a postponed examination system

When should a request for postponed examination be filed?

- **Euro-direct:** When filing the application; **Euro-PCT:** On entry into the European phase
- Within the time limits for requesting/confirming examination or replying to the preliminary opinion on patentability
- **Other**
- No answer

[Chart showing responses]
Possible features of a postponed examination system

What would be the appropriate starting point for a postponement period?

![Bar chart showing the number of responses for different starting points for a postponement period.]

- Date of filing: 78
- Priority date: 59
- Publication of the search report: 59
- Expiry of the time limit for requesting/confirming examination: 39
- Different starting point depending on the type of application: 53
- Other: 164
- No answer: 175

European Patent Office
What should be the maximum length of the postponement period?

- 3 years: 207
- 5 years: 100
- 7 years: 50
- Different maximum period depending on the type of application (Euro-direct, Euro-PCT, divisional): 23
- Other: 84
- No answer: 163
Possible features of a postponed examination system

Should the fulfilment of any of the following requirements under the EPC be postponed until the start of examination?

- Only filing a mandatory response to the search report (61)
- Only requesting examination (45)
- Only paying the designation, extension and validation fees (20)
- Filing a mandatory response to the search report and requesting examination (30)
- Filing a mandatory response to the search report, paying the designation, extension and validation fees (6)
- Requesting examination, paying the designation, extension and validation fees (49)
- Filing a mandatory response to the search report, requesting examination, paying the designation, extension and validation fees (104)
- Filing a mandatory response to the search report, requesting examination, paying the designation, extension and validation fees, other measures (3)
- Other (59)
- No answer (250)
Report of the user consultation

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- Other suggestions (Q19-Q20)
Third-party activation mechanism

Should third parties be allowed to trigger the start of examination?

- Yes: 464 (74%)
- No: 106 (17%)
- No answer: 57 (9%)
How should a third party trigger the start of examination?

- By filing an explicit request: 306
- By filing observations concerning the patentability of the invention to which the application relates: 134
- Other: 53
- No answer: 134
What further requirements should be attached to the third-party activation mechanism?

- Disclosing the identity of the third party (64)
- Only showing a legitimate interest in the outcome of the proceedings (37)
- Only paying a fee (95)
- Disclosing the identity, showing a legitimate interest (25)
- Disclosing the identity, paying a fee (42)
- Showing a legitimate interest, paying a fee (2)
- Disclosing the identity, showing a legitimate interest, paying a fee (33)
- Disclosing the identity, showing a legitimate interest, other measures (2)
- Other (111)
- No answer (217)
Report of the user consultation

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- Other suggestions (Q19-20)
Office activation mechanism

Should the Office be able to start examination *ex officio* at any time?

- Yes: 129 (20%)
- No: 305 (49%)
- No answer: 193 (31%)
In which of the following situations should the Office be allowed to start examination *ex officio*? (multiple answers possible)

- Workload in the technical field concerned: 341
- Progress in the examination of related applications (parent, divisional, family member): 157
- Special circumstances: 127
- Other: 78
- No answer: 88
Report of the user consultation

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- Other suggestions (Q19-20)
Other suggestions

- User input was also requested on other possible measures to provide applicants greater control over the speed of the examination process
  - 260 suggestions/comments received, 367 users did not reply
- A significant part of user input referred to the proposed postponed examination system
- Some users proposed concrete measures for the current grant procedure, inter alia:
  - Introducing more flexibility in the Office’s policy on granting time limit extensions
  - Enhancing timeliness between Office actions
  - Improving the PACE programme
Other suggestions

Would you be in favour of procedural options for further reducing the pendency of a European patent application?

- Yes: 254; 41%
- No: 227; 36%
- No answer: 146; 23%
- Other suggestions: 39
Other suggestions

- A major part of users did not reply to this question

- Some of the concrete measures proposed by the users:
  - Improving the consistency of the time limits between two Office actions, e.g. by introducing binding time limits for such actions
  - Providing an additional fast-track examination option
  - Reducing applicant time limits (few replies only)