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SUBJECT: Fee Reform and Sustainable Financing
Document 3: 'Targeted help for the inexperienced'

SUBMITTED BY: President of the European Patent Office

ADDRESSEES: 1. Administrative Council (for opinion)
2. Budget and Finance Committee (for information)

SUMMARY

In the roadmap for 'fee reform and sustainable financing' (CA/100/09) the Office promised to deliver a detailed analysis of what help, if any, can be offered to inexperienced users of the patent system to improve their access and profitable use of the patent system. At the fee workshops in 2009 (CA/160/09) it became apparent that targeted help for the inexperienced was required.

This document explains the principle 'targeted help for the inexperienced' and describes the steps the Office has foreseen in order to explore this issue further. It presents the concept for a study the Office plans to carry out in this respect. Results and the final report of the study are expected to be presented to the Administrative Council in June 2011. Preliminary results might be ready for discussion at a thematic workshop in 2010.

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I. STRATEGIC/OPERATIONAL

1. Strategic.

II. RECOMMENDATION

2. The Administrative Council is requested to give its opinion on this document.

III. MAJORITY NEEDED

3. Not applicable.

IV. CONTEXT

4. In the roadmap for 'fee reform and sustainable financing' (CA/100/09) the Office promised to deliver a detailed analysis of what help, if any, can be offered to inexperienced users of the patent system to improve their access to and profitable use of the patent system.

5. In autumn 2009, four workshops on fee reform and sustainable financing were organized by the Office to explore some alternative policy options and to help the Office to review the possibilities for action regarding the roadmap. The Office has taken careful note of many detailed and helpful contributions that were made by delegations during these workshops.

6. The growing body of patent applications which do not lead to grant was reviewed by the workshops. In particular there was a realisation that targeted help for the 'inexperienced' was required. Such applicants all too frequently emerged from the patent grant process as frustrated or disillusioned and having lost money.

7. The expression 'inexperienced' was felt to be more accurate than small and medium size enterprises (SME's), universities etc. There are many SME's which are very experienced users of the patent system, just as there are many large companies who only rarely use the system. Thus approaching the problem of frustration using 'inexperience' as the reference point avoids any unsatisfactory definition of SME.

8. When working on the proposed policy paper, the Office will pay special attention to the dominant role of the European Patent Network in helping the inexperienced and in contributing to a rising public awareness.

V. ARGUMENTS

A. MAIN MESSAGES

9. Introducing cost coverage as the basic principle for setting patent processing fees can be subject to certain constraints. Inexperience among users is one of the them. Cost coverage on its own can not be an acceptable basis for the public policy that underpins the system since support for the less experienced users of the system has to be considered if negative economic externalities are to be avoided.
10. The efficient use of intellectual and industrial property schemes is a key element for the competitiveness of enterprises in the knowledge based economy and a driver for innovation. Nevertheless, during the regional workshops it was highlighted that an ever increasing share of patent applications does not lead on to grant, being either refused or withdrawn during the procedure.
11. In particular inexperienced firms face difficulties in effectively using the European patent scheme. This is often the result of their limited knowledge of the patent grant procedure itself. In addition, many inexperienced applicants find patenting all too complex and expensive, whereas in other cases patents are not adequately commercially exploited and are costly to enforce. The perception that the patent system is highly selective and difficult to access is widespread along these circles of applicants.
12. CA/100/09 explicitly puts forward the policy objective regarding SMEs: To deliver an economic analysis giving them easier access to the patent system in Europe and policy options for doing so. Elaborating further on this objective, CA/160/09 introduced the notion of inexperienced as opposed to SMEs, and the need to assist the inexperienced to improve their use of the system and the quality of their applications, while making the patent system less complex and more profitable for them. Ultimately the aim is to enhance their confidence in and certainty about the patent system.
13. Therefore an important and challenging task for the EPO is to understand how inexperienced applicants adopt and use industrial property rights, and what conditions and procedures may affect this usage. A second task is to identify those enterprises that do not use the patent system and try to understand the reasons why they keep out of it, even though they may be performing well in terms of innovation and trade.

14. Work on 'targeted help for the inexperienced' will have to tackle both of these tasks. The aim is to analyse how, why and to what extent firms inexperienced in the patent process use or do not use the patent system for protecting their intellectual property, and then to elaborate policy recommendations on the basis of these analyses.

B. OUTLOOK

15. The Office proposes to translate the policy objectives of CA/100/09 and CA/160/09 into concrete areas of research that will be elaborated along the following four major themes.

- (1) **Definition of inexperienced users:** Experienced users of the patent system can be defined in many different ways. Certainly not all of them can be identified and measured with the currently available data and therefore some basic assumptions have to be made before identifying and distinguishing experienced users from the inexperienced ones.
- (2) **Identification of inexperienced users within the patent data and analysis of their patent filing behaviour:** Using the EPO's patent data to detect inexperienced applicants, will move the analysis forward and provide with the first quantitative results on their patent filing trends and on specific filing behaviour.
- (3) **Comprehension of their patenting behaviour:** A patent right can serve different purposes to different users. Understanding the patenting behaviour of inexperienced applicants will require an extensive qualitative analysis and thorough research of their specific characteristics, focusing particularly on industry and country effects.
- (4) **Identification of successful policies and recommendation of new ones.** Currently a number of policies and measures are offered to support the less experienced (SMEs) users of the patent system at the national as well as at the European level. The goal of this part of the analysis is to seek appropriate policy actions that would help inexperienced users make the best out of the patent system, taking into account the pivotal role of NPOs. This part of the analysis should build on existing studies at the European¹ and national level².

¹ E.g. 'Benchmarking National and Regional Support Services in the Field of Industrial and Intellectual Property for SMEs' 2007 a study for DG Enterprise of the European Commission

² E.g. The Swiss studies on 'SMEs and Intellectual Property in Switzerland'
<https://www.ige.ch/en/institute/institute/projects-and-cooperation/sme-ip-project.html>

16. The analysis on the aforementioned research areas will be carried in two main working streams.
- (1) The first working stream includes a concise literature review, the definition and the quantitative analysis of the behaviour of the inexperienced applicants and finally a report of the first findings.
 - (2) The second working stream will provide qualitative survey based results on applicants behaviour and a best practice comparison of existing services. The final report will bring together the quantitative and qualitative data analysis and will focus in its conclusions on the available policy options for supporting the inexperienced.
17. The study is expected to last 11 months and to be completed by April 2011. The quantitative part is planned to be completed by mid August 2010, while the qualitative part should be delivered by April 2011.
18. A progress report is foreseen for the Administrative Council in October 2010 while it is planned to present the results of the final paper to the Administrative Council in June 2011.

VI. ALTERNATIVES

19. It is not an option to disregard those users of the patent system which are inexperienced. In the context of the other five emerging principles for 'fee reform and sustainable financing', concrete changes to fees that may put additional burdens on inexperienced users will need to be discussed. Policy options to compensate for such changes need to be identified.

VII. FINANCIAL IMPLICATIONS

20. The study foreseen should not cost more than 200.000 EUROS.

VIII. LEGAL BASIS

21. Not applicable

IX. DOCUMENTS CITED

22. CA/100/09 (Roadmap), CA/160/09

'Benchmarking National and Regional Support Services in the Field of Industrial and Intellectual Property for SMEs' 2007 a study for DG Enterprise of the European Commission

Swiss studies on 'SMEs and Intellectual Property in Switzerland'
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