

AUDIT OFFICE Sharp criticism of the financial conduct of the European Patent Office

EXCLUSIVE

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Main building of the European Patent Office in Munich.

Picture: imago

As from July, a fund will be administering the assets of the European Patent Office, in the amount of 2.3 billion Euro. The Federal Audit Office and financial are sharply critical of the change.

The Federal Audit Office and financial experts are heavily critical of the planned changes to the assets administration of the European Patent Office (EPO). As from July, plans are for a fund to manage the Patent Office assets, in the amount of 2.3 billion Euro. The fund, under the name “EPO Treasury Investment Fund”, EPOTIF for short, is also said to be intending to purchase risky bonds, among them asset-backed securities and credit default swaps, which in large part became worthless during the financial crisis, and drove banks to the brink of disaster. This derives from records and reports which WirtschaftsWoche has been able to examine.

According to WirtschaftsWoche, the Federal Audit Office has found fault with the fact that the guidelines for the fund contain “no requirements for the creditworthiness of the contracting parties, issuers, or products”, that there are “no provisions for avoiding cluster risks”, and that the risk consideration is based on only one model, “with correspondingly high risk of loss”. The Administrative Council of the EPO still need to give their agreement to the planned changes by the end of June.

Former constitutional judge and patent examiner Siegfried Bross calls the 2.3 billion Euro EPO fund a “shadow budget”. This is “violating the fundamental democratic principle according to which public budgetary arrangements must be subject to Parliamentary supervision”, Bross told WirtschaftsWoche. This “financial behaviour” is not covered by the European Patent Convention, the foundation instrument of the EPO, and is therefore “impermissible” Munich patent attorney Thorsten Bausch of the firm of Hoffmann Eitle considers the new investment strategy “fundamentally a scandal”. He fears that the Office is alienating its resources from their purpose. The money belongs to patent applicants, and the EPO has no right simply to gamble it on the stock market”, he says.



EUROPEAN PATENT OFFICE **The sinister gamble**

PREMIUM

The European Patent Office has accumulated 2.3 billion Euro – and now wants to join the speculators. The Federal Audit Office is sounding the alarm.