

**CA/82/15**

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Munich, 25.09.2015

**SUBJECT:** Proposal for a structural reform of the EPO Boards of Appeal –  
Results of the user consultation

**SUBMITTED BY:** President of the European Patent Office

**ADDRESSEES:** Administrative Council (for information)

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#### SUMMARY

At its 143<sup>rd</sup> meeting in March 2015 the Administrative Council gave its general support to the proposals for a structural reform of the EPO's Boards of Appeal as outlined in document CA/16/15. On this occasion the President, supported by many delegations, announced the intention to work in close cooperation with the various stakeholders, in particular the user community.

As one of the first follow-up measures the Office launched an online user consultation inviting users to express their views on the different reform elements. The consultation received considerable attention and triggered a representative number of comments from user associations in EPO Contracting States and third countries (Japan, U.S.), individuals (patent attorneys and in-house counsels) and companies. All submissions have been carefully analysed and are summarised in the present document. The conclusions drawn from the consultation will be taken into account in the envisaged reform.

The Administrative Council is asked to take note of the results of the consultation.

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## **I. STRATEGIC/OPERATIONAL**

1. Strategic.

## **II. RECOMMENDATION**

2. The Administrative Council (AC) is requested to take note of the results of the user consultation on the structural reform of the EPO's Boards of Appeal (BOA).

## **III. CONTEXT**

3. At its 143rd meeting in March 2015 the AC gave its general support to the proposals for a structural reform of the EPO's Boards of Appeal as outlined in document CA/16/15. On this occasion the President, supported by many delegations, announced the intention of the Office to work in close cooperation with the various stakeholders, in particular the user community.

4. On 30 April 2015 an online user consultation was launched on the EPO website. The document CA/16/15 and a short report on the 143<sup>rd</sup> meeting of the AC were provided to the users with a set of six broad questions, including a short introduction to the issues at stake (see Annex I). The six questions relate to:

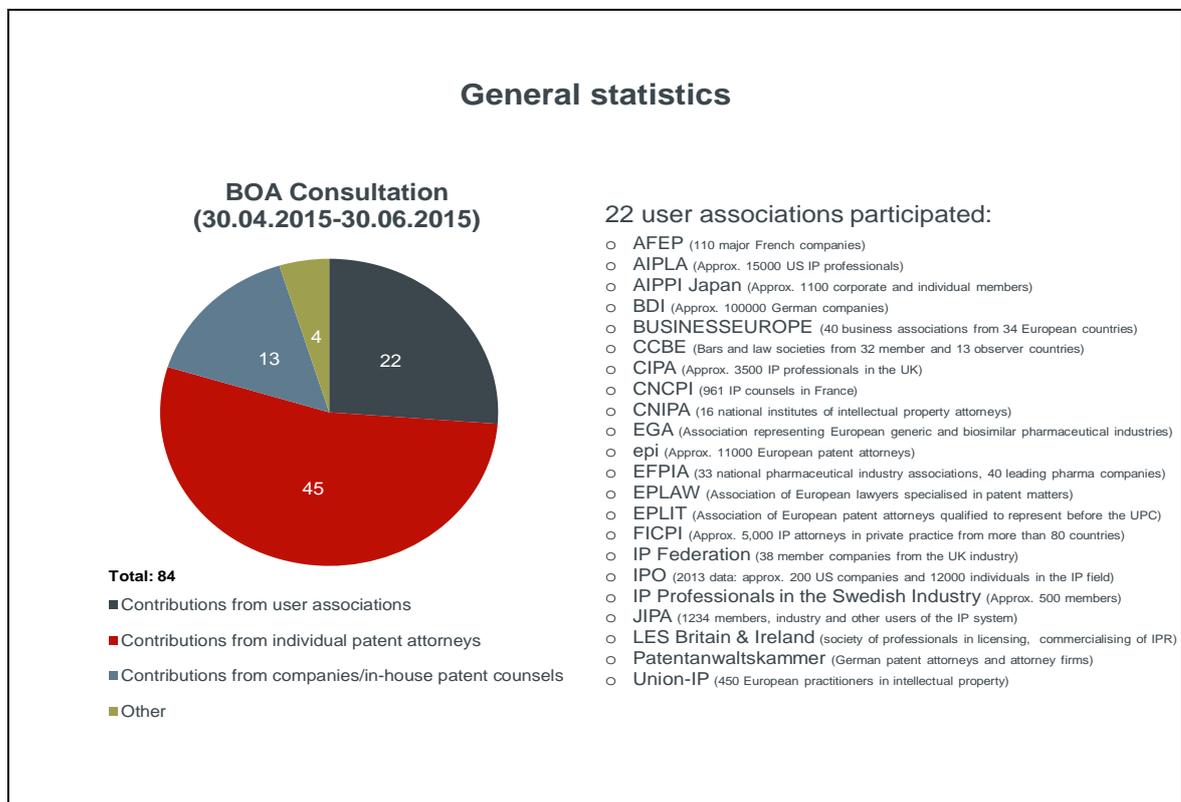
- the procedure for appointment and re-appointment of BOA members and conflict of interest rules for BOA members;
- the efficiency and length of proceedings before the BOA;
- the impact of procedural rules on efficiency, transparency, predictability and the right of the parties to be heard;
- the composition, tasks and competences of the BOA Committee (BOAC);
- the composition of the Enlarged Board of Appeal (EBOA) in review proceedings;
- other aspects of the general functioning of the BOA.

5. Simultaneously with the launch of the online user consultation, a letter was sent to the representatives of all major user associations in Europe, the U.S. and Asia, drawing their attention to the user consultation and inviting them to make comments.

6. The consultation was broadly advertised on the EPO homepage as well as on various IP-related websites. Comments could be made until 30 June 2015.

#### IV. RESULTS OF THE USER CONSULTATION

7. User associations actively participated in the consultation. 22 submissions were made by user associations, among which 9 were by European-wide associations (including BusinessEurope, epi and UNION-IP), 8 representing users in Contracting States (DE, FR, SWE, UK), 2 each from Japanese and U.S. user associations and 1 from an international user organisation. Together, these associations represent a significant number of users of the European patent system, namely industry, professions (patent attorneys and lawyers) and inventors in different countries.
8. 45 individual submissions were made by patent attorneys and 13 by in-house counsels or companies; other professions were specified for 4 submissions. About half of these individual submissions were made by users located in Germany, followed by the UK, France, the Netherlands, Switzerland and Italy, as well as other EPO Contracting States. One individual submission was made by a Japanese user and one by a U.S. user.



9. The results of the consultation are presented along the main topics behind the five specific questions posed (A. to E.). The essence of comments made in reply to question F (“General”) and on document CA/16/15 has been taken into account.

**A. PERCEIVED INDEPENDENCE AND IMPARTIALITY**

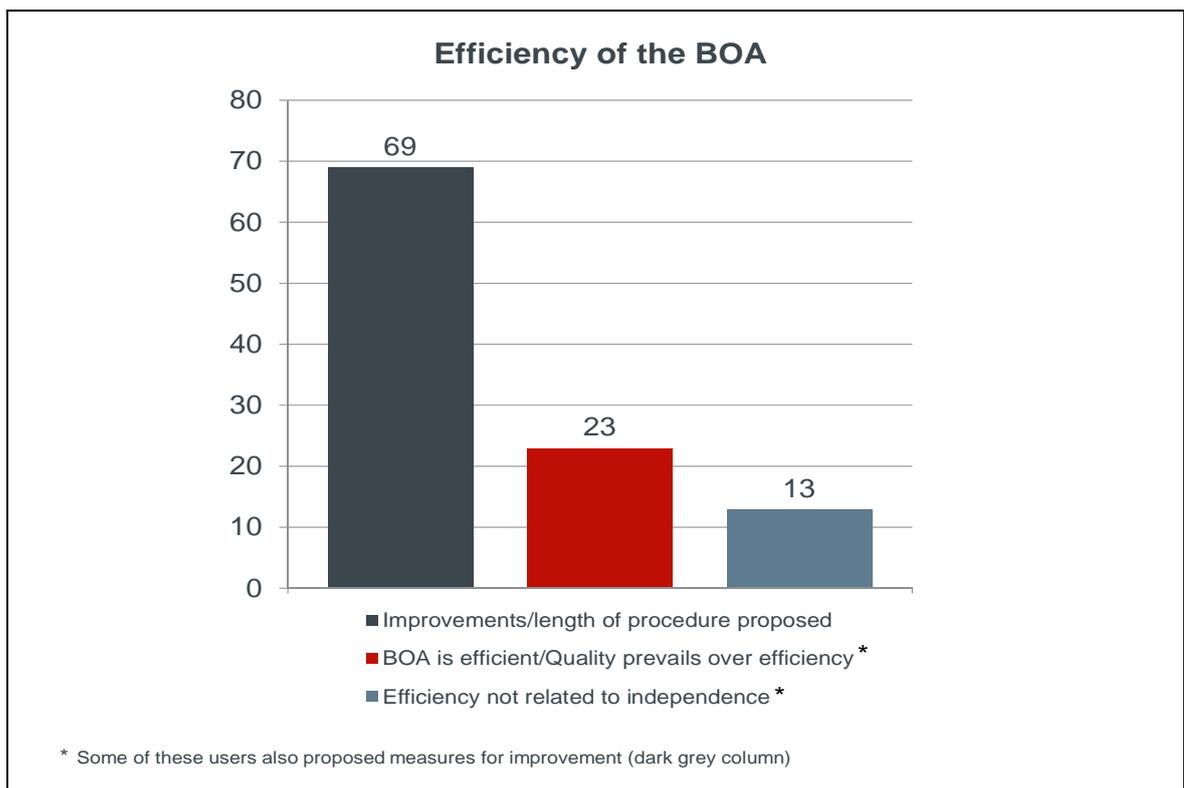
10. In a number of submissions users expressed their trust in the factual independence of the BOA from the Office and in the impartiality of the BOA members. Articles 23 and 24 EPC were cited as important safeguards in this regard. Some did not see any issue with the current situation and found the asserted problems hypothetical. The proposal to further enhance independence by reviewing the appointment and re-appointment procedure for BOA members, the representation of external members in the BOA and the conflict of interest rules were in general positively received and generated manifold comments (points 11.-13.). Split views exist on the appropriate location of the BOA (point 14.). In other submissions more far-reaching measures were proposed by virtue of an amendment of the Convention (point 15.).
11. Identified as such, some submissions did not take issue with the involvement of either the EPO President or the AC in the appointment and re-appointment of BOA members. In those which did, the transparency of the procedure was identified as key concern. Many users welcomed the envisaged limitation to the EPO President’s involvement but raised concern whether under the Convention the delegation of the President’s right of proposal can be made in a complete and permanent manner. Various ideas were put forward as to how to change the appointment and re-appointment procedure. For some users a potential impact on the perception of independence resulting from the re-appointment procedure could be resolved by foreseeing life-time employment for BOA members or by making re-appointment, save for exceptional cases, a binding rule. Others suggested to take performance into account during appointment (performance in the previous position held) or re-appointment (performance as a BOA member) procedures.

12. In many submissions the view was expressed that a stronger representation of external candidates in the BOA in relation to former EPO examiners and lawyers could increase the perception of independence. An explicit commitment that external candidates have equal chances to internal applicants or a quota for external candidates were suggested. Various other proposals were advanced in order to attract more external candidates, inter alia alleviating the language requirements for BOA members and improving the dissemination of information regarding open BOA positions. The representation of BOA members from the different Contracting States should be improved, too.
13. Conflict of interest rules for BOA members were in general viewed positively. Key points raised include an explicit duty to disclose pre-term linkages (previous relations to one party as well as the previous involvement at “first instance” in the same or related application/patent) as well as a post-term cooling-off period of about 1-2 years for appearing before the EPO. Rules should be similar to those existing at national and European courts like the Court of Justice of the European Union or the future UPC. There is broad consensus that during BOA membership external teaching activities as a speaker or panelist and active membership in professional associations should not be restricted. The impact of overly restrictive conflict rules on the attractiveness of BOA membership for external candidates on the one hand and perceived independence on the other was underlined in many comments. Reference was also made to the existing code of conduct of the BOA which was suggested to be made publicly accessible.
14. Split views were expressed on the question of whether a relocation of the BOA would be appropriate or necessary to increase the perception of independence and outweigh potential disadvantages. For some the increased organisational separation is more important and sufficient. In other comments the view was taken that the factual independence could be reinforced by territorial separation, for example, by moving the BOA to another building in Munich, to Berlin or even to another country.

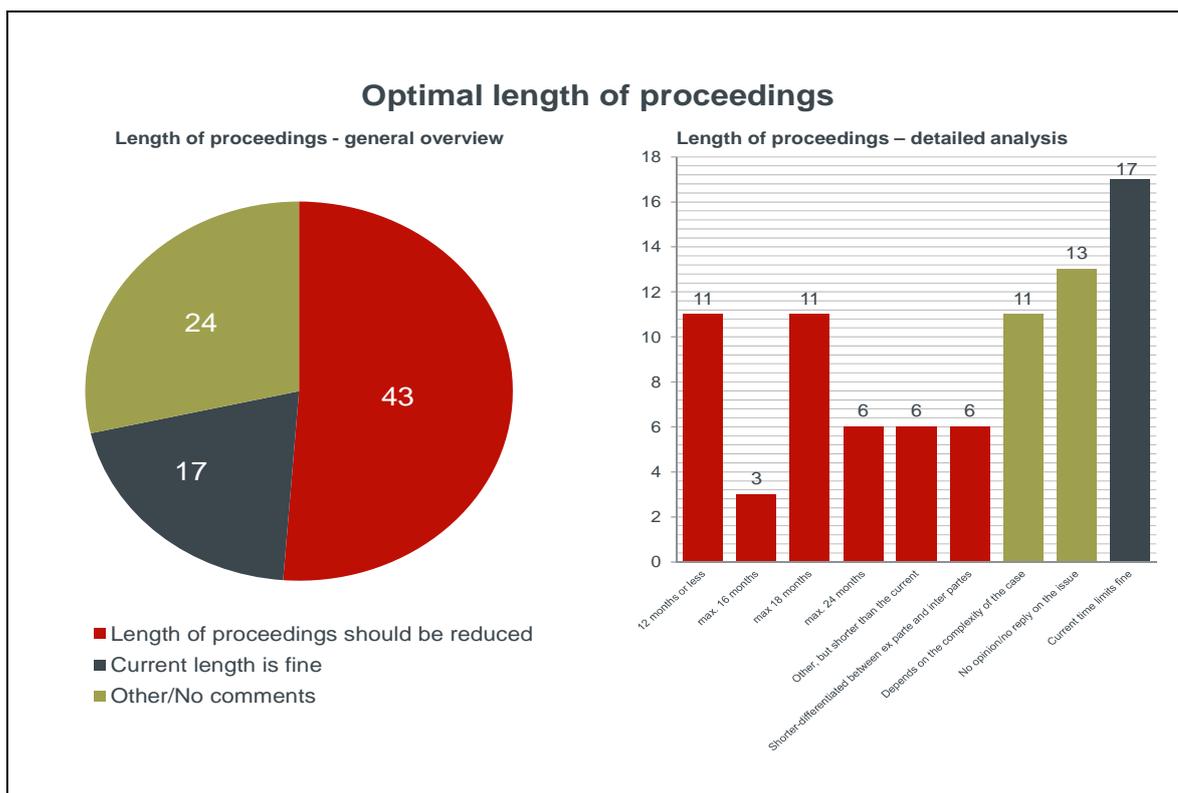
15. In some submissions the opinion was expressed that the proposed measures are not far-reaching enough, but that a complete separation of the BOA from the Office would be required by creating a judicial organ of the European Patent Organisation with full financial and organisational autonomy. These respondents acknowledge though that this could only be achieved via a Diplomatic Conference and hence would go beyond the framework of the reform proposed in CA/16/15 which is foreseen to take place within the current legal framework of the Convention.

## B. EFFICIENCY

16. In general there was support for measures aimed at improving the efficiency of the BOA. Around 4/5 of respondents proposed measures to this effect. At the same time users also emphasized that efficiency gains must neither come at the expense of the quality, rigour and thoroughness of the proceedings nor unduly restrict parties' right to be heard. In some submissions the combination of elements aimed at increasing independence and efficiency under one and the same reform project was questioned and it was suggested to delay efficiency measures until after the implementation of the new institutional set-up.



17. Various suggestions were made on how to improve the efficiency. There was broad support for defining strict time limits for every procedural action both by parties and the competent BOA. Ideally this should be fixed upfront under a “case management system/procedural calendar” (as it exists for example at some courts in the UK and is foreseen for the future UPC).
18. Furthermore, requests for time limit extensions should only exceptionally be granted and the number of admissible submissions before oral proceedings be limited, while at the same time applying strict and harmonised requirements for the justification of late-filed submissions. The party/ies should have the possibility to discuss the case with the rapporteur (via telephone or video conference) in advance of oral proceedings in order to focus discussions and settle less contentious points. Efficiency gains could be achieved, according to some submissions, by strictly limiting BOA proceedings to a review of the first instance decision without a full re-hearing of the case and the examination of new matters or evidence, or at least by limitation to issues raised at the beginning of an appeal.
19. Rather than a first-in-first-out system, the idea of a prioritisation scheme was set out. Suggestions included systematic internal prioritisation rules (e.g. in case of pending national nullity or infringement proceedings; giving precedence to *inter partes* over *ex parte* appeals) and prioritisation upon request by establishing a fast-track procedure which should be subject to a fee.
20. More than half of submissions set as an aim a reasonable and acceptable length of proceedings before the BOA. The views on the optimal length vary, with the majority fixing it somewhere between 1 to 2 years from the filing of an appeal. Regular reference was made to procedural duration targets of the future UPC, which should serve as an example for the BOA. In general the current average duration was perceived as too long. At the same time it was acknowledged that the length depends on various factors so that in general the fixing of deadlines and procedural certainty was considered more important than the definition of a certain procedural length.



21. Some submissions also advanced the idea of increasing the appeals fee (in particular for *inter partes* appeals). Subject to budgetary and spatial feasibility, an at least temporary increase in the number of boards, BOA members and hearing rooms as well as support for BOA members from law clerks (similar to the practice at the CJEU or some U.S. courts) were also seen as means to expedite proceedings.

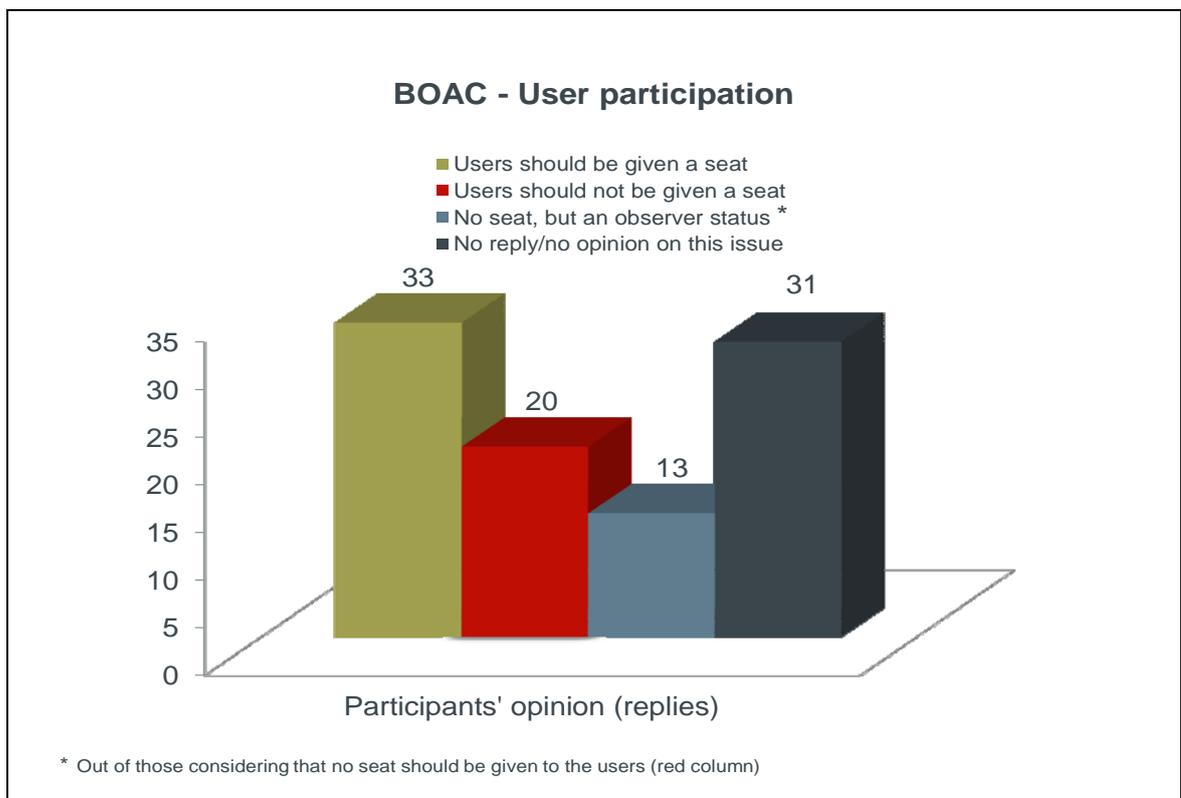
### C. PROCEDURE, INCLUDING RULES OF PROCEDURE

22. Many submissions included procedural proposals for predictable, harmonious and expedite proceedings. Particular emphasis was put on the obligation of boards to issue a detailed preliminary opinion early on in the proceedings (at the latest with the summons to oral proceedings) as well as to issue the written decision at the latest two months after oral proceedings. In the context of the present question, more comments were made in favour of less stringent rules and practice regarding the admissibility of new and late-filed submissions, evidence and requests and there was more support for a broad interpretation of the right to be heard.

23. In the great majority of submissions there was concern expressed regarding the consistency in the conduct of proceedings before the BOA and in the application of the Rules of Procedure. Due to its impact on the predictability, uniformity and transparency of proceedings, the current lack of consistency was even seen as a greater problem than the issue of independence in some submissions. A number of suggestions were made as to how to improve consistency on different levels: As a primary measure, it was suggested that the Rules of Procedure should be more precise and prescriptive thus giving less room for discretion and variability. Deviations should only be allowed in exceptional cases and only if duly reasoned and justified. Chairmen should be given more responsibility in exercising oversight and coordination on the practices of individual boards. They should only exceptionally be replaced and be obliged to meet regularly in order to agree on harmonised and uniform approaches and address diverging practices. In addition, there should be discussions between board members and regular exchanges with users and national judges as well as future UPC judges on best procedural practices.
24. The concerns about consistency also extended to the application of substantive law. In this regard it was proposed to amend the Rules of Procedure so as to oblige a board not only to duly motivate any deviation from another BOA decision (or the Guidelines) but also to refer such cases to the EBOA. In general there was a recurring wish to give the EBOA a more prominent role in ensuring a consistent application of procedural and substantive provisions and thus to enhance the uniformity of BOA practice and jurisprudence through a greater number of EBOA decisions. This could be achieved, according to some submissions, by empowering the President of the BOA to call upon the EBOA in case of diverging or inconsistent BOA decisions. Another idea put forward was to make membership in the EBOA separate from BOA membership in order to increase the independence and influence of EBOA decisions and to enable the EBOA to take more decisions in less time.
25. For a summary on the comments made in respect of the procedure for amending the Rules of Procedure, see below point 29.

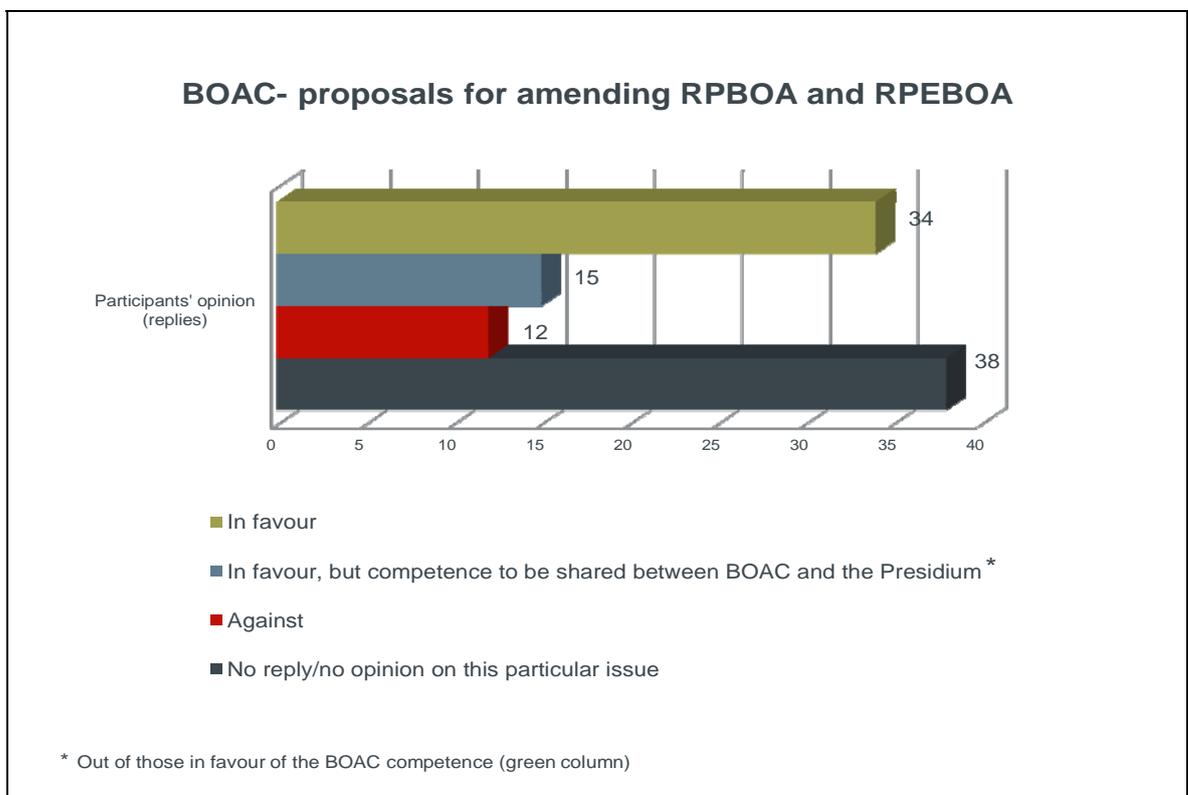
## D. BOAC

26. In a number of submissions users expressed their general support for the creation of a new body which would supervise the independence and efficiency of the BOA comparable to national councils of the judiciary or similar institutions. There were divergent views, though, on the exact nature of this body and, in consequence, on its precise composition and competences.
27. From those supporting the BOAC the majority was in favour of foreseeing at least one seat for users (62% of respondents who commented on this issue) or providing them with an observer status. Epi was often cited as a possible BOAC member, but there was also the suggestion to require an election by user associations and make the user seat in the BOAC subject to a five year rotation.



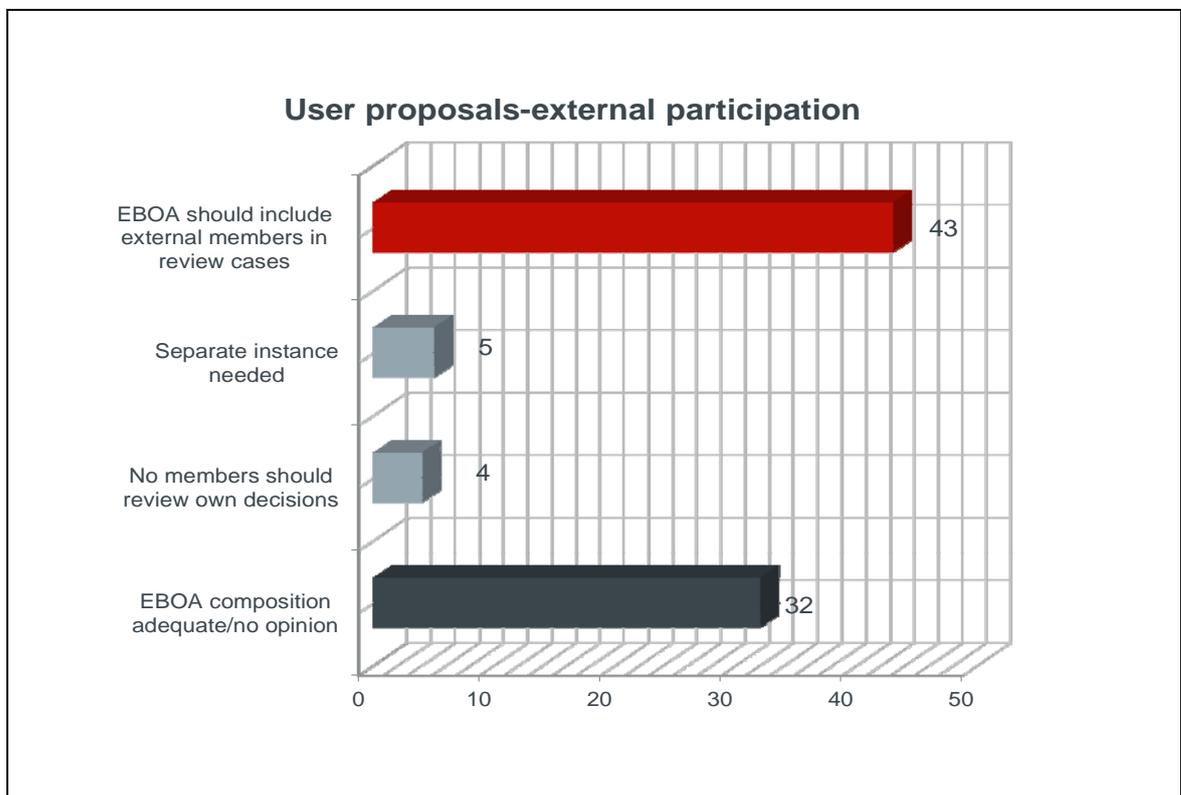
28. As regards the precise nature of the new body, many submissions emphasized the need to design it in a way which does not conflict with the perception of independence of the BOA. The proposals varied between a subsidiary body of the AC exercising legislative oversight to an advisory body composed only of external members. The proposed composition ranged from members and judges from the Contracting States only to a composition including also BOA members.

29. Views on the procedure for amending the Rules of Procedure varied and were linked to the concrete design of the new body (see the preceding point). In a significant number of comments the view was expressed that the competence for amendments should be with the BOAC (around  $\frac{3}{4}$  of respondents who commented on this issue), either exclusively or by sharing it with the Presidium. The degree of involvement and the interaction with the Presidium and the AC should be clearly defined. In this context the involvement of users was identified as a key concern. Any changes to the Rules of Procedure should be subject to a compulsory consultation of users (of users in general, or specifically of a group of patent attorneys who regularly practice before the BOA) and any proposals should in addition pass via the Patent Law Committee.



## E. COMPOSITION OF THE EBOA IN PETITIONS FOR REVIEW

30. The great majority of users considered that the current composition of EBOA is not adequate (84 % of respondents who commented on this issue). They strongly favoured including external members in the composition of the EBOA in review cases. There were different views on the extent to which they should be involved, ranging from at least one external member, two members in the five member composition of the EBOA, up to a composition with exclusively external members. According to some proposals, if internal members were to be included, they should not at the same time be members of a BOA or at least not of the board whose decision is reviewed. The submissions also contained the proposal to create a “bench” of members within the EBOA exclusively dealing with review cases. The view was taken that this would avoid the impression that in Article 112a EPC proceedings members are reviewing decisions of their colleagues, without bringing about a delay of these proceedings.



## **V. CONCLUSIONS FROM THE USER CONSULTATION**

31. In many submissions the involvement of users in the envisaged reform was expressly appreciated. This is supported by the number, extent and quality of the comments received. Taking into account that, in addition to the individual submissions, the user associations taking part in the consultation represent a significant number of industry and members of the professions in Contracting States and overseas, the submissions carry a strong validity for the views of the users of the European patent system.
32. From the comments received it is clear that the proposals for a structural reform of the BOA are in general welcomed by users and considered to be able to bring about a significant improvement in many respects over the current situation. Overall CA/16/15 is seen as a sound proposal and good basis for further work. With regard to a number of specific reform elements different positions were taken and alternatives proposed. Following the support received from the AC in March, the Office takes this as a clear signal from the side of the users to move on with the envisaged reform. The Office also acknowledges that the detailed implementation of the general orientations set out in CA/16/15 is decisive. The time line shall allow proper consideration of all the issues raised in the consultation.
33. As regards the institutional set-up, there is broad support for a review of the appointment and re-appointment procedure and the creation of a new advisory committee with specific advisory and/or monitoring functions over the BOA. A number of key issues are identified in the user submissions and alternative options proposed which will be carefully analysed, also with regard to their feasibility within the current framework of the Convention.
34. Concerning efficiency, the Office takes note that according to some users this issue should not be pursued together in one and the same reform project with measures aimed at increasing the BOA's organisational and managerial autonomy. At the same time replies to the consultation clearly show that issues related to the efficiency and consistency of proceedings before the BOA are of paramount importance to users, according to some submissions even more fundamental than increasing the perception of independence. In view of this, addressing the issue of efficiency and consistency should not be delayed any further and basic measures should be envisaged which can then be implemented once the new institutional set-up is in place.

35. The rules governing the procedure before the BOA are identified as one key mechanism to increase the efficiency and consistency of proceedings. Different views are taken on how the procedure for amending the Rules of Procedure should be designed and opinions are linked to the new institutional set-up. Irrespective of the concrete procedure, there is a clear wish for the substantial involvement of users in the amendment of procedural rules. The Office will take into account the comments and proposals made in the further work.
36. Some proposals such as life-time employment for BOA members, the establishment of the BOA as separate judicial organ or a broader possibility to call upon the EBOA would require amendments to the Convention (Articles 4, 23, 112 and 112a EPC). While the corresponding comments are very valuable, they fall outside the framework of the present reform which is foreseen to take place without a Diplomatic Conference. This does not exclude that they will be considered at a later stage, should there be political willingness and opportunity to convene a Diplomatic Conference.

**VI. FINANCIAL IMPLICATIONS**

37. N/A

**VII. LEGAL BASIS**

38. Article 10(1) EPC

**VIII. DOCUMENTS CITED**

39. CA/16/15

**IX. RECOMMENDATION FOR PUBLICATION**

40. Yes

## **Online consultation: Boards of Appeal**

The European Patent Organisation has launched a structural reform of its Boards of Appeal. The main features of the proposed reform are described in the attached document (CA/16/15), which has been presented by the European Patent Office to the Administrative Council in March and has met with broad support. The aim of the reform is to ensure and increase the organisational and managerial autonomy of the Boards of Appeal, the perception of their independence as enshrined in Article 23 EPC, as well as their efficiency within the legal framework of the current European Patent Convention.

The aim is also to take account of national, European and international developments aiming at enhancing the autonomy of the Judiciary and/or the efficiency.

The European Patent Office, which will prepare the relevant concrete proposals to be submitted to the Administrative Council, would welcome contributions from the users of the European patent system concerning possible improvements of the functioning of the Boards of Appeal with respect to both their autonomy and the perception of their independence and their efficiency. Contributions from the users will be duly considered in the preparation of the future concrete proposals and presented to the Administrative Council. Contributions will be processed and presented to the Administrative Council in an anonymised manner and an excerpt of the contributions will be made available to the general public.

We would in particular welcome contributions concerning the following questions:

### **Question A. Position of the Boards of Appeal – Independence**

The independence of the Boards of Appeal is enshrined in Article 23 of the EPC. In the past users have sometimes expressed concerns about possible conflicts of interest or about the appointment procedures for members of the Boards of Appeal which could affect the perception of the independence. At many national and international Courts there are specific rules aiming at preventing actual or perceived conflicts of interest of members of the judiciary.

If specific rules were introduced for members of the Boards of Appeal what type of scenarios should they cover?

How could the appointment and re-appointment procedures for the members of the Boards of Appeal be improved and in particular how could more external candidates be attracted?

### **Question B. Work of the Boards of Appeal - Efficiency**

As is apparent from Annex 2 of Document CA16/15, over the years, the Boards of Appeal have accumulated a considerable backlog of pending cases and the average length of proceedings has reached a duration of 34 months, while recently the number of appeals has decreased and the number of withdrawals of appeals increased.

Do you have any suggestions on how the efficiency of the Boards of Appeal could be improved? What would in your opinion be the optimal length of the proceedings?

### **Question C. Work of the Boards of Appeal – Procedure**

The Rules of Procedure of the Boards of Appeal are currently drawn up by the Presidium of the Boards of Appeal (Rule 12(3) of the Implementing Regulations of the European Patent Convention). In the past, users have sometimes expressed concerns about the functioning and the consistency of application of some of these Rules and the impact on the efficiency, transparency and predictability of proceedings, including the right of the parties to be heard.

Do you have any suggestions of improvement of the procedures before the Boards of Appeal?

Which changes to the procedures could contribute to increasing efficiency and/or predictability and transparency of proceedings?

### **Question D. Boards of Appeals Committee (BOAC)**

It is envisaged to create a special sub-Committee of the Administrative Council (BOAC) in order to monitor the general functioning of the BOA and to advise and make general proposals for improvements both to the Administrative Council and the future President of the Boards of Appeal (currently Vice-President of DG 3). Currently, a mixed composition of the BOAC consisting of members of the Administrative Council and external members to be chosen among senior judges is envisaged. However, considering the paramount importance of an optimal functioning of the Boards of Appeal for the European patent system and its users, a participation of (a) user representative(s) could also be envisaged as well as user consultations to be carried out by the BOAC concerning the general functioning of the Boards of Appeal and their Rules of Procedure.

Do you think that the users should be given a seat in the BOAC?

Would you be in favour of the BOAC carrying out surveys among users concerning the general functioning of the Boards of Appeal with a view to make general proposals for improvements?

Would you in particular be in favour of the BOAC having the possibility to make proposals for changes to the Rules of procedure of the Boards of Appeal?

### **Question E. Proceedings of petitions for review**

The possibility for a party to file a petition for review of a decision of the Boards of Appeal to the Enlarged Board of Appeal has been introduced by the Revision of the European Patent Convention of 29.11.2000. While users have in general welcomed this new possibility, there are some concerns expressed relating to the composition of the Enlarged Board of Appeal in such proceedings which consists exclusively of internal members pursuant to Rule 109(2) of the Implementing Regulations to the European Patent Convention.

Do you find the current composition of the Enlarged Board of Appeal in review proceedings, with exclusively internal members, adequate? What kind of alternative composition would be better?

### **Question F. General**

Are there any other aspects of the general functioning of the Boards of Appeal where you see a need for improvement and which should be tackled in the course of the reform?