

CA/39/18

Orig.: en

Munich, 27.04.2018

SUBJECT: Working agreement on search co-operation – request for a mandate to negotiate and to conclude an agreement with the Intellectual Property Office of the United Kingdom

SUBMITTED BY: President of the European Patent Office

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

SUMMARY

The Intellectual Property Office of the United Kingdom has made an official request on 15 March 2018 to the European Patent Organisation for negotiations to be opened on a working agreement on search co-operation.

The Administrative Council is requested to authorize the President to negotiate such an agreement. Pending the authorization, informal discussions have already taken place with the United Kingdom's delegation which have resulted in a draft agreement, the text of which is annexed to this document. The text is based on the agreements already concluded with 8 EPC Contracting States: Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino.

In case the Administrative Council authorizes the President to negotiate such an agreement the Administrative Council is also requested to approve the draft working agreement attached in Annex 2 and to authorize its conclusion and signature by the President.

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I. STRATEGIC/OPERATIONAL

1. Strategic

II. RECOMMENDATION

2. The Administrative Council is requested to authorise the President to enter into negotiations with the Intellectual Property Office of the United Kingdom on a working agreement on search co-operation, based on those already concluded with Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino.
3. In case the Administrative Council authorizes the President to negotiate such an agreement the Administrative Council is also requested to approve the draft working agreement attached in Annex 2 and to authorize its conclusion and signature by the President.

III. MAJORITY NEEDED

4. Three quarters

IV. CONTEXT

5. By a letter dated 15 March 2018 (see annex), the Intellectual Property Office of the United Kingdom (UK-IPO) has requested the Office's assistance in order to reduce UK-IPO's backlog of patent applications in a technical specific area. The UK-IPO has currently a backlog of biotechnology patent applications and has recruited examiners in this area. Nevertheless, before the newly recruited examiners are fully trained, the assistance of the EPO can be helpful, in a technical field where the EPO has improved its productivity over the last years.
6. The assistance of the EPO can be proposed in the form of a working agreement on search co-operation under which the Office supplies UK-IPO with search reports plus written opinions on national applications selected by UK-IPO in the specific technical field.

V. ARGUMENTS

7. The Office acknowledges the British delegation's request and would be ready to provide the UK-IPO with the same services as those already proposed in the working agreements on search co-operation (4 Ex-IIIB States + 8 other Contracting States) under which the EPO supplies states with search reports plus written opinions on their national applications.

8. The request received must be considered as assistance between Offices participating in the European Patent Network (EPN).
9. The EPN enables the EPO to provide effective assistance to Contracting States, especially if their human resources are (temporarily) limited. One form of such assistance is for the EPO to perform searches on their national applications and provide them with the results, as it is essential for applicants to receive as early as possible an opinion enabling them to optimise their patent risk management on the basis of detailed information about the likelihood of being granted a European patent.
10. The EPO has therefore negotiated and signed working agreements on search co-operation in addition to the 4 historical Ex-IIB States (France, Netherlands, Belgium and Luxemburg) with 8 other countries: Cyprus, Greece, Italy, Malta and Monaco (see CA/99/07), with Lithuania and San Marino (see CA/54/13) and with Latvia (see CA/27/16). Since then, the EPO has received an average of 9 300 search requests a year from these 8 countries, on top of the 17 300 requests received annually from the 4 member states of the former IIB.
11. The draft working agreement annexed to the present document is based on the agreements already in place with Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino. To highlight the similarity, the few amendments or additions compared with the latest text in place (CA/27/16 - Latvia) are **underlined and in bold**.
12. The main features of the annexed draft agreement are as follows:
 - search report is accompanied by a WOISA-type written opinion as to whether the invention appears to be novel, to involve an inventive step and to be industrially applicable
 - search is carried out on the basis of a text provided in an EPO official language
 - written opinion is drafted in an EPO official language
 - search report plus written opinion is drawn up within nine months after the filing date, provided the EPO receives the search request no later than five months after that date
 - fee charged is the full cost price to the Office of such enhanced search reports, minus a reduction based on certain objective factors. This fee is calculated so that it is the same as for Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino.

13. Compared to the latter agreements some additional provisions have been included in the draft agreement. The additional provisions include specific UK legal requirements relating to the outsourcing of patent work from the UK-IPO provided in particular in the British Order No. 3052 of 2002 made under the British Deregulation and Contracting Out Act 1994. The additional provisions in Articles 19-23 deal in particular with assignment and sub-contractors (Art 19), waiver (Art 20), partnership & agency (Art 21), duration (Art 22) and termination (Art 23).
14. It is proposed for the working agreement with UK-IPO to enter into force on 1 July 2018. The first reception of requests could be done by the end of the year or beginning next year depending on the bilateral progress regarding technical aspects (exchange of files and data, electronic format, etc.).
15. The Office believes that a working agreement under which the EPO performs searches on national applications for the UK-IPO in specific technical fields for which EPO's capacity is available would indisputably be positive for the patent system in Europe, and especially the EPN.
16. The number of searches to be carried out by the Office for the UK-IPO is estimated at 200 to 300 per year, so there would be no perceptible impact on the Office's workload (less than 2% of the current work under the existing working agreements with the other NPOs).

VI. FINANCIAL IMPLICATIONS

17. A fundamental aspect of these working agreements on search co-operation is that they must be budget-neutral for the Organisation, with the fee payable covering the cost of the examiners' work in their immediate environment.
18. A method for calculating this fee was introduced in 2008 at all delegations' request (see CA/37/08 Rev. 1), using unassailable financial and statistical data published by the Office each year.
19. Using this method, the current fee for the three-year period from 1 January 2018 to 31 December 2020 was set at **EUR 2 476** under the working agreements in place with Cyprus, Greece, Italy, Latvia, Lithuania, Malta, San Marino and Monaco (see CA/80/17).

20. Under the transitional provision in Article 18 of the annexed draft agreement, the fee payable by the group of states comprising Cyprus, Greece, Italy, Latvia, Lithuania, Malta, San Marino and Monaco will also apply on the date of the entry into force of the agreement.
21. The fee for the next three-year period (2021-2023) will be calculated using the financial and statistical data for the entire new nine-country group (Cyprus, Greece, Italy, Latvia, Lithuania, Monaco, Malta, San Marino and UK).

VII. LEGAL BASIS

22. Article 33(4) EPC

VIII. DOCUMENTS CITED

23. CA/99/07, CA/37/08 Rev. 1, CA/54/13, CA/27/16, CA/80/17

IX. RECOMMENDATION FOR PUBLICATION

24. Yes

LETTER FROM THE INTELLECTUAL PROPERTY OFFICE OF THE
UNITED KINGDOM

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Benoît Battistelli
President
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15 March 2018

Dear Benoît

You have kindly invited me to dinner when I visit the EPO next Tuesday and there is one issue I would like to raise with you when we meet.

The UK IPO currently has a backlog of biotechnology patent applications. Following recent recruitment exercises, we have increased our examining capacity in this area but, as I am sure you are aware, it takes some time before newly recruited examiners are fully proficient. It is clear from our work modelling that we will make few inroads into our backlog in the next 12-18 months, which is when our new examiners will come fully on-stream.

I know from your updates at the Administrative Council that EPO has made great strides to improve productivity and throughput and wondered if the office might have any spare capacity in this area? If so I would welcome the opportunity to discuss with you or your staff whether you would be able to assist us in the short term to reduce our backlog of work in this area. This would allow the UK IPO to deliver for its customers whilst making efficient use of current EPO capacity.

Thank you for your kind initiation and I look forward to meeting you next week.

Regards

Tim Moss

D R A F T

**WORKING AGREEMENT BETWEEN
THE EUROPEAN PATENT ORGANISATION
AND THE INTELLECTUAL PROPERTY OFFICE
OF THE UNITED KINGDOM
ON SEARCH CO-OPERATION**

The European Patent Organisation (hereinafter "the Organisation"), represented by Benoît Battistelli, President of the European Patent Office (hereinafter "the EPO"),

OF THE ONE PART,

and the Intellectual Property Office (hereafter "IPO") of the United Kingdom, represented by Mr Tim MOSS, Chief Executive and Comptroller General,

OF THE OTHER PART,

- Whereas **the Chief Executive and Comptroller General of the IPO has expressed the wish to introduce the possibility of drawing up of extended search reports entrusted to the EPO in some specific technical fields** within the framework of the European Patent Network;
- Whereas the European Patent Convention and in particular Article 33(4) thereof provides that the Administrative Council of the Organisation may authorise the President of the EPO to negotiate and conclude agreements with states;
- **Whereas, under the Patents Act 1977 as amended (hereinafter "the Patents Act"), the IPO is responsible for drawing up search reports (section 17) and granting patents in respect of national patent applications;**
- **Whereas in consequence thereof the EPO is requested to assist the IPO in some specific technical fields in drawing up the search reports provided for by the Patents Act;**
- Whereas the PCT international procedure includes an international search report accompanied by a written opinion and the European procedure includes an extended European search report;
- Whereas it is desirable to offer harmonised procedures to the applicant, enabling him to obtain early information on the possible outcome of an examination of his invention as to patentability;

HAVE AGREED AS FOLLOWS:

Article 1
Definition of the services

The EPO undertakes to perform the searches entrusted to it by **the IPO** and necessary for drawing up the search reports. These search reports drawn up by the EPO shall be accompanied by a written opinion as to whether the invention appears to be novel, to involve an inventive step and to be industrially applicable.

Article 2
Submission of requests

- (1) Any search request transmitted by **the IPO** to the EPO shall give the following information:
- the number and filing date of the patent application, and any classification assigned to it by **the IPO**;
 - the date, country of filing and number of any patent application whose priority is claimed;
 - the number and filing date of the earlier application in the case of a divisional application;
 - the title of the patent application;
 - the name of the applicant and of any representative.
- (2) Any search request shall be accompanied by
- a full copy of the application to be searched, drawn up in **English**
 - If the EPO so requests, a copy of any patent application whose priority is claimed.

Article 3
Keeping data and documents

The documents referred to in Article 2 shall be kept by the EPO for a period to be jointly agreed between the President of the EPO and the **Chief Executive and Comptroller General of the IPO**.

Article 4
Communications and secrecy

- (1) In carrying out the work entrusted to it, the EPO shall deal only with **the IPO**, to the exclusion of all other authorities, patent applicants, and third parties. The EPO shall take all appropriate measures to preserve the secrecy of the inventions.
- (2) The President of the EPO and the **Chief Executive and Comptroller General of the IPO** shall jointly agree on **appropriate measures to adopt in relation to confidential information and data protection and** a means of transmission which preserves secrecy, meets all security conditions, and prevents any damage to the items transmitted.

Article 5
Searches and drawing up search reports

- (1) The EPO shall draw up search reports in accordance with the Implementing Regulations to the European Patent Convention (EPC 2000), and in particular Rule 61(1), (2), (3), (4) and (6) thereof, and with the Guidelines for Examination in the EPO, in particular Part B thereof relating to the above-mentioned provisions in the said Implementing Regulations.

The EPO shall draw up written opinions under Article 1 in accordance with the Regulations under the PCT and in particular Rule 43bis thereof, and Part V of the PCT International Search Guidelines relating to the above-mentioned provision in the said Regulations.

The particular arrangements for drawing up the search reports and the written opinions shall be jointly agreed between the President of the EPO and the **Chief Executive and Comptroller General of the IPO**.

- (2) If the EPO considers that the application does not meet the requirement of unity of invention, it shall draw up the search report for those parts of the application which relate to the invention or group of inventions mentioned first in the claims. This shall be indicated in the search report and the written opinion.
- (3) The EPO shall not be obliged to carry out a search on a patent application which relates to, and to the extent that it relates to, any subject-matter which is not patentable **under Section 1(2), (3) and (4) and Section 4A(1) of the Patents Act**.

- (4) If the EPO considers that the application contains deficiencies preventing a meaningful search in respect of some or all of the claims,
- (a) either because it relates to subject-matter which under paragraph 3 the EPO is not required to search,
 - (b) or because the description, claims or drawings contain obscurities, inconsistencies or contradictions,

the EPO shall declare, in duly reasoned terms, that a meaningful search is impossible or draw up, as far as possible, a partial search report. The EPO's declaration or partial report shall be considered to be the search report within the meaning of this agreement and shall be accompanied by a written opinion.

Article 6

Language, presentation and transmission of the search report

- (1) The search report and the written opinion shall be drawn up in English, and presented on a standard form to be agreed between the EPO and **the IPO**.
- (2) The EPO shall forward **the IPO** the search report, cited documents and written opinion in a number of copies to be fixed by common agreement between the EPO and **the IPO**.
- (3) The EPO shall provide free of charge such information as **the IPO** deems necessary on any point in any search report or written opinion drawn up by the EPO.

Article 7

Divisional applications

Any search report relating to a divisional application shall be treated as a separate search report. Search reports relating to a divisional application shall be accompanied by a written opinion.

Article 8
Supplementary search

The EPO, at the request of **the IPO**, shall perform any supplementary search which proves to be necessary during proceedings before **the IPO**. Any supplementary search report shall be treated as a separate search report. Supplementary search reports shall be accompanied by a written opinion.

Article 9
Time limits

- (1) If the patent application is a first filing (i.e. does not claim priority), the EPO shall draw up the search report, accompanied by the written opinion, within nine months of the date of filing of the application, provided the search request is received no later than five months after the date of filing. If the search request is received later than five months after the said date, the EPO shall endeavour to draw up the search report before the priority period expires.
- (2) If the patent application is not a first filing (i.e. claims the priority of at least one earlier application), the EPO shall draw up the search report, accompanied by the written opinion, as rapidly as possible, having regard to the time limits generally applied when drawing up search reports on national patent applications which are not first filings and which are entrusted to the EPO under working agreements.
- (3) The time limit laid down in paragraph 1 may be amended by common agreement between the President of the EPO and the **Chief Executive and Comptroller General of the IPO**.

Article 10
Documentation

The EPO shall carry out the searches under this agreement in the documentation used for drawing up European and international search reports.

Article 11
Financial provisions

- (1) All sums due under this agreement shall be paid in euros by **the IPO** into the account specified by the EPO.
- (2) For each search report drawn up by the EPO, **the IPO** shall pay the EPO a fee.

The amount of this fee shall be equal to the full cost price of such a search report, accompanied by a written opinion, minus a reduction taking account of objective factors defined in the same way as in the working agreements with the five former IIB states. These objective factors relate in particular to the number of European and international applications claiming the priority of a national application for which a search report has already been drawn up by the EPO, the administrative costs of these filings, the time savings for an examiner during the ensuing European and international procedures, and the arrangements for allocating and classifying files.

The amount of the fee applicable to a search report accompanied by a written opinion shall be laid down by the Administrative Council of the Organisation for a period of three years and shall be the same as for **Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino.**

In the year preceding the end of such a three-year period, the EPO shall review the amount of the fee referred to in sub-paragraph 3, taking into account any change in the objective parameters, including in particular the amount of the search fees laid down by the EPO for the European and international procedures.

- (3) The fee referred to in paragraph 2 shall be increased, for each search report, by a flat-rate amount, fixed by the EPO, to cover the cost price of the copies of the documents referred to in Article 6(2).

Article 12
Time limit for payment

The EPO shall provide **the IPO** with monthly statements of the sums due. Statements shall be settled by **the IPO** within thirty days of receipt.

Article 13
Monitoring of search work

The EPO and **the IPO** shall jointly exercise quantitative and qualitative control of the work performed under this agreement and study ways to improve it.

Article 14
Training of technical staff

If **the IPO** so requests, and under conditions jointly agreed between the President of the EPO and the **Chief Executive and Comptroller General of the IPO**, the EPO shall help to train **the IPO**'s technical staff, and shall send EPO personnel to **the IPO** on a temporary basis to perform any work relating to this agreement.

Article 15
Disputes

Any dispute between **the IPO** and the Organisation concerning the interpretation or application of this agreement and which is not settled by negotiation shall be submitted to a three-member arbitration tribunal whose decision shall be final. One arbitrator shall be nominated by **the IPO**, one by the Organisation and a third, who shall be chairman, by the other two. If, three months after their nomination, the first two arbitrators remain unable to agree on the nomination of the third, the latter shall be appointed, at the request of **the IPO** or the Organisation, by the President of the International Court of Justice. The arbitration tribunal shall determine the law applicable to the dispute.

Article 16
Revision

With the approval of the Administrative Council, this agreement may be revised, in particular by an exchange of letters, at the request of either contracting party.

Article 17
Final provision

This agreement shall enter into force on **1 July 2018** and shall apply to patent applications filed with **the IPO** as from that date.

Article 18
Transitional provision

On the date of entry into force of this agreement, the amount of the fee referred to in Article 11(2) shall be equal to that payable on the said date by the group of states comprising **Cyprus, Greece, Italy, Latvia, Lithuania, Malta, Monaco and San Marino.**

Article 19
Assignment and Sub-contractors

- (1) Neither party shall assign, novate, transfer or in any way dispose of this agreement or any part of it.**
- (2) The EPO may not sub-contract any of its obligations under this agreement to any other party, with the exception of certain specific administrative tasks to be agreed between the President of the EPO and the Chief Executive and Comptroller General of the IPO.**

Article 20
Waiver

- (1) The failure of either party to exercise any right or remedy shall not constitute a waiver of that right or remedy.**
- (2) No waiver shall be effective unless it is communicated to the other party in writing.**
- (3) A waiver of any right or remedy arising from a breach of contract shall not constitute a waiver of any right or remedy arising from any other breach of this agreement.**
- (4) No waiver under this agreement shall be a waiver of a future default or breach, nor shall it amend, delete or add to the terms, conditions or provisions of this agreement unless (and then only to the extent) expressly stated in that waiver.**

Article 21
No Partnership or Agency

Nothing in this agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute any party the agent of another party, or authorise any party to make or enter into any commitments for or on behalf of the other party. Each party confirms it is acting on its own behalf and not for the benefit of any other person.

Article 22
Duration

- (1) This agreement shall continue, unless terminated earlier in accordance with Article 23, for a period of two years (the Initial Term) and thereafter for any extension agreed between the President of the EPO and the Chief Executive and Comptroller General of the IPO.**
- (2) The agreement shall terminate automatically on expiry of the Initial Term or any extension agreed in accordance with paragraph 1.**
- (3) Notwithstanding any other provision in this Article 22, the agreement shall terminate automatically on the day before the tenth anniversary of the agreement and both parties acknowledge that the term of the agreement is subject to the Contracting Out (Functions in Relation to Applications for Patents) Order 2002 and may not, therefore, extend beyond such date.**

Article 23
Termination

- (1) Without affecting any other right or remedy available to it, either party may terminate this agreement on giving not less than 3 months' written notice to the other party.**
- (2) The consequences of termination or expiry shall be jointly agreed between the President of the EPO and the Chief Executive and Comptroller General of the IPO.**

Done at xxxxxxxx on xx xxxx 2018, in two copies in English, French, German, the three texts being equally authentic.

For the European Patent Organisation

For the Intellectual Property Office of the
United Kingdom

Benoît Battistelli
President of the European Patent Office

Tim MOSS
Chief Executive and Comptroller General