SUBJECT: President's Activities Report

SUBMITTED BY: President of the European Patent Office

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I. INTRODUCTION

The strategic orientations and the roadmaps to implement them were set out and adopted by the Council over the course of 2011. This year, therefore, has marked a transition to the implementation and execution of these strategies. This activities report gives an overview of the progress achieved in 2012.

II. PERFORMANCE

The year 2012 will end up with a further increase in patent filings, still driven by the current upward trend in the number of PCT international applications filed. The EPO estimates that 257,000 patent filings will be recorded in 2012. This represents a 5.1% increase over the figure of 2011, which itself showed a rise of 11% compared to 2010.

Based on the data available at the time of writing, the number of requests for a European patent (European direct applications filed in 2012 and PCT applications entering the European regional phase in 2012), is expected to reach 148,600 applications, which would be 5% higher than in 2011.

During the first 9 months of 2012, the Office received 158,250 search requests (+3.7%) and 100,100 requests for European examination (+3.6%). The Office foresees to receive 210,000 search requests and 135,000 requests for examination in 2012. This would represent an increase of 4% of the workload compared to 2011. The EPO share of ISA work remained at a level of just under 40% in 2012.

At mid-November, DG1 is well under way to fulfil its commitment towards the production plan according to the budgetary orientations adopted for 2012. The number of withdrawals has declined markedly since January, which means the Office has had to invest more effort to stay on course over the year. Overall production in Search, Examination and Opposition in DG1 remains on course to achieve the objective for 2012 of 310K products.

Despite this and thanks to the efforts of the staff, the Office has been able to increase the number of grants and resulting published patents.

After 9 months in 2012, the EPO published 48,920 European patents which is 8% more than during the same period in 2011. Of these patents 31% were granted within 36 months. We can reasonably expect to have around 65,000 European patents published in 2012 compared to 62,100 in 2011.
At the same time, DG1 has been focusing on maintaining the timeliness of its highest priority products, namely first filings of both national and European applications, as well as maintaining overall pendency and investing in the future. The contribution of examiners to the Cooperative Patent Classification (CPC) project and to the IT Roadmap is essential to the success of these strategic initiatives.

Other investments and initiatives in DG1 to maintain and improve performance and service levels included:

**Examiner Recruitment - Language Probation**

In order to facilitate examiner recruitment from countries that are currently underrepresented and to extend our ability to offer employment to high-quality candidates, the EPO has started recruiting candidates who will learn the EPO's third official language after having taken up service at the EPO. After following an initial language training in the first month of employment, the selected examiners have a period of maximally three years to pass a language test before being confirmed as permanent employees.
Telecoms Standards

Cited prior art in many technical areas includes an increasing number of non patent documents, including standards. Such standards documents are gaining in relative importance, particularly in the field of ICT (Information and Communication Technologies). The EPO has therefore created several internal EPOQUE databases for standards, allowing for an efficient, thorough search in this area. Indeed, the EPO is the first and actually the only patent office having such internal databases, providing a virtually complete coverage of the standards documents of key standardisation organisations at the earliest stage of their public availability.

"Esprit de service public" | VICO for Oral Proceedings

Since 1998 oral proceedings by video conference are legally accepted by the EPO. In May 2012 the EPO introduced a new technical solution IP protocol for video conference oral proceedings, which has made video conferencing now accessible to everyone without bearing extraordinary cost of ISDN equipment and connections. EPO equipment is being upgraded gradually. A positive trend in requests for ViCo oral proceedings has already been observed.

"Esprit de service public" | The First-Line Customer Service

In the light of the service-mindedness orientation of the Office and after the successful pilot involving about 400 examiners from 14 directorates, the First-Line Customer Service for DG1 (1LCS) was introduced for all examiners on the three sites Munich, The Hague and Berlin.

The new EPO voice menu of the telephone system offers applicants or their representatives the possibility to re-direct their phone calls to the 1LCS team of DG2, if examiners are unable to respond to the incoming call, thus ensuring professional message handling and timely replies, even in cases of absence. The benefits are on all sides: Applicants receive full service, examiners receive full documentation of any missed calls from applicants, and directors are given the opportunity to deal with urgent cases in order to avoid delays.

"Esprit de service public" | Praktika Extern

The 36 examiners who participated in the Praktika Extern programme in 2012 have been working in patent attorney firms located in Germany, the United Kingdom, The Netherlands, France, Spain and Italy. Both the attorneys and the participants confirmed the usefulness of the scheme.
III. BOARDS OF APPEAL

DG3 performance and production

One of the challenges facing DG3 at present is to cope with its increasing workload. It is therefore good to note in this context that the increase in the number of cases settled in the first ten months of this year outweighed the increase in the number of appeals filed during this period. In the first ten months of 2012, 2287 technical appeals were filed, 0.3% more than in the corresponding period in 2011. The number of cases settled in the same period was 1695, a 9.1% increase compared to the corresponding period in 2011; the number of cases pending before the Technical Boards of Appeal at the end of October 2012 was 7345. In the same period the Legal Board of Appeal received 24 appeals and settled 16.

The Enlarged Board decided on one referral of a point of law under Article 112 EPC in G 1/10. At the end of October it had received 16 petitions for review under Article 112a EPC. In the same period, it handed down 10 decisions on petitions for review. 21 petitions for review were pending before the Enlarged Board of Appeal at the end of October 2012.

Apart from the overall increase in production, further efforts have been made in DG3 to achieve efficiency gains. The recruitment process for board members has been streamlined so as to optimise the use of resources. In the field of chemistry a reallocation of cases between technical boards is in preparation, in order to improve the stock situation in certain critical areas, such as biotechnology and pharmacy. Work is also ongoing to identify and share "best practices" in the organisation and support of the work of the boards.

Case law of the Enlarged Board of Appeal

In G 1/10 the Enlarged Board decided that a request to correct a patent under Rule 140 EPC is inadmissible whenever made, including after the initiation of opposition proceedings. In its reasoning the Enlarged Board explained that Rule 140 EPC is not available to correct patents. The principal reasons for this are the need for legal certainty and protection of third parties combined with the fact that patent proprietors have adequate remedies available, both before and after grant, to ensure that the text of their patent is correct.
IV. INTERACTION WITH STAKEHOLDERS

The EPO, its President and Vice-President in particular, has continued to multiply the contacts with different groups of stakeholders. At a time when the Office is reshuffling its processes to render them more user-friendly, launching new tools, exploring possible improvements of the PCT, feedbacks of the users of the patent system are of utmost importance. These last months, a lot exchanges have been conducted with users representatives from Europe, Japan and the US (NB: the 28th Annual US Bar-EPO Liaison Council Meeting took place in Munich in October).

Members of the EPO’s Boards of Appeal and national judges from 27 EPC contracting states, as well as from China and Japan met in Dublin from 5 to 7 September 2012 at the 16th European Patent Judges’ symposium for their traditional exchange of views on the latest developments in patent law. This year the patent judges’ symposium celebrated its 30 anniversary. The judges discussed issues relating to the planned Unified Patent Court, the bifurcation system in different EPC contracting states, as well as injunctions, disclaimers and the protection of biotechnological inventions.

V. IT ROADMAP

Projects

The IT Roadmap (ITR) continues to proceed according to plan and within budget, delivering specific benefits in number of areas. Several improvement projects were rolled out in April 2012. Elimination of the manual sending of 300 000 forms and automation of the dispatch of many examiner communications are reducing the workload of Patent Administration. Improved search tools for examiners, including the new full-text search interface to EPOQUE, have also been delivered.

The Office is continuing to work with the consortium led by Logica to provide a case management system.

The ITR is running a pilot project in which paralegals from Patent Administration provide support for certain examiner tasks, while some technical staff carry out tasks in pre-classification, stock management, file distribution and classification. The pilot will run until August 2013.
The IT Roadmap is making the current filing process simpler: by the end of this year, applicants participating in a pilot will be able to send electronic documents to the EPO via web interface, and without using the registration required for online filing. These are part of building up a range of filing possibilities with the EPO with full one-click functionality eventually being available in the CMS. The latest CMS developments are that the new PCT Receiving Office software and its infrastructure are being finalised and a pilot for this CMS filing possibility will begin soon. The first filing in this pilot will be performed by Philips on Dec 10th.

Starting in January, a new tool, eDrex, will be gradually rolled out to examiners, thus allowing them to edit patent documents at grant. From April on, the filing step in the patent grant process will be simplified for both applicants and formalities officers. Various improvements in search technology will continue to be rolled out to examiners in the months ahead. Other projects that will deliver improvements to our current systems are now being launched and will start yielding benefits by the end of 2013.

Efficiencies realised by these and other projects will free up 50 posts to be made available as examiner posts in 2013. Similarly, the expectation is that during 2013 a further 62 posts will be made available for use as examiner posts in 2014.

Organisation of IM

To support this work, overdue changes in IM organisation have been made. A reformed structure which reinforces the role of the Chief Information Officer has now been adopted and is in the process of being put in place; full implementation is expected by mid-2013. The main principle behind the reorganisation is to optimise the use of our automation resources in implementation of the Roadmaps and in particular the IT Roadmap, whilst maintaining the level of the current IT services.

Patent Administration

Progress in the IT Roadmap has a major impact on the work of Patent Administration and several initiatives have been launched to take advantage of the opportunities which have arisen.

In September some 20 staff from DG2 Patent Administration started a one year pilot as Paralegals and Paratechnicals. The goal of the pilot is to explore new ways in which support staff can play a more significant, added-value role in the patent grant process. The staff involved are being re-trained by L&D and accompanied by coaches from DG1. The services being provided by DG2 under the pilot cover a wide range, from providing complete procedural support services
for opposition procedures (Clerk of the Court type function) to dossier stock management to executing specific tasks in the patent grant process itself. In capacity terms, the pilot has been made possible due to efficiency and quality improvement delivered through the IT Roadmap.

The IT Roadmap has also given rise to an ongoing, and intensive consultation of external users. The main target for this consultation, which has taken the form of small (20 person) focus groups, are independent attorneys who have a significant proportion of SMEs in their portfolio. The external market research company IPSOS Mori is assisting the Office in these efforts. The goal is to identify which products and services the EPO should deliver through the IT Roadmap in order to improve the overall efficiency and quality of the patent grant process. Current efforts are focused on EP/PCT filing, account management, dossier portfolio management and communication. The results are being fed into the design of upcoming releases from the IT Roadmap in the Case Management Software area and will, of course, be made available to all users.

VI. BUILDINGS

As reported in June, the call for tender for the design and construction of a new EPO building in The Hague was officially launched on 23 April this year. The main challenge in this project lies in the limited ground space for the new construction of 80,000 m2 of gross floor area to house approximately 1750 staff on the existing site and with business going on as usual in the existing buildings.

On 3 July the Office received official and anonymous bids from eight consortia of architects and builders from which the jury was to select a maximum of three to go through to the second, non-anonymous stage during which the consortia will be asked to further detail their bids. This way of proceeding was adopted by the Council as part of the Building Roadmap.

The jury chaired by myself comprises the Chairman of the Administrative Council, the interim Mayor of Rijswijk and two external experts (architects), the Chairman of the Local Staff Committee and the Vice-Presidents of DGs 1, 2, 4 and 5. We met on 31 July in The Hague and selected the following three consortia:

BAM Utiliteitsbouw (NL) and Ballast Nedam B&O (NL) with the architect Henning Larsen Architects (DK);

Group TBI (NL) with the architects Ateliers Jean Nouvel (FR) and Dam & Partners Architecten (NL);
Cordeel Nederland (NL) and Aannemingsmaatschappij CFE (BE) with the architects Group A (NL) and Art & Built (BE).

Workshops have been held in September and October with the three finalists to enable them to further refine their final bid for submission by 4 December.

The jury will sit for a second time at the end of January to select the final design for recommendation to the Budget and Finance Committee on 28 February 2013, with a view to a final decision being taken by the Administrative Council in March.

Concerning Vienna, having explored alternatives the choice has been made - largely for economic reasons - to retain the current premises and to work on improvements, in particular relating to the entrance.

In Berlin, the Office continues to work closely with the German authorities to achieve better working conditions in the current historical building.

The successful completion of the renovation of the Isar building and its re-occupation as the Organisation's headquarters marked the closure of a major infrastructure project. A final report was presented to the BFC and AC; the Office will benefit from the lessons learnt in the context of the project in The Hague.

VII. QUALITY

The arrival in September of the new Vice-President of DG2, Mr Casado, brought forward work on structural reforms to PDQM, the Principal Directorate dealing with Quality.

The general orientation is to enhance the role of PDQM in strategic quality matters, with responsibility for maintaining the EPO's position as a global quality leader, and to empower the business areas in taking responsibility for operational quality and the delivery of high quality products and services.

Specific proposals will be presented to the internal consultation procedures in the coming months.

However, the EPO is embarking on this reform from a position of strength. The high quality of the products and services delivered by the EPO is already recognised across the world. This year the well known IAM - Thomson Reuters survey again and for the third time in a row ranked the EPO top for the high quality of its products and services, with even a perception of further progress in 2011 compared to 2010 (68% of "excellent" and "very good", compared to 62% for the same categories the previous year).
Earlier this year the "Handbook of Quality Procedures before the EPO" was published. It is the result of an intensive and purposeful co-operation between the EPO, epi and BusinessEurope, for which the Office is very appreciative.

The Handbook provides a guide to preferred practices endorsed by both the EPO and user representatives. The Handbook should help to increase the quality of incoming applications, communications from examiners and submissions from parties, as well as to provide for an efficient prosecution. It may also serve as an orientation for attorneys who have less experience with the procedures at the European Patent Office and for candidates preparing for the European Qualifying Examination. The publication has been very well received by interested circles. With the agreement of our partners, the Japanese External Trade Organisation, JETRO, has been given permission to translate and publish the document in Japanese.

The publication of a Japanese translation is expected to benefit the Office, as Japanese applicants are frequently unfamiliar with some EPO procedures.

More generally, the quality governance and support office functions have been reinforced with the ex officio appointment of the Vice-President of DG2 as Quality Management Representative to head the Quality Board. The first outcome of this enhanced Quality Board is a set of quality objectives for top level customer satisfaction, process and product quality. These objectives are an essential part of a Quality Management System which will enable us to determine whether work is proceeding as planned and the desired results are being produced. In the future, these quality objectives will be produced at the beginning of each year. DG1 and Patent Administration have been assigned a comprehensive set of specific actions to achieve the objectives.

Obtaining ISO9001 certification was identified as a key measure in the Quality Roadmap and progress is being made steadily. In particular, first drafts of the management procedures for the Quality Manual have been drawn up and released for internal review. An ISO 9001 Certification Project has been initiated to ensure certification of the patent grant processes and an ISO educational campaign has been launched to all DG1 and Patent Administration units. The Operational Quality Control system for Patent Administration (PA-OQC) is being completely revised to conform to ISO requirements.
VIII. REINFORCEMENT OF INTERNAL AUDIT (IA)

As announced at the beginning of the year, a series of measures to reinforce the independence and capacities of IA in the Office have been taken, in particular by increasing the scope of tasks of IA and the resources allocated to PD IA. A director with 30 years audit experience has been appointed as head of the Directorate Compliance and Performance Audit and new posts are foreseen in the budget of 2013. New tasks are related to:

(a) first, the Reserve Funds for Pensions and Social Security (RFPSS). Internal Audit will be, if the Council so decides, entrusted with audit tasks and tasks for providing compliance and risk assurance services. In order to ensure the independence of the RFPSS from the Office, Internal Audit will report to the Supervisory Board. The expected outcome is to increase the level of assurance on the correct and sound financial management of the RFPSS and to minimise the related risks. The BFC gave a unanimous favourable opinion in its 104th meeting October 2012 on the document CA/3/2012 Rev. 1 relating to the revision of the RFPSS Regulations;

(b) second, Internal Audit will be empowered to carry out investigations of alleged misconduct, including harassment; to this purpose a circular on Investigation Guidelines was drafted by Internal Audit in close cooperation with Legal Services and taking into account a number of proposals of the Staff representatives participating to the working group; the investigation guidelines fill a gap in the legal framework of the Office and provide a transparent and fair basis on which the staff and the Office can rely, in line with best practice of other intergovernmental organisations.

IA has carried out two investigations this year relating to IT matters and the resulting recommendations have been implemented. Furthermore, Internal Audit has been associated to the development of topics related to the Investigation Guidelines, such as the Code of Conduct and a Policy document on the prevention of harassment and the resolution of conflict at the EPO.

Finally the second directorate of IA, Directorate Quality Audit, has continued to contribute to the office’s quality management by carrying out a variety of audits of the EPO’s core operations and products, especially with regards to the quality of DG1’s search and grant products. Additionally, a feasibility study was carried out into the auditing of opposition work and preparations were continued for the internal audit work required for ISO9001. Finally, an audit was carried out in respect of Patent Administration’s CL-OQC, which has provided insight into the procedure’s strengths and weaknesses.
IX. HUMAN RESOURCES

The new PD Human Resources organisation and corresponding new HR Service Delivery model, with the introduction of the new function of HR interlocutor will position HR closer to the EPO staff and develop further an efficient, modern and customer-oriented HR support.

Recruitments and reallocations of tasks have started, with the aim to offer these new services from the 1st of March 2013.

In parallel, major parts of the HR roadmap have been subject to intense work and internal discussions with the staff representation.

The reform of internal appeals the Council approved in October will enter into force on 1 January 2013, according to the plan, with a new appeals committee.

Other major projects have been adopted: a new circular on harassment, based on the reinforcement of prevention and amicable resolution, and when needed, on an efficient and independent formal procedure. This closes the chapter of a long-standing legal and social issue.

Similarly, a set of investigation guidelines, based of best practices in International Organisations, have been adopted. They will allow for more efficient fight against possible fraud and misconducts.

In addition, the discussions on the adoption of a code of conduct, describing the core values of the Organisation and providing guidance on the behaviour expected from each employee, have started. This text should be adopted in the first trimester 2013.

Earlier Council meetings have seen reports on the introduction of a scheme for Part-Time Home Working. Take-up has been in line with expectations with a total of 500 participants at the end of October.

Additionally, discussions have taken place in the last trimester on 3 important issues of the social agenda.

The first one concerns the granting of a collective reward for all staff, acknowledging the overall performance of the Office in 2011 and the progress made on important social issues and features on the agenda for this meeting.
The second one is related to the improvement of our performance management. Currently, the performance management scheme is a significant source of discontent for managers and staff members alike. The process does not allow for a fair acknowledgement of the performance and leads to internal appeals, even after conciliation procedures. A pilot has started with the aim to provide for better appraisal methods and a yearly report, in accordance with best managerial practice.

Last but not least, an ambitious action plan concerning the improvement of health at the workplace, is foreseen for 2013. Discussions have taken place on a first set of measures balancing prevention measures and better sickness management, with the possibility to conduct sick leave verifications.

As the focus in the HR roadmap was put on the central role of the managers, all these measures will be supported though the adaptation of the training for managers and awareness campaigns for all staff members.

X. EPN

Cooperation with Member States

The ultimate goal of our cooperation activities is to provide the users of the European patent system with high quality services.

Following the elaboration and the adoption of the Co-operation Roadmap in December 2011, work started to ensure that the right practices and procedures are in place to allow for more flexibility, simplified administration and finally the proper implementation of the co-operation activities within the new strategy.

This was achieved by introducing Bilateral Co-operation Plans (BCPs) as more focused tools for planning and implementation of the activities. The material were made available on the EPN website in March.

The Information Day on co-operation with member states that took place on 22 March 2012 was a good opportunity to explain the new approach. The high number of attendees in the event (60 representatives of 33 national offices) showed the great interest of the NPOs in the implementation of the Co-operation Roadmap.
Good progress has been made in the drafting many of the plans and in discussion of other details related to implementation of the Co-operation Roadmap, aided by several visits to national offices in the Member States. The 6th annual meeting on co-operation with member states which took place in Croatia (Dubrovnik) in June allowed to take stock of the progress made so far. In parallel, some EPN workshops with the member states proved to offered further possibilities for valuable exchange and further development of EPN co-operation:

Further meetings on cooperation matters were: European Patent Academy contact persons (24 March in Munich), Annual Espacenet meeting for national offices (29 March in Vienna), workshop on classification and dedicated meeting for ECNO members (8-9 May in Berlin), eLearning (10-11 May in Madrid), and the Federated Register (24 May in Vienna).

Concerning training, items of interest include a project has been initiated to support candidates for the EQE examination, for countries with no developed infrastructure of professional representatives. The kick off meeting took place in September for candidates for the 2013 pre-examination from Poland, Turkey and Norway.

The PATLIB Conference 2012 (Manchester, 30 May - 1 June) created a platform for experience exchange with the EPO and between European PATLIB centres, with focus on networking opportunities. Around 200 participants were registered in the conference, which was organised with the assistance of the local UK PATLIBs and UKIPO.

**European Patent Academy**

In the area of Institutional Strengthening the Academy developed co-operation with OHIM through first joint seminars. In September, 100 persons learned how to incorporate IP in the decision processes inside ministries, and how to set IP at the heart of policy development, in their countries. And in November a seminar on corporate communication allowed IP office staff to learn how to better advocate IP to their public.

Institutional Strengthening training continued on search and examination, classification (CPC), legal issues, databases (EpoqueNet), tools for IP offices, and quality and ISO certification.

The largest Academy event in 2012 was a conference on the Case law of the Boards of Appeal, organised together with DG 3, which attracted 180 patent professionals.
The Academy also rolled out substantial distance learning courses on classification and offered the first co-ordinated training opportunities for staff at national offices to become familiar with CPC practice before CPC enters into force in the new year.

Where training for professional representatives is concerned, the highlight this year was the launch of the new edition of the EQE pre-examination online training 2012-2013. The Praktika Intern programme again offered patent professionals of different levels to gain an insight into the EPO's practices. During their three-week internship, 45 EQE candidates and professional representatives from 18 EPO member states followed classroom sessions, accompanied a DG 1 examiner at work, and learnt about the procedure before the Boards of Appeal.

In October, the 100+ participants at "Examination Matters 2012" exchanged views with EPO examiners on their daily work. The "Guidelines2day" event also attracted over 100 practitioners active in the prosecution of European patent applications.

In 2012, the EQE online forum has gained in popularity, with some 57 000 visitor sessions - an increase of 40% over 2011. It now has a total of some 13 000 posts on EQE topics from 7 000 members.

The Academy launched the first Internship programme for national judges in 2012, with a selected number of judges spending one month at the EPO Boards of Appeal to learn about patentability requirements and shadow and Technical Board of Appeal including during oral proceedings. The programme will be repeated in 2013.

The IP Awareness Campaign – run with OHIM - has after one year already has brought significant positive effects in the four member states concerned: the Czech Republic, Romania, Spain and Turkey. The campaign aims at raising awareness among high-level policy-makers of the importance of IP. I would like to see an extension of the project to further member states in 2013, resources permitting.
Federated European Patent Register

As one of the harmonised patent related services to the external users of the European patent system the EPO fully supports the implementation of a "Federated European Patent Register service" a common European entry point which makes it possible for the user to access national and EPO register data in a harmonised way. The project follows the "quality at source approach", meaning that the Federated Register will not duplicate national registers but simply provides a harmonised Europe wide entry point to access the registers of the participating offices. This project has been promoted by respective EPN events and is supported within the IT roadmap, where the necessary changes to EPO systems are managed.

As a first step the "deep linking" has been implemented providing direct access to several national registers starting from a search result in the EP register. This step has already proven being a success as the number of participating member states reached already 20. The next step foreseen for early 2013 will be to display all retrieved results in a single standardised result screen. The final step to follow towards the "Federated European Patent Register service" will foresee a fully integrated parallel search in the participating registers with automatic merging of results will benefit from the first two stages.

Harmonised patent related services

The interoperability and data provision requirements for continued and successful future Espacenet / Register services has been presented with CA/T 13/12 to the last TOSC.

The future of OLF has been presented and discussed during the recent TOSC meetings and a dedicated EPN event on 3 July in The Hague. With the update presented at the last TOSC with CA/T 14/12 the EPO proposed hosted solution will be fully supported and covered by the EPO.

EPTOS handover is running according to plan. MSs have been kept informed within respective Council meetings. The smooth handover for Phoenix and Register was supported by an EPN meeting on 17 September 2012 in Athens. The handover will be completed by the end of the year as foreseen.
Utilisation Implementation Project

UIP is running according to plan. UIP was launched on 28 March 2012 with Austria, Denmark, and the United Kingdom. Three streams of priority data are being received via UIP: citations; national office documents such as search reports and written opinions and classification data. The documents are made available to the examiners prior to starting to work on the files. This classification data is used for automatic routing of the second filing.

XI. MACHINE TRANSLATION

Following the first release early in 2012 covering English to and from French, German, Spanish, Portuguese, Swedish, Italian, the Office has continued populating its corpora with all EPO Member States languages. Special efforts are made for less resourced languages.

On 25 October, the Office made a second set of European languages available in its free machine translation service Patent Translate. With the addition of Danish, Dutch, Finnish, Greek, Hungarian, Norwegian and Polish, the service now enables on-the-fly-translation from, and into, English for thirteen languages, all of which are freely accessible on Espacenet.

Since the launch of the service, the number of connections has steadily increased, to a current daily average of 20,000. An important feature of the system is that translation requests are automatically anonymised, so their origin cannot be traced. The EPO only records the languages used: unsurprisingly, the most popular language pair at present is statistically German-English.

The success of Patent Translate is not only a source of pride to our Office and Organisation; more importantly, it is essential to the continuous improvement of the system. Because of the specific technology provided by Google, the more the service is used by the public, the better it becomes. In effect, it is trained by its users, in an ongoing process which has already led to quality improvements for the first batch of languages launched in February of this year.

For the EPO, this four-year programme has a major significance, which more than justifies the efforts required to set up the service and make it available free of charge to our users. Patent Translate fits perfectly with our strategic focus on facilitating access to patent information. It also exemplifies our fruitful cooperation with a range of partners, in particular the national patent offices of the European Patent Network.
In addition to European languages, work has been pursued intensively with SIPO so as to enable access in English to the huge amount of patent data published in Chinese. At the time of writing, the operational release of the English-Chinese language pair is expected in early December.

The improvement of the access to the prior art originating in Asia through the development of MT services for Asian languages is thus making good progress. Talks are advanced to place cooperation with Korea on a firm footing to exchange data that will allow us to develop the Korean-English MT tool.

Together with the agreements signed with the JPO and the and Russian Patent Offices, the coverage in 2014 of all of the EPO Member States’ languages, as well as Japanese, Chinese, Korean and Russian is a realistic prospect.

XII. EPO AS A GLOBAL PLAYER

Bilateral

Bilateral contacts with a wide range of non-member States over 2012 confirmed the strategic importance attached by many of them to cooperation with the EPO, Heads of Office place a high importance on engaging with EPO initiatives, particularly in the areas of machine translation and classification. Specific results obtained in the context include the signature of a Memorandum of Understanding with EAPO on MT to enhance the Russian-English MT system.

Two important Memoranda in the field of patent information were concluded as well, namely with LATIPAT and ARABPAT. The former to assure the continuity of this join project with the Spanish PO and WIPO, the second, a joint project of the EPO, OMPIC and WIPO, to gather and disseminate patent information in Arabic.

IP5/Trilateral

The Council was informed in June of the move to place IP5 cooperation on a more user-driven basis with the first ever IP5 Heads/IP5 Industry meeting.

These efforts continued at the 30th annual meetings of the Trilateral Offices held in November in Kyoto, hosted by the JPO.
The Trilateral Offices took stock of the developments of the Trilateral, from the data conversion and exchange in the early years to the focus on worksharing in recent years with major outcomes such as the Common Citation Document (CCD), a database of patent family citations hosted by the EPO.

A central focus of the various meetings, in particular with the user community, was on enhancing the quality of the patent system, where the EPO’s leading position was praised as being ground-breaking, for example, with the inclusion of quality metrics in the PCT. During the Trilateral User Day, the EPO insisted on the need for user involvement to assure that projects being developed meet users' requirements.

The PCT was again endorsed as the main avenue for worksharing. A well functioning PCT is of prime importance, and the EPO is fully committed to supporting this. Within the PCT, the EPO has addressed the Trilateral Patent Prosecution Highway (PPH). The PCT-PPH is an accelerated worksharing scheme which could be expanded to the other IP5 offices as a first step. The EPO presented the results of the second pilot in the PCT Collaborative Search and Examination project (undertaken between the EPO, KIPO and USPTO), and the JPO indicated its possible future involvement. Further discussions on PCT developments will take place at the PCT Meeting of International Authorities (MIA) hosted by the EPO in February 2013.

A breakthrough was achieved with the USPTO, where an improved worksharing scheme (Flash 2.0) was agreed, covering all EP applications with a US priority. The USPTO will send the results to the EPO, endeavouring to ensure that this is done within the unpublished US national phase. With processing times at the USPTO decreasing to 15 months, more and more results will become available to the EPO.

The Trilateral industry representatives praised the EPO and USPTO for the remarkable efforts in classification, creating the ECLA based CPC system in only two years.

The Trilateral has been instrumental in the development of the world wide patent system. With the IP5 co-operation now well under way, the Trilateral Offices agreed to adapt the co-operation to that of the IP5.
Cooperative Patent Classification

On 1 October 2012, an important milestone has been met by providing to the public the CPC scheme and the first batch of the CPC definitions via the CPC joint internet site.

The EPO has allocated significant technical and human resources (about 16 000 examiner days in 2011-12) to document its search and classification practices and is in the process of adapting all internal and external IT systems which will make use of the new scheme. The CPC will become available to the EPO examiners, to the National Offices and to the public via, Epoque, Epoquenet and Espacenet in the course of December 2012.

E-learning modules are also under preparation for examiners, national offices and the public.

The CPC endeavour will continue during the next few months, 1 January 2013 being the key milestone marking the official entry into force of the CPC at the EPO and USPTO.

EPO-SIPO agreement on the electronic exchange of priority documents (PDX agreement)

On 3 September 2012 the EPO-SIPO agreement on the electronic exchange of priority documents entered into force. This marks another milestone of bilateral co-operation between the Office and SIPO. The agreement reduces the administrative costs associated with processing received paper copies or priority documents and storing them in electronic record management systems. Furthermore, it makes it possible for EPO and SIPO applicants to reduce the costs of ordering certified paper copies of priority documents from the two offices.

Validation system

In 2012 further activities towards the establishment of the validation system were ongoing:

The draft text of the Validation Agreement between Tunisia and the European Patent Organisation was approved by the Administrative Council in October. The signature of the agreement is scheduled for early 2013. As regards the final draft text of the Validation Agreement between Moldova and the European Patent Organisation, it is expected that both counterparts agree thereon by the end of 2012 so that the relevant document can be presented to the Administrative Council for approval in March 2013.
In October, Georgia sent an official request for opening negotiations on a validation agreement, which figures on the agenda of the present meeting.

Further countries and a regional organisation signalled their interest in learning more about the validation system (South Africa, Egypt, OAPI).

**PCT**

In the course of the year, the Office has set a work plan to further improve its PCT services and products with a view to provide users with an "equivalent level of service " under both the PCT and EPC procedures, resulting in particular in a reset of its PCT online services in the framework of the IT Roadmap. The Office is also considering introducing "top-up searches" in the framework of Chapter II. Besides, the Office is strongly committed to draw up the international search reports as soon as possible, at any rate in time for being published together with the international application 18 months after the priority date.

In line with the Council's stance on the matter, the Office is very supportive of further strengthening the PCT. The policy document submitted by the Office in May has been welcomed by WIPO's PCT Working Group. Therefore, the Office made a step further in October by presenting concrete proposals aimed primarily at improving the quality of PCT products and the efficiency of the system. These proposals were supported by the users, at the SACEPO Working Party Rules, and by member States, at the Patent Law Committee. The proposals will now be the subject of in-depth discussions at the forthcoming Meeting of the International Authorities (MIA) hosted by the Office in February 2013 in Munich.

The Office has also launched an online user consultation on proposals aimed at strengthening the PCT and a market research on its PCT services and products. The results of these two initiatives are being assessed. It is however already clear that this will provide the Office with a solid basis to undertake the necessary reforms to become even more user-friendly and efficient in the area of the PCT in the coming years.

**SPLH - Substantive Patent Law Harmonization**

The results of the work of the Tegernsee group were discussed at the meetings of the Committee on Patent Law and the Council in 2012. Four fact-finding studies were carried out on: grace period, 18-month publication, treatment of conflicting
applications and prior user rights. The four completed studies were presented at the Third Tegernsee Heads meeting in Geneva in October 2012, and it was decided to launch a broad stakeholder consultation based on these studies. The online-consultation portion of this exercise is already under way, and a User's Hearing is being prepared, which will take place in mid-February 2013.

5th working level meeting of the Plurilateral Patent Prosecution Highway (PLPPH) Offices

The 5th working level meeting of the Plurilateral Patent Prosecution Highway (PLPPH) Offices took place upon the invitation of the EPO in Munich on 29 - 30 October 2012. The meeting agenda covered a series of issues ranging from the streamlining of the PPH participation requirements and examination practice to the perspective advancement of the PPH to the benefit of applicants and offices alike.

Participating offices exchanged updated PPH usage data and had detailed discussions as to the evolution of the PPH concept and its efficiency as a utilisation scheme. Particular attention was given to the potential establishment of a comprehensive PPH scheme including the PCT PPH, i.e. the transition from the multitude of coexisting bilateral PPH agreements to an all-inclusive scheme to be implemented on a voluntary basis by interested offices.

This issue was discussed at the recent Trilateral meeting in Kyoto and it was decided to propose to the IP5 offices to participate and join the PCT-PPH scheme.

XIII. UNITARY PATENT PROTECTION / UNIFIED PATENT COURT

After difficult negotiations, the heads of state or government agreed on the seat of the First Instance of the Unified Patent Court in June 2012. The last remaining issues are about to be solved between the EU Council and the European Parliament. It will open the way for the adoption of the two regulations related to unitary patent protection and the signature of the Agreement on a Unified Patent Court at a Diplomatic Conference.

At the time of writing, it seems that the last remaining issues may be resolved and that the EPO could received the request for the first unitary patent sometimes in 2014 or 2015. The Office is taking all necessary steps to fulfil any additional tasks relating to the Unitary Patent as early as 2014.
XIV. THE EPO AND SOCIETY

Over the last years, the patent system has been subject to criticism in various non-expert circles. More recently, some cases especially in the IT and the Telecommunication field with the so-called "patents war" have been seen as evidence that the patent system is no longer playing its appointed role in fostering innovation. In this context, patent offices have a particular duty to raise the awareness of the public about the real potential of the patent system and also to provide fact-finding studies which will help a better information. This is why the EPO has engaged itself in the following different activities.

European Inventor of Year

This yearly event launched in 2006 represents a great opportunity to honor outstanding inventors for their contribution to social, economic and technological progress. The seventh edition of the European Inventor Award was held in Copenhagen on 14 June 2012. Around 350 economic and political decision makers, researchers, scientists and intellectual property specialists attended the award ceremony in Copenhagen. The media coverage also strongly increased: 35 journalists attended the press conference, 42 newspapers reported about the event, 80 TV reports and hundreds of on-line reports.

In order to give more visibility to IP and more specifically patent, we launched in September a new 12-month co-operation with CNN International in relation to a new technology-oriented segment "Make, Create, Innovate" appearing every two weeks on their flagship daily business programme "Quest Means Business". Repeated in various time zones, the films give global exposure for fascinating technology supported by patents, thereby reflecting the values of the European patent system: namely great innovations with social and economic benefits. About half the films are based on inventions showcased through the European Inventor Award. In conjunction, the EPO has the opportunity to promoting EPO products, services and values alongside "Make, Create, Innovate" which are supported by regularly updated content on specific innovation pages on the CNN website.

Economic and Scientific Advisory Board (ESAB)

On 24 January 2012 the ESAB determined fully independently a number of topics to investigate for the current year, aiming at improving the understanding on how they impact on the patent system and on innovation in general. Three main issues
were selected: (i) the role and structure of fees, (ii) the importance of patent quality and (iii) the challenge to the functioning of the patent system from overlapping sets of patent rights, so-called patent thickets. To this end, three workshops with stakeholders and users of the patent system, as well as with other expert organizations have been organized in the course of the year.

(i) Concerning the topic “patent fees and pricing” the experts discussed at what level and point in the procedure fees should be levied in order to best support innovation. It was pointed out that office fees are relatively low compared to the cost, for example, of attorneys, translations and national validations. The discussion ensued about reduced fees or subsidies for SMEs and universities.

(ii) As regard the challenge of 'patent quality', the discussion group agreed on the importance of the patent system to ensure maximum societal benefit and to avoid distortion in the economy. Possible improvements have been indicated in areas such as prior art search - in particular in Asian languages - and international harmonization and collaboration, e.g. the exchange of search and examination results. A number of concrete proposals in these areas have been put forward and discussed.

(iii) The third topic discussed this year related to the challenge of patent thickets. With the explosion of patenting activity in the past few decades as well as increasing technological complexity, patent thickets might be considered to be one manifestation (or symptom) of this changing environment. Patent thickets appear to be part of a broader discussion related to the management of innovation and technological complexity. Solutions have been discussed to help users of the patent system overcome these challenges, and to amend the system in order to reduce unnecessary complexity. Different specific proposals have been identified in order to cope with patent thickets, ranging from regulatory measures to market based solutions (e.g. patent pools, cross-licensing and work processes in standard-setting bodies). This report is in preparation; the other two are available on the EPO website.

As the three topics discussed are highly correlated, a final report summarising the main objectives and recommendations will be prepared in the first months of 2013. At the second annual meeting on 31 January 2013, the ESAB members will also provide a collective statement on the findings and recommendations of the three workshops in 2012. In this occasion, the ESAB will decide the working programme for 2013, identifying topics important for the EPO policy-making.
Climate change and green technologies

The EPO also plays a very active role in the development of a specific tagging in the patent classification scheme which facilitates the identification of clean energy technologies in our patent databases (classification Y02).

In 2010, the indexing started with Climate Change Mitigation Technologies in Energy Generation, Transmission and Distribution (Y02E), and Greenhouse Gas Capture and Storage (Y02C).

This year we have launched new sections relating to reductions of greenhouse gas emissions in conjunction with Buildings (Y02B), and a section dedicated to Smart Grids (Y04S). The section for reductions of greenhouse gas emissions in Transport (Y02T) is also about to be finalised after the launch of CPC in early 2013. Other key technology fields are already under planning for the future: Waste Management, Industry and Agriculture.

The Y02 scheme complements the current ECLA classification system and will also be included in the Cooperative Patent Classification (CPC).

XV. CONCLUDING REMARKS

According to the latest information and the most recent figures available, it appears that 2012 will represent a very positive year. The Office continues to make steady progress in implementing and executing the strategic priorities transposed in the five key roadmaps. The positive effects can be seen on both the economic and social levels.

The Office's performance has been very positive, with an increase in capacities and quality of production. In 2012, the new Machine translation services have already been launched. The social dialogue has been very rich and enabled issues which have been pending for many years to be addressed (new building in The Hague, internal appeals, circular on dignity, investigation guidelines) and, further, to engage important structural reforms (IM, HR). These reforms will improve conditions and enable staff to work better and the Office to meet its future objectives.

2012 was also the first full year of the new cooperation policy. The experience gained shows that the policy has created good conditions for constructive relations and complementarity between the EPO and the national patent offices of Member States.
Externally, the Office is well-perceived in the world at large and continues to be seen as a main quality services provider. Through its cooperation activities with many patent offices and its various projects aiming at improving the patent system to better meet the needs of users, the Office has reinforced its position as a global player.

XVI. RECOMMENDATION FOR PUBLICATION

Yes.