



June 27, 2013

Mr. Jérôme Debrulle
Chairman, Select Committee of the Administrative Council of the EPO—Unitary Patent
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Via email: jerome.debrulle@economie.fgov.be

Dear Mr Debrulle:

IPO welcomes the advent of the Unitary Patent and Unified Patent Court, which constitutes a major breakthrough for the European Union. We congratulate the European Commission and the EPO for this achievement.

IPO¹ is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals involved in the association either through their companies or as inventors, authors, executives, or law firm members. IPO members file a very large number of EP applications.

The aim of the Unitary Patent system is to confer upon the EU a more affordable and predictable system and to stimulate innovation and economic growth through improved competitiveness. IPO is concerned that prospective patentees will avoid using the Unitary Patent system should the maintenance fees be set at so high a level that potential users will preferentially use the current European patent system. The emphasis has been on comparing filing, prosecution, and validation costs, but little has been said by the EPO about maintenance fees in the new system.

While many factors impact whether to file patent applications, patent protection is fundamentally an economic decision. A key component of the economic analysis is patent maintenance costs, which have risen at a rate in excess of inflation for decades. Users of the patent system today, including not only small and medium enterprises, but also major corporations, closely watch their patent maintenance budgets, and will continue to do so. Cost-effective patent protection remains a priority.

¹ Transparency Register Identification Number 75569863714-64

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At the time the first eligible European patent application comes up for election for Unitary Patent protection, users will balance the benefits of the geographical coverage against the added cost of the Unitary Patent system.

We are concerned that many users will not elect Unitary protection if the cost over the whole life of the patent is significantly higher than what users now pay for the countries in which they validate their European patents. The London Protocol has already significantly reduced the validation costs. The cost of maintenance fees will be an increasingly critical factor if the maintenance fees are set materially above what users currently pay to maintain sufficient geographical coverage under the existing European system.

The Regulation of the European Parliament and the Council implementing enhanced cooperation in the area of the creation of Unitary Patent protection provides guidance on the principles that should be followed in setting maintenance fees. In Article 15, the Regulation states that the level of the renewal fees shall be fixed with the aim of being similar to the level of the national renewal fees for an average European patent taking effect in the participating Member States at the time where the level of the renewal fees is first fixed by the Commission. To achieve these objectives, the Commission shall set the level of renewal fees at a level that is “equivalent to the level of renewal fee to be paid for the average geographical coverage of current European patents.” It is not clear how the “average geographical coverage” referred to in the Regulation will be determined.

We understand that a Select Committee of the Administrative Council of the EPO will now start work on establishing the renewal fees for future patents with Unitary effect. We hope the Select Committee will consider carefully the maintenance fees effectively paid by the majority of users of the European Patent system today in their decision regarding the Unitary Patent renewal fees.

The current system allows users the flexibility to selectively manage their portfolios from a geographical and cost perspective, depending on the economic importance of each patent. As the economic importance may change over time, users have the flexibility to decrease the geographical coverage during the lifetime of their patent to save maintenance costs. Users will lose this flexibility in exchange for a single maintenance fee for the Unitary Patent that will be fixed for the entire period the users wish their patent to remain in force.

Moreover, users who wish to enjoy protection in European countries where Unitary Patent protection is not available (e.g. Switzerland, Norway) will incur validation and maintenance costs specific to those countries. This is in addition to the costs associated with the Unitary Patent grant and maintenance.

As stated in the Impact Assessment published by the European Commission in April 2011 (http://ec.europa.eu/internal_market/indprop/docs/patent/20110413-impact-assessment_en.pdf), a majority of users validate their European Patents in only Germany, France, and the UK, where the London Agreement is in force and where costs are no longer incurred for validation

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and translation in those countries. In contrast, electing Unitary protection will require users who file in English, for example, to bear the costs of a translation of the entire specification in another language of the EU.

The Impact Assessment also indicates that, after Germany, France, and the UK, the countries most designated are Austria, Ireland, and Italy, the latter presently being out of the Unitary Patent system. Other countries of particular interest to IPO members are the Netherlands and Spain, the latter also being outside the Unitary Patent system. Since the validation and maintenance costs will remain unchanged for Italy and Spain, the cost of maintenance of the Unitary Patent will be an especially important factor for prospective users of the system who want protection in Spain and Italy.

Representing the interests of owners of intellectual property assets, IPO provides a unique perspective on the economic considerations underlying key filing and maintenance decisions. We believe that the new Unitary Patent system will succeed only if it makes long-term economic sense for users.

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We thank you for considering these comments and would welcome any further dialogue or opportunity to provide additional information to assist your efforts on this issue.

Sincerely,



Richard F. Phillips
President

cc:

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