



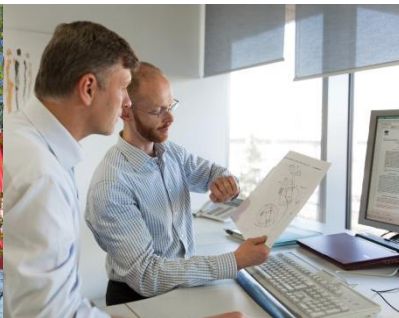
Europäisches  
Patentamt  
European  
Patent Office  
Office européen  
des brevets

# Hearing in the European Parliament's Legal Affairs Committee

**Benoît Battistelli**  
President of the European Patent Office



Benoît Battistelli



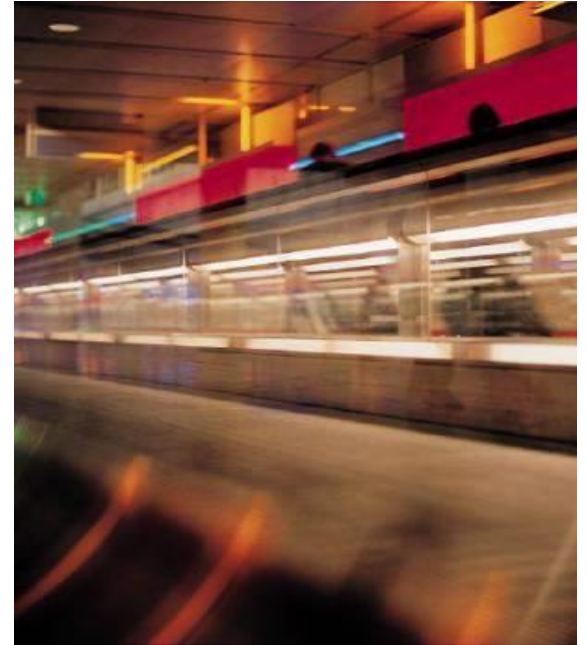
President



23 March 2017

# IP and Patents: an incentive for economic growth

- Incentivises **R&D and innovation**
  - New solutions for more **social welfare**
  - More choice and lower prices for **consumers**
  - Innovation as source of new **growth**
- Makes the latest technological knowledge **available to the public**
  - **Prevents duplication** of R&D
  - Helps identify **new partners**
  - Spurs **cumulative innovation**



# IPR-intensive industries: contribution to EU Economy and Employment

Economic indicator	Contribution of IPR-intensive industries	
	%	Value
<b>EU employment</b>	<b>35%</b>	77 million
- <i>direct</i>	26%	
- <i>indirect</i>	9%	
<b>EU GDP</b>	<b>39%</b>	4.7 trillion Euro
<b>EU wage premium</b>	<b>+ 41%</b>	715 Euro/month
<b>EU trade</b>		
- % total EU imports	<b>88%</b>	1.4 trillion Euro
- % total EU exports	<b>90%</b>	1.2 trillion Euro

Source: EPO-EUIPO (2016) "IPR-intensive industries and economic performance in the EU"

# Patents and economic performance in the EU

Economic indicator	Contribution of patent-intensive industries	
	Share	Value
<b>EU GDP</b>	<b>15.2%</b>	<b>2.0 trillion €</b>
<b>EU employment</b>	<b>10,3%</b>	<b>22 million jobs</b>
- <i>Employment (direct &amp; indirect)</i>	16,7%	36 million jobs
- <i>EU wage premium</i>	+ 69%	
<b>EU trade</b>		
- % total EU imports	<b>65.6%</b>	
- % total EU exports	<b>71.5%</b>	
Trade surplus		<b>+ 74 billion €</b>

Source: EPO-EUIPO (2016) "IPR-intensive industries and economic performance in the EU"

# European patent system extends beyond Europe

## ➔ European Patent Organisation

Founded in 1973

Some 700 million inhabitants

## ➔ European member states (38)

## ➔ European extension states (2)

## ➔ Validation states (2)

Republic of Moldova

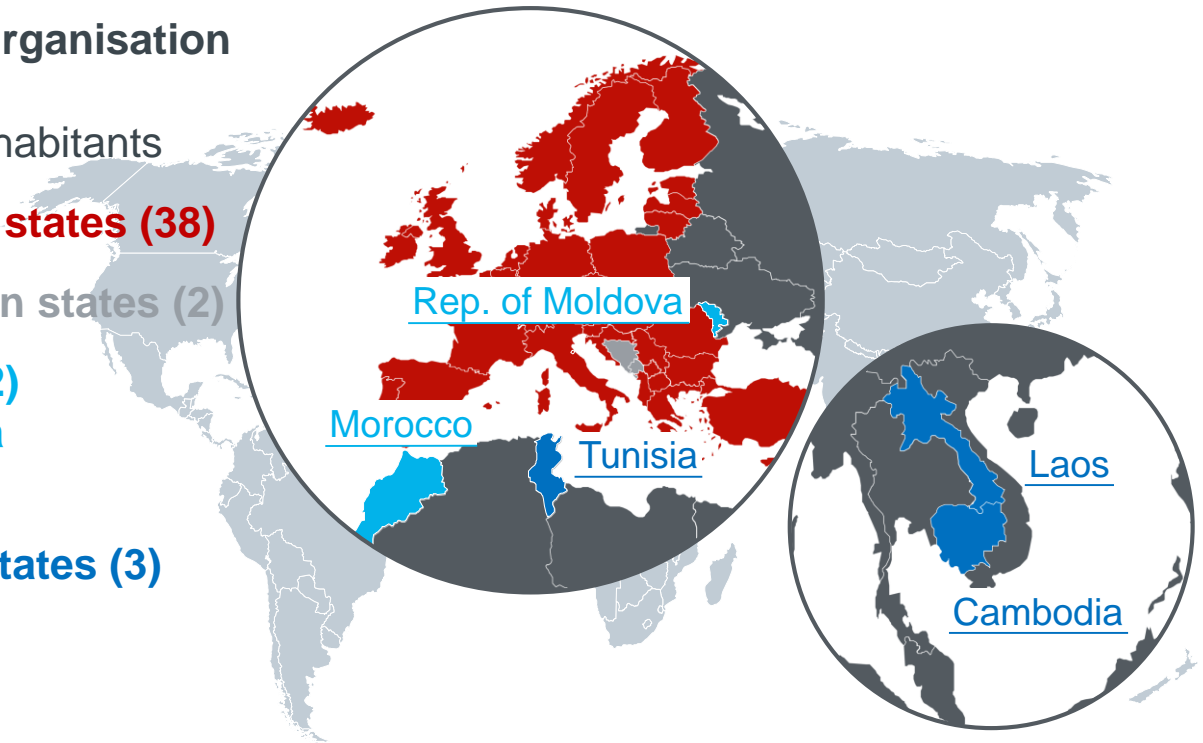
Morocco

## ➔ Future validation states (3)

Tunisia

Cambodia

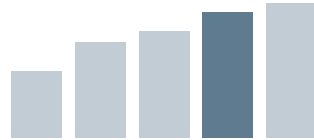
Laos



# The EPO at a glance

**2<sup>nd</sup>** largest

intergovernmental institution in Europe



**Global player**

and voice of Europe in patents




✓ Will be in charge of  
**delivering and  
administering the  
Unitary Patent**

**ISO 9001 certification:**

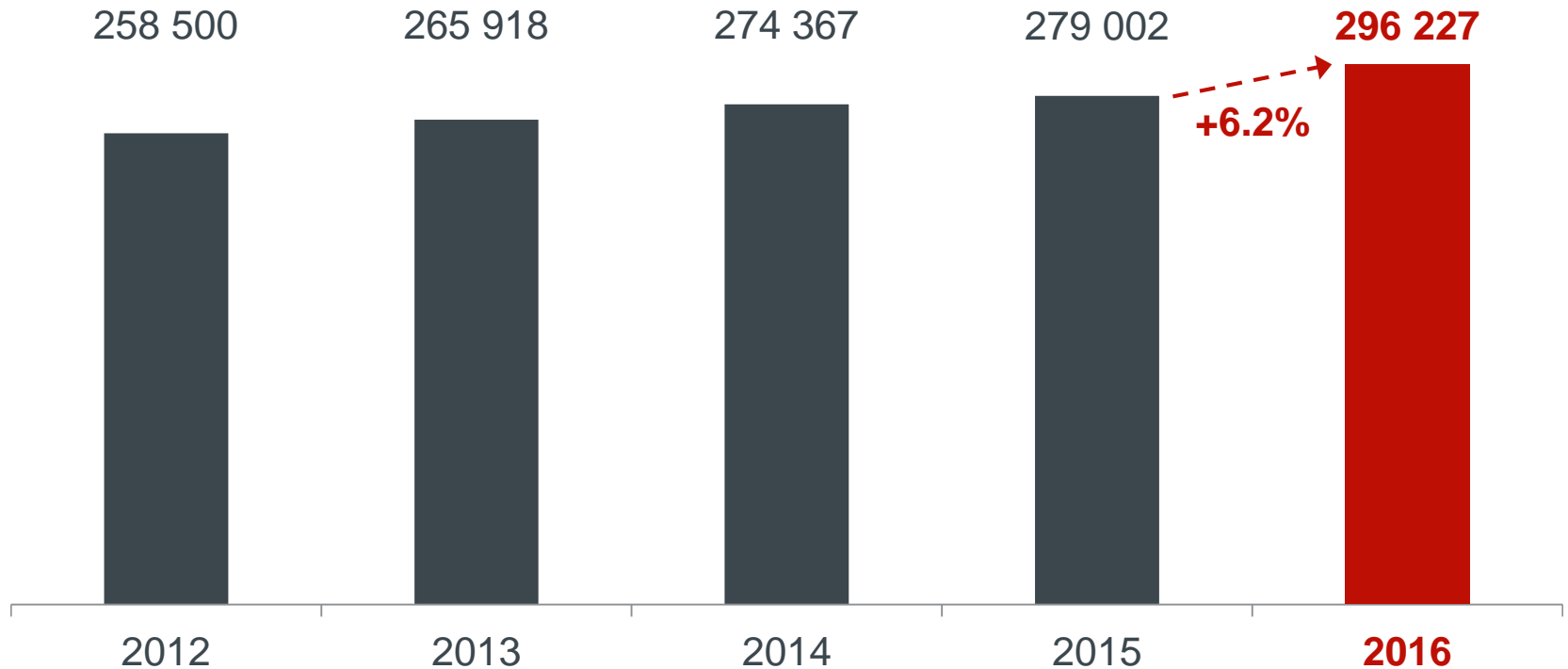
High-quality European patents are drivers of innovation, securing the competitiveness of the European economy



 **7 000** employees,  
of which around **4 300** highly qualified examiners

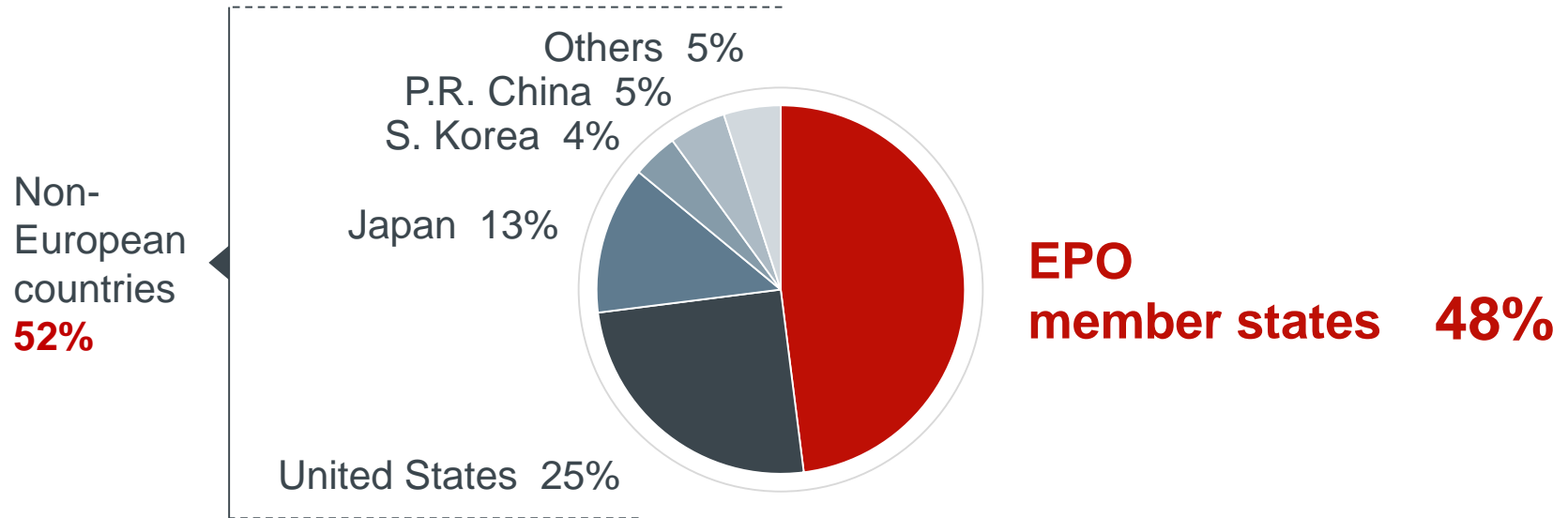
 **Self-financing:**  
budget of **EUR 2.2bn**  
without any public funding

# 2016 filings\*: Europe more and more attractive for patents



\* **Filings** are a preliminary patent application activity indicating the potential interest of innovating businesses from all over the world in the European technology market. Filings refer to direct European patent applications filed at the EPO under the European Patent Convention, plus international patent applications filed under the Patent Cooperation Treaty (PCT).

# European companies represent almost half of applications

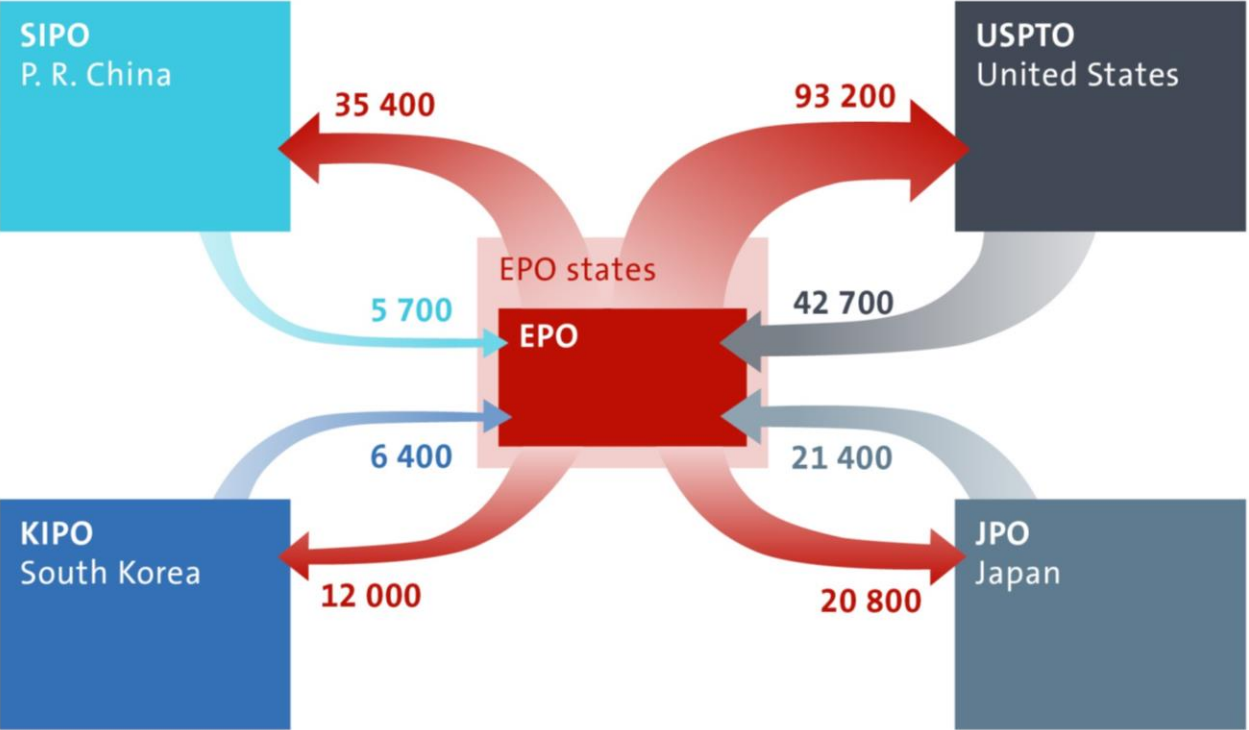


## Notes:

- Analysis based on European patent applications (direct European patent applications filed at the EPO under the European Patent Convention, plus international Patent Cooperation Treaty (PCT) filings which entered the European regional phase (becoming a European application) in the year under review)
- Applications are allocated to the country of residence of the first-name applicant
- EPO: the 38 member states of the European Patent Organisation, including EU28



# European companies: a continuous positive patent balance



- Notes:**
- Analysis based on applications received by the five largest patent offices (IP5 offices) in 2015.
  - Source of the data: IP5 Statistics Report 2015

# Top 2016 applicants: European companies stand their ground

## TOP 10

		2016	Change	
1	Philips	2 568	6.9%	↗
2	Huawei	2 390	22.4%	↗
3	Samsung	2 316	-2.1%	↘
4	LG	2 313	10.6%	↗
5	United Technologies	2 067	10.6%	↗
6	Siemens	1 871	-1.2%	↘
7	Qualcomm	1 704	-0.1%	↘
8	General Electric	1 628	21.5%	↗
9	BASF	1 410	1.9%	↗
10	Robert Bosch	1 327	-11.1%	↘

● EPO member states   
 ● United States   
 ● S. Korea   
 ● P.R. China

**Note:** Based on European patent applications filed with the EPO (direct European patent applications filed at the EPO under the European Patent Convention, plus international Patent Cooperation Treaty (PCT) filings which entered the European regional phase (becoming a European application) in the year under review).

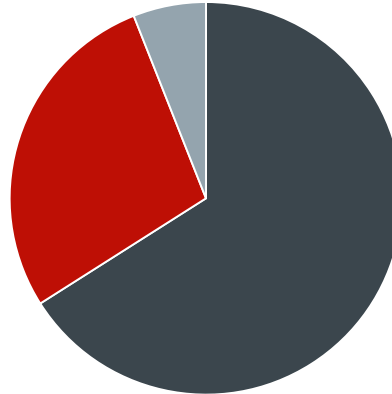
# SMEs are significant players in European innovation

Universities and public research institutes

6%

**SMEs, individual inventors 28%**

- Share increased by **2 pt.** vs. 2015
- **67%** of the applications filed by this category come from **EPO member states**



Large enterprises  
66%

# Challenges for the EPO

Consistent growth in demand for patents

Competitive international environment

Technically complex applications

Users' expectations in terms of costs and timeliness

## Our strategic priorities

- + Increase quality
- + Increase efficiency
- + Increase timeliness
- + Control costs



**THE RESULTS  
IN 2016**

# Better performance to tackle our challenges



**+8.5%**

## PRODUCTION

Search, examination, opposition



### Production increase

 **60%** due to productivity gains  
 **40%** due to capacity increase

**2016 = 396 000 products**

**+40%**

## GRANTED PATENTS

Published patents



**2016 = 96 000 patents**

**-13%**

## REDUCING OUR STOCK

Search, examination, opposition



Stock measured in months of work

**-20%**

## REDUCING OUR COSTS

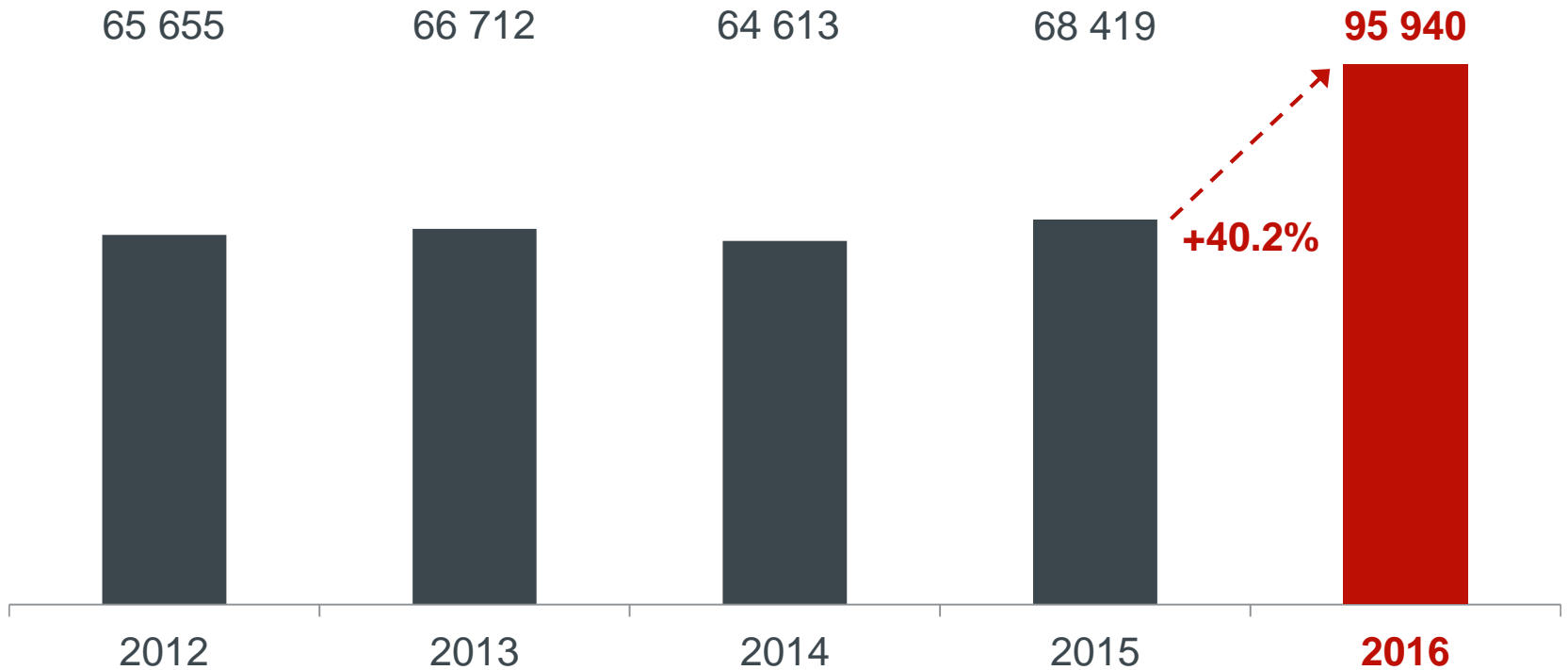
Unit cost



3<sup>rd</sup> consecutive year of falling unit cost

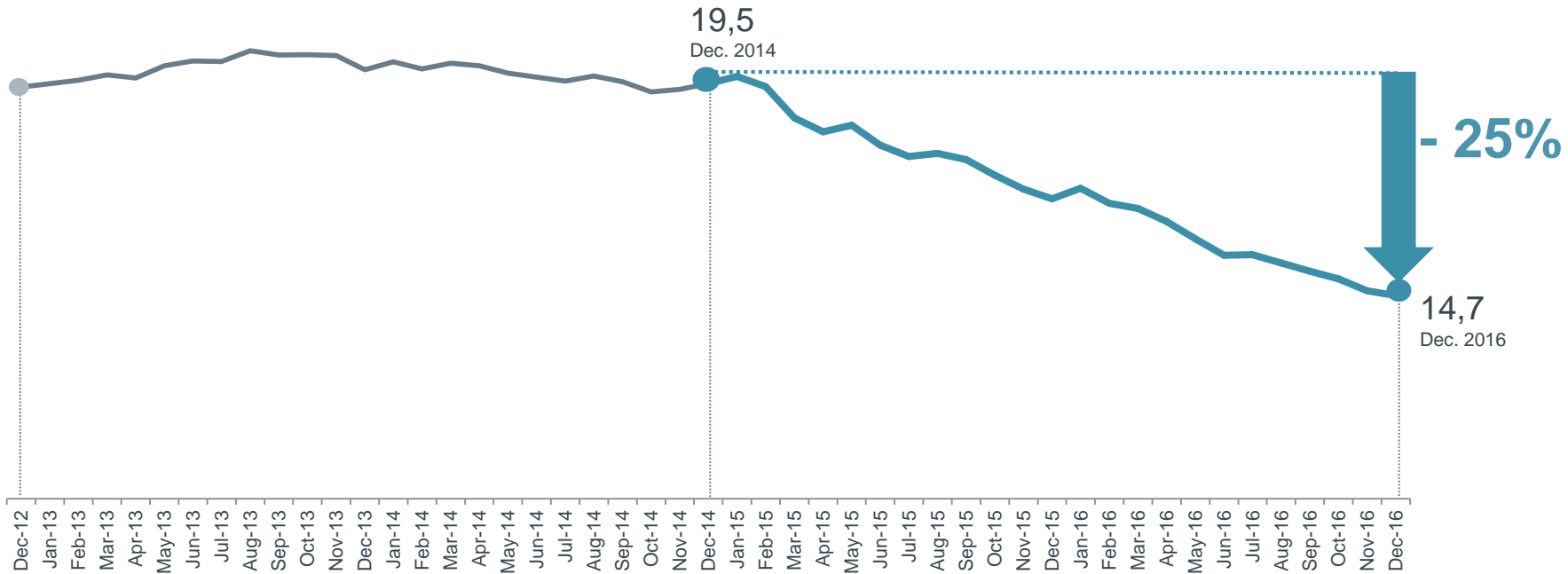
**2016 = 80% of the unit cost of 2006**

# Granted patents: an unprecedented surge



# Stock has been reduced by 25% over the last two years

Stock in months of work



# Continuously improving quality – Our first priority

- **ISO 9001 certification** to safeguard the quality of our processes;
- **Consulting with users** around the globe: “**Partnership for Quality**” meetings with users in Europe, US, Japan, China and Korea
- Reliable monitoring: **96% of respondents** are “very satisfied, satisfied, average satisfied” (EPO User Satisfaction Survey);



**Global benchmark for quality**

**EPO ranked best patent office in IAM survey in June 2016**



# 3 studies to review and assess our achievements

- **Social study (PWC)**

Assessing our working conditions and staff satisfaction

- **Financial study (Deloitte)**

Examining the EPO's financial health and sustainability

- **Occupational Health & Safety Risks (IIRSM)**

Mitigating the risks inherent in our workplace

- The EPO's working conditions are excellent and internal legal rules **compare favourably with best international legal standards and practices.**
- **Social dialogue** needs to be improved: MoU with one trade union already concluded.
- The EPO is stronger **financially** than in 2011
- Coverage of financial liabilities, incl. **staff pensions secured**

# The EPO's priorities for 2017

## Core tasks:

- Continue successful implementation of the Quality and Efficiency Policy;
- Move towards a fully end-to-end digitalised “EPO 4.0”

## Internal situation:

- Move forward from a culture of litigation to a ‘we’ culture of trust;
- Enhance the dialogue with our social partners, in particular trade unions.

**2017 will also be a special year for the Unitary Patent and for the Trilateral and IP5 cooperation with its 35<sup>th</sup> and 10<sup>th</sup> anniversaries organised by the EPO in Seville and Malta, respectively.**

# Main features of the unitary patent

- **Quality:** A **European patent**, granted by the EPO under the EPC
- **Cost-effective:** **Attractive and business-friendly renewal fee pattern** means good value for money – less than 5.000 EUR for 10 years protection in up to 26 MS
- **Broad territorial protection:** **Uniform protection in up to 26 EU member states** instead of protection in a few member states only
- **Reduction of red tape:** **One-stop shop at the EPO** instead of national validation and translation requirements and fee payments with several national patent offices; reduction of complexity and associated costs
- **Flexibility:** An **additional option for patent owners**, alongside the existing European and national patent systems
- **Legal certainty:** **Uniform litigation system through the Unified Patent Court**

# Objectives of the Unitary Patent

A **simplified** and **cost-effective** patent system for Europe

- Facilitates access to patent protection for **SMEs, universities** and **public research centres**
- **Makes Europe more attractive** for innovation and investors
- Boosts Europe's **competitiveness**

# Status on progress as of March 2017

## Member states preparations – Ongoing

- Ratification of the UPC Agreement ongoing.  
12 states have ratified so far:

<u>Austria</u>	<u>Finland</u>	<u>Malta</u>
<u>Belgium</u>	<u>France</u>	<u>Netherlands</u>
<u>Bulgaria</u>	<u>Italy</u>	<u>Portugal</u>
<u>Denmark</u>	<u>Luxembourg</u>	<u>Sweden</u>

- Brexit:
  - in November 2016 the UK reaffirmed its intention to ratify during 1<sup>st</sup> semester 2017

## Preparations – Completed

- The EPO is ready to deliver the Unitary Patent.
- The member states will start operating the Unified Patent Court on 1 Dec. 2017

# Conclusion: the EPO in 2016

- ✓ 2016 was a **positive year** for the EPO
- ✓ **Reforms** are proving to have been **successful**
- ✓ **Increasing quality, production and productivity**
- ✓ **International influence** has grown
- ✓ The European patent system **continues to expand**
- ✓ The **Unitary Patent is ready** for launch



Thank you  
for your attention!