

May 20, 2015

Mr. Benoît Battistelli  
President  
European Patent Office  
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80469 Munich, GERMANY  
*Via email:* president@epo.org

Mr. Jérôme DeBrulle  
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Intellectual Property Office  
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1210 Brussels, BELGIUM  
*Via email:* Jerome.Debrulle@economie.fgov.be

**Re: Unitary Patent Renewal Fees**

Dear President Battistelli & Chairman DeBrulle:

I am writing on behalf of the American Intellectual Property Law Association (AIPLA) to comment on the “Adjusted proposals for the level of renewal fees for European patents with unitary effect” (SC/18/15) and the “Comparison of fees and external costs between a European Patent and a Unitary Patent” (SC/19/15), which were recently transmitted to the Select Committee. This letter supplements our earlier letters regarding Unitary Patent (“UP”) renewal fee proposals.

AIPLA appreciates the opportunity to comment and acknowledges the adjustment in these proposals from prior proposals to base proposed fees for the first ten years on a sum of national renewal fees rather than on the EPO application renewal fees. We also appreciate the new comparison tables that take account of the cost of translation of a Unitary Patent, and provide a comparison with the fees charged by specialized validation, translation and renewal fee payment providers.

Nonetheless, we remain concerned about (1) using the EP national renewal fees in the TOP4 and TOP5 Member States as a basis for UP renewal fees, (2) not accounting for the practice of selective abandonment that occurs with conventional European patents throughout patent life at and after grant and especially in the second half of patent life, and (3) the overall cost in comparison with costs in other jurisdictions of Asia and the Americas. For example, the current True TOP4<sup>1</sup> proposal would cost at least 3 times more over the life of a Unitary Patent than renewals of a U.S. patent, and the UP will not cover all EPO states or even all EU states.

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<sup>1</sup> "True" TOP 4 level, i.e. on the sum of the renewal fees paid today for the four most frequently validated countries, from year 2 onwards until year 20.

We also suggest that the TOP4, and especially the TOP5, renewal fee schedules in the adjusted proposals are inconsistent with Recital (19) and Article 13.2 of EU Regulation No. 1257/2012, which state:

Recital (19) – “[The annual renewal fee] should ... be similar to the level of the national renewal fees for an average European patent taking effect in the participating Member States at the time when the level of the renewal fees is first set.”

Article 13.2 “In order to attain the objectives set out in this Chapter, the level of renewal fees shall be set at a level that:

- (a) is equivalent to the level of the renewal fee to be paid for the average geographical coverage of current European patents;
- (b) reflects the renewal rate of current European patents; and
- (c) reflects the number of requests for unitary effect.”

Because the data previously provided to us indicate that the average number of UP participating states was 4 in 2011 (the median was 3), we suggest that a more appropriate basis for compliance with the regulation would be based on the renewal fees for 4 states, weighted by the frequency of designation. Even that may be excessive now, because we understand that the average number of designated states has been decreasing. Also, as suggested by Article 13.2(b), which states “the level of renewal fees shall be set at a level that ... (b) reflects the renewal rate of current European patents the renewal fee schedule,” we suggest that the UP renewal fee schedule should reflect selective European Patent abandonments in the later years, which reduces fee income from that provided by the present, national renewal fee system.

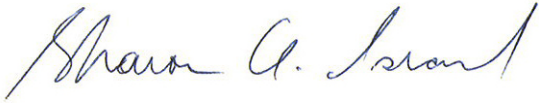
We hope that the goal of achieving a European unitary patent will not have underwhelming results because of overpricing to the applicants who desire it. If our comments cannot be easily addressed, then we hope that the appropriate authorities will revisit the pricing after a few years of operation of the UP in the marketplace of patenting alternatives for the European 25 served by the UP.

## **Conclusion**

In conclusion, we continue to urge adoption of renewal fees no higher than the TOP3 level, which we believe would attract the most Users and encourage them to renew for longer periods. If that is not possible, we suggest a level lower than the “true TOP4,” for example, using a weighted average of the renewal fees in the most frequently selected 4th states rather than using only the Netherlands as the 4th state. As far as the TOP5 proposal is concerned, we believe that there should be no increase in the basic renewal fees for the majority of Users to offset reductions for a few. We suggest that the EPO and Select Committee plan to review the fees after 5 years, and adjust them if necessary (preferably only for later-granted patents).

Thank you again for the opportunity to provide our comments on this important issue. We welcome the opportunity for further discussion on this and other matters of interest to potential Users of the Unitary Patent system.

Sincerely yours,



Sharon A. Israel  
President  
American Intellectual Property Law Association

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