



European Patent Office | 80298 MUNICH | GERMANY

Mr Adrián Vázquez Lázara
Ms Marion Walsmann
Committee on Legal Affairs
European Parliament
60, rue Wiertz
1047 Brussel
BELGIUM

adrian.vazquezlazara@europarl.europa.eu
marionerika.walsmann@europarl.europa.eu

European Patent Office
80298 Munich
Germany

Office address
Bob-van-Bentheim-Platz 1
80469 Munich
Germany

epo.org

The President

Tel. +49 (0)89 2399 - 1000
president@epo.org

Date: 18.10.2023

Proposal for a Regulation of the European Parliament and of the Council on Standard Essential Patents COM (2023) 232 final

Dear Chair,
Dear Vice-Chair and Rapporteur,

I am writing to you concerning the Commission's Proposal above, about which I have some concerns. I also wish to offer the expert advice of the European Patent Organisation (EPO) on Standard Essential Patents, their role for the development of new technologies and European competitiveness, and the need to strike a fair balance between different economic interests.

The European Parliament - and in particular your Committee - has always acknowledged the importance of the patent system for innovation, economic growth and European competitiveness. It has strived to achieve the right balance between the different interests involved, based on scientific, technological and economic evidence. To this end, it has relied inter alia on expert advice provided by the EPO, which participated in parliamentary hearings (e.g. on biotechnology or artificial intelligence) as well as in the trilogue meetings before the adoption of the Unitary Patent Regulations.

The EPO is prepared and able to offer evidence on any matters related to Standard Essential Patents (SEPs), i.e. patents essential to implementing a standard. The EPO, which has recently celebrated its 50th anniversary, has pioneered the way patents are handled across a range of sectors and technology domains. We strive continuously to achieve balance and efficiency in the patent system. For over two decades, the EPO has been at the forefront of cooperation with Standards Development Organisations (SDOs), the organisations developing and defining technical standards for interoperable technologies. In so doing, the EPO has contributed to increase the transparency of SEPs.

We are thus well-versed in the complex relationship between patents and standards. We fully acknowledge the crucial role that SEPs play in advancing foundational technologies requiring interoperable solutions. These technologies are central to critical infrastructures and indispensable for Europe's future competitiveness. We therefore support all efforts towards a well-functioning and balanced system for SEPs, which facilitates the uptake of digital solutions and connectivity in Europe.

The EPO participated in the pilot experiment for essentiality assessments in the context of the European Commission's 2020 pilot study ([Bekkers et al., Pilot Study for Essentiality Assessment of Standard Essential Patents](#)), where it was recommended that the EPO should play an active role. The EPO subsequently expressed its availability and willingness to provide its expertise to support reflections on how to improve the transparency and framework conditions for the licensing of SEPs.

Unfortunately, despite several follow-up communications reiterating this offer toward the European Commission, the EPO has not been consulted on the proposed Regulation. However, following its publication, the EPO in many informal contacts has been made aware by Member States and by users of the European patent system of their respective concerns and has been called upon to provide its expert advice to European lawmakers.

In line with its long-standing history of co-operation with the European Parliament and your Committee, the EPO deems it appropriate to share with you some initial views on the proposed Regulation and its potential impact and an assessment of the reactions, questions and concerns the proposal has raised among stakeholders and users of the European patent system from all around the world. As is usual for legislative proposals affecting different economic interests, there are different views on the proposal among stakeholders. The task ahead will be to find the appropriate balance between all the interests at stake.

The proposed Regulation's stated goals – enhancing legal certainty, transparency, and reducing fragmentation and transaction costs related to licensing SEPs – are important and commendable. However, the proposal envisages significant changes to the current framework for SEPs and licensing under terms that are fair, reasonable, and non-discriminatory (FRAND), as established by the Court of Justice of the European Union (CJEU). We feel that some of the proposed changes may be ill-suited to achieve these stated goals and require more in-depth analysis. The proposed measures may impose disproportionate regulatory burdens and hamper and delay access to justice, which could result in legal insecurity, not only for patent holders but also for third parties implementing the standards concerned.

We agree with the views expressed in the draft opinion of the European Parliament's Committee on International Trade as regards the proposed Regulation that, given the importance of evidence-based interventions in markets, the evidence adduced by the Commission is inconclusive, as also stated by the empirical assessment mandated by the European Commission (Baron et al., Empirical Assessment of Potential Challenges in SEP Licensing, p. 185).

We furthermore believe it is crucial to ensure that any proposed measures are consistent with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and respect fundamental rights under the European Charter of Human Rights, as highlighted by the President of the Court of Appeal of the Unified Patent Court (UPC) during the inauguration ceremony of the UPC on 30 May 2023. In that respect, some of the proposed measures need more analysis concerning the balance between property rights and their limitations.

Given the significant drawbacks of the proposed Regulation, we think that the following alternative measures based on existing, well-established, and trusted institutions and procedures should be considered:

It is constant practice in European law-making to rely, as far as possible, on existing, well-established and well-functioning institutions and structures in their respective area of expertise and competence, instead of duplicating such institutions and structures, thus increasing costs and complexity. Bearing this in mind, the European legislator has, for example, decided to entrust the administration of the Unitary Patent to the EPO instead of creating a new EU agency or entrusting an existing EU agency with no experience in the field of patents. From this point of view, it is, for example, questionable whether it is opportune to create any new and specific Register for SEPs.

The EPO's Register provides users with the most comprehensive, free-of-charge and up-to-date information on European patents. This rich source of information is complemented by the Unitary Patent Register for European patents with unitary effect. These Registers are linked to the databases on SEPs operated by major SDOs like ETSI and ITU-T. The Registers hold information on global patent families beyond European patents, via direct access to the registers of the patent offices of many EPO Member States and other major patent offices across the globe. Importantly, the Unitary Patent Register contains patent holders' commitments to license Unitary Patents on FRAND terms under Regulation (EU) 1257/2012 and interfaces with the register of the UPC.

Finally, it seems that the proposed Regulation does not take into consideration the potential of the UPC, and the related Patent Arbitration and Mediation Centre (PAMC), to efficiently tackle all SEP-related issues and to implement the relevant jurisprudence of the CJEU.

The UPC holds exclusive jurisdiction over Unitary Patents as well as European patents (after a transitional period), a historic achievement strongly supported by the European Parliament. Hence, the UPC will hear disputes involving SEPs, brought by parties exercising their rights to direct access to the Court's dispute resolution system subject to the strict timelines established under the Agreement on the UPC. An integral part of the Court and its system is the PMAC, which UPC judges are required to involve. It is expected to become Europe's most competent alternative dispute resolution body for patents, offering parties from all EU Member States and the rest of the world services for patent disputes going beyond the UPC's jurisdiction.

Therefore, the PMAC can be entrusted with the tasks necessary and appropriate to resolve SEPs disputes, such as determining the essentiality of the patent(s) concerned and the appropriate FRAND licensing conditions. Upon request by the UPC and/or the PMAC, the EPO could provide the technical expertise that is considered essential for such tasks. We believe national patent offices could also offer their services upon request.

Finding appropriate solutions to balance the different interests at stake, to stimulate technological progress through the development and implementation of European and international standards while protecting the legitimate interests of rights-holders and their investments in new inventions, will be a challenging task for the European Parliament and your Committee. The EPO would be happy to assist you in this task with any technical, scientific and legal expertise we can offer.

Yours sincerely,



António Campinos