

Use of Patents by Public Research Institutions

Gilles Capart, Chairman of ProTon Europe

Mr Chairman, ladies and gentlemen. I represent ProTon Europe, a European association grouping today about 270 transfer offices from universities and public research institutions, or about 2000 professionals of knowledge transfer. In addition, ProTon is the European partner of most existing national associations. Its creation and development has been supported by the Commission.

European Universities and Patents

- Patents are very important for universities
 - Reconcile innovation with publication
 - Essential instruments of trading in the Knowledge Economy (and Open Innovation)
 - Basis for attracting industry partners and creating new businesses (spin-offs)
- University patents are useful when they exist
 - More than 50% of the nominated patents for the European Inventor of the Year were based on university inventions
- European universities file 5x less patents than US
 - Mindset problem (Humboldt vs state universities)
 - Much less attractive patent system in Europe

European Patent Policy

July 12, 2006 Hearing



It is generally recognized that European universities are producing quality scientific knowledge, but that the conversion of such knowledge into economic benefits is not effective enough.

The use of patent applications is the most important instrument for such conversion. Indeed, it is the only way to reconcile their mission of disseminating discoveries through publications with the development of inventions based on such discoveries. Patents can be used directly to grant licenses, or indirectly to foster collaborative research with industry. Many spin-outs could not be funded by Venture Capital, without the potential leverage on capital gains afforded by patents. The ethics of our members is to file patents only when doing so increases the likelihood that the inventions will be developed for the benefit of the public, in keeping with the original intent of the patent legislation.

Among the 35 most successful European patents retained by the EPO for the European Inventors of the Year, which were awarded last May, about 50% are based on university discoveries and, for an additional 25%, the economic proof-of-principle was obtained through partnering with universities. This shows that patents filed by universities are crucial to the growth of the European knowledge economy.

The problem is that universities do not file enough patents. All surveys on the filing activity of European universities conducted by OECD, ProTon Europe and others show that, on average, the propensity to patent by European universities is about 5

times lower than for US universities. This is a major market failure. Some of the difference can be attributed to the different mindset of universities. More important is the fact that the European system of patents is much less favorable to universities than the US patent system. The list of advantages is summarized on the next slide:

US patent advantages for universities

1. Grace period of one year on disclosure by inventors
2. The inventors rights are protected during this period (first to invent concept)
3. Continuation-in-part, allowing to protect improvements on early stage inventions, w/o being opposed prior filings
4. Flexible provisional patent applications
5. *Less expensive, with wide market coverage w/o translations*
6. Reduced filing fees for universities
7. *Easier to enforce*
8. More types of inventions can be patented, such as computer implemented inventions

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As you see, the list is impressive. Only the items shown in italics might be improved to some extent by the proposed community patent. Among others, items 1 and 4 could be implemented under the current system and exist or have existed in certain member states.

Current compromises on Community Patent will not help much

- Do not address many of the above problems
- The expected benefits do not close the gap and will take >10 years to materialize (if ever). *(By that time, we will be showing our pyramids (we call them cathedrals) to Chinese tourists)*
- In the meantime, the 3 systems will co-exist = more costs and more uncertainty

Too little, too late for Europe

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We are of the opinion that the proposed community patent, which we have supported in the past, after all the compromises made to gain unanimous support of the member states, will not improve significantly the situation for universities and might actually makes things worse.

The addition of a third layer, on top of the national patents and of the EP patents validated in treaty countries, will in fact add to the complication and to the costs, while decreasing the legal certainty during the transition period.

It will take much more than 10 years before the elective community patent, with not enough significant advantages, actually displaces the other systems. By that time, the knowledge economy cycle will be over with the consequences suggested on the slide.

Recommendation from universities: Build on the existing EPC system

- Adoption of EPLA
- Adoption of London Protocol
- Reinstating a Grace Period (possible under EPC)
- Consider other measures in favour of public research
- Encourage more member states to progressively abandon their national systems and rely on EP only
- Use the resources of national patent offices made redundant to support innovation in public research
- This approach can be bottom up from member states

The same benefits and more can be achieved by building up on existing EP rather than by adding a new layer with attendant additional costs and delays

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On the other hand, we think that there is much more potential for building on the existing EPC system by voluntary measures such as EPLA and the London Protocol and adding some measures that really help universities, such as the grace period and flexible provisional systems.

The excessive costs of patenting in Europe come to a large extent from the maintenance of national patent systems with no significant benefits. These resources could be used more effectively to support the innovation process.

The other advantage of this approach is that it does not require unanimity of the member states and should be easier to implement. If the member states are really serious about opening the way to a community patent system, they should not object this. It requires political courage and the capability of admitting that a good idea 20 years ago may no longer be a good idea today.