

## THE INFLUENCE OF THE ACCESSION TO THE EPO ON INVENTORS IN THE NEW MEMBER STATES

Ladies and Gentlemen,

I would like to thank the Bulgarian Patent Office and the Union of Inventors of Bulgaria for inviting the European Patent Office to this international conference today. It is a great honour for me to participate in the celebration of three anniversaries of the Bulgarian Intellectual Property System.

Today I will speak about the strategy on the protection of industrial property and the new possibilities open to the Bulgarian inventors in connection with the accession to the EPO.

For a Bulgarian inventor all three pillars of the patenting system are open:

- National,
- European and
- International

An analysis will follow on the strategy, national applicants can use taking into account all the procedures available.

To finalise I will include a review on the impact on Bulgaria's market, which undoubtedly will change due to Bulgaria's accession to the European Patent Organisation.

As you know, a patent is a legal title granting its holder the exclusive right to exploit his invention in a limited area and for a limited time period. The holder might stop others from making, using or selling his invention without his authorisation.

The filing of an application requires unity of invention, i.e. the application must relate to a single invention or a group of inventions linked so as to form a single general inventive step.

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The main requirements for granting a patent application are:

- novelty; that means no prior disclosure or use,
- inventive step; so that it is not obvious to one skilled in the art , and
- industrial applicability; so that it can be made or used in any kind of industry, including agriculture.

In return, for the grant of this limited-term monopoly, the applicant for a patent must deliver a full disclosure of the invention. Applications and granted patents are published, which makes them a prime source of technical information. Over 80% of the world's technical knowledge can be found in patent documents. A good source of technical information avoids reinventing existing inventions, developing products already on the market, etc. and consequently avoids unnecessary investment in research and development by the industries.

Patentees can prevent competitors from exploiting their inventions for up to 20 years. This enables them to recoup their development costs and gives them time to obtain a fair return on their investment.

By offering protection in exchange for disclosure, the patent system creates incentives to invest in research and development. It fosters technical innovation, which is crucial to competitiveness and overall economic growth.

The European Commission attaches great importance to industrial property in general, and to patents in particular, because as mentioned before, patents are essential for the promotion of innovation, and innovation in turn is vital for a viable and successful modern economy.

The roots of the Bulgarian's patent system go back to 1921, when - for the purposes of enforcing the Law on Patents for Inventions, - an Industrial Property Bureau was established performing the activities in the field of patent granting and trademark registration. In 1948 the Institute of Rationalizations (INRA) was established.

Today's conference is dedicated to, between other events, also to the celebration of the 10<sup>th</sup> anniversary of the passing of the new Patent Law of Bulgaria. With the entering into force of the Patent Law on June 1, 1993 the

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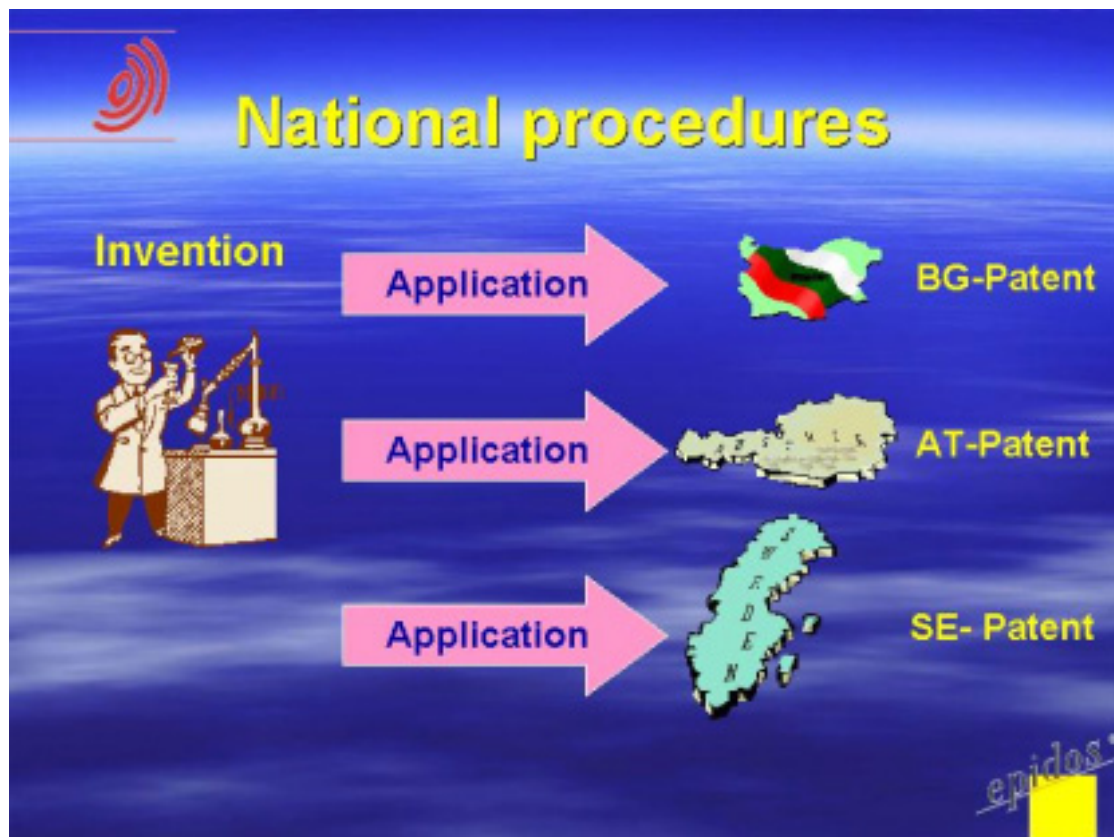
name of Institute of Rationalizations became Patent Office of the Republic of Bulgaria.

The new Law on Patents in Bulgaria is in compliance with the European Patent Convention. It provides for the possibility of direct legal protection of objects in any field of technology by a patent.

Before we deal with the impact of the European Patent we should take a closer look on the mechanism underlying patent protection. Protecting an invention involves the applicant and the Patent Office as an intermediate to the public. An application has to be filed, describing the invention in technical terms.

There are three different general forms of protection:

- the National Patent Application,
- the European Patent Application, and
- the International Patent Application (PCT).



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I will now start describing the first form of protection, the National Patent Application. All the EPC contracting states offer the possibility, as a first step, of applying for a national patent. Filing a patent application with a national office gives the advantage of a relatively inexpensive “foot in the door” and allows applicants to deal with a patent authority which is local and speaks their own language.

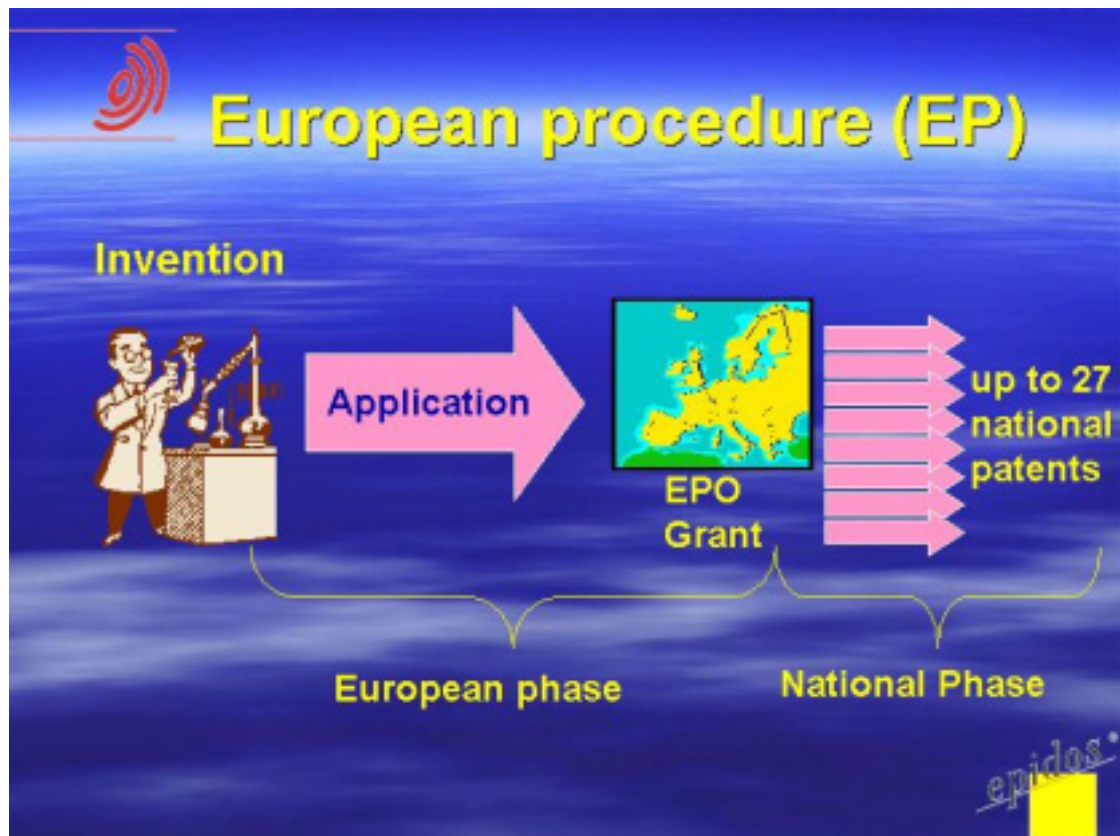
Depending on the national patent law in most countries a search report is carried out by the National Office. The result of this search report allows the applicant to assess the patentability of his invention and supports his decision upon starting international procedures.

By using the national procedure the patent receives only national protection.

However, I have to stress that the role of the national patent offices is very important for the patent system in Europe. They constitute a most valuable contact point for local business, in particular private inventors and smaller and medium sized enterprises, and can provide technical information tailored to local needs. National patent offices have also a role to play as an “entry point” into the European patent system.

To summarise: the characteristics of a national patent are the following:

- the applicant files one application in his mother language for one state,
- one procedure is necessary in order to get a patent granted in the respective country, and
- the patent is only valid in the territory of this particular state



I will now move to the next form of protection: a European Patent Application.

The European Patent Office is the central authority for the grant of European patents. It grants patents on the basis of the European Patent Convention, which was signed in Munich on 5 October 1973 and entered into force on 7 October 1977.

The EPC makes it possible to obtain patent protection in up to 27 European countries on the basis of a single application. The applicant decides which countries the European patent should cover. These are called designated states. European patents have the same legal effects as national patents in each country for which they are granted.

The protection afforded by a European application or patent can also be extended to the so called extension countries. These are Albania, Latvia, Lithuania and the Former Yugoslav Republic of Macedonia.

European patent applications can be filed by any natural or legal person. The application can be submitted in writing to the EPO's offices in Munich, The Hague or Berlin, or to the central industrial property office of any contracting

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state. Since Bulgaria is a member of the EPO for Bulgarian citizens it is possible to communicate directly with the European Patent Office. However, for inexperienced applicants we recommend to use the service of a patent attorney.

The European patent application has to be filed in one of the official languages of the EPO - English, French or German. This language will become also the language of the proceedings.

However, persons having their residence or principal place of business in a contracting state, which has another language, are allowed to file applications in that language. A translation of the application into one of the EPO official languages has to be filed within three months.

A European patent can be granted on the basis of a direct European patent application. The application may be:

- a first filing, or
- an application based on a priority

Priority may be claimed for a European patent within twelve months after the first filing of the national patent application for a patent or registration of a utility model. The European patent application has to claim for the same invention as the national patent application.

Let me give you an example. If an applicant files for a national Bulgarian patent, within twelve months he has the possibility to file a European patent. In practice this means, the applicant has time to finalise the development of his invention, to check the market situation, and to decide on the extension of the protection area. The priority date will count as the date of filing for the European patent application.

To claim priority the applicant must indicate on the respective form of the EPO the following:

- the state of the first filing,
- the date of filing,
- the file number of the previous application, and
- the certificate issued by the authority which received the application.

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European patent applications consist of four or five parts:

- A request for grant of a European patent which must be filed on the official EPO grant form.
- A clear description of the invention. The description forms the basis for the claims and must include:
  - o an indication of the technical field to which the invention relates,
  - o an account of the background art, which could be useful for understanding the invention,
  - o the disclosure of the invention as claimed; this disclosure must be such that the technical problem and its solution can be understood.
  - o It must also comprise a detailed account of at least one way of carrying out the invention claimed, and
  - o a statement of how the invention is capable of industrial application.
- The most essential part of the patent application is the claims. The application may contain one or more claims. They must define the subject-matter for which patent protection is sought in terms of its technical features. They must be clear and concise and be supported by the description.
- In order to make the patent application more understandable for many technical subject matters, drawings have to be provided referred to in the description or the claims.
- The applicant is also obliged to deliver an abstract. This is purely for technical information purposes and cannot be used to assess the patentability of the invention.

It should be noted that after filing, the subject-matter of a European patent application cannot be extended beyond the content of the application as filed.

The first step of the European patent grant procedure is the examination on filing, to check whether the necessary information and documentation have been provided to allow the application to be accorded a date of filing. This is followed by a “formalities” examination, relating to certain formal aspects of the application, including the form and content of the request for grant, the designation of the inventor, any claim of priority, etc.

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The next step in the grant procedure is the search, carried out by the respective examiner. As a result, a European search report is drawn up, listing the documents available to the EPO which may be taken into consideration in assessing novelty and inventive step. The search report does not contain reasons and expresses no opinion as to the patentability of the invention.

The application is published eighteen months after the date of filing or the priority date, usually together with the search report (this publication is called A document).

Applicants have then six months from the date of publication of the search report to decide whether or not to pursue their application by requesting substantive examination. After the request for examination has been made, the EPO examines whether the invention is patentable.

The granted European patent is published in the European Patent Bulletin (this publication is called B1 document) and enters the national phase. In the contracting states, for the patent to take effect and be enforceable against infringers, it must be validated. That means that a translation of the specification into an official language of the state has to be filed with the national patent office; fees may also be payable. These matters are governed by national law.

At this stage the European patent is split into national patents and enters the so called National Phase.

After the European patent has been granted, it may be opposed by third parties if they believe that it was wrongly granted. Notice of oppositions must be filed within nine months of publication of the mention of grant. The opposition board is assessing whether the patent has to be maintained, amended or revoked. After the nine months period, opposition at the EPO is no longer possible. A European patent would then have to be revoked under the national law of a Contracting State, with effect for its territory.

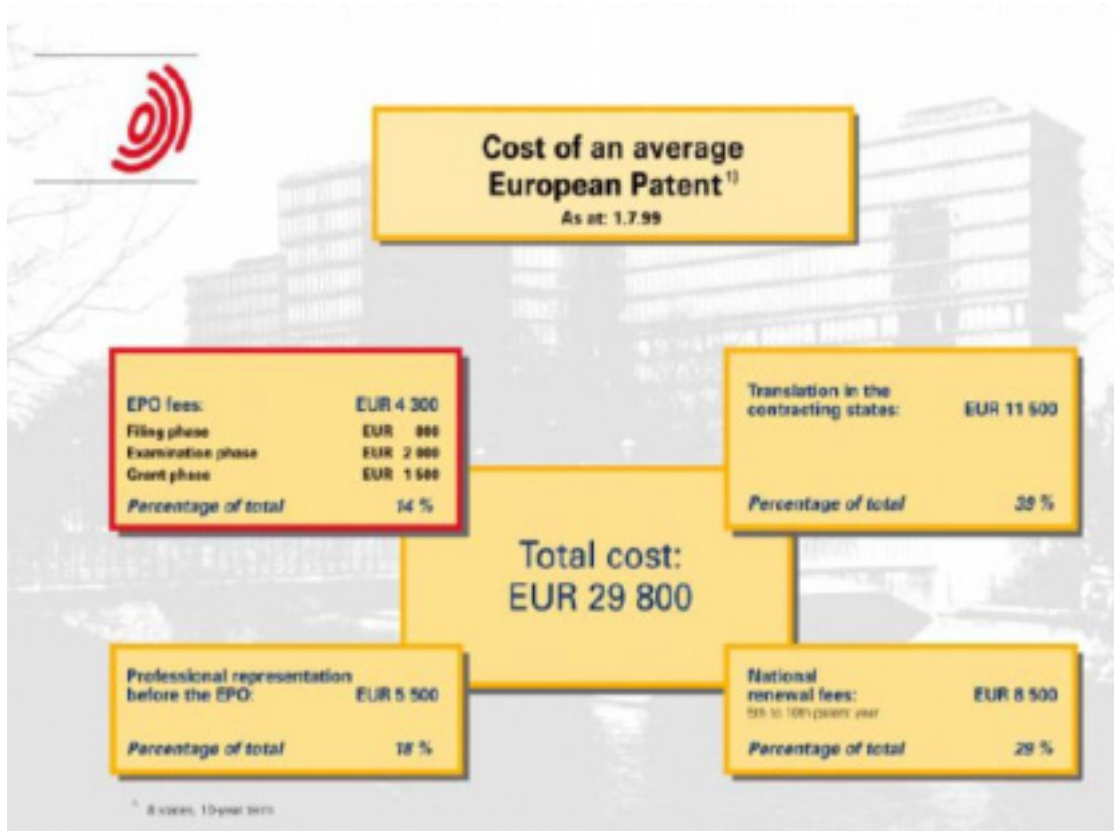
Decisions of the EPO, for example concerning grant or opposition matters, are open to appeal.

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The European patent procedure provides a cost effective tool to achieve patent protection in a number of countries. To give you an overview of the fees system lets now look at the fees to be paid for a European Patent.



The cost of an “average” European patent - with eight designated states for a 10 years term – amounts to 29.800 €. The fees to be paid to the EPO up to the grant of the patent amount to 4.300 €, which represents 14% of the total cost for an average European patent. 18% of the total cost is paid to professional representation i.e. patent attorney, 39% of the fees are translation costs in the contracting states, and 29% are the national renewal fees for the 5<sup>th</sup> to 10<sup>th</sup> patent year.

Lets see now some further details on the fee structure. The filing and search fees paid to the EPO- that amount to just over 800 €- must be paid within one month after the filing of the application. The remaining fees are payable later. This means that applicants can decide at each stage of the procedure whether or not to pursue the application.

The designation fees shall be paid within six months of the date on which the European Patent Bulletin mentions the publication of the European search

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report. The opposition fee amounts to just over 600 € and the fee for appeal to just over 1.000 €.

The fee structure favours the designation of a large number of countries, since the designation fees are limited to the fees of maximal 7 countries. That means that after the 7<sup>th</sup> country you can extend your protection to other countries without additional payment.

The renewal fees, payable to the national patent offices of the designated states after grant in order to maintain the patent, depend on the rates charged in each state. However, a minimum renewal fee is to be charged. The amount of this fee is decided by the Administrative Council.

At the post-grant stage, competence of the patent administration is transferred to the contracting states designated in the European patent. Where the patent has not been granted in one of their official languages, these countries require a translation of the patent specification. Otherwise the European patent will not become effective in that country. Since translation costs can be considerable, applicants should use market analyses to pinpoint the countries for which they really need to maintain protection.

The average length of the procedure up to grant is between three and five years. However applicants wishing to have accelerated search or examination, and rapid publication of the granted patent, may make a request to this effect. Using the accelerated procedure, known as the PACE measures, the search time can be reduced to about three months, with a further nine months for examination.

Summarizing now, the advantages of a European patent are:

- Only one application filed at one Office for various member states is necessary. There is only one procedure and one EP patent for all these member states.
- A European patent is a cost-effective and time-saving way to obtain sound protection in a range of European countries.
- A European patent is a strong patent. Every European patent has undergone substantive examination and can be obtained for countries which otherwise have “registration-only” systems.

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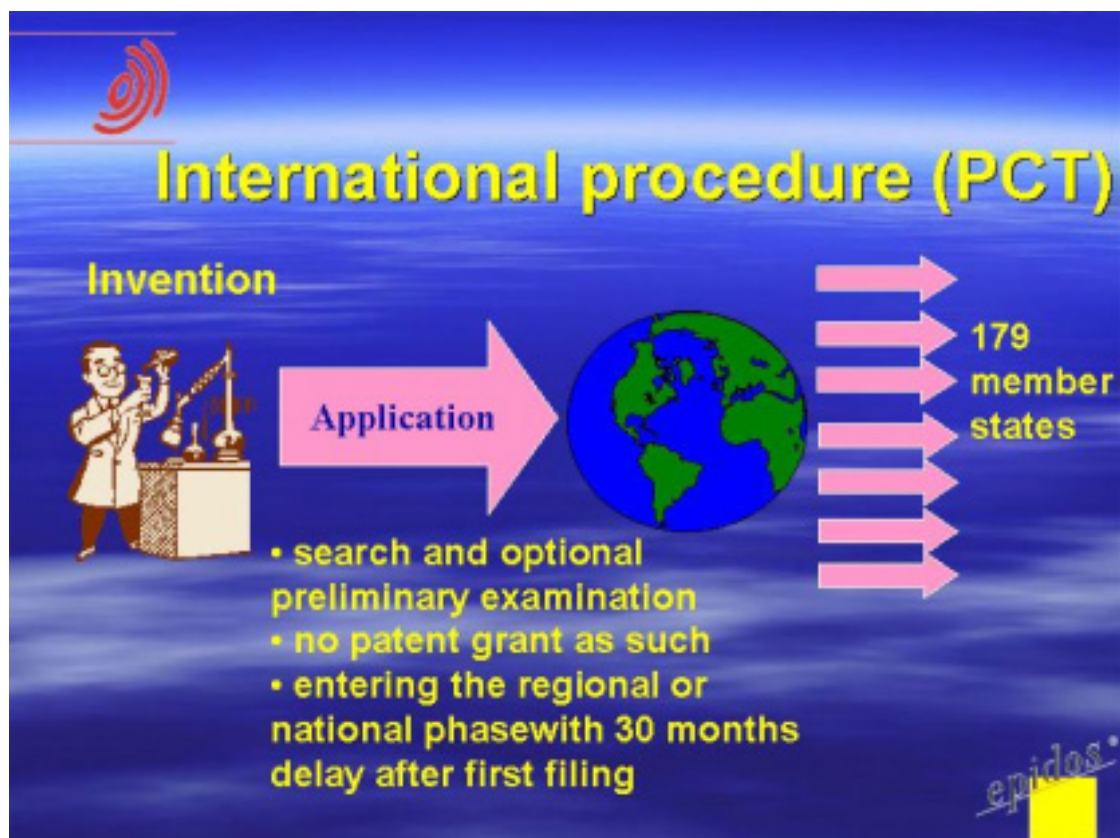
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- With a European patent there are unitary effects in the EPC contracting states.

However, the door is open to the inventor to limit the protection to each country individually.

If an inventor wishes to protect his invention in countries, which are not part of the EPC, he might apply for his patent at the respective national patent office of that country (e.g. US Patent and Trademark Office or Japanese Patent Office). Every applicant is free to apply for his patent where he wishes.

Over 80% of the world's patents are granted by the EPO, the Japanese Patent Office and the United States Patent and Trademark Office. In order to be able to deal more efficiently with the number of applications filed, these three Offices have been co-operating closely since 1983 on projects involving automation and databases.



I will now move to the third possibility to apply for a patent. A European patent application can also be derived from an international application filed under the Patent Co-operation Treaty – this is called Euro-PCT” application.

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The Patent Co-operation Treaty offers a simplified patent application procedure for 179 countries worldwide. It enables inventors to file a single international patent application designating many countries, instead of having to apply separately for national or regional patents.

In the “international” phase, an international search and - upon request - international preliminary examination are performed. The applicant then receives valuable information about the potential patentability of his invention, and has more time than under the EP or national patent system to decide in which of the designated countries to continue with the application. It is important to remark that the PCT procedure does not lead to a granted patent; it is just an application procedure and it delivers an opinion about patentability.

In the “national” or “regional” phase, 30 months after first filing, the patent granting procedure is then carried out by the relevant national or regional patent offices.

Thus, the PCT system consolidates and streamlines patenting procedures and reduces costs, providing applicants with a solid basis for important decision-making.

By agreement with the World Intellectual Property Organization (WIPO), which administrates the PCT, the EPO also grants European patents on the basis of international applications filed under the PCT. Applicants from almost all the contracting states are able to choose the EPO to act as an International Searching and International Preliminary Examining Authority. The EPO handles approximately 65% of all of these international procedures.

The PCT procedure is divided into two parts, known as Chapter I and Chapter II. Under Chapter I, the International Searching Authority issues a search report. If he so wishes, the applicant can then opt for Chapter II, which is International Preliminary Examining.

In short the features of the “Euro-PCT” application are:

- Only one single patent application for a number of selected states from the PCT member states is necessary.
- The procedure is carried out by one receiving Office.

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- The search is done by an International Searching Authority.
- The application is published by WIPO.
- The examination is done by an International Preliminary Examining Authority.
- The entry into the EP or national phase occurs after 30 months and then the national procedure starts.

Regarding the variety of protection procedures, it becomes evident that the applicant has a wide range of possibilities to protect his invention. A patent has not to be only regarded as a legal title, but has also the impact on the market and economy of the respective country. With regard to the common market the importance of intellectual property increases each passing day. A strong and dynamic intellectual property system supports and encourages technological innovation.

Therefore the patent applicant has to consider carefully his strategy of filing and maintaining patents. Small and medium sized enterprises should use different sources of information as market analyses, the services of chambers of commerce, technology centres, etc., to make sure which patent procedure to use and to apply for protection in the countries for which they really need to maintain protection.

Let us now regard the impact and the benefits of the protection system on inventors in Bulgaria.

What does the participation in the European patent system mean for a new member state and small economy such as Bulgaria?

1<sup>st</sup> of July 2002, when Bulgaria became a member of the EPC, was an important milestone on the way towards a full-scale integration into the European Union.

The harmonization of legislation and the development of administrative competences of the Bulgarian National Office were good grounds for the Administrative Council to recognize that Bulgaria could become a member of the EPC.

Since small countries like Bulgaria do not have a large national market, companies in these countries have to be export orientated. This implies that they have to focus on protecting their inventions in countries outside their

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national territory. They have to try to protect against competitors. In this respect a system such as the European patent system is even more beneficial for small countries than for large ones, as it opens the gateway to large markets.

The most important benefit for applicants in Bulgaria is the possibility to obtain protection for an invention in up to 27 European countries with one single application. This facilitates and accelerates the protection procedure remarkably.

Furthermore Bulgaria benefits from a remarkable knowledge transfer provided by its participation in the European patent system.

On the other hand, Bulgaria will be designated much more often by foreign inventors wishing to protect their invention in this country. This will be influenced by the fact that up to the 7<sup>th</sup> country, inventors can extend their protection to other countries without paying further cost. Consequently, inventors will take advantage of the fees system and they will apply for protection of their invention in Bulgaria.

Entering into the European market, Bulgarian enterprises will discover their need to collect and assess patent information more and more in order to compete successfully with others. It is therefore essential for enterprises in Bulgaria to be up to date concerning patent information.

As you heard from the previous speech, the EPO offers advantages to support the dissemination of patent information in each country, especially for new member states such as Bulgaria, as well as co-operation programmes to stimulate the modernisation of national industrial property administration.

The accession of Bulgaria to the EPC, if taken as an isolated act as such, will of course have no impact on the procedures of European patent granting's nor change the high level of legal protection of inventions assured to the entrepreneurs coming to the Bulgarian part of the European market.

However, there will be changes that will affect Bulgaria with respect to its political responsibility. Bulgaria has joined the EPC at a time when intellectual property protection has reached a critical point in worldwide dimensions, and even more so within the framework of a growing European Union.

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This situation is a challenge for EPC states, which now have a unique opportunity to work together and benefit from these challenges accordingly.

In terms now of how Bulgaria's Industrial Property system might be influenced after one year belonging to the EPC, the following can be concluded:

- At short term the number of national patent applications filed by foreigners in Bulgaria will decrease, as they may use the European procedure to obtain protection in Bulgaria.
- In order to develop the technology sector in Bulgaria, enterprises will file more patents in general. At mid term an increase in the number of national applications may be expected, as resident applicants can claim the priority and then get a European patent application.
- A major increase in the number of patent applications affecting Bulgaria. The inventors will take advantage of the fees system, in which after the 7<sup>th</sup> country the protection can be extended to other countries without additional payment.
- An increase of the number of EP granted patents in force in Bulgaria in two to four years time, when the currently filed EP applications reach the status of grant.
- More investment in research and development and consequently, a noticeable increase in the level of technical innovation in order to compete with the other European countries.
- Businesses involved in the manufacture or marketing of counterfeit products might find themselves faced with controls on their activities.
- The accession of Bulgaria to the EPC will lead to a development of the intellectual property sector in this country.

As a result of these considerations we are confident that the accession to the European Patent Organisation will support the integration of Bulgaria in the European Union, and will benefit Bulgaria's economy and society.

Ladies and Gentlemen, thank you very much for your attention.