G 3/19: Do flaws in the EBA's reasoning amplify concerns regarding the perception of independence of the EPO Boards of Appeal?

Mike Snodin (Fellow) discusses how G 3/19 may have impacted perceptions regarding the independence of the Boards of Appeal and the rule of law at the EPO.

On 14 May 2020, the EPO's Enlarged Board of Appeal (EBA) issued its opinion in case G 3/19, thereby, at least as far as the EPO is concerned, bringing to a close a long-running controversy regarding the interpretation of Article 53(b) EPC. In view of the politically charged background to G 3/19, it was perhaps always to be expected that the EBA's opinion on the questions referred would provoke yet more controversy. However, few will have predicted that, by rewriting the referral and adopting views expressed by the European Commission, Council and Parliament, representatives of some EPC Member States and the President of the EPO, the EBA would appear to rubber-stamp a rule crafted with the express intention of overturning the EBA's prior interpretation of the EPC.

The most striking outcome of the EBA's opinion in G 3/19 is an apparent circumvention of a provision of the EPC (Article 164) that establishes the supremacy of the Convention over the Implementing Regulations. This seems to open the way to members of the Administrative Council (AC) making wholesale changes to the EPC itself without the need either for unanimity of the Contracting States, or to call a Diplomatic Conference, contrary to the requirements of the Convention.

In the previous article (page 7), the author discussed why structural weaknesses in the current set-up of the Boards of Appeal of the EPO mean that concerns regarding the perception of independence of the Boards can arise in cases, such as G 3/19, in which the actions of, including written statements submitted by, representatives of Contracting States to the EPC leave the EBA in no doubt as to the outcome desired by those representatives. He also pointed to changes that could (and, in the author's view, should) be made to the way in which the Boards of Appeal are set up to bolster their actual and perceived independence following on from past proposals for improvement.

However, this article discusses the EBA's reasoning on key issues in G 3/19, as well as gaps and flaws in that reasoning. It also points to aspects of the EBA's opinion that give rise to problems regarding both the perception of independence of the EBA and the rule of law at the EPO.

Admissibility

The EBA's reasoning

A key criterion for admissibility of a referral by the President is whether "two Boards of Appeal" have given "different decisions" on the point of law that is the subject of the question referred. In view of problems identified with the questions referred by the President of the EPO,[1] the EBA rejected the questions put by the President and rewrote the question which they had to decide as follows:

> "Taking into account developments that occurred after a decision by the Enlarged Board of Appeal giving an interpretation of the scope of the exception to patentability of essentially biological processes for the production of plants or animals in Article 53(b) EPC, could this exception have a negative effect on the allowability of product claims or product-by-process claims directed to plants, plant material or animals, if the claimed product is exclusively obtained by means of an essentially biological process or if the claimed process feature define an essentially biological process?"

Only one Board of Appeal (that in case T 1063/18) had ever considered this question. However, the EBA identified Board of Appeal decisions (those in T 315/03 and T 272/95) that, in its view:

> "can be read as acknowledging that a subordinate but later provision of the Implementing Regulations can have an impact on the interpretation of a higher-ranking and previously enacted provision of the Convention, irrespective of a particular interpretation given to the latter in an earlier decision by a Board of Appeal."

The EBA then reasoned that T 315/03 and T 272/95 were "different" from T 1063/18 on the grounds that:

(a) the notion acknowledged by T 315/03 and T 272/95 was "consistent with Article 31(3)(a) Vienna Convention, which provides for any subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions to be taken into account"; and
(b) in T 1063/18, the Board "did not take up that notion by examining whether the interpretation of Article 53(b) EPC could be affected by Rule 28(2) EPC on the basis of Article 31(3) Vienna Convention".

Gaps and flaws

In a prior decision (G 3/08) the EBA indicated that Article 112(1)(b) EPC required that "two Boards of Appeal must have given different decisions **on the question referred**" (emphasis added). This standard for admissibility was not applied in G 3/19. This is because the "difference" identified by the EBA at (a) above was ***not*** a point of law addressed by either of the questions referred, or by the EBA's consolidated and rephrased question.

With respect to (a), it is also unclear whether a notion that is neither acknowledged nor (explicitly) considered in an earlier decision can, even if arguably consistent with that earlier decision, provide a suitable basis for categorising a later decision as being "different" in the sense required by Article 112(1)(b) EPC.

Further the EBA's conclusion in (b) above is flawed. The reasons for this are as follows.

- As pointed out in CIPA's *amicus curiae* brief in G 3/19, the Board in T 1063/18 gave detailed consideration (at points 30 to 38 of the decision) to the question of whether Rule 28(2) EPC represented a "subsequent agreement" in the sense of Article 31(3)(a) of the Vienna Convention that could affect the interpretation of Article 53(b) EPC.
- There is no explicit or implicit indication in either T 315/03 or T 272/95 that that the Boards' interpretations of the EPC were based upon consideration of Article 31(3) Vienna Convention.
- Thus, even though the Board in T 1063/18 could not consider "subsequent practice" in the sense of Article 31(3)(b) of the Vienna Convention, there being no "subsequent practice", this does not constitute a discernible difference from either T 315/03[2] or T 272/95.
- When tackling substantive matters, the EBA reached the same conclusion as the Board in T 1063/18, namely that applying the granulated, systematic and teleological methods of interpretation of Article 31(3) Vienna Convention to developments subsequent to G 2/12 does ***not*** lead to a different interpretation of Article 53(b) EPC.[3]

  In other words, the EBA effectively concluded that point (b) above relates to a mere difference in methodology between two Boards of Appeal, and that application of the different methodologies to the question referred would ***not*** lead to different *decisions*.

In addition, it is clear that differences in underlying facts account for the differences between decisions reached, on the one hand, in T 315/03 and T 272/95, and, on the other, in T 1063/18. For example, in contrast to the situation for the Board in T 1063/18, the Boards in T 315/03 and T 272/95 were not faced with a direct conflict between an EBA ruling and a subsequent Implementing Regulation (in connection with the interpretation of an Article of the EPC)[4].

In the light of the above, it is clear that the standard for admissibility applied in G 3/19 was significantly lower than that set out in prior EBA rulings, such as G 3/08.[5]

Admissibility of the referral is the first surprising and controversial aspect of the EBA's opinion. It is therefore a cause for great concern that the EBA's opinion does not contain any plausible justifications for breaking with established principles for assessing admissibility. In particular, it makes it harder to dismiss a fear of partiality of members of the EBA that is based upon the "objective" test discussed in the previous article. However, it also gives rise to a question regarding the EBA's compliance with Article 6(1) of the European Convention on Human Rights (ECHR). This is because in G 1/05, the EBA held that:

- Article 6(1) ECHR enshrines the principle of equal treatment and the right of parties to a fair trial; and
- in view of that principle, the Boards of Appeal are obliged "to decide the individual cases pending before them according to **uniformly applied criteria** and not in an arbitrary manner" (emphasis added).

Reinterpretation

Background

A key question underlying G 3/19 is whether it is permissible for secondary law (in the form of an amending Implementing Regulation) to force an interpretation that conflicts with the wording of a provision of primary law (i.e. an Article of the

EPC). The EPC contains provisions that address this issue, namely Articles 33(1)(b), 35(3) and, most particularly, Article 164(2) EPC.

From both its wording and its legislative history, the purpose of Article 164(2) EPC is to enforce a hierarchy of laws, namely to ensure that a provision of primary law always prevails over any conflicting provision of secondary law.[6]

Further, Articles 33(1)(b) and 35(3) EPC define the requirements that the AC must satisfy in order to change the primary law of the EPC. That is:

(a) Article 33(1)(b) indicates that only certain Articles of the EPC may be amended (those of Parts II to VIII and Part X of the EPC), and then only for the purpose of bringing them "into line with an international treaty relating to patents or European Community legislation relating to patents"; and
(b) Article 35(3) EPC requires a ***unanimous*** vote at an AC meeting in which ***all*** of the Contracting States are represented.

When Rule 28(2) EPC was passed by the AC, *neither* requirement (A) *nor* requirement (B) was satisfied[7].

The EBA's reasoning

In the light of the above, a literal interpretation of the EPC would lead to the conclusions that:

- the AC was not empowered to amend Article 53(b) EPC (as it did not follow the relevant procedures for such an amendment); and
- due to conflict between the wording of Rule 28(2) EPC and a literal interpretation of the wording of Article 53(b) EPC, the provisions of the latter prevail over those of the former.

However, the EBA arrived at a different conclusion. Its reasons for doing so can be summarised as follows.

- A change in the EPC legislator's aims necessitated a "dynamic" reinterpretation of Article 53(b) EPC.
- The "dynamic" reinterpretation of Article 53(b) EPC effected by Rule 28(2) EPC complied with the rule of law in the sense that it remains "within the legal limits" set by Article 53(b) EPC.
- The "dynamic" reinterpretation of Article 53(b) EPC means that there is no "conflict" (in the sense of Article 164(2) EPC) between that Article and Rule 28(2) EPC.

Gaps and flaws

The introduction of Rule 28(2) EPC was key to the EBA's determination that there had been a change in the EPC legislator's aims. Thus, put simply, the introduction of Rule 28(2) EPC caused the EBA to reinterpret Article 53(b) EPC.

In practical terms, an amendment of the Implementing Regulations that causes an Article to be reinterpreted is indistinguishable from an amendment of that Article. That is, both amendments result in a new interpretation of the Article in question. In this respect, Rule 28(2) EPC effectively amended Article 53(b) EPC.[8]

The EBA's opinion in G 3/19 therefore appears to have sanctioned an outcome that is expressly forbidden by the EPC (and, in particular, of Articles 33(1)(b), 35(3) and 164(2) EPC)[9]. The opinion also appears to have ignored the *travaux preparatoires* to which it refers.[10]

Moreover, the effective amendment of Article 53(b) is contrary to a plain reading of Article 39 of the Vienna Convention, which provides the following general rule regarding the amendment of treaties:

> "A treaty may be amended by agreement between the parties. The rules laid down in Part II apply to such an agreement except insofar as the treaty may otherwise provide".

The EPC provides specifically for its amendment in Articles 33, 35 and 172. However, the amendment effected by Rule 28(2) EPC did not follow those rules. It was also not the result of an "agreement between the parties".[11]

The EBA's opinion does not address the interpretation of any of Articles 33(1)(b), 35(3) and 164(2) EPC. It therefore lacks any reasoning that might either:

- justify a different (i.e. non-literal) interpretation of those Articles; or
- explain why the EBA believed that a change in the EPC legislator's aims could be established by a provision of secondary law enacted by a body (the AC) that did not qualify as "the EPC legislator" at the time.

Similarly, the EBA's opinion does not explain how the effective amendment of Article 53(b) EPC is consistent with Article 39 of the Vienna Convention.

On the other hand, the EBA's opinion does address a potentially related point, namely whether Rule 28(2) EPC remained "within the legal limits" set by Article 53(b) EPC. However, the EBA's commentary on that point only raises further questions.

Firstly, the EBA's opinion only addresses Article 164(2) EPC *after* concluding that Article 53(b) EPC should be reinterpreted. The EBA must therefore have concluded that a "dynamic" **re**interpretation of an Article based upon a new Rule is ***not*** hindered by Article 164(2) EPC, but instead only by "the legal limits" set by the Article in question. Again, the EBA's opinion lacks any reasoning that might justify this conclusion.

Secondly, it is self-evident that determining "the legal limits" of an Article necessarily involves *interpreting* that

Article. However, the EBA's opinion is silent on the method(s) of interpretation that it used (and that others should use) for this purpose. This is problematic because analysis of the EBA's reasoning leads to the conclusion that the method applied was neither a literal interpretation nor any other of the methods provided for under the Vienna Convention. The reasons for this are as follows.

- The EBA adopted a "dynamic" interpretation of Article 53(b) EPC on the basis that, unlike a literal interpretation of that Article, it did not conflict with the legislator's aims. The corollary of this conclusion, however, is that the "dynamic" interpretation adopted by the EBA *conflicts* with a literal interpretation of the wording of Article 53(b) EPC as articulated by the EBA in this case and in G 2/12 and G 2/13.
- When it interpreted Article 53(b) EPC by using methods provided for under the Vienna Convention, the EBA arrived at a result consistent with a literal interpretation, and hence also *conflicting* with the "dynamic" interpretation.
- A "dynamic" interpretation can hardly be said to "remain within the legal limits" of an Article interpreted to have a conflicting meaning. Thus, when determining "the legal limits" of Article 53(b) EPC, the EBA cannot have relied upon either a literal interpretation of that Article, or any interpretation provided for under the Vienna Convention.

This therefore leads to the question of whether the EBA determined "the legal limits" of Article 53(b) EPC by using:

1. a "dynamic" interpretation; or
2. a(nother) method not provided for under the Vienna Convention.

The answer to this question is unlikely to be satisfactory, as both of Options (I) and (II) above suffer from serious problems. That is, the EBA's "legal limits" test would either be rendered meaningless (i.e. based upon circular logic, under Option (I) above) or would lack adequate legal basis (Option (II) above).

The EBA's opinion contains statements that point towards Option (II), namely indications that:

- Article 53(b) EPC "does not prohibit" the new, broader understanding of the process exclusion; and
- the EBA "takes the view that this exclusion is not incompatible with the wording of Article 53(b) EPC".

However, for the reasons discussed above, the exclusion of Rule 28(2) EPC ***is*** prohibited by – and incompatible with, and accepted by the EBA as being incompatible with[12] – all but the "dynamic" interpretation of the wording of Article 53(b) EPC. The relevance of the above-mentioned statements therefore remains obscure, as does the method of interpreting the wording of Article 53(b) EPC that the EBA had in mind when it made them.

In light of the above, it appears that the EBA determined compliance with the rule of law by using a "stand-alone" test that:

- derives from unspecified, general legal principles;
- was used in preference to tests deriving from provisions of the EPC (such as Articles 33(1)(b), 35(3) and 164(2) EPC); and
- is either meaningless or reliant upon unspecified, unusual and obscure methodology.

The absence of any plausible explanations for the adoption of such a test raises serious concerns in connection with the rule of law.[13] This is because it calls the following into question.

- Does the EBA's opinion in G 3/19 respect the hierarchy of laws (and separation of powers) established by Articles 33(1)(b), 35(3) and 164(2) EPC?
- By concluding that a provision of secondary law "calls for" the reinterpretation of a provision of primary law, is the EBA complying ***only*** with the provisions of the EPC, as required by Article 23(3) EPC?
- In view of the potential for the AC to force new interpretations of the EPC (*including* interpretations that conflict with those previously provided by the EBA) do the Boards of Appeal still retain "interpretative supremacy with regard to the EPC in terms of its scope of application", as indicated in G 3/08?

The result would appear to be that a lack of clarity regarding the EBA's "legal limits" test provides the AC with the power to force a new interpretation of *any* Article of the EPC[14] (by introducing a new Rule that prompts a "dynamic" reinterpretation of the EPC).

Finally, it is important to note that the EBA's reasoning makes it impossible for practitioners to determine whether an Article of the EPC should be "dynamically" reinterpreted in the light of a new Implementing Regulation. This is in part because the EBA determined "the EPC legislator's intention" by relying upon documents that are not publicly available (in particular, the detailed minutes of an AC meeting that provide information on the representatives present and the votes cast in connection with the proposal to introduce Rule 28(2) EPC[15]). However, difficulties also arise because the EBA did not indicate which (if any) threshold level of votes at an AC meeting must be exceeded in order to establish a change in "the EPC legislator's intention" (which change might then support a "dynamic" reinterpretation of the EPC). Taken together, these observations call into question whether the EBA's reasons for dynamically reinterpreting Article 53(b) EPC are consistent with the principle of legal certainty.

Summary and conclusions

The previous article discussed pre-existing weaknesses in the set-up of the Boards of Appeal that can give rise to concerns (under the "objective" test for partiality) regarding the perception of independence of members of the Boards of Appeal. Against this background, it is therefore a cause for alarm that, for the reasons discussed above, G 3/19 gives rise to further concerns regarding both the *perception* of independence of the EBA ***and*** the (perception of) the rule of law at the EPO.

In the light of the above, and as discussed in the previous article, the author is of the view that the seriousness of the issues raised by G 3/19 merits, at the very least, a renewed attempt to revise the EPC in a manner that might remove all reasonable (i.e. objectively justifiable) grounds for doubting the independence of the Boards of Appeal. Moreover, in view of the possible consequences of inaction, the view of this author is that it would be preferable for any such revision of the EPC to be pursued both urgently and earnestly.

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Notes and references

1. See paragraphs II.1 to II.6 of the opinion, and in particular the EBA's comments that "The wording of question 1 is too general and unspecific in that it broaches an institutional topic which reaches well beyond the ultimate object of the referral", "**This would open the door to the possibility of circumventing the statutory procedures for amending the Convention itself, namely by way of a diplomatic conference pursuant to Article 172 EPC or by unanimous vote in the Administrative Council pursuant to Articles 33(1)(b) and 35(3) EPC**" and "the second question likewise needs to be re-phrased to ensure that it is unencumbered by the opinion of the EPO President as the originator of the referral" (emphasis added).
2. Indeed, the *amicus curiae* submitted in connection with G 3/19 included an opinion from the legal member co-rapporteur who was principally responsible for writing the decision for T 315/03 (Christopher Rennie-Smith) which concluded that "T 315/03 does not offer a decision differing from T 1063/18 as regards the first question referred to the Enlarged Board of Appeal in the referral".
3. See paragraph XIV of the opinion.
4. See also the discussion of T 315/03 and T 272/95 in Wales [2020] CIPA 7-8, 50.
5. For further commentary on, including criticism of, EBA's decision on admissibility see: (i) Josepha Koch, "G 3/19 – The struggle of power within the EPC", *GRUR International*, ikaa123 (doi: 10.1093/grurint/ikaa123), in which it is asserted that the referral to the EBA "violates the separation of powers within the EPO"; and (ii) Michael A Kock, "G 3/19 'Pepper' – Patentability of plants obtained by breeding processes. Is this the end?", *Bio-Science Law Review*, 2020, 7(5), 184-201, in which it is asserted that "to enable admissibility the EBA 'designed' a conflict, which in fact does not exist".
6. This appears to be recognised by the EBA in its comments at paragraphs II.1 and II.2.
7. This is effectively acknowledged by the EBA in the summation of votes cast for Rule 28(2) EPC provided in paragraph XXVI.5 of the opinion.
8. In paragraph 32 of T 1063/18, the Board appears to reach the same conclusion on this point.
9. For criticism of the EBA's opinion as representing "an astounding emasculation of Art. 164 EPC", see J. Cockbain and S. Sterckx, *J World Intellect Prop.* 2020, 1–33. (*https://onlinelibrary.wiley.com/doi/full/10.1111/jwip.12168?af=R*)
10. See paragraph XIV.2 of the opinion.
11. Whilst AC meetings are attended by representatives of the Contracting States, those representatives are not "*the parties*" to the EPC. Also, references to "the parties" in Article 39 VCLT are, in common with references to "the parties" in Article 31(3) VCLT (see point XV 3.2 of the EBA's opinion), to be understood as references to "all parties". The absence of a unanimous vote is therefore another reason why Rule 28(2) EPC does not represent an "agreement between the parties" in the sense of Article 39 VCLT.
12. See paragraph XIV of the opinion.
13. For criticism of the EBA's decision on the separate ground that it is contrary to the principle of democratic legitimacy, see Josepha Koch, "G 3/19 – The struggle of power within the EPC", *GRUR International*, ikaa123 (doi: 10.1093/grurint/ikaa123).
14. The EBA applied a "dynamic" reinterpretation that effectively ignored the limits on the AC's legislative powers imposed by Articles 33(1)(b), 35(3) and 164(2) EPC. It therefore cannot be excluded that the AC could, by amending the Implementing Regulations by using its powers under Article 33(1)(c) EPC, force "dynamic" reinterpretations of even those Articles (from Parts I, IX and XII of the EPC) that are expressly excluded from the AC's legislative powers under Article 33(1)(b) EPC.
15. Notwithstanding that a news item published by the EPO makes it quite clear that not all representatives to the AC agreed, as would have been required if the AC wished to amend the EPC by relying upon its authority under Article 35(3) EPC.