

Dear colleagues,

Examiners have just been told that next year they will again have to produce more. Staff in Patent Administration is expected to follow the race. The justification - as always - is that the Office must become more "efficient" to stay "competitive". Really?

We draw your attention to **CA/F 18/17 Rev. 1** (24.11.2017), in particular to the following points:

The EPO's cash reserve has grown steadily during recent years, particularly under the Efficiency and Quality strategy applied since 2011 (400 m€ in 2006, 1.700 m€ in 2014, 2.200 m€ in 2016). It currently stands at 2.3 billion Euros (point 5).

These reserves increase each year thanks to an annual operating surplus that currently stands at about 400 million Euros (point 33). This is 20% of the EPO's annual budget. The annual operating surplus is expected to increase as the Office continues to pressure its staff to produce more and faster.

The “cornerstone” of the proposed new investment strategy is a long term investment horizon of about 20 years (point 32). And – keeping in mind “the absence of important cash need in the near future” (point 35) – “the liquid funds currently available to the Office could theoretically entirely be used for long-term investments” (point 10). And “since historically the markets have always recovered after financial crises, the EPO intends to maintain its asset allocation in volatile markets” (point 32).

The EPO considers that a cash reserve of 50 million Euros at the beginning of the year will provide sufficient liquidity to compensate for the "fluctuations" of monthly incoming and outgoing payments and ensure the smooth operations of the Office (point 8).

The document proposes a strategy for investing initially 2 billion Euros (point 33) and then yearly about 250 million Euros (point 43). It expects having built up a total treasury of 12 billion Euros after a period of 20 years (point 43). The management of the treasury shall be outsourced to external expert fund managers (points 26 and 28).

You might agree that this raises a number of questions:

- Is accumulating such sums of money appropriate for a patent office?
- How do these surpluses square with Art. 40(1) EPC which stipulates that fees should be fixed at such a level that the Organisation's budget is “balanced”?
- How does hoarding money make the EPO more competitive?
- What would the Organisation finally want to do with all that money?

The EPO is a public service organisation but not an investment bank. High quality work done by highly qualified and motivated staff have made the Office a success. We suggest that, rather than accumulating horrendous piles of money, the Office should invest in its most valuable asset: its staff. What is needed in order to restore the quality that is getting lost under the tremendous work pressure is sufficient time to carry out tasks properly, more training for new colleagues, and a fair career system which rewards staff also for high quality work rather than merely for excessive numbers of delivered products.

EPO Flier Team