



PRESS RELEASE

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## **European Business Leaders Call for a Simplified Patent Process to Drive Innovation**

Europe's 500, the association of the European top growth companies, calls upon the European Commission and the Member States to introduce a simplified central patent application process for the EU.

At present, inventors in Europe are required to complete 27 separate registration processes in many languages across the EU27 and the cost of obtaining approval for a single patent can be as high as €150,000. In sharp contrast, the same inventor wishing to apply for a patent in the United States of America can do so with just one application at a cost of approximately US\$5,000. This patent is then guaranteed protection throughout the United States.

Patent applications in Europe are a particular problem for small and medium-sized enterprises and independent inventors who comprise 60 to 70 percent of all EU patent applications. The numerous filings and the cost involved prevent these innovative employment generating firms from developing their businesses and strategic partnerships throughout Europe.

In practice most patents are only applied in one or two countries as it is very difficult to fund the European roll-out of new start-up technologies or products within the short time period in which it is allowed to apply in other countries based on the original country's approval.

One of the consequences of the current system is that there are 50 percent fewer new European patents - key drivers of innovation and growth. This comes at a time when it is widely accepted that the European economy must develop from an industrial to a knowledge-driven economic model.

Criticism is often heard whenever private equity firms become involved with the funding and enforcement of patents. However, private equity can be instrumental to protect smaller companies' intellectual property against predatory behaviour by much richer big companies. In such a situation, the new trend for private equity firms to back intellectual property could lead to higher rewards for the owners of the intellectual property, which will ultimately attract more innovative activity, inventors and engineers - "Innovation braucht Lohn".

The lack of innovators and engineers in various crucial economic sectors is a serious threat to European competitiveness. We can only hope that private equity support will result in a greater respect for IP in the future and innovation efforts will attract more talent as young people see a promising career and financial rewards in IP. In order for Europe to grow successfully, we must focus policy on innovation and engineering.

The current patent system constitutes a serious barrier for protection of inventions across borders in the Internal Market. In this context, Europe's 500 is urging the Commission and the Member States to introduce a single central registration process which would become the only legally valid system for registering patents in all EU countries, heralding a leap forward in implementing the Single Market. The association also warns that any political move to limit the scope of intellectual property or prevent patent application becoming as simple and straightforward as that in the US would be highly counterproductive to European innovation goals.

Thomas Tindemans, Managing Director  
Europe's 500 Entrepreneurs for Growth, Wetstraat 62 (Rue de la Loi), B-1040 Brussels)  
in the name of the policy committee  
Tel No 0032 2 2098231 Email: [office@europes500.com](mailto:office@europes500.com)

