

***Pepper* case:**  
**exceptions to patentability in the opinion of the Enlarged Board of Appeal of the EPO of May 14, 2020**

On May 14, 2020 the Enlarged Board of Appeal of the European Patent Office issued its opinion in the case G 3/19 (*Pepper*). The highest judicial authority established by the Convention on the Grant of European Patents (EPC) resolved that plant or animal varieties exclusively obtained by means of an essentially biological process are not patentable. Undoubtedly, it is an opinion of a great importance, supported by a very interesting and nuanced legal argumentation, which — what is particularly significant — runs contrary to the already existing case-law. In this issue of WTS Legal Report we would like to offer you a brief recap of how did we get to this turning point, and afterwards we would like to familiarize you with key aspects of the latest opinion.

**Relevant legal grounds**

**Article 53 of European Patent Convention**

**EXCEPTIONS TO PATENTABILITY**

European patents shall not be granted in respect of:

- (a) inventions the commercial exploitation of which would be contrary to "ordre public" or morality; such exploitation shall not be deemed to be so contrary merely because it is prohibited by law or regulation in some or all of the Contracting States;
- (b) plant or animal varieties or essentially biological processes for the production of plants or animals; this provision shall not apply to microbiological processes or the products thereof;
- (c) methods for treatment of the human or animal body by surgery or therapy and diagnostic methods practised on the human or animal body; this provision shall not apply to products, in particular substances or compositions, for use in any of these methods.

**Rule 28 of Implementing Regulations – to the Convention on the Grant of European Patents****EXCEPTIONS TO PATENTABILITY**

(1) Under Article 53(a), European patents shall not be granted in respect of biotechnological inventions which, in particular, concern the following:

(a) processes for cloning human beings;

(b) processes for modifying the germ line genetic identity of human beings;

(c) uses of human embryos for industrial or commercial purposes;

(d) processes for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical benefit to man or animal, and also animals resulting from such processes.

(2) Under Article 53(b), European patents shall not be granted in respect of plants or animals exclusively obtained by means of an essentially biological process.

**The opinion of the Enlarged Board of Appeal of the EPO concerns an interpretation of Article 53 of EPC.** This rule lists patentability exceptions — namely, among others, plant or animal varieties or essentially biological processes for the production of plants or animals; with a reservation that it does not apply to microbiological processes or the products thereof. The Enlarged Board made a reference as well to Rule 28(2) of Implementing Regulations to the EPC where a following phrasing can be found: “European patents shall not be granted in respect of plants or animals exclusively obtained by means of an essentially biological process”. It is necessary to point out that Rule 28(2) is a new addition to the Implementing Regulations: it was introduced by the decision of Administrative Council of the EPO of July 29, 2017.

**The patent application filed by Syngenta Participation AG**

Syngenta Participations AG submitted to the EPO a patent application concerning new pepper plants and fruits with improved nutritional value. In this case a problem recurring in the judicial practice of bodies of the EPO was brought to the fore: permissibility of patenting products that are obtained by means of an essentially biological process. It could have seemed that the situation was quite straightforward, taking into account Rule 28(2) of the Implementing Regulations which resolves unequivocally, as we have already mentioned, that patents cannot be granted for plants and animals that are obtained through essentially biological processes. Some serious doubts arose however in the light of existing body of rulings of the EPO in that field.

## The vegetable saga

We need to be aware of the fact that the *Pepper* case is just a newest chapter of a long-running vegetable saga, in which main roles have already been played by tomatoes and broccolis. It is because of earlier judgments in cases G 2/12 (*Tomatoes II*) and 2/13 (*Broccoli II*) that adjudicating the *Pepper* case turned out to be so problematic.

**In the combined cases G 2/12 and G 2/13 the Enlarged Board of Appeal of the EPO issued 5 years ago, on March, 25 2015, two identical, widely discussed decisions.** The legal challenge that had to be confronted was actually the same one which came up in the *Pepper* case: patentability of products obtained by means of an essentially biological process. Upon a thorough examination of Article 53(b) of the EPC, the Enlarged Board reached a conclusion that such products can in fact enjoy patent protection without violating a provision in question that prohibits expressly patenting “essentially biological processes”, not that what can be produced through them. Therefore Enlarged Board contented that the varieties of tomatoes and broccolis at issue were capable of meeting patentability criteria.

### An amendment to the Implementing Regulations to the EPC

Those decisions of the Enlarged Board provoked some serious controversies — the EU institutions voiced their concerns about the applied line of reasoning. The European Parliament adopted a resolution calling the European Commission to clarify the patent law concerning plants; the Commission issued in November of 2016 a communication wherein, referencing specific provisions of the Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 (the Biotech Directive), it presented its views regarding patentability of products that are obtained by means of essentially biological processes. This pressure exerted by the EU institutions on the EPO turned out to be effective. Eventually in a time period between publication of decisions in combined cases G 2/12 and G 2/13 and release of the opinion in *Pepper* case the legal order has changed — through the decision of the Administrative Council of the EPO of June 29, 2017 (CA/D 6/17) a wording of Rules 27 and 28 of Implementing Regulations to the EPC was amended. The decision took effect on July 1, 2017.

## The decision of the Technical Board of Appeal of the EPO

Although one could think that in the light of the revised Implementing Regulations, there should not be any question marks when it comes to non-patentability of the disputable pepper, the situation was, as a matter of fact, far from unambiguous. Syngenta's patent application has been, as it could have been expected, rejected by the Examining Division of the EPO. Nonetheless, subsequently the applicant filed an appeal and the case reached the Technical Board of Appeal: the position that it took after having completed its review of the problem, led to a significant turning point.

**The Technical Board of Appeal asserted in its opinion of December 5, 2018 that Rule 28(2) of Implementing Regulations violates Rule 53(b) of the EPC.** According to the Technical Board, the Administrative Council claimed for itself a competence that has not been transferred to it by contracting-states of the Convention, i.e., a power to interpret its provisions on its own. A situation where a collision between provisions of the EPC and the Implementing Regulations occurs, has been clearly anticipated, as the Technical Board pointed out, by Article 164(2) of the Convention which states that in case of conflict between the provisions of the Convention and those of the Implementing Regulations, the provisions of the Convention shall prevail. Breaking with an established case law which was fully embodied in cases G 2/12 (*Tomatoes II*) and G 2/13 (*Broccoli II*) was called unjustified.

### A referral of the case to the Enlarged Board of Appeal

Making use of a power that Article 112 of the EPC confers upon him, the president of EPO, António Campinos, in April 2019 referred to the Enlarged Board of Appeal a legal problem formulated in two distinct questions. The first one was seeking to determine whether, considering Article 164(2) of the EPC, it was possible to clarify a meaning and scope of Article 53 in the Implementing Regulations without taking into account previous interpretations of such a provision as put forward in former decisions of Boards of Appeal, as well as Enlarged Board of Appeal. The second question was dependent on an affirmative answer to the first one and had a purpose of finding out whether exceptions to patentability of plants and animals obtained by means of essentially biological processes under Rule 28(2) of the Implementing Regulations do actually comply with Article 53(2) of the EPC which "neither explicitly excludes nor explicitly allows" them.

### **The opinion of the Enlarged Board of Appeal: the essence of the problem**

As we mentioned already in the introduction to this report, the Enlarged Board of Appeal confirmed in its opinion of May, 14 that plants and animals obtained through an essentially biological process are non-patentable. It is however necessary to examine closely the line of reasoning employed in support of this thesis.

At the point of departure it was crucial to identify an essence of legal problems lurking behind questions of the president of the EPO. The Enlarged Board ascertained that the matters referred to it encompass, on the hand, **a question of hierarchy of legal norms contained in the EPC and the Implementing Regulations and at the same time a distribution of competences in terms of interpretation of the Convention**, while on the other hand — determining **whether there actually exists a contradiction between Rule 28(2) of the Implementing Regulations and a superior norm of Article 53(b) of the EPC**. Having paraphrased a motion formulated by president Campinos, the Enlarged Board of Appeal concluded that the exact question that it had been addressed should be articulated as follows: taking into account developments that occurred after delivery of decisions in cases G 2/12 and G 2/13 in which a comprehensive 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 was given, could the effect of this exception extend to plants and animals obtained by means of essentially biological processes.

### **The process of interpreting Article 53(2) of the EPC**

Once again a problem of interpreting Article 53(2) of the EPC emerged in the center of attention. Enlarged Board of Appeal evoked general rules for interpreting international treaties as provided by the Vienna Convention on the Law the Treaties of 1969 (the VCLT). **It is necessary to recall that under Article 31(1) of the VCLT, an international treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context** (the context understood as comprising any agreement relating to the treaty which was made between all the parties in connection with the conclusion of the treaty; as well as any instrument which was made by one or more parties in connection with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty) **and in the light of its object and purpose**.

First of all, it was necessary to seek **an objective meaning** of a provision of the EPC at issue. The Enlarged Board ascertained that a literal wording of Article 53(b) is exhibiting some level of ambiguity, therefore it is not acceptable to content oneself with a

grammatical interpretation. The next step that had to be taken was to carry out the **systematic interpretation** — an examination of the full context of the provision, as well as its position and function within a given coherent set of rules. In this case the Enlarged Board reached once again the same conclusions as in combined cases C 2/12 and G 2/13: that is, it indicated that the systematic interpretation does not support by itself treating the patentability exception regarding processes as covering products obtained through them as well. Subsequently the Enlarged Board undertook a **teleological (functional) interpretation** — having surveyed Article 53(v) of the EPC in the light of its purpose, values, legal, social and economic goals that it was supposed to serve, it found out that breaking with the approach established in the case law, especially in *Tomatoes II* and *Broccoli II*, still would be unwarranted — bearing in mind that the very object and purpose of Article 53 of the EPC remained too vague and elusive to offer a firm ground for making a choice between a wide or narrow scope of interpretation of the exception.

The Vienna Convention does not confine itself to solely pronounce a general rule of interpretation in **Article 31(1). According to its Article 31(3), when interpreting a treaty, there shall be taken into account, together with the context:**

- (a) **Any subsequent agreement** between the parties regarding the interpretation of the treaty or the application of its provisions;
- (b) **Any subsequent practice** in the application of the treaty which establishes the agreement of the parties regarding its interpretation;
- (c) **Any relevant rules of international law** applicable in the relations between the parties.

For this reason the Enlarged Board moved beyond the wording of Article 53 of the EPC and in its further analysis it referred to, on the basis of the aforementioned provision of the VCLT, i.a., to Rule 26 of the Implementing Regulations (referring to the Biotech Directive as an auxiliary means of interpretation) — it decided that this reference does not however rule out in any way patentability of products obtained through essentially biological processes. Afterwards, it addressed the above-mentioned communication of the European Commission of 2016, studying a possibility of treating it as a manifestation of a “subsequent practice”. The Enlarged Board took advantage of this opportunity to recall that the EPO is autonomous with regard to the European Union legal order and the EU law does not apply to it. Finally, while reviewing legislative and administrative practice of contracting states which in the wake of the decisions of 2015 started en masse to adopt internal regulations delineating the wide scope the exception, the Enlarged Board underlined that those were unilateral actions incapable of establishing any agreement of all the parties concerning interpretation of the treaty.

The Vienna Convention states that **should the interpretation according to Article 31 lead to results that are ambiguous, absurd or unreasonable, one can recourse to supplementary means of interpretation, which include the preparatory work of the treaty and the circumstances of its conclusion** (Article 32). The Enlarged Board poin-

ted out that in the previous case law dealing with the same issues it had already considered the preparatory work and this study had led to it to conclude that in the discussions preceding signing of the treaty, no demands to introduce an exception in the scope designated by Rule 28(2) had been voiced. Thus, by following of reasoning the path already well known and tested, the Enlarged Board upheld its support for the interpretation that had been presented previously in cases *Tomatoes II* and *Broccoli II*.

And then it made one key reservation.

### Dynamic interpretation

In its opinion of May, 14 the Enlarged Board claimed that it cannot be assumed that the interpretation of patentability exception under Article 53(b) as put forward in cases *Tomatoes II* and *Broccoli II* “had been settled once and for all”, since — as it rightly remarked— “it may emerge at a later point that there are aspects or developments which were unknown at the time the decision was issued or irrelevant to the case, or were otherwise not taken into consideration”. Evolution of meaning of legal provisions over time was described as natural object of judicial interest. **The Enlarged Board demonstrated that no interpretation should be treated as carved in stone.** To support this thesis, it cited Article 20 of the Rules of Procedure of the Boards of Appeal of the EPO which are in force from January 1, 2020, under which should a Board consider it necessary to deviate from an interpretation or explanation of the Convention given in an earlier decision of any Board, the grounds for this deviation shall be given, unless such grounds are in accordance with an earlier decision or opinion of the Enlarged Board of Appeal; the president of the EPO must be notified of such a decision. Just like that it is confirmed that in some cases alterations and corrections of approved interpretations are common and entirely acceptable.

In consequence what was left for the Enlarged Board to do was to **examine whether in a time period since the decisions in cases *Tomatoes II* and *Broccoli II* were issued, there have been sufficiently important developments that would justify a dynamic interpretation.**

In this case, as the Enlarged Board pointed out, circumstances calling for an adjustment of the earlier interpretation had in fact occurred. **Such a pivotal factor was namely an adoption of the Rule 28(2) of the Implementing Regulations** — the factual and legal context in which decisions in the cases G 2/12 and G 2/13 had been made changed completely. The very fact that in a vote at the Administrative Council regarding the amendment to the Implementing Regulations representatives of 35 states supported its introduction (with 1 vote against, 1 representative abstaining and 1 not present at the vote) clearly reveals, in the view of the Enlarged Board, that intentions of the parties have evo-

ived — their purpose was unequivocally to determine a new, broader scope of the exception. **Under Article 31(4) of the VCLT, a special meaning shall be given to a term if it is established that the parties so intended.** The Enlarged Board determined that this was exactly the case that had been referred to it: parties to the EPC represented in the Administrative Council by voting for adoption of Rule 28(2) expressed their intent to give a special meaning to the term “essentially biological means”. Considering that Article 53(b) of the Convention does not prohibit such a dynamic interpretation, as the Enlarged Board stated more than once in its opinion, it should be accepted as the proper interpretation.

As a side note, it is worth adding that another interesting aspect of the opinion concerns addressing accusations that Administrative Council of the EPO had overstepped its competences. The Enlarged Board called attention to the fact that the EPO as an international organization brought into existence by the parties of the EPC is guided by the rule of law, however a meaning of this rule as applied to the EPO has to reflect its specific organizational structure. It is not possible to speak about a violation of separation of powers, when in case of the EPO separation of powers does not exist anyway — it does not have a traditional legislative body.