Report to Council in Cologne November 2015

The 75th meeting of the Finance Committee took place in Basel on 5th of October 2015.

The Treasurer (Mr P Thomsen) & Deputy Treasurer (Mr M. Sarap), Ms G. Stegemann (Secretariat) and the Internal Auditors (Mr H-J Kley, Mr P. Conan) attended as invited guests.

The Treasurer informed the Committee that the surcharge for electronic payments by PayPal or Credit Card has been implemented on the new website of the epi as previously recommended by the Committee. Also the recommendation of the External Auditors to have written contracts with the speakers at educational activities, organized by epi, has been implemented.

The Treasurer further informed the Committee of the discussions with the EPO regarding the repartition of the costs in relation to the EQE (early registration for the EQE and reimbursement of the epi examiners). The EPO would like to transfer the responsibility for the early registration to epi but currently, there is no agreement on the cost compensation for this work. Also the agreement between the EPO and epi for reimbursement of epi examiners for EQE work has expired. A request for extension of the agreement has been made by epi, but for the time being, it is not sure whether epi examiners will be paid for their work at all!

Following the mandate from the C77 Council in Milan to allow “investment of up to 1.5m EUR” into a professionally managed asset management, a first tranche of 300,000 EUR has been transferred to the Swiss company S + P AG. A second tranche of 300,000 EUR will be moved within the next days. A special mandate has been negotiated with the management firm to limit potential risks and losses from the investment.

The education activities of epi are continuously increasing. Especially with the expected coming into force of the Unitary Patent and the UPC, the education activities will further substantially increase in the next years. In order to be able to cope with this activity, the epi will have to acquire appropriate software for organizing the offered education. It is also foreseen to hire a further person on a part time basis.

Furthermore the Committee discussed the necessity to change the current bookkeeping software. The currently used SAGE software is not compatible to exchange data with other software in use at the Secretariat and/or the EPO. As SAGE will require a costly mandatory update next year, it is now the time to look for alternatives, which are better suited to be interfaced with other software in use. The Committee is strongly in favor of replacing SAGE with a more compatible software!

The Treasurer indicated that the Board had been informed of a substantial deviation of the current financial situation with respect to the budget 2015. Especially the costs for the Council meetings were substantially above the budgeted amount. This was extensively discussed by the Committee and the Committee seriously regrets that the hiring of a Conference Organizer had not resulted in the Council meeting being less expensive. The Committee agrees with the Treasurer that it should be possible to organize Council meetings for less than 1000 EUR per participant.

For 2016, the currently existing draft budget (which had not yet been distributed) foresees a deficit similar to the one for 2015, i.e. a deficit of between 300,000 and 400,000 EUR. While some of the costs will be reduced with respect to the budget for 2015, the educational budget will be significantly increased (due to the coming into force of the UP and the UPC).

The Committee controversially discussed the fact that, for with two consecutive years epi ran a deficit of up to 400,000 EUR and the possible impact on the liquidity of epi. After the discussion, the Finance Committee sees the necessity for an increase of the subscription fee in order to balance the expenses and income in the long run. The amount of the increase will depend on the decisions taken on the proposals of the reform group.

Following the agreement of the Council to the principle of implementation of double signatures in the epi Secretariat, Mr. Kley presents a proposal of an amended Art. 10B of the By-Laws “Duties and Powers of the Presidium”. This proposal, which had been previously discussed between the internal auditors and the Treasurer, was then extensively discussed. In the end, the epi Finance Committee agreed that it is in favor of principles discussed between the Treasurer and the Internal Auditors but that it is up to the By-Laws Committee to implement the decision of Council.