



Up close

 *Finding an alternative to the European Opposition system*

Oppositions can cause long periods of uncertainty for both sides. **Dr Jürgen Kaiser**, of Winter Brandl Fűrnis Hübner Röss Kaiser Polte, offers another way of challenging patents

Many patent systems in the world provide at least one post-issue challenging system in which a recently granted patent can be revoked if prior art shows up disclosing the invention of the patent or at least rendering it obvious, or the patent is invalid for other reasons, which finally might lead to the entire loss of a Patentee's patent.

For example, in Japan, Germany and according to the European Patent Convention [EPC] such a post grant challenging system is called Opposition, whereas in the US, the system is called either *ex parte* or *inter partes* reexamination. Although enacted in 1999¹, the *inter partes* reexamination in accordance with 35 U.S.C. §§ 311 to 318, which is closely related to multiple party Opposition procedure according to Arts. 99 to 105 EPC, has not yet been given a fair chance to work in the US² for to a number of reasons³.

Additionally and/ or alternatively to Opposition proceedings, most patent systems in the world also provide non term bound invalidation proceedings which can be filed during the whole life of a patent, usually called "nullity actions". For nullity actions concerning a European patent, it is important to know that they only can be filed nationally. Thus, when a European patent designates all of the current 28 member states⁴, in each of the countries a nullity action has to be filed if a competitor objects to the European patent in dispute, or to be precise, by the 28 national parts of the European patent in dispute. Consequently, nullity actions increase the costs for challenging a European patent post grant dramatically, with a very poor likelihood of arriving at the same decision, even across the majority of designated member states. Thus, nullity actions against European patents are usually only seriously considered as *ultima ratio* in parallel patent infringement proceedings as counteractions. It should be further emphasised that in most countries of the European Patent Convention, a nullity action is only admissible when either Opposition proceedings are finally

terminated, or when the European patent had not been challenged by an Opposition at all.

In the following, a closer look at the European Opposition system and its current practice before the European Patent Office [EPO] is provided.

The European System

Typically, Opposition proceedings are bound to a certain deadline after grant, which is nine months under the provisions of the EPC, calculated from the date of publication of mention of grant⁵ in accordance with Art. 99 (1) EPC, however, it may be less in other countries, eg, three months in Germany.

According to Art 99 (1) EPC, any person may give notice to the EPO of Opposition to a European patent granted. Such notice shall be filed in a written reasoned statement, and an Opposition fee has to be paid within the Opposition term.

An Opposition may only be filed on the grounds⁶ that:

- a) the subject-matter of the European patent is not patentable due to lack of novelty, lack of an inventive step, and/ or being not susceptible of industrial application, or falling under an exclusion regulation of EPC, such as ethical regulations;
- b) the European patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person having average skill in the art⁷;
- c) the subject-matter of the European patent extends beyond the content of the application as filed⁸.

At the very first glance, filing an Opposition brief against a European patent offers a number of advantages for an Opponent:

- One centralised procedure for the entirety of designated EPC member states.
- No necessity to deal with the national parts of the challenged patent.
- Relatively low fees as any party bears its own costs.

- Separate Opposition Divisions.
- Compulsory Oral Proceedings⁹ if requested by one party.
- Decisions made by the Opposition Divisions are appealable.

Three Opposition results are possible: patent is maintained as granted; patent is maintained in restricted form with amendments; or the patent is revoked in its entirety.

Figure 1 shows a statistical outline of the number of European patents granted and the percentage of Oppositions before the EPO.

As evident from Figure 1, during the past decade, an average of approximately 6% of all granted European patents were or still are subject to Opposition proceedings.

In the years 2001 and 2002, approximately 70% of the opposed European patents were maintained before the first instance, even though in some cases in amended form¹¹. According to the author's own experience during the last 15 years, the real percentage of maintenance in restricted form before the Opposition Divisions is close to 80%. Needless to say the other party in Opposition proceedings – the community of Proprietors – cordially appreciate these statistical results.

However, it appears very unlikely – and particularly contradicts the experiences of the professional representatives – that the prior art provided by the Opponents should be generally so weak that such high percentages of maintenances are justified.

For US patents, for example, one statistical analysis shows that at least 46% of patents (50% could not be ruled out) are invalidated in litigation¹², whereas current EPO practice appears to be to maintain any EP for which no novelty destroying printed piece of prior art can be provided. Whenever discussion of inventive step becomes an issue during opposition proceedings, the chances are getting poorer and poorer of arriving at a first instance decision of complete revocation of the opposed European patent.

In about half of the Opposition cases, an Appeal before the Technical Boards of Appeal is filed, resulting in significantly lower maintenance rates. Nevertheless, among the above mentioned three possible results, entire revocation of a European patent is a very rare event in European Opposition proceedings, and hence, the Opposition proceedings very often finally turn out to be a blunt tool as they lead to results being dissatisfying for the Opponent who, for example, might additionally be involved in parallel patent infringement proceedings, and might have hoped for suspension of the litigation proceedings.

The problems?

Where do such – from the perspective of the challenger – apparently ineffective Opposition results come from? One explanatory approach might be the

Figure 1: Granted and opposed European Patents [EPs]¹⁰



composition of the EPO's Opposition Divisions according to Art. 19 (2) EPC:

"An Opposition Division shall consist of three technical examiners, at least two of whom shall not have taken part in the proceedings for grant of the patent to which the opposition relates. An examiner who has taken part in the proceedings for the grant of the European patent shall not be the Chairman. Prior to the taking of a final decision on the opposition, the Opposition Division may entrust the examination of the opposition to one of its members. Oral proceedings shall be before the Opposition Division itself. If the Opposition Division considers that the nature of the decision so requires, it shall be enlarged by the addition of a legally qualified examiner who shall not have taken part in the proceedings for grant of the patent. In the event of parity of votes, the vote of the Chairman of the Division shall be decisive."

In other words, Art 19 (2) EPC means that the Examiner who was in charge of the Examination of the application in question, is usually the Reporter¹³ in the corresponding Opposition Division, although not the Chairman. Nevertheless, this Examiner (who now has to question his own decision to grant) at least kind of "guides" the written proceedings – a situation which is worth at least some consideration of amending Art. 19 EPC in the future¹⁴.

Another important negative impact in an Opponent's view might be the assignment of

insufficient time for the Opposition Divisions by the EPO's administration, and in consequence, not enough Opposition Divisions¹⁵.

A further major hook of European Opposition proceedings is their timeline. The Opposition period is far too long at nine months plus two to three years for the first instance, and an additional two to three years for the final Appeal decision¹⁶. In other words, Proprietors as well as Opponents face an up to seven year period of legal uncertainty with respect to a challenged European patent's validity.

In complex biotechnology cases such as the Oncomouse patent EP 0 169 672, this can be even more extreme: On 13 May, 1992 the EPO granted a patent to the University of Harvard in respect of its European patent application of 24 June, 1985. Oppositions against the patent were filed by a number of parties. The opposition procedure terminated in January 2003 and led to maintenance of the patent in amended form. Appeals against the decision of the Opposition Division were lodged in March 2003, oral proceedings were held from 5-9 July, 2004¹⁷, 12 years after grant. The patent expired on 24 June, 2005.

Such an Opposition timeline becomes for most parties an unbearable situation, again, particularly if parallel infringement proceedings are pending¹⁸, but also with respect to the market and marketing situation of both competitors, and so it more often turns out that Opposition results only show up when the product's shelf life has already expired or its

turnover decreases significantly.

Due to the above mentioned circumstances, European Opposition turns more and more into an ultimately expensive, but blunt tool, which requires looking for alternatives.

One such alternative are the very uncommon if not almost unknown "Observations by third parties" according to Art. 115 EPC:

"Following the publication of the European patent application under Art. 93 EPC, any person may present observations concerning the patentability of the invention. Such observations must be filed in writing and must include a statement of the grounds on which they are based. That person shall not be a party to the proceedings before the EPO. The statement of grounds must be presented in one of the official languages, i.e. German, English or French. Although receipt of the Observations is acknowledged to the third party, the EPO does not inform him of the further action taken by the Office in response to his observations."

However, in this context a new and highly effective tool comes into play, namely the EPO's online file inspection system which can be used to carry out a success check of the Observations filed, typically on a biweekly to monthly basis. For the "observing" party which must not be named, the Examiner's first post-Observations Communication reads perfectly well if he writes, for example:

"The subject-matter as claimed in currently pending claim 1 is not novel in

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view of document D12 provided by a third party. For detailed reasons, see enclosed Observations by third parties.”

However, usually, the observations are communicated to the applicant separately without delay and he may comment on them. If, in whole or in part, they call into question the patentability of the invention, they must be taken into account in any proceedings pending before a department of the EPO until such proceedings have been terminated, ie, they must be introduced into the proceedings. If the observations relate to alleged prior art available other than from a document, eg, from use, this should be taken into account only if the alleged



facts are either not disputed by the applicant or established beyond reasonable doubt. Observations by third parties received after the conclusion of proceedings will not be taken into account and will simply be added to the file¹⁹.

It should be emphasised that in drafting Observations in accordance with Art. 115 EPC, not only prior art can be submitted but also extensive argumentation. Additionally, it is important to know that all questions of patentability within the frame of the EPC can and naturally should be addressed in the petition. This includes powerful and often successful attacks based upon alleged and proven invalidity of priority claims, inadmissible amendments of the claims within the scope of original disclosure under the “anti-new-matter” provision of Art. 123 (2) EPC, non-enabling teaching²⁰ in view of Art. 83 EPC, as well as lack of clarity in violation of Art. 84 EPC.

An Observation supported by lack of clarity of a certain claim is admissible in the Observation as the application is still in the Examination phase, whereas it is inadmissible in an Opposition, as a violation of Art. 84 EPC is not listed in the grounds of Opposition as mentioned in the introductory part.

Additionally, a challenger has the advantage that filing Observations prolongs Examination time, pushing him to a position where he otherwise is moved post grant by the Patentee in Opposition proceedings, however, the delay is within the time frame of a maximum of 12 months, which is much quicker than in Opposition proceedings. After the Examiner’s decision to grant or not to

grant at least both parties will have a higher level of legal certainty putting them in a position to commercially deal with the result.

If the Observations are not successful, Opposition still remains an option, but of course, will only be promising with newly cited material.

Generally, from a psychological point of view, supported by the author’s personal experiences, an Examiner appears to be far more inclined to seriously consider well reasoned pre-issue Observations under Art. 115 EPC than considering post-issue alleged invalidity reasons in long lasting expensive Opposition proceedings, when even the best Examiner has already forgotten why she or he had considered a certain argument in a specific manner.

The modern secret in challenging a patent lies in not letting a competitor’s threatening application proceed towards grant

To summarise, in my opinion, Art. 115 Observations²¹ during pending Examination combined with the quality assurance control of online file inspection, and optionally filing a second and third Observation as a reaction to Applicant’s amendments has proven to be a very powerful and sharp tool in challenging threatening patent (applications) as the experiences and statistical numbers clearly show that a European patent once granted is hard to get rid of. Thus, the modern secret in challenging a patent lies in not letting a competitor’s threatening application proceed towards grant.

Consequently, the demonstrated advantages of Art 115 Observations by third parties versus long lasting Opposition proceedings, mean they will become an important element in a European patent attorneys’ consulting practice. ☸

Notes

- 1 By The American Inventors Protection Act, which became law in late 1999.
- 2 Frederick C Williams: AIPLA Q.J. 32, 265-299 (2004).

About the author

Dr Jürgen Kaiser has been a partner in the law firm Winter Brandl Fűrnis Hübner Röss Kaiser Polte Partnerschaft, Freising-Munich, Germany, since 1993, specialising in biotech prosecution, opposition and litigation proceedings. He further holds a teaching contract for patent law at Weihenstephan University of Applied Sciences, Faculty of Biotechnology and Bioinformatics.



- 3 Remarks of Frederick C Williams, Co-Chair, Intellectual Property Practice Group, USPTO, *Inter Partes* Reexamination Roundtable, 17 February, 2004.
- 4 See <www.european-patent-office.org/epo/members.htm>.
- 5 This date is identical to the publication date of the patent.
- 6 Art. 100 EPC.
- 7 The US counterpart to this ground is “non-enabling disclosure”.
- 8 In the US usually referred to as inadmissibly “introducing new matter”.
- 9 Art. 116 (1) EPC.
- 10 Data from the Annual Report of the EPO 2003.
- 11 See Trilateral Statistical Report 2002 of EPO, JPO and USPTO.
- 12 John R Allison & Mark A Lemley, *Empirical Evidence on the Validity of Litigated Patents*, AIPLA Q.J. 185, 205-207 (1998).
- 13 The one “entrusted member”.
- 14 According a personal notification by an EPO official, the former Examiner in charge appears to become no longer “automatically” the Reporter member of the Opposition Division.
- 15 In a complex biotech case, handled by the author, with more than 80 documents introduced by eight Opponents, and oral proceedings scheduled for three days, the Chairman of an Opposition Division complained that the EPO’s administration assigned only 30 hours for preparing and carrying out the whole Opposition proceedings, whereas they needed almost threefold that amount of time.
- 16 Although it is highly appreciated that the Appeal Boards will conduct expedited proceedings upon request, if the patent is under litigation, the final acceleration is usually only of limited nature.
- 17 Cf. decision by the Technical Board of Appeal T 315/03, written decision issued on 6 July 2004.
- 18 In Germany, it is not uncommon that the first instance of the patent litigation proceedings, eg District Court of Düsseldorf, issues its decision prior to oral proceedings being held before the Opposition Division of the EPO, let alone before a final decision on the validity issue by a Board of Appeal is available.
- 19 Guidelines for the Examination in the European Patent Office, Part E VI, 3.
- 20 The more accurate corresponding term under EPC is “insufficiency of disclosure”.
- 21 Unfortunately enough, the EPO currently does not provide any statistical data concerning the number of filed Art. 115 Observations, so that today (September 2005) no quantitative statement as compared to the number of Oppositions filed is possible.