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National Patent Litigation in Europe and the Interface With EPO Oppositions

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I. Importance of EPO Oppositions

EPO oppositions are a very powerful way of litigating patents. In reality these are pan-European proceedings for revocation, despite being misleadingly called “oppositions”. EPO oppositions are currently the closest existing process in Europe to a single European patent court action.

The strategic significance of an EPO opposition is profound. It is potentially the only way in which all the equivalent national parts of a European patent can be revoked simultaneously through one set of proceedings. This opportunity to revoke all of a patent across Europe will be irretrievably lost if the 9-month post-grant opposition period is missed, and there will then be no alternative but to engage in national revocation litigation across Europe in each country for which the patent is designated.

Patentees and their competitors must be alive to the potential implications of EPO oppositions for their patent litigation strategies in Europe, as EPO oppositions are now an almost inevitable feature of the European

litigation landscape. They can be a valuable tool, both as a response to threatened infringement litigation, and as a safeguard against the grant of potentially market threatening patents of competitors.

An essential aspect of developing a strategy for patent litigation in Europe is therefore understanding how best to integrate the key tactical considerations of EPO oppositions into that strategy. Rather than providing bespoke answers, the following is a general guide to the principal questions one should consider when devising a European patent litigation strategy that includes newly granted patents or those that will be granted imminently.

II. Interaction Between EPO Oppositions and National Litigation

The patent law system in Europe is a mix of the pan-European and the national. Patentees can use the centralised European Patent Office system to have their patents granted designated in as many countries as they wish. Under the current system, once granted, patentees and their competitors must use the national courts to enforce their patents or invalidate them. This is because both under the European Patent Conven-

tion and national laws, patent rights are national rights which can only be enforced by national courts.

The potential for conflict between the European and the national systems arises because of the potential overlap between the two systems, as concurrent parallel revocation and amendment proceedings are possible in both the national courts and the EPO. Patentees and competitors are able — and frequently do — start national proceedings immediately on grant. This is especially the case given that EPO oppositions can be filed notwithstanding that validity of the patent is being challenged at the national level.

III. Commercial Imperative — Need for Certainty and Speed

In contrast to the rapidity with which litigation is often dealt with by national courts,¹ the EPO opposition process is a lengthy and drawn out process with frequent delays. It can often take between 4–8 years before the opposition procedure and all possible appeals are exhausted. The record currently stands at 14 years.² Even if a request is successfully made to accelerate the EPO proceedings because there are pending patent infringement proceedings,³ it can still take up to 3 years for a final decision before the EPO (a wait of 15–24 months is typical).

The slowness of EPO oppositions is particularly troubling for the patentees of patents with relatively short

lifespans, such as those in high-tech industries. The latest high-tech products are frequently overtaken by more sophisticated alternatives within a year or two of appearing on the market, and the value of any corresponding patent rights may be equally short-lived.

Delays at the EPO can also significantly affect the pharmaceutical industry. The cost of developing and launching a new pharmaceutical product may be hundreds of millions of dollars. There will be significant research and development costs for the product itself, together with the expense of lengthy clinical trials and applications for regulatory approval.

Businesses cannot afford to take such high financial risks in relation to new products that may be covered by third party patent rights. The ability to clear the path of third party rights or take swift enforcement action in the early life of a patent may be commercially and strategically critical. Delays of 4–6 years while the EPO decides whether a patent is valid are commercially unacceptable.

For many companies, a swift decision by a national court may be preferable to achieve some degree of certainty in a key market. A slower but more cost-effective central attack at the EPO can be simultaneously pursued in the hope of achieving a pan-European decision at a later date.

The key features of the EPO opposition process are set out in the following table.

Key Features of the EPO Opposition Process

(1)	Who Can Oppose?
	<p>Any person can oppose the grant of the European patent without having to establish any special interest. The underlying rationale of the European opposition process is that the grant of the patent should not have occurred, or should not have occurred in the form it did. Because opponents are not parties to the pre-grant examination they may not challenge decisions made by the EPO during that examination.</p> <p>Importantly, patentees cannot oppose the grant of their own patents,⁴ as this would give patentees the opportunity to amend their patent specifications restrictively in the light of any prior art discovered after the EPO had completed its examination of the application. Patentees may, though, apply to revoke their own patents at any time after the opposition procedure is finished.⁵</p> <p>Oppositions must be filed within 9 months from the publication of the mention of the grant of the patent in the <i>European Patent Bulletin</i>.⁶ The relevant date is that of first publication, not of any republication to correct an error. This period cannot be extended under any circumstances. Once filed, the opposition automatically relates to all states designated by the patent.</p>
(2)	Grounds of Opposition
	<p>Patents may only be opposed on three grounds:</p> <ul style="list-style-type: none"> ■ The subject matter is not patentable; ■ The disclosure of the invention is not sufficiently clear and complete for it to be carried out by a person skilled in the art; and ■ The subject matter of the patent extends beyond the content of the application or earlier application as filed.
(3)	Opposition Languages
	<p>During the application process one of the official languages (English, French or German) must be used. There are important linguistic concessions in oppositions. Irrespective of the official language of the application, documents can be filed in oppositions in any of the official languages, and opponents from European Patent Convention contracting states can file in their own national language provided they file a translation.</p>
(4)	Right to Intervene

Key Features of the EPO Opposition Process – Continued

	<p>Whilst oppositions can only be filed in the 9-month opposition period, if an opposition has been properly commenced by a third party, any person against whom the patentee has made allegations of infringement is entitled to intervene at any time in that opposition.⁷</p> <p>This right to intervene is also triggered if the patentee has taken steps directly against or addressed to the intervener. The intervener is entitled to intervene in an opposition if the patentee commences infringement proceedings against the intervener, if the patentee has asked the intervener to stop infringing (for example by sending cease and desist letters), or if the intervener has itself commenced proceedings seeking a declaration of non-infringement. Indirect steps — such as any of those steps addressed to customers of the putative intervener — do not give rise to the right to intervene.</p> <p>There are effectively no time limits on the filing of interventions, given that the right to do so is triggered by the patentee taking any of the steps giving rise to this intervention right, and provided that the intervener files its notice of intervention within 3 months of the relevant event triggering the right to intervene. Interventions can therefore be filed at any time until the final decision on the opposition, and if any of the parties to the opposition files an appeal, interventions can also be filed during that appeal.</p>
(5)	Evidence
	<p>Parties are entitled to submit evidence in support of alleged facts raised in the opposition, and such evidence may be given by or obtained from:⁸</p> <ul style="list-style-type: none"> ■ Requests for information; ■ Production of documents; ■ Experts' reports; ■ Inspecting processes, machines, samples and the like; ■ Sworn written statements; ■ Oral witness evidence; ■ Hearing the parties.
(6)	Appeals
	<p>Appeals in opposition proceedings fall to a Board of Appeal. Under EPO practice, appeals generally take the form of a complete reconsideration and rehearing of the opposition. The EPO has an overarching duty to investigate that is not limited to any of the points or issues the parties may have raised.⁹ This is in marked contrast to appeals in most court proceedings in national courts, where the parameters will generally be determined by the grounds of the appeal in question.</p> <p>This broad investigative remit means that there are no formal limitations on the Board of Appeal's power to consider new evidence, with the result that it can consider documents introduced for the first time in appeal proceedings.¹⁰ The only practical constraint on this is that decisions can only be based on grounds or evidence which the parties concerned have had a proper opportunity to comment upon.</p> <p>Appeals must be filed in writing 2 months from notification of the decision being appealed, but a statement of the grounds of the appeal need be filed only within 4 months of that notification. Only parties to proceedings may appeal, and may do so only if they are adversely affected by a decision. Interveners in opposition proceedings are treated as parties for these purposes, but this excludes those who merely file observations. Once a party has filed an appeal then the EPO practice is that all the other parties will be parties to the appeal as of right.</p> <p>Compared to stricter court procedures, EPO appeal practice can appear unstructured and introducing uncertainty as to parties' legal and commercial positions. For example, whilst an opponent who succeeds in partially revoking a patent cannot on appeal attempt to obtain full revocation, but if an opponent is unsuccessful in a claim for partial revocation in a subsequent appeal that opponent could introduce new evidence in support of a claim for full revocation and then invoke the Board of Appeal's investigative powers and duties as the basis for consideration of this wider ground of attack.</p> <p>It should be noted that where a new document is introduced into an appeal in an opposition, and where the Board of Appeal considers that it is sufficiently relevant to be allowed into the opposition proceedings, this means that the opposition is referred back to the opposition division to allow the new document to be examined at two levels of jurisdiction.¹¹</p>
(7)	Accelerating Proceedings and Appeals
	<p>Appeals can be accelerated in certain circumstances, for example if there are pending patent infringement proceedings.¹² However, even after a request for acceleration reported decisions suggest that it may take up to 3 years to achieve a final decision before the EPO (a wait of 15–24 months is typical).</p>

IV. Strategic Interactions and Uncertainties Between Parallel Proceedings

It is perfectly legitimate — and indeed standard practice — for someone contesting the validity of a European patent to attack it both in national revocation litigation and by EPO opposition proceedings. There is no requirement under the EPC to wait until an EPO opposition is over before launching national revocation proceedings. National validity attacks can be made from grant until expiry and even beyond, and likewise patentees can sue immediately from grant, and frequently do.

It is implicit in the EPC that national courts are entitled to review what the EPO has done — the grant of a patent by the EPO does not create an estoppel which operates to prevent national courts from revoking a patent if they think it appropriate.

The risk of duplication of national litigation and EPO proceedings is inherent in the EPC regime. This creates a series of jurisdictional questions of real importance. Should one set of proceedings take precedence over the other, and, if so, which, or should both sets of proceedings be allowed to continue simultaneously? To add a further layer of complexity, it is possible for national courts to trump the EPO and vice versa. The EPO can invalidate a European patent that has been held valid by a national court and a national court can revoke the national part of a European patent that has been upheld by the EPO.¹³

This creates potential for duplication and conflict without any clear-cut means of resolving it. The risk for litigants is a muddle of duplicative proceedings, inconsistent decisions, and unnecessary costs. This throws up a series of intertwined factual and legal questions which patentees and competitors enmeshed in a pan-European dispute need to factor in to their strategic decision-making.

V. Why Bring Parallel Oppositions and National Litigation?

Given the complexities inherent in being simultaneously engaged in an EPO opposition and parallel national litigation outlined above, why would one engage in both? National litigation can only lead at best the national part of a European patent being revoked, while a successful EPO opposition can lead to the revocation of the European patent across Europe.

The main reasons to consider engaging in both simultaneously are as follows.

A. As a Defence Tactic

A strategy for a party which anticipates being sued for infringement of a European patent in multiple countries is to commence opposition proceedings. This will enable that party to meet any subsequent attempt by the patentee to litigate the patent in the national courts with a request for the national court to stay proceedings until the EPO has reached a final conclusion on the opposition.

Because oppositions can take many years to reach a final conclusion, this strategy can in theory delay infringement proceedings for a considerable time, as well as potentially preventing interim injunctions being granted in favour of the patentee. This time can then be used profitably by the defendant to reach a favourable settlement or implement a design workaround.

Even if the opposition is unsuccessful, or results in only part of the scope of the patent being pared down, the absence of any estoppels in the EPO means that defendants are free to run whatever arguments they want on validity and claim construction in the national courts — as they are entitled to a second round of attempted revocation in the national courts.

B. As a Patentee Tactic

Perversely, although opposition proceedings are predominantly a defendant's tactic, there may be occasions where commercially a patentee may be happy to engage in an opposition as a means of neutralising national litigations across Europe.

For example, a patentee with a weak patent may consider that the longer its patent remains unrevoked anywhere, the stronger its hand in any settlement discussions.

Similarly, there can be significant value to life sciences companies in maintaining a valid patent (even if the scope is reduced, perhaps by amendment) as this can have beneficial consequences for the way in which the drug can legally be prescribed by doctors and supplied by pharmacies. The result can be to alleviate the monetary effect of generic competition, especially if the life sciences company withdraws the “old” product and introduces a reformulated “new” one.

C. Spin-Off Value of a Speedy National Judgment

Because some national courts can reach a speedy final conclusion on validity (within 18–24 months in some countries),¹⁴ that decision can be persuasive in the EPO opposition — despite not being legally binding. It will nonetheless potentially be a powerful factor in the opposition (and in any other national litigation), especially if it is given by a court that has had the benefit of full arguments on claim construction, validity, and with cross-examination of expert and factual witnesses.

VI. Freezing National Litigation Pending Determination of EPO Oppositions

The traditional solution for resolving potentially conflicting and duplicative proceedings is to freeze one pending the resolution of the other, to the extent that is possible. However, there are no express provisions in the EPC providing a discretion to freeze national patent proceedings pending EPO proceedings on the ground of *forum non conveniens* or otherwise. It is left entirely up to national courts to decide how best to reconcile this problem. As a result, the remedy of a stay of national litigation has been deployed by national courts across Europe with different end results (see table below on “Approach to staying national litigation in favour of EPO

oppositions”).

Country	Approach to Staying National Litigation in Favour of EPO Oppositions
France	Yes. National litigation is automatically stayed until the final conclusion of the EPO process.
Germany	Yes, unless the court considers that the prospects of the opposition succeeding are good.
Italy	No. Stays are only permitted in relation to proceedings pending before another court of “judicial” authority; the EPO is considered to be an administrative authority. However the court may be sympathetic to requests to align the litigation timetable with that of the EPO.
Netherlands	No. This is a matter of the court’s discretion.
UK	No. This is a matter of the court’s discretion, and stays are not granted in practice, although in principle a stay can be ordered in the right factual circumstances.

Some countries automatically stay national litigation (for example, France), while others automatically allow it to continue (for example, Italy). Some generally stay it (for example, Germany, save where the court considers that the prospects of the opposition succeeding are good), and others generally allow it to continue (for example, the UK, where in principle a stay can be ordered in the right factual circumstances but in practice the courts permit the national litigation to continue).

The result is that the importance of a national stay is particularly acute in those countries where there is no automatic presumption or tendency one way or another. Litigants will therefore need to consider the potential arguments for and against a stay as part of their overall strategic planning. This will also impact, for instance, on the choice of a lead litigation jurisdiction in Europe, and on whether to seek to accelerate one national litigation over others with the objective of securing a favourable early judgment.

A. Arguments for a Stay

A litigant seeking a stay should consider whether it is able to make the following arguments.

(i) Timing

This is often the most compelling argument in favour of a stay. Will the EPO opposition finish significantly earlier than, or not much later than, a national trial? A litigant may be prepared to agree to a national stay if the EPO is will be able to reach a decision quickly. A litigant preferring an EPO decision should request acceleration of the EPO proceedings, and preferably seek the support of the national court in doing so. It may of course be the case that a national judgment may be useful for the EPO to consider in reaching its own decision.

(ii) Certainty

National litigation cannot in itself achieve final certainty for litigants, let alone for customers or members of the public that may be affected by the outcome, given that the EPO opposition may materially affect the patent and its scope. Even if the national patent is revoked the pat-

ent will still be unaffected and remain in force in other European countries.

Whether this argument will succeed will turn on the relative importance of the national market as between the litigants. It is unlikely to succeed if the patentee wants the certainty that a speedy resolution brings, even if in that is sought in only one country. If one party cannot establish any commercial prejudice likely to result from a stay, national courts might be more prepared to stay the national litigation pending the final decision of the EPO.

(iii) Potential Effect of Inconsistent Decisions

There is potentially a risk that if the EPO opposition results in the patent being amended, an earlier national judgment could turn out to be based on a redundant claim set. Similarly, the EPO opposition may result in the patent being revoked when it has been found valid in earlier national litigation. In both instances national courts may be faced with unwinding their earlier decisions to conform with the outcome of the EPO opposition. Although not legally impossible, deciding the precise outcome at the national level can be costly and the source of yet further disputes.

(iv) Cost Savings

Parallel litigation inevitably generates unnecessary duplication of proceedings that is potentially wasteful of money, time and effort. If the EPO opposition invalidates the patent, unnecessary costs will have been generated by the national litigation. There is therefore scope for arguing that the parties should not be put to such additional costs.

Staying national litigation can result in substantial costs savings where the national litigation is at an early stage and the EPO opposition is more advanced. National litigation is often substantially more expensive than EPO oppositions.

On the other hand, the potential impact of any savings will be minimised if the litigants have the same legal teams in the lead national litigation and in the EPO. In that case the national courts will consider the litigants’

ability to bear such costs, and whether those legal costs are proportionate to the commercial value of the dispute. In life sciences and high-tech cases, for example, litigation costs will be a fraction of the cost of developing the new product and of its potential market.

The tendency is increasingly for national courts to treat this wasted costs issue as having less relevance than before, especially when weighed against the potential commercial prejudice to the patentee and the benefits of commercial certainty to the litigants and their customers, and that most pan-European disputes are fought between large companies who can afford it.

(v) Protective Undertakings

A powerful argument in favour of a patentee seeking a stay of national litigation (especially in the UK) is to offer the court protective undertakings designed to preserve the status quo in a way that will not unduly prejudice the defendant and its customers. These include that the patentee will:

- not seek an interim injunction or otherwise attempt to sue the defendant or its customers during the period of the stay;
- voluntarily limit any damages it will seek to recover from the defendant and any of its customers in the litigation to damages assessed on the basis of a reasonable royalty;
- not seek any injunction or delivery up of infringing products/material; and
- use all reasonable endeavours to prosecute the EPO opposition proceedings.

In commercial terms this is effectively the grant of an interim short term licence allowing the defendant to continue competing, irrespective of the patentee's potential best case outcome of the patent being eventually upheld by the EPO and held to be infringed by the national courts. As such, offering these kinds of undertakings is tactically one of the strongest cards a patentee can play.

B. Arguments Against a Stay

A litigant resisting a stay should consider whether it is able to make the following arguments.

(i) Timing

If national litigation will achieve commercial certainty on the issue of validity earlier than the EPO, national proceedings should go ahead. Patent litigation — especially if it includes allegations of infringement — needs to be dealt with speedily, especially where the EPO may not reach a final decision for many years. In practice, if a party has a pressing commercial need for a speedy decision on validity, it should ask both the national court and the EPO to expedite their proceedings.

(ii) Certainty

It is important to business and to potential customers and consumers to know where they stand. Arguments based on the commercial need for certainty and finality are powerful ones, especially when reinforced with credible evidence, preferably supported with financial and market data, and evidence of the likely behaviour of potential customers if there were a stay. Some certainty, sooner rather than later, and somewhere, such as in those countries that permit national litigation to continue, rather than nowhere, is, in general, preferable to continuing uncertainly everywhere.

(iii) National Court Assistance to the EPO

A point of lesser, but occasional, importance is that judgments of national courts can assist the EPO decision-making process, especially if validity is considered. A related point is that a national court judgment can persuade the parties to reach a pan-European settlement that takes into account the EPO opposition.

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Notes

¹ Interested readers are referred to the earlier articles in this series, in particular "Developing and Managing a European Patent Litigation Strategy" [26 WIPR 45, 5/1/12] and "Key Features of the Primary European Patent Litigation Countries" [26 WIPR 38, 6/1/12].

² This was the opposition in the Hepatitis B virus litigation between Biogen Inc and Medeva plc. The judge in the English part of this litigation characterised this delay as "disturbing".

³ See T290/90 *SAVIO* [1992] OJEP 368.

⁴ See G09/93 *Peugeot* [1994] OJEP 891.

⁵ Article 105a and 105c EPC 2000.

⁶ Article 99(1) EPC 2000.

⁷ Article 105(1) EPC 2000. Note that the patentee has to have had alleged infringement of the European patent, not of an equivalent national patent.

⁸ Article 117 EPC 2000.

⁹ Article 114(1) EPC 2000.

¹⁰ Article 114(2) EPC 2000.

¹¹ If the Board of Appeal considers that the new document does not prejudice the maintenance of the patent, the opposition procedure can continue in front of the Board without being referred back to the Opposition Division.

¹² See T290/90 *SAVIO* [1992] OJEP 368.

¹³ The EPO trumps national courts in cases where the patent is still in opposition when a national court holds it to be valid, and the EPO then revokes it. The national courts trump the EPO in cases where the EPO has held the patent to be valid, but in subsequent national litigation the national courts subsequently revoke the patent.

¹⁴ See note 1 on earlier articles in this series.

Strategic and Planning Considerations for Patent Litigation in Europe

This six-part series will conclude next month in World Intellectual Property Report with Part VI, on European anti-trust life sciences interface.