

How to get a patent revoked or limited: Third party observations, oppositions or invalidity actions in court?

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The commercialisation of a product or technology always involves a risk of patent infringement that can result in significant damage to the company.

The objective of a freedom of operation study is precisely to locate potential conflicting patents or patent applications in the territories where the company intends to manufacture or carry out commercial activity.

After this study, the company can act in four different ways:

1. consider that the risk of infringement is zero or acceptable in all or part of the territories and, therefore, simply start business in those territories.
2. modify the technology to be marketed in order to eliminate the risk or make it acceptable.
3. attempt to revoke or limit the conflicting patents.
4. negotiate a license for the conflicting patents.

In the first case, in addition to the impartial assessment of the risk of infringement of each patent, other aspects must be considered.

One of the most important aspects is the policy of the holder of the conflicting patent and their resources. Thus, patent litigation is rarely initiated by a public institution and, in case of a conflict, it is almost always possible to find an amicable settlement. The opposite case would be a multinational pharmaceutical company that has developed an active ingredient, that will certainly try to defend it in court, and that has all kinds of material and human resources.

Another aspect to take into account is the judicial practice in each of the territories. For example, in some countries there is virtually no litigation related to preparation process patents due to the difficulties of the owner to prove infringement. Thus, not only the possible infringement but also the possibility of the owner to enforce their rights must be taken into account.

Sometimes, if there is a risk of infringement, modification of the technology is the simplest solution, but in other cases it is simply not feasible.

Thus, when the risk of infringement is unacceptable, and the modification of the technology is not feasible either, the third way should be explored, i.e. to take action against the conflicting patents or patent applications. This involves revoking the conflicting patent or, in the case of a patent application, preventing its grant. And if the latter is not possible, force the owner to at least limit the patent so that the technology of interest is clearly left out of protection.

Despite the substantive examination carried out by the European Patent Office (EPO) or by any other office, grant of patents does not guarantee validity, and revocation is not uncommon. In fact, a large number of patent litigations result in revocation of patents by national courts. Moreover, according to EPO statistics, 70% of opposed patents are revoked or limited during opposition proceedings.

As an alternative to invalidity actions before patent offices or courts, an attempt can be made to negotiate a license with the owner and reach a mutually favorable agreement. The owner does not run the risk of losing his patent and saves the costs of opposition or litigation. The third party can get a license for the patent on very favorable terms, or even for free, and also avoids the expense of opposition or litigation. An additional advantage for both parties is that the patent remains in force and can be an effective barrier against other companies interested in commercialising the technology.

Generally, the actions that can be taken against a patent or patent application are third party observations, oppositions and invalidity actions before national courts. Each territory has its own particularities. The different options, within European practice, are discussed below.

Third party observations

Third party observations are generally submitted when the patent application is pending, in order to prevent its granting or at least to limit its scope of protection. A third party may also submit observations during opposition or appeal proceedings.

Observations imply an occasional intervention by the third party at any time during the prosecution, and observations may even be submitted on several occasions. However, the third party is not party to the proceedings. In our experience, except in very clear cases of lack of novelty, they are usually more effective when they are submitted before the examiner issues a positive opinion on the patentability of the claims.

On the other hand, if the observations are not anonymous (this requirement is fulfilled merely by filing them in the name of an attorney), the prosecution of the application is accelerated (mandatory reply by the examiner within 3 months) in a way that the time of uncertainty about the possible grant of the patent is reduced.

It is possible to make such observations even at the PCT stage, so that a single low-cost action reaches all possible territories where the holder will extend such application.

The advantages of the third party observations are:

- The possibility of submitting them anonymously (or in the name of an attorney).
- A low cost compared to actions to revoke a patent.
- The burden of proof is on the applicant.

- Lack of clarity can be used as a ground for invalidity against the patent application, which will not be possible once the patent is granted.
- A quicker response on the granting or rejection of the patent application in question
- It does not exclude other actions. Thus, if the objective pursued is not achieved, an opposition to the granting and/or invalidity claims can be filed with the national courts.

However, the use of observations also entails major disadvantages:

- The knowledge of the arguments of the third parties allows the applicant to improve his position during the proceedings and, in case of obtaining the patent, this could be stronger.
- It is revealed that at least one third party may be affected by the patent. Thus, the owner could strengthen his position. For example, by validating the possible future European patent in more territories than initially planned, or by filing divisional applications that would give them greater flexibility when trying to protect different aspects of their technology.
- The third party is not party to the proceedings.

In summary, observations are often a good option when resources are limited, and good arguments are available. For example, in the case of product-by-process claims, the applicant would have to prove that the product, regardless of the process defined in the claim, is new against the prior art documents submitted by the third party, which may involve a very complex task.

Observations may also be useful where there is a lack of clarity that may prevent the granting of a strong patent, as this would not be a valid attack after granting.

Oppositions

Oppositions at the EPO can be filed up to 9 months after the granting of the patent and the result has effect in all countries where the patent has been validated after grant.

The decisions of the Opposition Division can be appealed to the EPO Boards of Appeal. When there is an appeal, as long as the final decision is not available, the appeal has suspensive effect.

Opposition procedures at the EPO are currently fast (15 months on average). However, when there is an appeal the final decision can take several years (the current average resolution rate of the Boards of Appeal is around 38 months).

Unlike observations, oppositions cannot be anonymous, but can be filed in the name of an attorney without reflecting the final client.

The advantages of this procedure are:

- The holder does not know the interest of the third party until after the granting, when there is no longer the possibility of filing divisional applications, nor of validating them in more countries.
- Opposition is an *inter partes* procedure, in which the opponent has the same opportunities as the proprietor before the opposition division, participating as a party in the oral proceedings which are usually decisive for the resolution of the case.
- The owner has less flexibility to amend the patent, as they have to comply with the requirement not to extend the scope of protection of the granted patent.
- Actions are only initiated if the owner has validated in some territory of interest to the third party.

The disadvantages of this procedure are:

- A much higher cost than that of the observations.
- Certain patentability requirements are not grounds for invalidity, such as lack of clarity or unity of invention.
- The burden of proof of the alleged facts shifts from the owner (during prosecution) to the opponent.
- Since no action is taken until the granting, the prosecution of the patent application cannot be accelerated (unlike when by filing non-anonymous third party observations), which may mean that uncertainty will last longer as regards to whether and on what terms the patent will be granted.

In short, opposition is usually the best option when resources and time are available (it usually depends on the expected date of commercialisation of the technology by the third party), since it does not warn the holder, does not allow him to improve initially his position and they are given equal treatment with the holder during the opposition proceedings.

Invalidation actions before national courts

Invalidation actions can be brought directly or in response to an infringement claim initiated by the patent owner. In many countries, the predictability of court decisions is often lower than in an opposition procedure, due to the fact that there is little specialisation of judges in patent matters and even less technical training.

In contrast, the EPO's examination and opposition divisions, and its appeal boards, always have members with technical expertise.

On the other hand, the case law available in national courts, depending on the country, may be scarce, while the EPO Boards of Appeal have generated a huge and robust jurisprudence.

The advantages of invalidity actions are:

- It can be filed at any time in the life of the patent, even in reaction to an infringement action. Sometimes the interest of third parties in the technology is awakened when 9 months have passed since the patent was granted. In these cases, it is no longer possible to file an opposition before the EPO, and the invalidity action before the courts is the only possible option.
- They can be brought simultaneously against the opposition before the EPO. Thus, there is a double possibility of revoking or limiting the patent.

The disadvantages of invalidity actions are:

- A high cost.
- Unpredictability of the outcome.
- A generally long duration, although it varies greatly from one country to another (1 to 7 years).
- It is not a centralised procedure. Patents must be revoked on a country-by-country basis, unlike actions against the EPO which affect all validations.

Thus, it is not surprising that different validations of the same European patent may lead to divergent decisions on its validity and/or infringement in the courts of different countries. This situation could change if the Unified Patent Court (UPC) finally comes into force, since in that case the decision would have effects in all those countries that have joined the unitary patent. Invalidation actions before this court would also gain interest, since if the revocation were to take place it would have effects in all countries.

In any case, legal actions are often the last resort for companies and are almost only used in response to a previous infringement action by the owner, or simply because there is no other option available to invalidate the patent.

Obviously, when attempting to revoke or limit a patent, or to prevent it from being granted, there are so many variables that it is impossible to establish, in general terms, the best course of action. Each case must be studied in detail, and concrete and specific decisions must be made for it.