

Session 2B

Emily C. & John E. Hansen Intellectual Property Institute

**TWENTY-SEVENTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

*Fordham University School of Law
Skadden Conference Center, Costantino A/B
150 West 62nd Street
New York, New York
Thursday, April 25, 2019 – 4:30 p.m.*

**SESSION 2: PATENT LAW
2B. Priority**

Moderator:

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Speakers:

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EPO and Entitlement to Claim Priority: Possible New Approaches?*

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Claiming Priority Rights for European Patent Applications*

Panelists:

Rian Kalden

Court of Appeal of The Hague, The Hague

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MS. JONES: Good afternoon. Welcome to the discussion of priority claims in Europe.

My name is Jennifer Jones. I am a partner in the IP Group in London of Bird & Bird. Because of my work for the Broad Institute, I have been discussing priority entitlement for three years. If you had asked me three years ago, I would not have said it was the most exciting topic, but I would have been wrong. It is treated differently across various jurisdictions. There are various policy arguments, all of which I hope we can discuss today.

To help facilitate the discussion I am very pleased to have these individuals on the panel.

We have, to my left, Professor Maximilian Haedicke, who is a tenured professor at Albert-Ludwigs-Universität in Freiburg, where he holds a chair in intellectual property and competition law. Max also spent six years as a judge at the Patent Division of the Court of Appeals in Düsseldorf.

Next to Max is Tobias Bremi, who is both a patent attorney with Isler & Pedrazzini AG in Switzerland and a Permanent Judge of the Swiss Federal Patents Court.

Next is Judge Rian Kalden, who is a Senior Judge at the Court of Appeal in The Hague.

Mr. Steven Trybus is a patent litigator and Partner in Jenner & Block in Chicago.

Finally, Professor Jay Thomas is professor on the law faculty at Georgetown University and a visiting scholar at the Congressional Research Service as well as the U.S. Patent and Trademark Office.

I will hand it over to Max to give us an overview of the current state of the law at the EPO and the national courts with respect to priority entitlement.

PROF. DR. HAEDICKE: Thank you very much for the kind introduction, and I want to thank the organizers for giving me these seven minutes of fame.

The subject I will talk about is the claiming of priority rights for European patents. This issue has been under heavy discussion recently. Prominent cases were concerned. The most prominent case probably was the rejection of Broad's CRISPR/Cas patent¹ by an Opposition Division of the European Patent Office, and also in the EPO *Humira* case² the transfer of priorities and the claim of priorities was at issue.

The general scenario which I will talk about is the following: First, we have a U.S. provisional application; then a Patent Cooperation Treaty (PCT) application is filed; and then, finally, a European Patent application is filed. The European Patent application claims the priority of the U.S. provisional.

Let's have a closer look at the European Patent application and whether this European Patent application has actually validly claimed the priority right.

There are several scenarios in which this valid claim of priority can be at issue. I want to discuss these three scenarios.

¹ "CRISPR" (pronounced "crisper") is shorthand for "CRISPR-Cas9." CRISPRs are specialized stretches of DNA. The protein Cas9 (or "CRISPR-associated") is an enzyme that acts like a pair of molecular scissors, capable of cutting strands of DNA. See Aparna Vidyasagar, *What is CRISPR?*, LIVESCIENCE (Apr. 21, 2018), <https://www.livescience.com/58790-crispr-explained.html>.

² See Christina Schulze, *Partial victory for AbbVie in biosimilar dispute*, JUVE PATENT (Mar. 26, 2019), <https://www.juve-patent.com/news-and-stories/cases/partial-victory-for-abbvie-in-biosimilar-dispute/>.

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- The first scenario I call “joint applicants.” You have ABC as the first applicants of the U.S. provisional application; then, at the stage of the PCT or the stage of the European Patent application, a third or fourth person will join; e.g., Applicant D joins ABC.
- The second scenario I call “one applicant is left behind.” First you have ABC as the first applicants of the U.S. provisional application; then, for the European Patent application, you only have A and B. So applicant C is left behind.
- The third scenario I call “replacement of inventor by employer.” You have the original inventors ABC in the United States; then, at the stage of the European Patent application, you have D instead of ABC. D can be the employer or any other successor in the title.

Let’s first have a look at the joint applicants scenario, which could also be called the “Humira scenario” because this scenario was at issue in the EPO *Humira* case. You had the U.S. provisional application of ABC and the joint applicant company D joined at the PCT Level. The EPO decided that the EPC application validly claimed the priority of the original U.S. application. For a valid priority claim it is irrelevant whether additional applicants join the original applicants and are listed; it merely matters that ABC are still listed at the stage of the European Patent application.

This joint applicants scenario has been accepted by the EPO and under the current EPO practice leads to a successful priority claim.

Let’s have a look at the second scenario, “one applicant is left behind.” I could also call it the “CRISPR/Cas” scenario because this was at issue in the *CRISPR/Cas* EPO case. The original U.S. application was filed by ABC. At a later stage, one of the U.S. applicants, C, was dropped and, hence, at the European Patent stage you only had A and B as applicants but not C.

The EPO Opposition Division rejected this application. Priority was not duly claimed. The Opposition Division took the view that all applicants listed in the previous application of which the priority has been claimed also would have had to file for the European Patent application. We will discuss later in our panel whether or not this view of the EPO is correct. Issues to be discussed are whether the EPO is competent to decide upon whether the applicant is the holder of the priority right. Also the purpose of priority rights, which is to facilitate and not to make more difficult the application in international settings, is to be considered. However, an appeal with the Technical Board of Appeal is pending, so the last word is not yet spoken.

In my slide I marked this scenario in red. It doesn’t work for the applicant. The priority cannot duly be claimed.

Let’s come to the third scenario, which I call “replacement of inventor by employer.” ABC, the original applicants as natural persons, have been replaced by the employer. The same applies to any other scenario in which the original applicants are replaced by another person by a succession in title; for example, in the course of intra-company transactions. If there is a succession of title, this scenario applies in each of these circumstances.

In my example which you see on the slide you have ABC as the original inventors and as the U.S. applicants and employer D files the European Patent application. I marked this in yellow because if there is a successful succession in title (i.e., if there has been a transfer of the priority right), the successor in title can duly claim the priority right of the previous application.

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The big issue that needs to be discussed in this context is whether or not a valid transfer of the priority right has actually happened. There can, for example, be an implied agreement, for example, under the German law according to employees' inventions.

Another issue is whether a transfer of equitable title suffices under certain circumstances for the right to claim the priority. This, however, is not yet decided. The good news is there is a lot of room for discussion.

As I said before, I marked this scenario with yellow ink. So the scenarios are, respectively, in green, red, and yellow.

The first take-home point is that it is necessary to be very, very careful when you file for a European Patent. It is important not to drop any of the inventors that are listed in the original application. If the inventor should be replaced by the employer, or in any case in which a transfer of priority rights is at issue, every transfer should be documented carefully.

The second take-home point I would like to make, my final thought, is to discuss whether current practice leads to a fair balancing of interests.

If you look at the scale on my slide, you see that only the joint applicants approach (ABC and D added) meets the interest of the patent holder because in this case priority can validly be claimed.

In contrast, the replacement of the inventor by employer is marked in yellow. It depends on the individual circumstances of the case whether under the given conditions priority has been duly claimed.

In the CRISPR/Cas scenario, if one applicant is left behind, priority cannot be duly claimed by the applicant of the subsequent application.

So my final point is that it can be doubted whether this is really a fair balancing. It could be criticized that, just for formal reasons, valuable patents are not being granted due to an alleged failure to duly claim priority.

Thank you very much for your kind attention.

MS. JONES: Thank you, Max.

Are there any questions specifically for Max now?

[No response]

As a group we would like to discuss in this session a couple of questions that challenge the case law that Max has just set out for you. I am going to quickly tell you what those two questions or issues are and then Tobias will take you through more developed thought on those.

The first question is whether the EPO was ever meant to assess priority entitlement. Instead, should it be treated like patent entitlement, that an applicant is deemed to hold a valid priority claim and any battle over entitlement should be left to the national courts brought by somebody with standing, somebody who claims to have a better right? Essentially, the consequence would be that third parties would no longer be able to challenge patents based on priority entitlement either at the EPO or in the national courts.

The second is in the alternative: If the EPO and the national courts do continue to assess priority entitlement, what is the correct interpretation of Article 87 of the EPC under which you claim priority? Is it sufficient that for a claim of priority you need only one priority applicant in order to claim the priority right; or is it, as Max has explained, you need all of the priority applicants or their successors in title in order to claim a valid priority right? So what is the correct interpretation and what do other jurisdictions do?

Those are the two alternative arguments that we would like to discuss. I will hand it over to Tobias to explain this further.

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MR. BREMI: Thank you, Jenny.

These battles on entitlement to priority are causing a lot of trouble and delays at the EPO, and the question is whether there is a way out of this.

To explain the first approach, which has been proposed by a Board of Appeal in proceedings, the EPO is not competent to assess entitlement to priority issues. We need to take a step back and look at how entitlement is handled in principle within the EPC framework.

The starting point is that the right to the patent lies with the inventor. But we also have the principle of Article 60(3) of the EPC³: “In proceedings before the European Patent Office, the applicant shall be deemed to be entitled to exercise the right to a European patent.”

Before the EPO the presumption of entitlement is not rebuttable; and, what’s more, it’s not even checked at all by the EPO. The right of the patent cannot be questioned before the EPO at all. If a person wants to get back what is allegedly his from the registered applicant, which is so to speak the successor, this is not possible in proceedings before the EPO. It must be litigated before a national court. Before the national court the principle is set, as in general property law, that only the truly entitled holder of the right to the patent and not just anyone can go to a national court. The same condition applies if you want to invoke nullity for a non-entitlement: only the entitled may raise that nullity argument.

If you compare that with the question of priority entitlement, you see striking similarities. If you look at the law, the EPC, you notice that once the formal requirements for claiming priority — so you formulate the priority claim and you submit the priority document — have been complied with, there is actually no legal basis for questioning entitlement; there is no legal basis for the EPO to ask for proof; and there is also no legal basis for finding a loss of the priority right.

The EPO has no obligation, or simply has no power, to ask for any proof of entitlement to claim priority if the applicant of the priority application is not the same as the applicant of the subsequent application. There is no legal basis that there is loss of the right to priority if such evidence is not filed.

This viewpoint is actually confirmed if you look at the Travaux Préparatoires, the legislative history. The entitlement to the right of the patent and the entitlement to claim priority were dealt with fully analogously as for the proof to be submitted.

The general idea of the EPC was to keep the EPO completely out of entitlement issues as a matter of principle for a number of reasons and to leave that exclusively to the jurisdiction of national courts. Property law should be reserved to the national civil courts. That is, therefore, a separation of powers that has been expressly agreed upon by the legislator and has to be accepted.

There is actually one interesting decision where it is stated that “such a dispute [entitlement to priority] cannot be solved within the framework of the EPC since the European Patent Office has no jurisdiction to decide claims on the right to national patent applications or priority rights derived therefrom.”

To summarize this approach:

- It was the legislator’s intention to handle entitlement to the patent and entitlement to priority in an analogous manner, the EPO not being competent to decide on such matters.
- As long as the formalities encoded in the law have been complied with, entitlement is to be presumed by the EPO.

³ Convention on the Grant of European Patents, art. 60(3), Oct. 5, 1973, 13 I.L.M. 268.

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- And it goes against the general principles of property law that priority entitlement issues can be brought up by any third party before the EPO and not just by the one who is allegedly entitled.

The current EPO practice opens up rather opportunistic and destructive battles on the validity of priority claims, which goes against the intention of the truly involved and which can in some cases be to the detriment of third parties, and in other cases to the detriment of patentees. There is no clear target behind it.

I would like to cite in that context a judgment of Colin Birss, who said, “There is no obvious public interest in striking down patents on this ground unlike all the other grounds of invalidity.” I think that hits the point.

We have been in dead-end situations before the EPO with priority issues in the past, with the exhaustion of priority, and with toxic priorities or toxic divisionals.

I think, in particular, considering that the EPC has never been set up for property-related issues and, for example, completely lacks a legal framework of handling a collision of law and property matters, this should be revisited. The present EPO practice is a triumph of form over substance and we need another resolving G decision for getting out of this.

The CRISPR/Cas EPO opposition case that was mentioned before also dealt with this approach but denied that this would be applicable.

Maybe an additional remark. When I’m presenting this I’m usually feeling as if I am sitting in that blue car over there on the left side, driving on the wrong side. But maybe times will change and circumstances will change and someone else will sit in that car. I’m still positive about that.

Now let’s look at the second approach. The second approach is basically: is it really correct to say that if the priority application is filed by A and B and the subsequent application is filed by A only, the priority is invalid? Is that the proper approach?

Well, T 788/05⁴ said the priority right is held jointly. Does joint ownership mean that you can only exercise together? If the EPO uses that approach, actually they apply the *lex protectionis*, the law of the country where protection is sought, to that group of applicants, which in my view is contrary to the general principle that you should apply the law applicable to that group of applicants. I don’t think that is properly applying the principles.

The gist of the Paris Convention is to reduce impediments for international protection. To cite another eminent English judge, Lord Kitchin once put it as follows: “One must search for and identify a notion of ownership and transfer ownership that is common to all of the signatories and not just apply the *lex protectionis*.”

We should look for the smallest common denominator to keep the spirit of the Paris Convention. Actually, we have done so in one of the decisions of our Swiss Federal Patent Court. We were expressly distinguishing from T 788/05 when we said: “It’s sufficient if one of the applicants of the subsequent application is one of the applicants of the first application.”

When you look at the CRISPR/Cas opposition decision, I think they were inclined to follow that but they didn’t dare. Maybe that is a motivation. Sometimes we have to be careful and we shouldn’t just say “We’ve always done it like that.” I’m still hopeful that they will reconsider in the next instance.

Thank you.

MS. JONES: Thanks, Tobias.

⁴ Decision T 0788/05, TERUMO KABUSHIKI KAISHA v. Boston Sci. Scimed, Inc., ECLI:EP:BA:2007:T078805.20070508 (May 8, 2007).

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I thought we could discuss the first issue, the first argument, that the EPO should no longer assess priority entitlement, and then, once we are exhausted with that, we can move on to the second question.

We have a question.

QUESTION [Aloys Hüttermann, Michalski Hüttermann & Partner, Düsseldorf]: I would not follow you on the argumentation that the rules for entitlement and priority should be taken together, that the principles are the same, because there is a big difference. If you are entitled, it means you can later sue somebody, and that is not within the ambit of the EPO. Whereas if a priority claim is lost, it means that you have new prior art coming up, and that's important for the evaluation of novelty/inventive step, and that is the issue of the EPO.

If you want to have an opposition where you say, "Okay, we are going to look at novelty and inventive step," or if you even have a prosecution where you say, "We're going to look at novelty and inventive step," it means the Office should be given the competence to determine which day is the relevant day for assessing novelty and inventive step so that they can make a proper search and say, "Look, we have this prior art and for this or this reason this claim is not novel."

I personally do have sympathy for the concept that if one applicant is the same, then the priority claim is not lost. Then maybe the other applicants do have entitlement claims against the one who filed the EPC application, but that is then really outside of the hands of the EPO, so then you should file a procedure before the national courts. But I would clearly argue that the entitlement priority should be examined by the EPO.

MS. JONES: Another comment?

JUDGE KALDEN: I want to comment on Tobias's point that the EPO should not be dealing with the priority issue and leave it to the national courts.

The issue of priority has two aspects, the first being whether or not the priority application discloses the same invention or not, which clearly is an EPO issue because that concerns the validity of the patent.

The other aspect to it is whether or not it has the same applicant; and, if it is not the same applicant, whether there is a valid transfer. That is a different question from whether or not it is the same disclosure, and that second aspect has similarities to the entitlement to the invention issue and has a far more formalistic side to it. I do appreciate that these issues are not entirely the same, because the consequences if there is not a valid transfer, of course, indeed are that you would then have more prior art and possibly your patent would fail for not being novel.

But I think, especially as to the second aspect of priority, there seems to be less justification to be very formalistic about this, and the EPO is taking quite a formalistic approach, for instance by requiring that that transfer has to be entirely done completely and validly prior to the subsequent application. Even though some national law jurisdictions allow agreements with retroactive effect, the EPO simply does not accept that.

My question would be: is it justified to take such a formalistic approach if it is clear between, for instance, the employee and the employer that it has always been the intention that the invention and all rights relating thereto would be transferred? That would be one point.

The other point is that the EPO is also very strict on the burden of proof. If the original application and the subsequent application do not have the same name as an applicant, that is already *prima facie* evidence that there has not been a valid transfer, and then it is upon the subsequent applicant to prove otherwise. That is also quite burdensome.

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Another question is: is it justified that anybody could question the validity of the transfer of priority at the stage where there is not yet a situation that somebody is attacked by that patent, or should it then be left to only the valid owner of the first priority to question that, similar to entitlement to the invention, which action is also under national law only available to the real owner of the invention?

Let me now turn to the other question that was raised, whether the EPO should deal with these issues at all.

The first aspect of priority, as I said, certainly should be dealt with by the EPO. I think that is also the reason why they choose not to simply apply the rules in relation to the entitlement to the invention also to the entitlement to priority, because you also have that first aspect to it. But I also think it has not been properly considered that the transfer issue is a different aspect to the priority issue and that there may be reasons why the EPO should not deal with that aspect of it.

The EPO comes across a lot of problems when having to deal with the transfer issues because then they have to decide, for instance, which law they should apply, and the EPO does not have any conflict-of-law rules. That leads to a lot of uncertainty also for the parties as to what law is going to be applied if the patent is going to be dealt with by the EPO; and also it may lead to inequality because one law is much more stringent on transfer of priority rights than others.

So there are some difficulties in the EPO dealing with the issue of transfer of priority rights. But, by the same token, if you transfer it to the national courts, along the same lines as has been done with the transfer of entitlement to the invention, we may bring in another problem.

That's the situation that we've been confronted with in the Dutch court, also sometimes referred to as the "entitlement to the invention torpedo," which appears to be a new strategy among competitors. What happens is that Rule 14 of the EPO requires that the EPO should stay proceedings if national proceedings are commenced in which the entitlement to a patent is claimed.

Now, what happens in practice is that a competitor first goes to the EPO and files an opposition; and, if that fails, then just before the patent is granted the competitor starts national proceedings claiming entitlement to the invention, upon which the EPO has to stay proceedings according to Rule 14. Then it can take years and years before the case gets back to the EPO for grant of the patent, even though a notice of grant has already been given.

There is a rule that the EPO can decide to continue proceedings after stay after a while, even though the national proceedings are still pending, but apparently the EPO is not willing to do that generally. So that provides a huge opportunity for competitors to delay grant of a competing patent. That also has to be dealt with if we were to transfer the issue of transfer of priority rights to the national courts.

Those are my comments.

MS. JONES: Thank you, Rian.

Are there any thoughts on the torpedo issue?

PARTICIPANT [Mr. Hüttermann]: I really disagree. I think the EPO should be able to decide on the validity of priority even if it concerns transfers. It is not so that you can question the priority at any time. I mean, you will do that in opposition only if you can give prior art; otherwise, the EPO, at least in my experience, will not really care whether the priority claim is valid or not, only if the patent is valid.

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Concerning the applicable law, I'm sorry, but the EPO is usually pretty clear. Of course, foreign applicants from the European perspective may not be experienced with the rules of the EPO. But the USPTO does not care if you are a European applicant; they only care whether you know the USPTO rules or not. It's "When in Rome, do as the Romans do." So if you want to have a patent in Europe, you should play by the European rules. As long as they are clear and concise, I don't see any problem there.

The thing is that if the validity of priority was to be left to the national courts, then I think it gets really complicated. Then you have to go country by country, which means you have nullity actions in Germany, in France, in the United Kingdom, in Switzerland, in the Netherlands, wherever. And what law do they apply? Do they apply their national law, which means you could have a whole bunch of different outcomes country by country?

This is not what was intended to be had by European oppositions, where it was clear that usually then you have one central opposition procedure and only if there are special situations, like you have national owner rights, then you can have different outcomes in different countries.

As to the torpedo, there was a recent case where the EPO actually has lifted the suspension or stay of their proceedings although there were still national proceedings. Actually, this was in the Netherlands. So it's not that the EPO has a mechanism that they will always wait until the outcome. If they think that people are playing games here, they may stop things. I think that is the proper way to proceed.

MS. JONES: Lord Hoffmann?

PARTICIPANT [Lennie Hoffmann, Queen Mary University of London, London]: I really want to add to Rian's analysis, with which I entirely agree, that if the priority application and the application to the EPO are in respect of the same invention, it follows that somebody is entitled to priority. It seems very strange that a third party who makes no claim to that priority should be able to object.

MR. BREMI: If I may put one thing straight which was mentioned there: we don't have that principle before the EPO, "When in Rome, do as the Romans do." That has been overturned expressly. The T 0062/05 decision⁵ in the aftermath of the *Fahrzeugscheibe* decision of the Bundesgerichtshof⁶ has been overturned, so now the EPO for priority entitlement questions applies the national law applicable to the transfer.

So we have a mess there because what is this national law now that has to be applied? It's not that easy to determine very often. The case where they had to determine it was luckily a case where it was about employment and they could use the Israeli employment law for that. It's usually the simple cases where you even have some basis in the EPC in Article 61⁷ to go for that legal framework.

PARTICIPANT [Judge Edger Brinkman, Court of The Hague, The Hague]: Maybe a comment. I agree with the previous comment that it seems somehow unfair that somebody is entitled to priority and then people other than the person entitled are arguing that it should be given to that person where they don't have anything to do with that particular problem.

But on a different notion about the EPO judging on the priority, I can see the point that was also made before, that they obviously have to decide who is entitled in order to establish the relevant date.

⁵ Decision T 0062/05, GE Plastics Japan K.K. v. Koninklijke DSM N.V., ECLI:EP:BA:2006:T006205.20061114 (Nov. 14, 2006).

⁶ Bundesgerichtshof [BGH] [Federal Court of Justice] Apr. 16, 2013, XZR 49/12 (Ger.).

⁷ Convention on the Grant of European Patents, art. 61, Oct. 5, 1973, 13 I.L.M. 268.

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But you can also throw in a different notion there, as they do in, for instance, prior use cases, where they make the burden for proving that something is prior use very high, up to the hilt. In principle, there they grant a patent unless there is a good reason and there is very strong evidence not to. The reason they do that is to have after that the national courts decide in their particular ways whether that prior use is actually sufficient or not.

I am using this as an argument saying that the EPO should not maybe be as strict when deciding whether there is priority and be more lenient and say, “Well, if there is a good reasoning for granting priority, then we should grant priority and go from that assumption there, and then leave it up to the national courts to decide in their particular jurisdiction whether the priority is granted or not.” So a more marginal test.

The last point I wanted to make is that this is particularly something that happens a lot with U.S. priority applications. The problem is, of course, that in the United States it is the inventors who have to first apply and then there has to be some chain of custody after that. It is a good thing for all the U.S. attorneys to know that they should get that straightened out before they file any application invoking that priority.

MS. JONES: Thank you.

PARTICIPANT [Judge Klaus Grabinski, Federal Court of Justice, Karlsruhe]: I’m not sure about what you said, Tobias, because it’s really revolutionary, whatever they may say. Of course it’s absolutely true when you said that this is not the reason. [Laughter] Everybody did it that way in the past. I think there are questions about why they did it that way in the past, and there may be a justification for doing this.

From the German perspective, it would be a bit strange if when the question comes up of entitlement and you have a priority right in opposition proceedings that one has to wait for national revocation proceedings in order to be able to question the entitlement of a priority. In Germany it would not even be possible to do this in parallel because you will have to wait until the end of the opposition proceeding before you can institute a revocation action.

As it was rightly mentioned, the question of the priority date comes up only when there is a piece of prior art which falls between the time of the priority date claimed and the filing date. With regard to novelty or inventive step, it can make a case-deciding difference whether the patent proprietor is entitled to claim a priority or not. If a third party can question entitlement of a priority only in a national revocation action but not in opposition proceedings and a revocation action is only admissible when opposition proceedings have been finished — like provided in German law — that could have severe consequences for that third party.

I agree on one point that’s a problem of the EPO dealing with this. There is no international priority law that can be applied by the EPO. Courts of a Member State of the European Union apply the Rome I Regulation⁸ in order to find out which law is applicable. This way is probably not open for the EPO; at least they will have difficulties with that. That is of course a problem. So I am a bit split on which way to go and I really have to think more about this.

MR. BREMI: I fully agree, Klaus, the problem is this potential delay. But of all those cases I’ve seen where priority entitlement was an issue, there has never been a case where it was a truly entitled party who raised the argument. It was always used purely destructively by a third party.

⁸ 2008 O.J. (L 177).

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If then in a national proceeding you would apply those basic principles that only the entitled can come up with that argument, you would hardly ever have cases, at least looking at the cases you see now. Therefore, then you would have in fact no delay because that would never happen.

JUDGE KALDEN: Just one comment. I think a lot of harsh consequences can already be prevented if the EPO would acknowledge agreements with retroactive effect. In situations where the first applicant truly had the intention to transfer the priority right to the subsequent applicant, that could then be accomplished even later on. I don't think anybody would have any valid interest that that should not be possible. I mean what would be the problem with such an approach since the first applicant is willing to transfer? Then the whole issue is solved I would have thought. I'm not quite sure why the EPO is so strict about this.

PARTICIPANT [Annabelle Bennett, Former Judge of the Federal Court of Australia, Sydney; Bond University, Robina, Queensland]: Just one brief comment. I'm listening to this and I'm finding it really hard to understand, because it seems to me that this is a classic example of form over substance.

I'm a bit with Tobias, and I accept the point made by Colin Birss. Surely it is inappropriate that people would lose priority where you've got common inventors. In our statute, a person who is entitled to have a patent is either the inventor or someone who later has a right of title from the inventor. Co-inventors each have the right to fully exploit the patent. If you take those concepts, basically under the fairness principle, it seems incomprehensible to me, quite frankly, that people are losing their patents for this sort of strict formality. Surely the wits of judges and sensible-minded people — and, Tobias, congratulations — should be able to get over this. It is just inappropriate in my view.

MS. JONES: Somebody else?

QUESTION [Joachim Feldges, Allen & Overy LLP, Munich]: I am somewhat confused about two statements. First, the statement why should a third party be entitled at all to challenge a priority if it's not a co-inventor. I think the priority claim is actually a claim to the public for a certain date which determines rights as regards prior art, as regards anticipation of the invention. It is a proclamation to the public, to all parties. If this is not well based because the formalities of a priority are not complied with, I don't see any reason why a third party should be criticized for challenging that priority claim.

The second statement is about retroactive curing of a priority claim which has not been complied with in formalities. Why should that exception be made in a system where we have all the formalities you have to live with and to comply with and you can cure the priority retroactively?

I don't see why we should make all these exceptions from the general rules. We have the rules you have to comply with for priority. The priority determines actually what is the basis of the patent; and, if you fail to do that properly, then the consequences are not over-harsh. It's just the normal thing.

So I am somewhat confused about some, let us say, propositions in that regard.

MS. JONES: Do you want to respond to that?

JUDGE KALDEN: No. I said what I said.

MS. JONES: There is a gentleman here.

QUESTION [Prof. William McNichol, Rutgers University School of Law]: I would echo that. Formalities exist for a reason. There are lawyers who are not just operating in the field of intellectual property but in the law. Formalities and timely observance of those formalities are part of how we must serve our clients.

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If real property transfers must be in writing and timely recorded in order to be effective against third parties and one of us fails to properly serve the client by accomplishing that on behalf of the client, then that client has a problem with the attorney who failed to do that. That's a burden that we have, and we can't shake by just saying, "Oh, that's not fair." It isn't fair, but the unfairness may be between how we represented our client, not between the government and the client.

MR. BREMI: I agree. As it concerns priority issues, that's not so simple. Imagine a country applies a very high standard to an assignment of the priority right. Assume both parties need to sign and it needs to be legalized, something like that.

You go now to Botswana and want to claim priority there, and they say, "If you want to validly claim priority you need to have a legalized assignment document." You as a U.S. attorney would say, "But that document according to the U.S. standard is perfectly fine."

That's why, I think, in the context of international priority, we have to be very careful when we apply strict rules.

QUESTION [Frank Smith, Novartis]: I want to mention that when the patent is filed that's when it gives notice to the public as to what the contents are and as to what somebody is going to find. But, at least in the United States, sometimes during prosecution the inventors can change based on what prior art gets discovered as the prosecution proceeds.

It seems like if you follow the U.S. rules to the T, you can still end up with situations where you are going to lose priority and you are not going to be able to get a European Patent just based on inventors changing from one to another, which I don't think really hurts the public but it seems to be a bit of a trap.

PARTICIPANT [Prof. Martin J. Adelman, The George Washington University Law School, Washington, D.C.]: You understand this is extraordinary because the whole idea of the Paris Convention⁹ was that you file a document in one country and that document basically is good in every other country for a year and nothing that happens in the intervening period can be prior art. That's the Paris Convention.

So here you file in the United States and in the United States we can change the inventor. It's done all the time.

And then you file in Europe. Now, I know in this case these people were speeding up and they were trying to get some advantage, which is not going to work for them, but forget that. They file in Europe and now they have one inventor, which maybe is wrong, and it's based in the United States. So now we have a rule where you filed in the United States fundamentally the same document and it's not recognized in Europe. It violates the Paris Convention.

Now, you can make any rules you want and not follow the Paris Convention, but I question whether it follows the logic of the Paris Convention. Admittedly, Europe can make any rules it wants and say, "We don't give a damn about the Paris Convention," and just because you can change it in the United States and just because the whole idea is that you file in one country and for one year you can file the same damn thing in another country and there's no intervening prior art that gets wiped out — you can do it, but I think it violates the Paris Convention, or at least the idea of the Paris Convention.

MS. JONES: Trevor?

⁹ Paris Convention for the Protection of Industrial Property, as last revised at the Stockholm Revision Conference, Mar. 20, 1883, 21 U.S.T. 1583; 828 U.N.T.S. 305.

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PARTICIPANT [Trevor Cook, WilmerHale, New York]: Unfortunately, the Paris Convention doesn't have a direct effect.

PARTICIPANT [Prof. Adelman]: We all say that we follow the Paris Convention.

QUESTIONER [Mr. Cook]: Exactly. But I would like to echo Annabelle's point about this being form over substance.

My own personal experience of this issue — and two of the panelists shared that experience — was a couple of years back in the English High Court, in which we had this ridiculous satellite litigation. We had a case where one week of the trial was on the merits, and one week of the trial was concerned with matters of transfer of priority, with several fact witnesses and experts. This also involved a point which has not been raised in any of the EPO cases, inventors from different countries; so what law do you apply to that?

Anyway, in that case the right to claim priority was eventually established in my client's favor. But that was an English court, and it's a court that has also, except in one particular case, found itself able by applying principles of beneficial ownership or equitable ownership to look at the intention of the parties in favor of the patentee. I think that's not the case so much in the Dutch courts and not the case in other civil law countries.

I would say that this is a real problem. It is a problem that has only really arisen in recent years. It is a problem that generates satellite litigation for which we have to find a solution in Europe.

It strikes me that Tobias Breimi's solution is quite an interesting and attractive way of avoiding that particular problem in Europe because when you look at the EPO cases on this, really they cannot analyze the different legal systems involved. I find his concept very attractive.

MS. JONES: Thank you, Trevor.

Perhaps we could move on. It is fantastic having all these comments, but we are running a bit low on time.

Can we move on to discuss the second question: if the EPO does continue to assess, as the national courts do, priority entitlement, what is the correct interpretation of Article 87 of the EPC? Is the correct interpretation a requirement that all priority applicants must be named on the second application; or is it sufficient if only one priority applicant is named?

I would like to ask Steve or Jay or both to comment from the U.S. perspective.

MR. TRYBUS: I've looked at this issue only slightly less than Jenny has from the U.S. perspective.

Echoing a little bit of what has been said already but also moving forward, it strikes me as strange — let me put it that way and take it out of the realm of fair or not fair — that not only can you have the situation in which all was properly done in the United States and you run into trouble in the EPO, but in fact it can be that the U.S. law dictates the proper way to proceed in the United States. If you have to follow a specific course with regard to the United States then, having that come up and be seen as a violation of the EPO rules does, I think, violate at least the spirit of the Paris Convention.

There was another comment as well. Those of us who deal with the United States are very familiar with this situation: inventors can and do and often must change during the course of prosecution because of changes in the claims, because of splitting inventions apart; perhaps an application was filed with multiple inventions and it would get a restriction requirement. That is a very natural thing in the USPTO.

I understand that's not the system being applied by the EPO, but where the USPTO dictates that U.S. applicants file in a certain way, and if that is followed, if you're a U.S.

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applicant and you're following U.S. law, it seems strange to me that isn't respected elsewhere. Without regard to the specific wording of rules and regulations, under the spirit and idea of the Paris Convention, you are allowed to file in your own country under your country's rules and regulations and that allows you a year in which you are able to claim priority without needing to do other specific things. The contrary is very strange.

Some of the thoughts that have been presented here as to why you need all of the same applicants on a second application to claim priority and not just at least one common applicant — I don't see how the at least one common applicant system raises a problem.

In the United States we have the at least one common applicant system and it works. I'm not here talking about assignment of rights and assessing the validity of those transfers, but changing inventors, or changing the applicants that derive from the inventors, where there is a change in the claimed inventions; I don't see that as a problem. The U.S. system runs well with that, and so I don't see why there's any sort of requirement to require all applicants to remain the same in order to have a functioning patent system.

MS. JONES: Jay?

PROF. THOMAS: First, I would echo the comments from the audience. I would say that many of you have picked a very sympathetic scenario of changed inventors based on claim scope. There are many other scenarios that are not as sympathetic — for example, that the employer has not actually obtained an assignment of rights from the employee.

The way the game is played in the United States now is to try for reality, to try to bring an implied-in-law contract employee with that principle. The trick is that the U.S. patent statute actually has a statute of frauds and it requires a writing to achieve assignments. So this is a very precarious principle on which we've transferred a lot of title.

I would also say that, of course, another game that was played is that European firms are ever attracted by the low price of a U.S. provisional application and you file a lot of them here. That's great for us, great expert gigs later down the line for U.S. law professors and retired judges. That's true.

But then what firms will also do is once the patents mature is to assign ownership of those rights into the Caribbean or to another tax haven, and there of course firms are very keen to maintain corporate formalities. It's very important whether it's ink or limited in that context.

But they don't always assign the intellectual property armories along to those new entities, and then they're saying, "It's all the same thing; what's the difference?"

So there are some counterarguments I would say, or less sympathetic portrayals.

MS. JONES: Thank you.

Thank you very much for the comments. We have unfortunately run out of time, but it is nice to see there are so many different views, and we will see what happens.