

EPO GETS ITS PRIORITIES STRAIGHT: A CLEARING-UP OF THE RIGHT OF PRIORITY AND UNDERLYING RIGHTS IN PATENT APPLICATIONS

A few days after the fiftieth anniversary of the signing of the European Patent Convention (“EPC”), the Enlarged Board of Appeal (“EBA”) of the European Patent Office (“EPO”) handed down some long-awaited clarification on priority claims in patent applications under Article 87(1) EPC. The relatively unusual fact pattern of consolidated cases [G1/22](#) and [G2/22](#) provided the EBA with an opportunity to clarify the distinction between priority rights and underlying rights to title in patent applications which are often treated as one and the same by practitioners.

The case also gave the EBA an opportunity to consider whether the EPO is competent to assess questions of priority entitlement, who bears the burden of proof when such entitlement is challenged and the validity of certain common application strategies, particularly where applications are filed under the international procedure established by the Patent Co-operation Treaty (“PCT”).

Priority Rights

Priority rights are fundamental to any international patent filing strategy. They enable a person (or their successor in title) who has filed a patent application in one country to apply for additional patent protection for the same invention in other countries during a limited period of time (typically 12 months), and to back-date the filing date of those later applications to match the filing date of the earlier application (this back-dated filing date being known as the “priority date”). This is important when it comes to assessing the patentability of any particular invention as anything that has become part of the state of the art (and therefore prior art) in the period between the priority date and the actual filing date of the later application, including publications by the applicant itself, will not be considered when assessing patentability.

What was the case all about?

The case arose from a priority application for a US patent that had originally been filed in the names of three individual inventors. A later PCT application was filed which named the same three inventors as inventors and applicants for the US, as well as two additional entities -

Alexion Pharmaceuticals, Inc. (“Alexion”) and the University of Western Ontario - as applicants for all designated countries other than the US, including regional European patent protection. European patent no. 1 755 674 (the “patent in suit”) was granted on the basis of the PCT application in 2014, by which time the sole proprietor was Alexion.

PCT Application

A PCT application refers to an international patent application that has been filed in accordance with the PCT. The PCT process enables an applicant to apply for patent protection in several different jurisdictions at once, via a single filing, instead of having to file separate patent applications in each jurisdiction. The initial stages of the prosecution phase, such as an international search, will be done centrally. However, after that initial stage, the application will be sent to the national patent offices in each of the designated jurisdictions for further examination, with national patents ultimately being granted in each jurisdiction in which the application is successful.

The patent in suit was opposed on the basis of lack of novelty over certain pieces of prior art which were all published after the filing date of the US priority application but before the filing date of the patent in suit. At first instance, the priority right was found to be invalid because only one of the inventors had assigned their priority rights to Alexion. As a result, the prior art cited could be relied on and was found to be novelty destroying.

Alexion appealed, arguing that its priority rights were valid and that the cited prior art was therefore not relevant. Following requests from both parties, the Board of Appeal agreed to refer various questions to the EBA.

The questions before the EBA

- I. Is the EPO competent to assess whether a party is entitled to claim priority under Article 87(1) EPC?
- II. If question I is answered in the affirmative, can a party B validly rely on the priority right claimed in a PCT-application for the purpose of claiming priority rights under Article 87(1) EPC in the case where:
 - 1) a PCT-application designates party A as applicant for the US only and party B as applicant for other designated States, including regional European patent protection; and
 - 2) the PCT-application claims priority from an earlier patent application that designates party A as the applicant; and
 - 3) the priority claimed in the PCT-application is in compliance with Article 4 of the Paris Convention?

Is the EPO competent to assess priority claims?

In deciding whether the EPO was competent to assess priority entitlement, the EBA drew a distinction between the title to the subsequent application and the priority right itself. Finding that priority rights are autonomous rights under the EPC and the Paris Convention and that entitlement to claim priority should therefore be assessed under the autonomous law of the EPC, the EBA concluded that the EPO is competent to assess priority claims. Concluding otherwise may have impacted the EPO's ability to determine relevant prior art and ultimately could have led to situations where the EPO "has evidence potentially affecting the patentability of an invention but cannot use such evidence in its decision on patentability."

However, the EPO is not competent to assess entitlement to apply for and be granted a European patent. Any such disputes over title are for the relevant national courts to resolve applying national laws.

What are the requirements for transferring a right of priority?

The EBA noted that contractual agreements don't often distinguish between title to the patent application and the right to claim priority (instead tending to bundle

them together as, for example, "any and all rights related to the invention in any jurisdiction"). Part of the reason for this is that there are differing views across European jurisdictions surrounding the relevance of this distinction, with many jurisdictions regarding the priority right as simply ancillary to title. As a result, most jurisdictions don't set specific formal requirements for the transfer of priority rights.

Bearing this in mind, the EBA concluded that the EPC should not establish higher formal requirements for transferring priority rights than those established under national laws. Instead, it should align with the lowest standards and accept informal or tacit transfers of priority rights in most cases.

The EBA even went so far as to question whether transfers of priority rights need to be completed before the subsequent application is filed. However, ultimately these questions were of limited practical relevance as the EBA, perhaps surprisingly, found that priority entitlement should be presumed to exist in the vast majority of cases.

Rebuttable presumption of entitlement to claim priority

The EBA relied on three main reasons for concluding that priority entitlement should be presumed to exist:

- the purpose of priority rights;
- the lack of formal requirements for transferring priority rights; and
- the presumed common interest of the applicant(s) for the patent from which priority is claimed (the "priority applicant") and the subsequent applicant (who have to cooperate with each other when priority is claimed, e.g. by sharing a certified copy of the priority application).

Noting that there may be "rare exceptional cases" where the priority applicant may have legitimate reasons not to allow the subsequent applicant to rely on the priority rights in question, the EBA found that this presumption is rebuttable. But, in effect, this conclusion reverses the burden of proof for priority claims under the EPC. Previously, it was for the subsequent applicant to establish the validity of its priority right. Now, the party challenging priority has to prove that the applicant's entitlement is missing. And that hurdle appears to be high - "speculative doubts" will not be sufficient; instead the party challenging entitlement will need to demonstrate that "specific facts support serious doubts"

about the applicant's entitlement to priority (for instance where the subsequent applicant is seeking to rely on priority in bad faith).

This rebuttable presumption also extends to situations where the European patent application derives from a PCT application, including in circumstances where the priority applicants are not the same as the subsequent applicants.

PCT applications and implied agreements

Finally, the EBA confirmed that in a situation where a PCT application is jointly filed by parties A and B, which:

- designates party A for one or more designated States and party B for one or more other designated States, and
- claims priority from an earlier patent application designating only party A as the applicant,

the joint filing implies an agreement between parties A and B allowing party B to rely on the priority unless there are substantial factual indications to the contrary. The concept of an implied agreement of this kind also applies to co-applicants in other scenarios, such as where co-applicants directly file a subsequent application for a European patent, provided that at least one of the co-applicants was an applicant for the priority application.

Whilst this implied agreement may be challenged, in order to do so evidence would be required to show that an agreement to use the priority right has not been reached or is fundamentally flawed.

All of this should prove advantageous for most PCT applicants seeking regional European patent protection, as they should now be able to rely on priority rights with greater ease.

Comment and practical takeaways

The reasoning behind this decision seems to be a continuation of a general trend away from the "rigour of the rule" being applied by European institutions and a focus instead on preserving the underlying policy reasons for the law in question. In this case, the EBA noted that the purpose of priority rights is to "*facilitate international patent protection, by reducing the risk*

that inventors' (or their legal successors') interest in obtaining patent protection in multiple jurisdictions is jeopardised by formal requirements that they may inadvertently fail to meet". The EBA's practical decision supports that purpose and is expected to be broadly welcomed by patent applicants.

Key practical takeaways include the following:

- **Good news for patentees:** the EPO seems to be taking a pragmatic approach to the issue of having different applicants on subsequent patent applications, making it less likely that patentees will accidentally fall foul of procedural requirements in this regard.
- **A challenge for litigants:** litigants seeking to challenge the priority date of European patent applications or granted patents in order to bring into play novelty or inventive step destroying prior art that was published post-priority (but pre-filing) date, will now be required to prove that priority entitlement is missing. Merely raising arguments that the applicants are different in the priority application to the subsequent application, or raising "speculative doubts", will not be sufficient.
- **Separating and transferring priority rights, in addition to title, in assignments:** to avoid any potential for doubt, given that the EBA has confirmed that priority rights exist independently of title, the transfer of priority rights should be expressly provided for in the drafting of any European patent assignment notwithstanding the EBA's relaxed view on the requirement for specificity in transferring priority rights.
- **Limitations:** Whilst a notable case, it should be remembered that national courts are not bound by the EPO's assessment if a question of priority arises. National courts can assess all aspects of the relevant priority rights and may have specific rules governing, for example, the rights of third parties to challenge entitlement to priority. Given that the EPO has adopted a lowest common denominator position, those looking to challenge the validity of national rights granted through the European patent process should consider whether national courts give them a better chance of success in respect of priority based arguments and build their strategy accordingly.

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