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Effectiveness of Third Party Observations at the EPO and the Danish Patent and Trademark Office

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by **Jakob Schwalbe Lohmann**, European Patent Attorney, MSc Molecular Biology Medicine and PhD Medicine & **Peter Sørensen**, European Patent Attorney and MSc Physics & Chemistry, Plougmann Vingtoft



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Introduction

The possibility for a third party to file a so-called Third Party Observation (TPO) at the EPO is governed by Article 115 EPC. TPOs apply to published European patent applications and patents for which proceedings are pending before the EPO. Since 2011, it has become easier to file TPOs at the EPO, since an online platform has become available. This platform also allows the filer of the TPO to be anonymous (Official Journal EPO, 7/2011). TPOs thus allow any person to file observations relating to the patentability of the invention in question in a pending EP case.

Currently, EPO provides very little statistical information in relation to the TPO system. However, statistics show that the number of TPOs filed in 2012 roughly doubled the number of observations filed in 2006, and in the biotech field, the number of TPOs has gone up threefold. Further, the biotech group had almost 40% of all observations (epi information, March 2013, ISSN 1434-8853).

Though numbers indicate an increased focus on TPOs, they provide no information on whether TPOs are in fact an efficient tool for a third party, nor do they tell us whether the Examining Division seriously considers the TPOs. But, it is noted that since 2011 EPO has changed its practice to ensure that examining and opposition divisions comment explicitly on the relevance of third party observations (Official Journal EPO, 7/2011).

To further elucidate the efficiency of TPOs at the EPO, we have examined

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the outcome of 40 cases in which TPOs were filed. We further examined whether it is efficient to file TPOs late in the prosecution phase (after submission of an intention to grant by the EPO).

In addition, a similar study was conducted on a number of recent cases from the period 2007-2016 where a TPO was filed during the prosecution with the Danish Patent Office (PVS).

Results at EPO

After identifying 40 randomly selected EP patent applications available in our case management system, in which at least one TPO had been filed, the cases were divided into three categories:

- I. Applications where the patent application was abandoned after filing the TPO.
- II. Applications where the patent claims were amended after filing the TPO.
- III. Applications where a patent was granted with no amendments after filing the TPO.

It was further analyzed, at which stage in the prosecution history, the first TPO was filed.

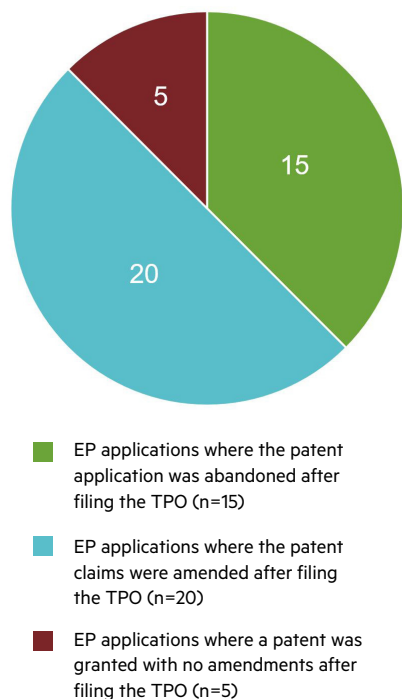
The cases were distributed as outlined in figure 1.

Overall effects of TPOs

In 35 out of the 40 cases (87.5%), patent claims were amended or abandoned after the TPO filing (green + blue in figure 1). From the view of the third party, an abandonment of the application is of course preferred (green in figure 1), since no patent is then to be granted. However, from a commercial point of view, amendments limiting the claim scope, may be sufficient to ensure freedom-to-operate (FTO), since the EP case application in question may no longer limit the commercial activities of the third party.

In only 12.5% of the cases (red in figure 1), the TPO appeared to have no effect on the future claim scope. It was outside the scope of this analysis to evaluate the arguments in each specific

Figure 1: Distribution of effect of TPO



TPO, but weak attacks on patentability should of course not be honoured by the EPO.

For some of the cases it was not possible to clearly establish whether the TPO was the sole reason for the abandonment or the claim amendments. For example, if an applicant decided not to respond to an office action after a TPO had been filed, it could not be established whether the TPO was the reason for the abandonment. Similarly, if several objections (in addition to the content of the TPO) were raised by the Examiner, it was difficult to establish the specific reasoning behind the claim limitations. In most cases, however, the TPO appeared to be directly linked to the claim amendments or the abandonment of the application.

Overall, this analysis indicates that a TPO can be an efficient tool, when a third party has relevant prior art available and wants to influence the prosecution of a patent application at the EPO. It is difficult to differentiate how great the impact has been in each specific case, since other factors (e.g. other prior art or clarity issues) may also influence the prosecution history.

On the down side, the filing of a substantiated and non-anonymous TPO will cause the EPO to accelerate the prosecution of the patent application and strive to issue the next communication within three months (OJ 2017, A86). Thus, an otherwise ‘sleeping’ patent application could be awakened and granted more quickly, if the TPO is not successful in preventing the grant. However, this acceleration of prosecution can, at least according to the Official Journal of the EPO, be avoided by just submitting the TPO anonymously, which may also be preferred for commercial reasons.

Recently, the EPO has considered allowing applicants to delay the start of the examination procedure up to three years, the so-called ‘User Driven Early Certainty’ (“UDEEC”) reform proposal, though it seems the proposal will not take effect (epi information, June 2018, ISSN 14348853). Worth noting is that the proposal included the option that non-anonymous TPOs would equally lift the postponement of the examination.

TPO late in prosecution

An interesting question is how efficient a TPO is which is filed at a late stage in prosecution. Thus, it was analyzed how

effective a TPO is after the EPO has submitted an intention to grant under Rule 71(3) EPC to the applicant. This is interesting, since if no TPO is filed, the outcome will likely be a patent granted without further amendments.

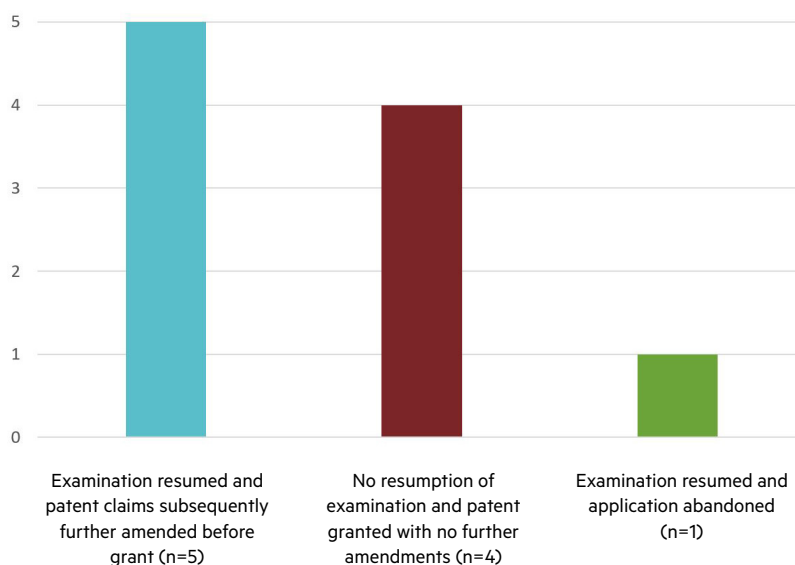


If no TPO is filed, the outcome will likely be a patent granted without further amendments

In 10 out of the 40 (25%) cases, a TPO was filed after the EPO had submitted an intention to grant to the applicant, and these 10 cases were further analyzed. As shown in figure 2, the analysis shows that in 1 case (10%) the application was abandoned, in 5 cases (50%) examination proceedings were resumed and the claims were further amended before grant, and in 4 cases (40%) the patent was granted without further amendments.

This indicates that a TPO may be an efficient tool even after an intention to grant has been issued by the EPO, since the Examining Division indeed evaluates these third party observations.

Figure 2: Effect of late filed TPOs (TPO was filed after intention to grant)



It is worth noticing that when inspecting specific file histories, a document will be available, showing whether the Examining Division has I) considered that the TPO has not given course for amendments of the documents, or II) that the examination proceedings are to be resumed.

This confirms that the EPO does take late filed TPOs into consideration (which they should) and that there appears to be no reason not to file a TPO, if the sole reason for not filing is that it is late in prosecution.

Results from the Danish Patent and Trademark Office (PVS)

To investigate whether the findings from the study of TPOs at the EPO also apply at the national level, a similar study was conducted on a selection of recent cases from the period 2007-2016 in which a TPO was filed during the prosecution with the Danish Patent and Trademark Office (PVS)¹.

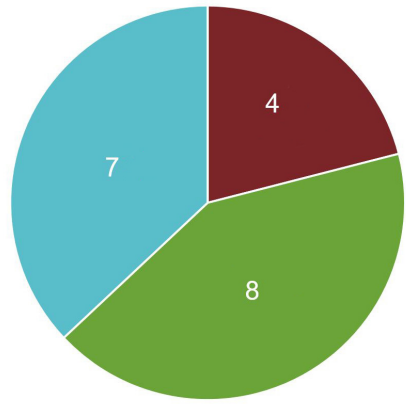
In this period, only between two and seven TPOs were filed per year with the Danish Patent and Trademark Office. Considering the fact that the number of national Danish patent applications filed is just below 2000 per year, and around 255 national Danish patents are granted per year on average, the number of TPOs is quite low.



Filing a TPO at the Danish Patent and Trademark Office (PVS) can be an effective tool for a third party

Therefore, caution is required when drawing conclusions from such low numbers. For some of the Danish patent applications where a TPO was filed, an entitlement proceeding about the invention was also initiated and these cases were thus excluded from

Figure 3: Distribution of effect of TPO at Danish PTO (PVS)



Effect of TPO with the Danish Patent and Trademark Office. Selection of national patent applications from 2007-2016. Cases where entitlement proceedings were initiated are omitted. The patent applications were divided into three categories like the EPO investigation.

the study for better comparison with the results from the EPO investigation above (7 cases were omitted).

Nevertheless, the results from an analysis of the 19 Danish patent applications filed with the Danish Patent and Trademark Office show a similar pattern with respect to the efficiency of the TPO, i.e. for a majority of these cases, the claims were either limited (37%, blue) or no Danish patent was granted (42%, green).

Though no direct cause and effect relation can be determined with certainty between the TPO and the file content of the official register, these numbers do suggest that filing a TPO at the Danish Patent Office (PVS) can be an effective tool for a third party.

TPO vs. opposition

Although TPO can appear to be an attractive tool, it should always be considered whether relevant prior art should be saved for an opposition, instead of filing a TPO.

Advantages of an opposition:

- In oppositions, the patent holder has fewer options for amending the claims.

- Filing of a TPO may motivate the applicant to actually proceed the application towards grant (and perhaps seek protection in additional countries), since the filing of a TPO may indicate to the applicant that the patent application covers important technology.
- An “added subject matter” objection, may be better suited in an opposition, where the patent holder has limited options for remedying such a deficiency.

Advantages of TPO:

- You may avoid that a competitor gets a granted patent. For example, in infringement cases many jurisdictions have a presumption of validity if a patent is granted. Thus, it can be difficult to avoid preliminary injunction or similar measures, if a granted patent is present. So, even if you believe the patent in question is invalid, a court may have a presumption of validity.
- Although the patent at a later stage is invalidated, important time on the market has still been blocked. Documents filed in a TPO in Europe may force the applicant to file the same documents in countries where there is an obligation to file relevant prior art during prosecution, such as the US.
- Likely much cheaper than opposition proceedings.

In sum, the present analysis shows that a TPO will often be an effective tool in limiting or removing a competitor’s patent application, even when filed at a late stage in prosecution.

However, since the choice between filing a TPO or waiting for an opposition has to be made on a case-by-case basis, we recommend always seeking professional advice before settling on a strategy.

¹ The cooperation of PVS by providing the relevant application numbers is gratefully acknowledged.



Contact us

København

Strandvejen 70
2900 Hellerup
Denmark
T: +45 33 63 93 00
F: +45 33 63 96 00
E: pv@pv.eu

Aarhus

Aaboulevarden 23
8000 Aarhus C
Denmark
T: +45 87 32 18 00
F: +45 33 63 96 00
E: pv@pv.eu

München

Landshuter Allee 8-10
80637 München
Germany
T: +49 159 044 575 28
F: +49 89 219 499 66
E: pv@pv.eu

Madrid

Calle María de Molina, 54
Planta 5
28006 Madrid
Spain
T: +34 910 316 609
E: pv@pv.eu

Oslo

C.J. Hambros plass 2C
NO - 0164 Oslo
Norway
T: +47 22 00 74 30
F: +47 22 00 74 39
E: pv@pv.eu