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Poisonous EPC Divisionals *Implications for Risk Management and Opportunistic Advantage*

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Headnote

An EPC application and its divisional(s) may be mutually anticipatory – in an unexpectedly large number of cases. This previously unrecognized anticipation threat to patent portfolios is based on a fusion of two sound legal principles not previously put together. The proposition, whilst disruptive and counter-intuitive, is supported by G0002/98, G0004/98 and G0001/05.

The threat is inherent in the widely used strategy of filing EPC divisional applications, a strategy which reached a zenith in the approach to the change in procedural law for divisionals which occurred last October. The threat has implications along several risk management and opportunity axes.

Executive Summary

We have identified and researched a highly significant anticipation threat to patent portfolios posed by the widely used strategy of filing EPC divisionals. This threat has not been recognized previous to our work.^{1,2} Its discovery points to a common, significant (we suggest probably universal) omission in strategic planning of divisional filings, and changes the landscape for IP risk management. We have already applied the threat in EPC oppositions.³

We postulate the disruptive original proposition that an EPC application and its divisional(s) may be mutually anticipatory where the subject-matter disclosed is materially the same (almost always so). Our proposition

is based on a novel fusion of legal principles not previously put together:

- The first is the familiar principle that two applications come into anticipatory conflict when matter *claimed* in one is *disclosed* in the other with benefit of an earlier priority date but without prior publication (so-called “*whole contents*” anticipation)
- The second is far from familiar but is key to the proposition, namely that the two applications may, in accordance with the EPC, be any two applications within an EPC family comprising a parent and all its divisionals.

The key principle rejects the assumptive, and we suggest normally unconscious, idea that divisionals are special and to be treated specially for the purposes of substantive law. We identify a clear statutory basis, with authoritative and philosophical support, for concluding that this idea is misconceived, incorrect and of no effect.

We propose IP strategy solutions in two separate dimensions based on SWOT analyses.

In one dimension, we propose solutions in the context of proprietor interests:

- insertion of a prophylaxis into strategy formulation when planning division
- solutions for problem contexts already created

In the second dimension, we look:

- opportunistically at the interests of potential patent opponents
- implications for IP due diligence („DD”) and freedom to operate („FTO”) methodologies
- opportunities, and reciprocally threats, in relation to IP values, both at audit and in transactional context

1. Introduction

1.1 The facility for filing EPC divisionals has been widely used by applicants for many years, both to deal with non-unity and for other purposes; in the latter context, division usually aims to deliver strategic goals eg ring-fencing of claimed subject-matter of special commercial importance.

1.2 Such strategic goals are, however, contingent on overall validity for the strategy or are otherwise

1 We first presented arguments in accordance with our proposition in EPO proceedings in October 2005. In those proceedings, the patent concerned was invalidated on other grounds; although the particular issue of parent/divisional mutual anticipation was not formally decided, the Appeal Board indicated *obiter* (and *off-minute*) in oral proceedings that the arguments appeared in principle to be sound.

2 Narrow subsequent dissemination of our 2005 work discloses the essence of our proposition and this has been the subject of limited comment in academic circles.

3 In addition to the instance reported in Footnote 1 above, arguments as presented in this paper have been presented in proceedings on other patents; the arguments await formal authority of an EPO tribunal decision.

- ephemeral – validity is impaired if the goal is materially prevented or the action seeking it engenders material collateral disadvantage. We conclude that when a parent's disclosure has more than one priority date, the same will usually be true of any divisional but that claims in the divisional deemed only entitled to a later date can be anticipated by matter enjoying an earlier date in the parent⁴.
- 1.3 We have examined several sub-models of this overall risk model and identified various risk factors which can be identified and assessed individually. We thus also propose a basis for strategic review and damage limitation particularly applicable in the context of recent divisions⁵.
- 1.4 Not all divisional/parent relationships will conform to the risk model but it appears that many will. Where so, the divisionals concerned will be at risk of invalidity, and remedial action may be damaging or even impossible to implement.
- 1.5 Alarming, there is a reciprocal to this anticipatory context: if divisionals are at risk from parents, then parents are at risk from divisionals due to conformity between parent and divisional in almost all cases in terms of both priority and disclosure – indeed, the risk is omni-directional within each EPC parent/divisionals family and may, for example, impact *divisional-to-divisional*.
- 1.6 Many divisionals now exist. A currently controversial but realistic view is that many will exist going forward indefinitely: although a new procedural context under EPC has presented constraints on divisional filing, it is not clear that this will reduce the quantum of divisions as opposed to simply ensuring a landscape of statutory division management aimed at reducing past public uncertainty.
- 2. Background – The Two Dimensions of Anticipation under EPC**
- 2.1 EPC claims must be novel in two senses:
- (i) they must be novel over subject-matter which falls *within* the state of the published prior art as it exists at their priority date
 - (ii) they must be novel over subject-matter which falls *outside* the state of that published prior art but which subject-matter:
 - o is contained in a published EPC patent application⁶
 - o is entitled to a priority date earlier than that of the claims in question.
- 2.2 By way of illustration, in a typical scenario:
- two applicants file US patent applications at different times describing common subject-matter
 - the two applications give rise to two EPC applications, the first of which is published before the second but too late to form part of the state of the published art as it exists at the priority date of the second
 - the first EPC application is citable⁷ against the second so far as the first contains matter of earlier priority date also claimed in the second
 - the filing programme may be one where direct European patent applications are filed or may be one where European patent applications are the result of a PCT filing step – for the purposes of this illustration, this is immaterial.⁶
- 2.3 Typical remedial action, either during or in anticipation of prosecution, is as follows:
- insert a conventional limitation into the claims of the second application which patentably distinguishes those claims from the disclosure of the first
 - insert a specific disclaimer⁸ into the claims of the second application in order *surgically* to excise from them the anticipatory subject matter disclosed in the first application.⁹
- 2.4 In order for a citation to be citable against claims of later priority date, the citation does not need to be in a different name – both applications could be in the same name – and indeed this is a very common circumstance.

The Increasing Importance of Priority Entitlement in EPC Practice

Priority date assessment under EPC is a more stringent exercise than in the USA and most other jurisdictions. At the same time as pursuing established filing strategies in other jurisdictions, securing a valid priority date for an EP claim – commonly imperative – is becoming a significant challenge in many instances, particularly as attacks on patents in eg EPO Oppositions become increasingly resourceful:

- Subject-matter enjoys a claimed priority date if it is for an invention the same as disclosed in the priority document but not otherwise
- Both granted patents and applications in the examination phase can, and often do, fail on the basis of the invalidity of the priority claim. See „Priority in Europe (everything you wanted to know but didn't

4 Our conclusion has withstood recent internal debate within HLBBshaw against a background of EPC statute/case law, the Vienna Convention (law of treaties) and important philosophical issues covered in the body of this paper.

5 Very large numbers of divisionals were filed in the period leading up to October 1, 2010. Under new procedural law governing divisionals which commenced in April 2010, divisionals filed voluntarily (ie other than in response to a non-unity objection) must be filed within a term calculable for each case -but, for a transitional period expiring on October 1, 2010, voluntary divisionals for which any such set term would already have expired could be filed by that date.

6 A published PCT application designating EPC counts as a published EPC application once the EPC regional phase has been entered.

7 The citation is usually, and not always very helpfully, termed a „*whole contents*“ citation. The citation is relevant for the assessment of novelty only and not for obviousness.

8 A typical specific disclaimer in say a composition claim to A, B, C + D would read: „... *subject to the proviso that the composition is not a composition comprising A, B, C and D1 if C is either C1 or C2*“.

9 The first of the applications cannot, on these facts, be used in an obviousness challenge to the claim in the second application having the specific disclaimer. Accordingly, the subject-matter at the margins – where the area disclaimed interfaces with the claim scope which remains – is not at risk for alleged lack of inventive step over the first application.

want to ask)" [May 2010] – available at www.hlbbshaw.com

In practice, for example, a claim is not entitled to a claimed priority date if it contains a feature which is not directly and unambiguously generically derivable from the priority document. This is the same test as that applied to restrict greatly the making of amendments to European patent applications in prosecution. See „EPO Added Subject Matter Objections“ [December 2003] – available at www.hlbbshaw.com

As such, the presence in a claim of a feature which is not disclosed in a generic sense in the priority document, but which is extrapolated from a specific embodiment, can effectively add matter over the priority document, leading to loss of priority.

3. Divisionals – A Disruptive Proposition Based on Established Law

3.1 We postulate the disruptive proposition that a parent and its divisional(s) may be mutually anticipatory. This can occur in cases where some subject-matter is entitled to a declared priority date and some to either a later declared priority date or to the EPC filing date.¹⁰

See *Appendix 1* Venn diagram: How parents and divisionals can mutually anticipate

3.2 A divisional application and a parent application are two separate applications with no special relationship which precludes this proposition. They have an unusual relationship in one solitary sense and one only – the divisional application claims, on its filing, the date of filing of the parent. Apart from this, the two have all the attributes of separate un-linked applications – separate application fees, separate prosecution, separate renewal fees, separate outcomes and, if successful, they produce separate patents. A parent and divisional might even in some cases not have common inventorship.

3.3 The legal basis for this is in our view perfectly clear:

- Article 76 EPC provides for the existence of divisional applications and defines their parental relationship only at the instant of filing
- This independent status of divisionals has twice been endorsed by the Enlarged Board of Appeal (Decision *G0004/98*, *Reasons for the Decision paragraph 5*; Decision *G0001/05*, *Reasons for the Decision paragraphs 3.1 and 8.1*)¹¹.

3.4 We are aware of evidence of a legal expert witness submitted to an EPO first instance in EP0846450, which suggests a view contrary to our own view that parents and divisionals enjoy separate independent status. Although this evidence has

received some favourable comment from blog commentators, we disagree completely with the opinions set forth in that evidence as it conflicts in our view with the above authoritative background. Notably, (i) the above expert evidence was not mentioned by the tribunal in its decision and (ii) the blog commentators do not mention either of G0004/98 and G0001/05.

3.5 We put forward the view that the separation means that a parent and its divisional(s) have the same capacity to come into conflict in a novelty sense as two applications which were effectively never linked:

- Paragraphs 2.1 and 2.2 above set out the established fact that two EPC applications can come into anticipatory conflict even if the priority date of the second is before the first was published – with an outcome either that the scope of the later of the two suffers significant limitation or that the application fails completely
- A divisional application may thus be cited against a parent if the parent claims are not entitled to the claimed priority date but relevant matter in the divisional is so entitled¹²
- For the same reasons, the parent is citable against the divisional claims¹³ so far as those claims are not entitled to priority but relevant matter in the parent is so entitled.

Illustration: A Specific Parent/Divisional Anticipation Context. See Text Panel below and Appendix 2

Illustration: A Specific Parent/Divisional Conflict Context

A Redacted Real Case: parent and divisional EPC patents for mechanical subject-matter claiming priority from two UK patent applications with different general disclosures and common specific disclosures

- UK patent application „A“ is filed on date „A“ for subject-matter involving a device comprising „members“ and the claims recite the presence of plural members. The same applies to the general description. The specific embodiment depicts an array of members in which the members form a matrix but there is no other disclosure of an array.
- UK patent application „B“ is filed on date „B“ also for subject-matter involving members. Date „B“ is later than date „A“. The claims recite the presence of plural members. The general description makes

¹⁰ Of course, both parent and divisional have the same effective filing date.

¹¹ Appeal Decision T0441/92 states that thereafter a divisional application is to be treated as a separate application: „Thus, once the conditions of Article 76(1) have been met, the divisional application is to be examined as an application quite separate from the parent application and must itself comply independently with all the various requirements of the EPC.“

^{12, 13} This line of argumentation currently forms part of challenges to several European patents currently under opposition where HLBBshaw is the representative of the opponent. In one previous opposition (placed on appeal in 2004), the argument was tested by HLBBshaw at oral proceedings and received broad acceptance by a Board of Appeal as a meritorious challenge (the patentee, however, amending his claims to a narrow form which the Board of Appeal in that case determined was entitled to a priority date which would not otherwise have been enjoyed by the claims). Whilst the issue of parent/divisional mutual anticipation has yet to be decided at EPO appellate level, we believe it to be valid and supported indirectly by very recent case law – see Paragraphs 4.3.1 and 4.3.2 of this paper.

a specific reference to members in the form of an array. The specific embodiment is the same as in application A.

- A European patent application is filed claiming the dates of both applications „A“ and „B“. The specification is the same as that of application B.
- An EPC patent is granted with claims reciting an array of members. The claims are entitled to date „B“ – the first occurrence of any general disclosure of arrays.
- A divisional EPC application is filed just before grant of the parent patent, and this subsequently publishes.
- The divisional corresponds to the parent as filed. It discloses the same specific embodiment as the parent and applications „A“ and „B“. That specific disclosure is entitled to date „A“ and anticipates the claims of the parent patent – which are entitled to date „B“, as already noted.

3.6 It will be recalled that a divisional will usually include at filing *all* the matter of the parent. Usually, neither is amended to give an outcome in which less appears at publication – what is filed will generally be what is published (unless publication as a whole is prevented by abandonment). Divisionals and parents in short have, more often than not, once published, the same disclosure, and this potentially makes each a *perfect citation* against the other if the priority date circumstances permit.

4. Challenging the Proposition – Fairness, Expectations, Law

4.1 An instinctive first reaction to our disruptive proposition that a parent and a divisional can be mutually anticipatory is that it is unfair, not in accord with reasonable expectations and likely to be wrong in law – because divisionals are special. Support is rallied from history – divisionals have always been filed and never before challenged on the basis here presented, and as a matter of public policy it cannot now be decided that some of them are casualty to a new proposition.

4.2 We suggest that these are reactions which are driven by aspiration and that they do not survive balanced critical appraisal:

- The two dimensions of anticipation (ie anticipation in both the normal and “*whole contents*” senses) have formed part of EPC law and practice since 1978 and have not changed in any way that is material to this issue¹⁴. Applicants and the public as a whole have had proper notice
- Applying the principles of this established law and practice in a new way which aligns with

14 The geographical ambit of “*whole contents*” anticipation was at one time aligned to the EPC state designations in the citation and thus potentially restricted but, although this has changed, the removal of this restriction is not material to the proposition in this paper.

them is a matter of intellectual process that is available to all

- Managing the unchanged but newly perceived legal context generated by that process, and in so doing addressing expectations, is a matter of exercise of choice, skill and judgement – the fact that this exercise may be challenging is not a relevant factor and nor is the fact that the need for it has not been appreciated
- History is also not relevant as it is perception and applicability that have changed and not the law
- Public policy has no business, at least not at the executive as opposed to the legislative level, interfering with the effects of proper interpretation and application of the law
- An applicant filing two separate European applications at the outset would plainly be subject to the legal reality that they could conflict in a “*whole contents*” anticipation sense; his position cannot fairly be superior through filing a single application and dividing it later
- A divisional is not a special application (for purposes of anticipation or at all); divisionals are ordinary applications which (i) happen to claim the parent filing date in consideration of limitations on geography¹⁵ and disclosure which keep them within the parent’s scope and (ii) do not deserve or enjoy any preference in substantive law.

4.3.1 This latter point has been implied with some strength in one very recent decision at EPO appellate instance. T680/08 (June 2010) poses the anticipation of patent claims in an EP application (EP2) by an earlier EP application (EP1) whose priority is claimed – as opposed to the two having a parent/divisional relationship.

4.3.2 The factual context is worth explaining so as to demonstrate how the decision’s consistency with our basic proposition supports it:

- the patent claims concerned in T680/08 were asserted to be disentitled to the priority date of EP1 (and entitled only to the filing date of EP2) because of an amendment to the main claim
- EP1 disclosed earlier embodiments falling within the scope of the claims of EP2. Accordingly, those embodiments anticipated the patent claims in question even though EP1 was not published until after the filing date of EP2 (ie anticipation was asserted in the “*whole contents*” sense)¹⁶

15 A divisional cannot designate any EPC state that is not designated (or available for designation) in the parent – see eg Decisions J0022/95 and G0004/98.

16 Decision T0680/08 follows Koch & Weinzierl, EPI Information No 1/10 (March 2010) and both refer to Decision T1443/05 (published in June 2008 in German, not published in English and of somewhat low profile – the case had by November 1, 2010 been cited only once in other appeal decisions). However, neither of the two cases nor the Koch & Weinzierl paper mentions parent/divisional mutual anticipation (nor do they mention divisionals at all); they are instead focused on broader issues of determining priority entitlement.

- In short, a *later priority-claiming* application can according to T680/08 be anticipated by an *earlier priority-conferring* application – the relationship between the two is not regarded as special and nor then, we contend, can be that between a parent and its divisionals.
- 4.4.1 The Vienna Convention on the Law of Treaties (VCT) contains provisions setting out how Treaties (and Conventions) should operate. The VCT makes two rules applicable to the interpretation of the EPC:¹⁷
- EPC should be interpreted in good faith
 - Terms in EPC should be given their ordinary meaning in their context and in the light of the object and purpose of the EPC.
- 4.4.2 As set out in Paragraph 2.2 above (third bullet point), the prior art in relation to EPC claims is considered to include disclosures of earlier priority date contained in other EPC applications (even if not actually pre-published); Article 54(3) EPC states that the prior art includes:
- “the content of European patent applications as filed, the dates of filing of which¹⁸ are prior to”* the filing date of the case in suit. As construed in good faith, this provision includes *all* other EPC applications and cannot be seen as excluding those that are part of a parent/divisional relationship as to do so would be to import a nuance and would be capricious.
- 4.4.3 The same conclusion can be expressed in different terms (perhaps more cogently; certainly less prone to philosophical variance), namely that it would be necessary to assign a special (rather than „ordinary“) meaning to the term „(other) European patent Applications“ in the relevant EPC provisions¹⁹ in order to sustain any argument that a divisional application is not citable against its parent or vice-versa.²⁰
- 5. The Cruciality of the Priority Test**
- 5.1 Priority is to be determined on the basis of G0002/98. In circumstances where a claim does not find priority document basis which enjoys considerable precision²¹, things are far from clear cut. G0002/98 is commonly regarded as applying to priority date assessment a test that is an analogue of the Article 123(2) EPC test for added matter. This in itself suggests a hurdle of sufficient height that imprecise priority document basis will commonly mean a real risk that priority is to be denied.
- 5.2 Reason 6.7 of G0002/98 suggests tools for applying the bottom line finding of the Enlarged Board of Appeal in a way which recognises that a claim not entitled to priority can notionally be divided into separate domains of which some may be entitled to priority²². This can mean outcomes where relevant matter in one of a parent and divisional does not anticipate such domain because both the *missile* and the *target* have the same priority date. In short, in such a case the divisional is not *poisonous*. However, Reason 6.7 is to be applied with care in only allowing a claim to be divided into a *“limited number of clearly defined alternative subject-matters”*. In many parent-divisional interactions, the circumstances do not support application of the Reason 6.7 tools in a way which leads to acknowledgement of priority.²³ For example:
- acknowledgement of priority may require notional individualisation in the claim concerned of a subject-matter domain which, as it is not *“clearly defined”* (eg perhaps an Example) or leads to a non-limited number of alternative subject-matters, is not permitted by G0002/98
 - in cases where the claim in question has been drawn more narrowly than the priority document disclosure²⁴, it is unclear if and how the Reason 6.7 tools of G0002/98 can be deployed.
- 5.3 Put bluntly, except in cases where a claim is foreshadowed with a good degree of precision in a priority document²⁵, priority will be (at least) uncertain²⁶. Where it is uncertain and there is a parent-divisional family where one family member contains eg specific matter falling within the relevant claim of another family member, there is a meaningful IP risk. As an IP management matter, this should attract risk management activity in the hands of the proprietor, adapted DD/FTO methodologies in the hands of transaction suitors/competitors and opportunistic patent challenge strategies in the hands of those considering exploitation of the claimed subject-matter in question.
- 6. Conventional Solutions Will Usually Not Produce Acceptable Outcomes**
- 6.1 The same remedial tactics are available to resolve parent/divisional conflicts as set out in Paragraph 2.3 above but this is likely to be theory rather than

17 The VCT is not formally applicable to EPC as it did not exist when EPC came into force but, in common with eg the European Court of Human Rights, its provisions are noted and broadly followed by the EPO (see Decisions G0005/83 and J0022/95).

18 Article 89 EPC explicitly provides that the reference to *filing* date here refers to the *priority* date enjoyed.

19 In fact, the word „(other)“ does not appear in the relevant part of EPC although its presence is regarded by custom as understood.

20 In this respect, evidence that a contracting state to EPC intended a special meaning would be relevant – but no such evidence exists.

21 Such circumstances are far from rare.

22 Of course, the claim may already individualise separate domains in the classic fashion of a so-called “-OR claim”; however, our impression from personal experience is that this is less common.

23 We are currently finalising a companion paper for publication on priority date assessment focussing on G0002/98 – a decision which is surprisingly poorly understood despite its publication more than 10 years ago – and case law of the lower Boards of Appeal which both precede that decision and post-date it.

24 Again, such circumstances are far from rare.

25 In the case of a claim where it is expression of a feature of generic scope which engenders the priority issue, uncertainty of priority will apply unless the totality of the scope of that genus, or at least a clearly defined alternative subject-matter domain nested within it, is properly foreshadowed in a priority document.

26 We are aware of first and second instance decisions, some unpublished, where tribunals have declined to divide claims into separate domains per Reason 6.7 of G0002/98.

practice in this setting for two reasons which make it less likely that they will offer an acceptable outcome.

6.2 First, the anticipatory context is very different because the parent and divisional are normally at least approximate clones of one another so that citability is potentially ecliptic. Secondly, the protection goals in this context are usually very tactical; most *voluntary* divisionals are filed as part of a contingency plan – for example, in case the parent is opposed with a likelihood of success, to ring-fence subject-matter of immediate commercial significance to obtain rapid allowance or to separate clearly allowable from contentious related subject-matter.

6.3 In general, parent/divisional conflict will arise through the existence of citable specific matter of earlier priority date and this can be difficult to distinguish in the above contexts and in any event:

- No conventional amendment may be available to provide a distinction – either because there is no basis for one or because those for which there is basis conflict with the protection goals
- At the same time, the rules on specific disclaimers call for (a) an exclusion of *only* the limited subject-matter which engenders anticipation²⁷ and (b) compliance with formal clarity requirements which are almost never compatible with the latter rule²⁸
- Post-issue, the only potential amendment which is effective to restore priority and deliver the protection goal may be a broadening one – but a patent may not lawfully be amended to extend its scope.^{29, 30}

7. Strategic Action as Patentee/Applicant

7.1 Risk Assessment

7.1.1 Contexts which have higher probabilities of suffering from parent/divisional mutual anticipation have characteristics which can be identified and detected. Broad predictive risk management is therefore an available tool.

7.1.2 Table 1 shows characteristics which indicate higher risks. Whilst Appendix 2 (see side bar to Paragraph 2 above) shows an illustration in a particular setting from which a risk assessment plan could be derived, Appendix 3 directly expresses a suggested a decision tree structure; this might be used to analyse different parent/divisional contexts to enable case streams to be defined for further more detailed consideration appropriate to the context³¹

27 This would call for the disclaimer language to recite precisely the specific embodiment causing the anticipation.

28 Clarity (Article 84 EPC) will hardly ever be satisfied by disclaimer language reciting precisely the specific embodiment causing the anticipation – the disclaimer might be of great length and would probably include in many cases language of the kind not ordinarily suitable for use in a claim.

29 Article 123(3) EPC.

30 For example, a claim reciting an *array* of members if amended to recite a *plurality* of members would broaden the scope of the patent as a whole and so the amendment would be unallowable.

31 This decision tree is in simplified form. A more comprehensive decision tree, which can be provided on request to the authors, shows further decision process steps which insert assessments of priority using the tools we consider are derivable from G0002/98.

Table 1: Risk factors indicating probability of parent/divisional mutual anticipation

1	EP claims multiple priorities from earlier basic applications (BAs)
2	EP claims single priority from earlier basic application (BA) and EP and BA are not identical
3	EP as filed contains substantial new material relative to at least the earliest BA
4	New material in the EP relative to at least the earliest BA includes general information
5	The general information is mentioned in at least some of the claims of the EP
6	Specific embodiments in the EP are mentioned in the BAs and fall within the scope of at least some of the EP claims
7	The EP was filed urgently and may not have optimized the capacity for claims to secure the priority date(s)
8	A divisional has been filed which substantially reproduces the parent EP
9	Publication of the divisional is imminent

7.2 Preventive Action by Patentees/Applicants

7.2.1 Preventive steps include:

Ancestors threatened by proposed divisionals

- Remove from the proposed divisional text any matter which would anticipate the patent claims of any ancestor³²
- Exclude the (relevant) priority claim(s) from the proposed divisional application³³
- Do not file the proposed divisional application³⁴

Proposed divisionals threatened by ancestors³⁵

- Formulate a precise distinguishing amendment strategy for the proposed divisional prior to filing it, and implement that strategy as part of the filing.³⁶

7.3 Curative Action by Patentees/Applicants

7.3.1 For ancestors threatened by new divisionals already on file, curative steps include:

- Withdraw the new divisional application if still possible^{37, 38}

32 It will not always be the case that doing this poses a meaningful enablement risk for the proposed divisional but it often will.

33 This is often risky but the earlier date is not relevant if, for example, the subject-matter the divisional claims (as distinct from its descriptive disclosure) is not entitled to that date anyway.

34 This may seem drastic but there are many scenarios where the risk to parent case efficacy significantly outweighs the potential benefits of any divisional.

35 Obviously, action to amend a parent will lack effectiveness since the parent is already on file and what was filed *will* be published (unless the parent is abandoned in time to prevent that happening); the prior art effect under the “*whole contents*” principles will take effect at publication although based on the applicable parent priority date.

36 The amendments will need to satisfy the test that they add no subject-matter relative to the subject-matter content of the divisional’s ancestors and so there is no statutory advantage in amending as part of the filing. However, tactically, this may prove the better option in terms of Examiner reaction and strategically the exercise should enable the viability of the divisional and its threat to ancestors to be assessed early in the spend programme.

37 Put briefly and in general terms, an application will not be published if it has been finally refused, deemed withdrawn or withdrawn before the termination of the *technical preparations for publication*. These preparations are considered terminated at the end of the day five weeks before the end of the eighteenth month from the date of filing or priority (EPO Notice, OJ 6/2006, 406). If withdrawn before publication but *after* the termination of *technical preparations for publication*, the application will still publish, but no whole contents prior art effect under Article 54(3) EPC will arise (see Decision J0005/81).

38 One way of withdrawing a divisional application is, of course, to omit payment of official fees whose absence results in deemed withdrawal.

- Withdraw the (relevant) priority claim(s) from the new divisional application³⁹ if still possible⁴⁰
- Formulate a precise amendment strategy for the ancestor to distinguish it and implement that strategy as soon as possible.

8. Strategic Action as "Opponent"

8.1 Opponent Opportunities

8.1.1 Reciprocatively, our proposition generates opportunities for opponents and potential opponents which are self-evident from this paper.

8.1.2 It remains to be seen whether first instance tribunals of the EPO will be willing to follow our proposition without there first being authority from a specific decision at an appellate instance (and no such authority currently exists).

8.1.3 We suggest that challenges based on our proposition should be admissible in already filed oppositions where such a challenge has not already been made, at least in cases where lack of novelty has been pleaded on other bases.

8.2 Third Party Observer EPC Prosecution Opportunities

8.2.1 Challenges made as a third party in EP prosecution are commonly mounted by parties – who often later become opponents. Most EPC states have national provisions for making third party observations on patentability during prosecution of a patent application.

8.2.2 Such *Observers* do not become party to the prosecution proceedings and that *status quo* makes this a difficult setting in which to promote unusual, difficult or philosophical arguments. Our proposition may have little value in this context for this reason and because Examiners in prosecution will likely be reticent to apply our proposition in an application context until there is appellate authority; tactically, mounting a challenge on this basis would alert the patent applicant and enable him to plan an amendment strategy in the more hospitable environment of prosecution (as compared to post-grant opposition or litigation).

8.3 Third Party Observer EPC Post-Issue Opportunities

8.3.1 Challenges may also be made as a third party in post-issue EP opposition proceedings. For the reasons given above in Paragraph 8.1.2 and 8.2.2, these may lack effectiveness, although the issue could well be adopted by a skilful opponent (but see Paragraph 8.1 above).

8.4 Post-Issue Challenges under National Laws

8.4.1 In addition to orthodox litigation (eg revocation proceedings in UK and nullity proceedings in Germany), "whole contents" issues (as a specific cause) can be used to invalidate UK patents (including European Patents (UK)) by an informal procedure in which the citation and its relationship to the UK patent concerned can be brought to the

attention of the Patent Office⁴¹ (now, Intellectual Property Office – UKIPO).

8.4.2 The above mechanism confers on the UKIPO the perhaps surprising jurisdiction to revoke the UK patent concerned *of its own motion*. This power provides what amounts in reality to an extension of the normal UK prosecution environment into a post-issue chapter and provides a national remedy⁴² to compensate for the fact that, in EPC prosecution, EPO Examiners enjoy no jurisdiction to raise a "whole contents" objection based on a national right (even though such rights are relevant to national validity).⁴³

8.4.3 Contrary to the view we give in Paragraph 8.1.2 above, we feel that consideration at the more senior tribunal levels normally involved in revocation proceedings (including those where revocation in light of a "whole contents" issue is empowered at a Patent Office's own motion) may result in a more propitious prospect of successful intervention. The patentee has an opportunity to make observations and seek amendments but the person bringing the citation to the attention of the UKIPO does not become a party to the proceedings.

8.4.5 This provision is, however, peculiarly UK in style, and we do not expect similar provisions in the national laws of other EPC member states, at least note in the top slice of that constituency measured in economic terms⁴⁴. However, we are researching the question of whether there are effective analogues elsewhere in Europe to this unusual provision of UK law and will publish the results of this research at www.hlbbsshaw.com.

9. Due Diligence and Freedom to Operate Methodologies

9.1 The existence of division suggests a new dimension of risk in both DD and FTO contexts.

9.2 In both contexts, we suggest adaptation of standard methodologies to address the new risk dimension.

10. IP Value Detraction

10.1 IP audits are increasingly common in well-managed businesses and may include a risk assessment element and an associated IP valuation. Parents „poisoned“ by divisional filings may, for example, need to be revalued at lower valuations as compared to a past IP audit.

10.2 In transactional contexts, „poisoned“ EPC items may not justify revenue streams attaching to them, with the result that those revenue streams (a) may be less reliable in a „going concern“ financial governance sense applied to the patentee/appli-

39 This may seem drastic but there are many scenarios where the risk to parent case efficacy significantly outweighs the potential benefits of any divisional

40 Broadly, this will need to be done quickly and good practise suggests that individualised advice is prudent on such a matter.

41 See Section 73(1), UK Patents Act, 1977 (as amended).

42 The remedy is in addition to, but very much simpler than, the alternative option of bringing full *inter partes* revocation proceedings.

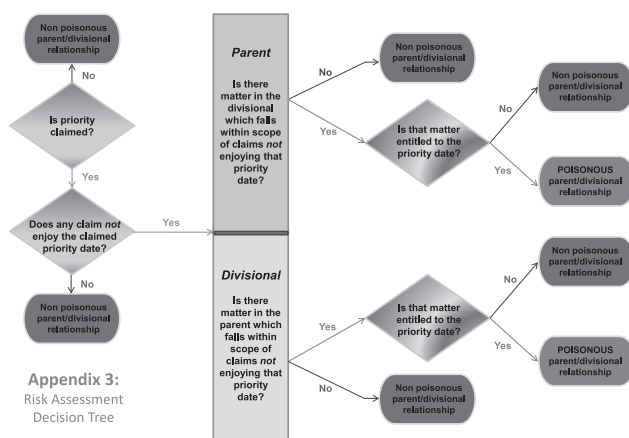
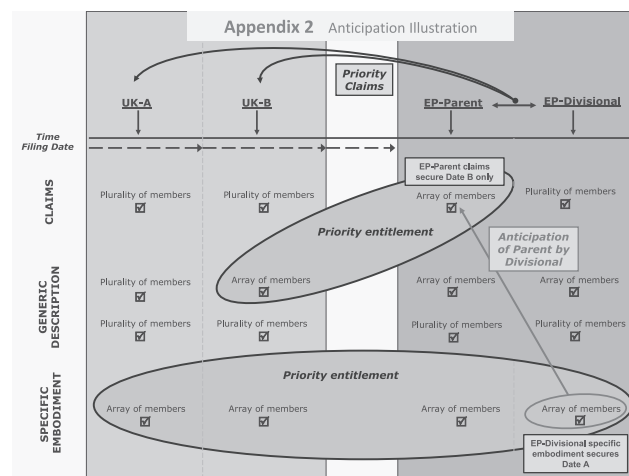
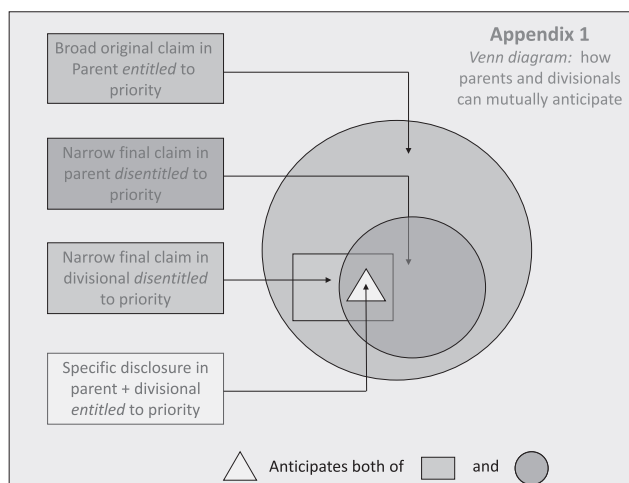
43 The provision in fact *overcompensates*, as it provides more than an answer to just this specific point; for example, the provision gives the UKIPO power to revoke if a *whole contents* conflict exists between a UK national patent and another UK national case.

44 Preliminary research suggests the Irish law is similar to that in UK.

cant and (b) as payment obligations of eg a licensee, may be less justifiable.

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Divisionals and Deemed Withdrawal – A Way out of the Mist?

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1. Introduction

Decision G1/09 of the Enlarged Board of Appeal of the EPO (EB) has to the surprise of users of the EPC changed the practice of the office regarding filing of divisional applications. Under long standing practice a divisional application could be filed until pronouncement of a decision in oral proceedings or until notification of a decision in written proceedings by an examining division refusing a patent application. However, G1/09 held that

a divisional application can be filed until expiry of the period for filing an appeal against the refusal, independent of whether an appeal is actually filed.

The decision is based on the premise that a patent application is pending as long as substantive rights deriving therefrom are in existence. This pendency is one of the requirements of Rule 36 EPC² for filing a divisional application. The EB supported its position by referring to similar practice in several EPC contracting states. In a previous article³ it was shown that application

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² All provisions of the EPC in this article refer to the EPC 2000

³ Visser and Blaseby, „Divisionals – Peering into the Mist“, epi Information 1/2011, page 32

