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EPO opposition: key players, key fields and the key to change

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EPO opposition: key players, key fields and the key to change

By Shiri Burema and René van Duijvenbode, NLO (Nederlandsch Octrooibureau)

Opposition before the European Patent Office (EPO) is a powerful tool for challenging the validity of a granted European patent. It is a way of obtaining a central decision of a technically qualified board that applies in all countries in which the patent is valid, thereby saving on litigation costs before individual national courts. Opposition success rates are high. In its most recent annual report (2015), the EPO revealed the chances of having a patent revoked (31%), maintained in amended form (38%) or maintained as granted (31%); 69% of oppositions resulted in a modification in the scope of protection of the challenged patent.

Oppositions also save time. Recent policy developments have shifted oppositions high up the EPO's agenda. Results are already being seen: the period from filing an opposition to obtaining a decision can now be as quick as a year. No wonder that the popularity of opposition is growing – EPO annual reports showed a 61% increase in the number of opposition decisions from 2010 to 2015.

But opposition proceedings are complex and do not always result in victory. Who are the key players that can make the difference? Where do patentees and opponents come from and which technological fields are usually involved? If they are nationals of a non-contracting state to the European Patent Convention, obliged by law to have a representative, who are they inclined to choose? And to what extent does *IAM*'s ranking of top European firms reflect opposition performance in reality?

NLO has collected and analysed data from the public EPO registers on all oppositions filed from 2013 to 2015 to answer these questions, going beyond the EPO's own annual reports. The review also considers how recent EPO opposition behaviour reflects on the future Unified Patent Court (UPC).

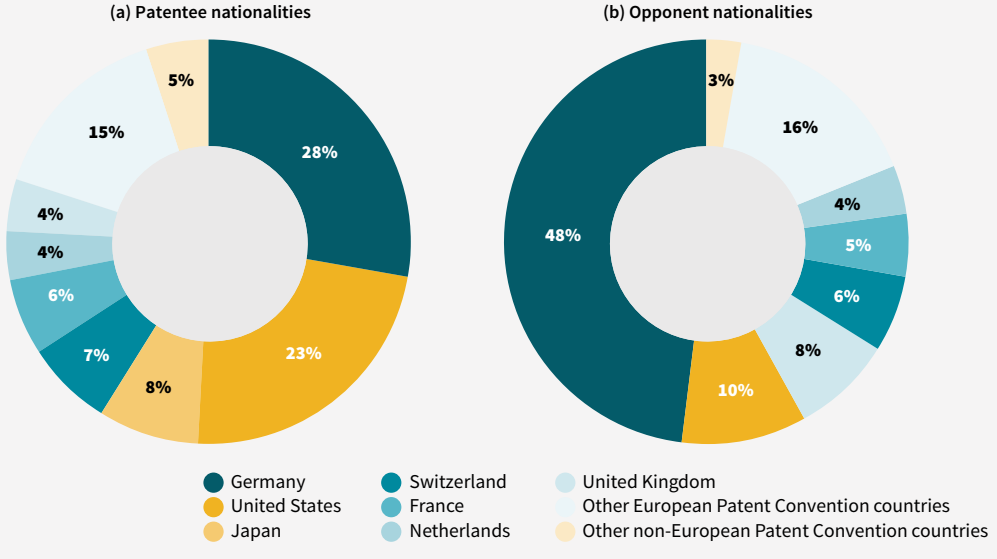
Technological areas at high risk of patent opposition

Under Article 99 of the European Patent Convention, an opposition must be filed within nine months of publication of the granted patent in the European Patent Bulletin. No remedy is available for missing this deadline, so careful grant monitoring, quick decisions and early action are key for successful opposition filing. Actively using opposition is more common in certain technological areas, where patentees are at higher risk of being opposed and opponents may acquire a competitive edge. Parties innovating in these fields should prepare an opposition strategy with both defensive and offensive aspects.

We studied the opposition hotspots from 2013 to 2015 by analysing the number of oppositions filed per international patent classification (IPC) class and sub-class contributions.

The medical and pharmaceutical fields seem to be the most popular opposition areas by far: 13.7% of oppositions filed related to IPC Class A61 inventions (medical or hygiene). Oppositions are particularly popular for pharmaceutical patents, since the two largest IPC sub-classes' contributions related to them: 6.7% to IPC Sub-class A61K (medical, dental or cosmetic preparations) and 2.8% to IPC Sub-class A61P (therapeutic activity of chemical compounds or medical preparations). Other major sub-classes of A61 (ie, those contributing 1.5% or more to the total) related to medical devices (A61F, with 2.1%) and the use of cosmetics (A61Q, with 1.6%). Outside A61, IPC Sub-class C12N (micro-organisms, enzymes or cells) made a relatively high contribution (1.7%), reflecting that biotechnology innovations play an important role.

FIGURE 1. Nationalities of parties in EPO oppositions



Nationalities of (a) patentees and (b) opponents in 2013-2015 EPO oppositions. Distinction is made between non-Europeans (yellow) and Europeans (blue).

A second field where patents seem more prone to opposition is polymers and plastic materials: 5.3% of the total oppositions filed related to IPC Class C08 inventions (organic macromolecular compounds). Analysis of the IPC sub-classes shows that both the preparation process and the final polymeric material itself are disputed. Regarding the preparation process, opposition is equally popular for IPC sub-classes of C08 relating to the reaction itself (C08F at 1.3% and C08G at 1%), post-processing work-up (C08J at 1.2%) and the use of compounding ingredients (C08K at 1.1%). The popularity of opposing a patent on the polymeric end product is reflected by a high rate for C08L (compositions of macromolecular compounds at 2%) and, outside C08, by IPC Sub-classes B32B (layered products at 1.7%) and B29C (shaping or joining of plastics at 1.5%).

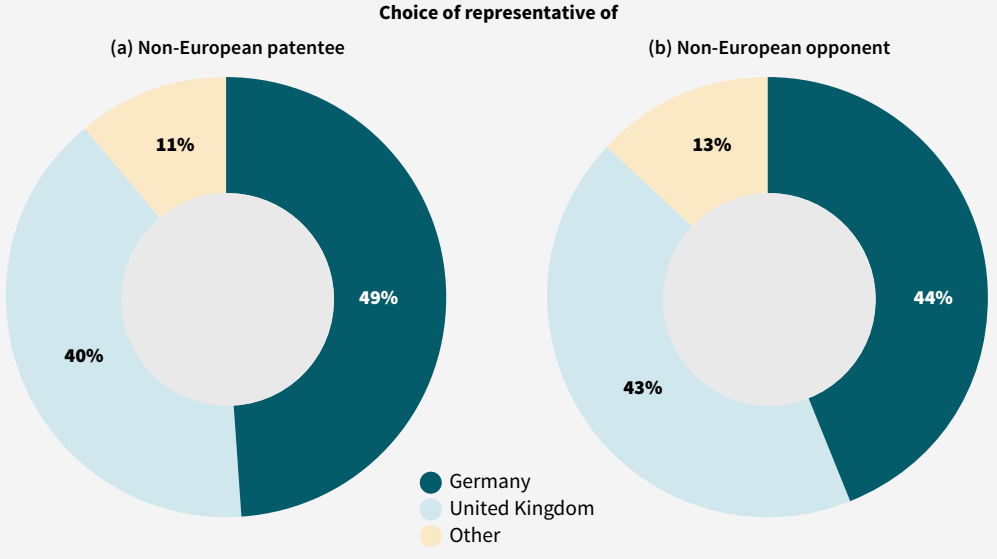
Patentees and opponents: nationalities and behaviour

The majority of both patentees and opponents are German (see Figure 1). Regarding patentees, the 28% German share is counterbalanced by the US share (23%). Regarding opponents, however, German companies dominate, accounting for almost half (48%) of the total and dwarfing the second-largest share of 10% (again held by US parties).

This patentee-opponent ratio illustrates the different opposition strategies of German and US companies: the former are attacking more patents than defending, while the latter are more inclined to be opposed than to oppose. UK parties are the only other major nationality to oppose proactively like Germans (with a patentee-opponent ratio of 4%:8%). This approach may arise from the fact that Europe's largest IP firms are located in these nations, increasing awareness of the EPO opposition system's value for challenging patent validity (an effect further emphasised for Germans through the presence of the EPO headquarters in Munich).

All other major European countries have balanced roles, with companies acting approximately equally frequently as patentee as opponent. This appears strange for the Netherlands, which is close to both the United Kingdom and Germany in many respects, has a strong, well-established national system of patent law and litigation and hosts a branch of the EPO at The Hague.

FIGURE 2. Choice of representative of non-European parties in EPO oppositions



Nationalities of representatives chosen by non-European (a) patentees and (b) opponents involved in 2013-2015 EPO oppositions

Further afield, the two other major non-European countries are more similar to the United States, in that companies are more likely to be opposed than to oppose patents (the patentee-opponent ratio for Japan is 8%:1%; for China it is 2%:0.4%). This passive approach is in fact typical for non-European parties: 35.5% of patentees in the 2013 to 2015 oppositions were non-European, in comparison to 13.3% of opponents. This may be due to the unfamiliarity of non-European parties with the benefits of EPO opposition; European patent firms should seize this opportunity to promote its merits.

Non-European parties in EPO oppositions: nationalities and choice of representative

Of all non-European patentees, by far the most parties are from the United States (64%), followed by Japan (22.0%), China (4.3%) and South Korea (2.1%). Other countries had minor shares of 1.5% or less. Among all non-European opponents, the US presence is even more pronounced (73.9%), while Asian countries are much less active: Japan takes a share of just 9.3%, China 2.7% and South Korea 0.9%. With shares of 3.6% and 2.2% respectively, Israeli and Australian parties are more important as non-European opponents.

Non-European parties are of special interest, since they are obliged to appoint a European representative. Although major European parties are typically almost always represented by a party of the same nationality, the law excludes non-Europeans from this convenience. So whom do they choose?

The results are striking (see Figure 2): nearly 90% of non-European parties choose a German or UK representative. This applies to non-European patentees and opponents alike.

In both cases, German and UK firms hold approximately equal shares, although individual variation exists among the specific non-European nationalities (see Table 1). US and Australian parties are slightly more inclined to choose UK representatives, while Asian and Israeli parties clearly prefer German representatives.

Perhaps US and Australian parties prefer UK representatives for the convenience of communicating in their native language. When language barriers become less relevant, as for Asians and Israelis, the proximity of German firms to the EPO in Munich may be a decisive factor.

But how important is opposition in Munich?

Table 1. Choice of UK or German representative for major non-European nationalities in EPO opposition

	Patentee representative		Opponent representative	
	UK	German	UK	German
United States	**49.8%**	37.5%	**51.5%**	35.6%
Australia	**43.5%**	39.1%	**53.8%**	19.2%
Israel	34.3%	**45.7%**	14.3%	**71.4%**
Japan	19.0%	**74.6%**	9.2%	**84.4%**
China	11.4%	**80.0%**	12.5%	**84.4%**
South Korea	16.0%	**66.0%**	10.0%	**90.0%**

Non-European countries most often involved in EPO opposition and their frequency of choosing a UK or German representative when being a patentee or opponent

Geographical distribution of oppositions over EPO locations

With the implementation of the European Patent Convention 2000, the EPO formalised examination in The Hague and Berlin. Oppositions are also allocated to these locations and hearings now also take place at The Hague and Berlin, depending on the technological field and location of the examination. Analysis of the distribution of all oppositions filed from 2013 to 2015 over the three EPO offices (see Figure 3) shows that more than one-third of proceedings take place in the Netherlands. This allocation appears constant each year (with annual fluctuations of 2%).

If proximity of the representative to an EPO site is a factor, the possibility of having the case heard in The Hague should not be overlooked. It would therefore be logical to consider the option of a Dutch representative. So how do Dutch firms perform in opposition?

Opposition performance of European firms

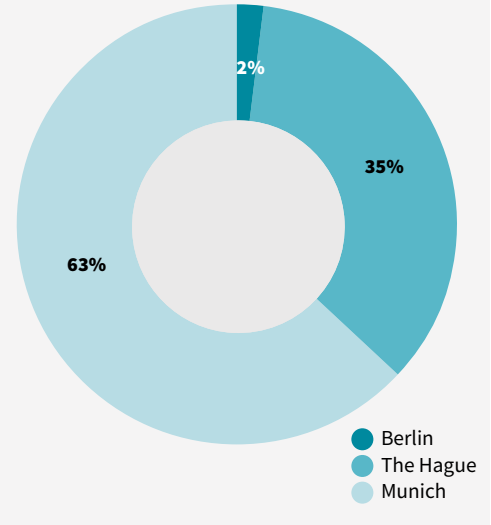
As an indicator of opposition performance, we analysed the number of opposition cases handled by each European firm from 2013 to 2015 (representing patentee or opponent). Our research confirms *IAM*'s reliability as a guide of top firms acting before the EPO, finding that the firms with the highest volume of opposition cases were all in the *IAM Patent 1000* 2015 ranking.

The analysis led us to identify four additional firms that perform comparably to the 22 top *IAM*-ranked firms (see Figure 4). As a further quality indicator for these firms, we have analysed the technological diversification or specialisation of their opposition portfolios. For this, we used the division of cases across the three future UPC central divisions: London for chemical, pharmaceutical, medical and biotechnological inventions (IPC Classes A and C); Munich for mechanical engineering inventions (IPC Class F); and Paris for electronics, software and physics-related inventions (IPC Classes B, D, E, G and H).

It appears that of all 26 top-performing firms in opposition, only two are Dutch: NLO and V O (both *IAM* ranked). Except for one French firm, the remainder are from Germany or the United Kingdom.

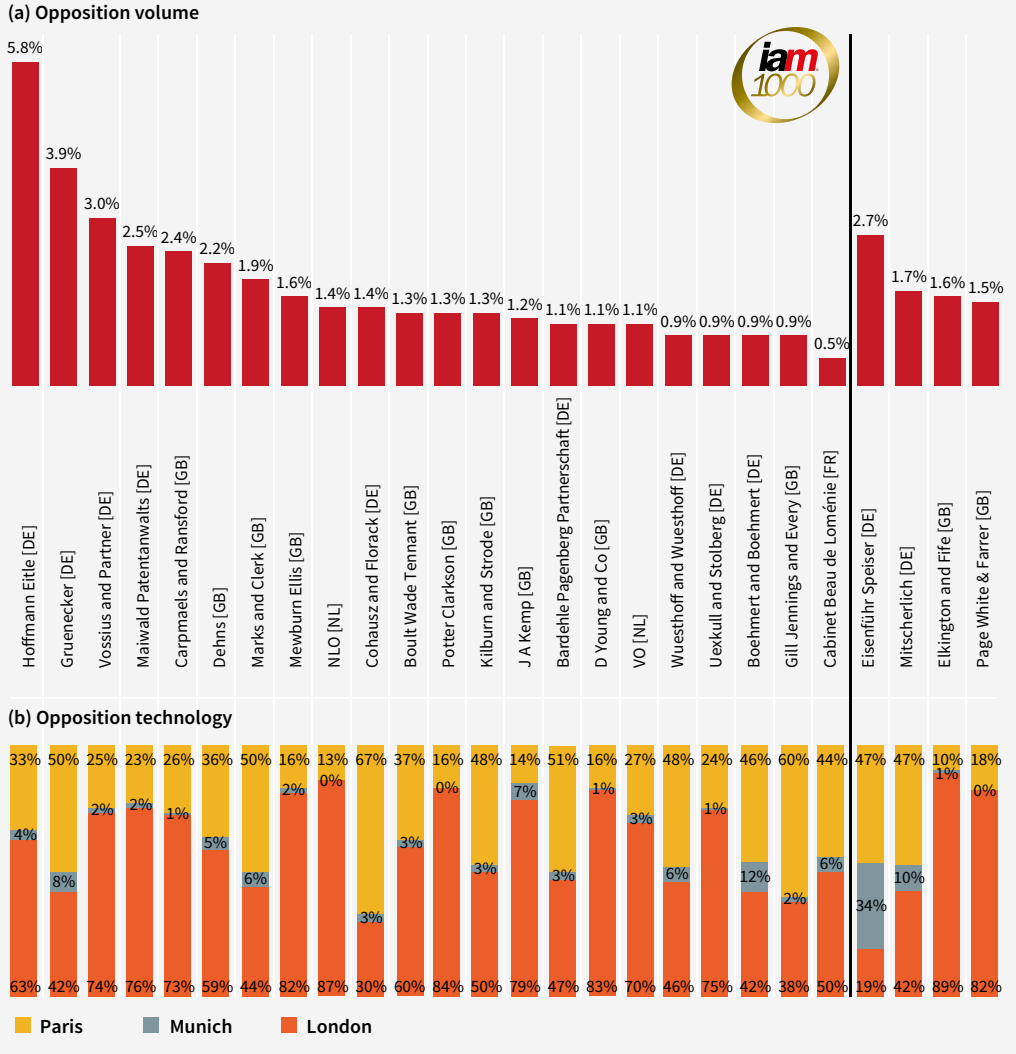
Looking more closely at the number of opposition cases in which these firms acted as representatives (see Figure 4a), NLO (1.4%) and V O (1.1%) have opposition experience which is comparable to that of most German and UK firms in terms of volume. However, 90% of non-European parties choose the latter. Additionally, NLO and UK firm Elkington & Fife (not *IAM* ranked) are the two most specialised firms in oppositions relating to chemical, pharmaceutical, medical and biotechnological inventions, since their respective portfolios include 87% and

FIGURE 3. Distribution of oppositions over EPO locations



Distribution of oppositions over EPO offices 2013-2015

FIGURE 4. Opposition performance of top European firms



Opposition performance of top European firms from the *IAM Patent 1000 2015* (left of *IAM* logo); and firms with similar levels of performance (right of *IAM* logo) in decreasing order by (a) percentage of oppositions relative to 2013-2015 total. Further refinement by (b) percentage of opposition portfolio dedicated to UPC London's IPC Classes AC (orange); UPC Munich's IPC Class F (grey); UPC Paris's IPC Classes BDEGH (yellow).

For clarity, the percentages in Figure 4b have been rounded off to integer values. Consequently, some of them add up to 99% or 101%.

89% IPC Class A and C cases (see Figure 4b). German firm Cohausz & Florack and UK firm Gill, Jennings & Every are the only firms that have more than half of their opposition portfolios composed of electronics, software or physics-related cases (IPC Classes B, D, E, G and H); while German firm Eisenführ Speiser (not *IAM* ranked for 2015, but ranked for 2016) has by far the highest ratio of mechanical oppositions (IPC Class F), with a one-third

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René van Duijvenbode provides a full service to large and medium-sized chemical companies, including food multinationals. His daily activities involve patent drafting, prosecution, freedom-to-operate opinions and litigation. Corporate counsel greatly value his service, as evidenced by his receipt of a Client Choice Award for intellectual property (patents) in 2015. He enjoys representing both opponents and patentees in hearings before the Opposition Division and the Boards of Appeal at the European Patent Office, acting in about 15 to 20 oral proceedings annually.

share in its opposition portfolio.

The current domination of German companies in opposition is reflected by the fact that the five firms handling the most cases are all German (see Figure 4a): Hoffmann Eitle (5.8%), Grünecker (3.9%), Vossius & Partner (3%), Eisenführ Speiser (2.7%) and Maiwald Patentanwalts (2.5%). The top-performing representatives in EPO oppositions are all patent attorney firms. The only IP law firm to approach their volume is UK-based Olswang LLP (0.8%) – primarily by virtue of its activity in the field of wound dressings (IPC Class A61; sub-classes thereof accounted for nearly three-quarters of Olswang's opposition portfolio).

However, the dynamics of EPO opposition may change when the UPC comes into force, providing an alternative route for central nullity actions against granted patents, which are no longer limited by a nine-month post-grant opposition period and may be combined with infringement aspects. Since infringement is typically handled by IP law firms, the UPC may alter the landscape for top-performing firms. Another potential factor is case allocation over the UPC sites.

Hypothetical distribution of EPO oppositions over future UPC locations

If the EPO opposition behaviour from 2013 to 2015 is reflected in the IPC class allocation over the UPC central divisions, 48% of all cases would be heard in London (IPC Classes A and C); 44% in Paris (IPC Classes B, D, E, G and H) and just 8% in Munich (IPC Class F). The proposed allocation by technical area would not then result

in the intended 40/30/30 workload split between Paris, London and Munich. Thus, a redistribution from London and Paris to Munich would be required to meet the 40/30/30 criterion. At present, it is unknown whether this will happen; nor is it known which technologies could be transferred to Munich. This uncertainty will surely be of concern to parties and representatives alike in the first years of operation of the new court.

'Straw men' in EPO oppositions and effects of future UPC

In future, the ability to conduct a nullity action anonymously may also influence the choice between the EPO opposition and UPC routes. Although 'straw man' practices (ie, where one party opposes on behalf of another) are currently allowed by the Enlarged Board of Appeal for EPO oppositions, it is unlikely that such practices will be appropriate before the UPC. What consequences will this have?

From a numbers perspective, the impact will be minor: between 2013 and 2015, only 2% of EPO opposition filers used a straw man. Of these, 75% were representatives filing in their own name. The remaining 25% were specialised companies whose core business is facilitating a straw man before the EPO – of which UK company Strawman Limited was by far the most popular.

From a business perspective, the impact of the possible exclusion of straw men from the UPC is obviously more pronounced – not only for straw man-facilitating companies, but also for opponents keen to keep their identity secret. We looked into the IPC sub-classes where straw man oppositions were filed most often (ie, accounting for 5% or more of all anonymous cases). All major straw men came from technological areas relating to the medical, pharmaceutical and biotechnology field: 17.3% in Class A61K (medical, dental or cosmetic preparations); 9.2% in Class A61P (therapeutic activity of chemical compounds or medical preparations); 6.9% in Class C12N (micro-organisms, enzymes or cells); 5.8% in Class C07K (peptides); 5.3% in Class G01N (general analysis methods) and 5.1% in Class C12Q (specific analysis methods involving micro-organisms or enzymes). Competitors of a patentee in these technological fields may thus still favour EPO opposition over the UPC due to the possibility of anonymity. Since these IPC classes were also the most popular areas for EPO opposition, EPO opposition will likely continue to play a prominent role, even in the UPC era.

Conclusion

Non-European companies are currently under-represented as opponents and largely prefer to engage German and UK attorneys. This is despite comparable opposition experience being available in The Hague, where more than one-third of EPO oppositions are heard. Patent attorney firms, notably those ranked by *IAM*, excel over IP law firms. However, the UPC may alter these dynamics. Patentees and potential opponents wishing to maximise their chances of success should heed these metrics and choose their opposition team wisely. *iam*

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