

Facilitating patent applications: no formal requirements for transfer of priority rights



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Recently the Court of Appeal of The Hague handed down an important decision on the issue of the transfer of priority rights under the European Patent Convention ("EPC"), which is a first in the Netherlands. In its decision, the Court answered the fundamental question whether priority rights can be assigned in the affirmative and ruled that no formal requirements should be imposed on the transfer thereof. The case is extremely relevant for patents that claim priority from an application that is not filed in the name of the (subsequent) patentee.

Background

The action concerned the (Dutch designation of the) European Patent 1 951 304 B1 ("EP 304") held by F. Hoffmann-La Roche AG, Biogen Inc. and Genentech, Inc. (together "Biogen"). EP 304 is titled "method for treating joint damage" and essentially covers a new use of the already known antibody rituximab. Celltrion Inc. ("Celltrion"), which had developed a biosimilar of rituximab, tried to invalidate the patent. An important argument raised by Celltrion was that Biogen is not entitled to priority since the right to priority had not been transferred to Biogen, and that as a result EP 304 is invalid in view of certain prior art.

EP 304 claimed priority on the basis of a US provisional application registered in the name of inventors-employees instead of Biogen. Although an "Employee Proprietary Information and Inventions and Dispute Resolution Agreement" (the "Agreement") was in place, it was disputed whether this agreement had actually effected a transfer of priority rights mainly because the assignment clause did not expressly refer to "priority rights". In the first instance, the District Court of The Hague had ruled that Biogen was not formally entitled to priority and also the Landgericht München had, in parallel proceedings, accepted Celltrion's priority argument when dismissing Biogen's request for a preliminary injunction (einstweilige Verfügung).

Priority right transfer

The Court of Appeal of The Hague first looked at the applicable law. According to the Court of Appeal, it follows from the Paris Convention ("PC") that a priority right is granted by the *lex loci protectionis*. And the *lex loci protectionis* also applies to the question who can invoke the right of priority. As the *lex loci protectionis* is in the present case the law of the EPC, the Court of Appeal ruled that in view of Article 87 EPC the right of priority may be transferred to another person than the person who filed the priority application.

The Court furthermore derives from the EPC and the PC that the right of priority can be transferred by separate agreement; neither the EPC nor the PC contains any limitation as to the way of transfer. The Court of Appeal ruled that the EPC does not impose any formal requirements for the transfer of the right of priority under "special title" (*bijzondere titel*). The text of the EPC does not mention any formal requirements, nor does the rationale of the right of priority point in a different direction. A written declaration signed by both parties will provide the required clarity, but if agreement can be proven without such a declaration, there is no good reason to consider the transfer invalid for formal reasons.

Agreement

Turning to the Agreement, the Court of Appeal held that it is not disputed that under the law of Massachusetts (the applicable law to the agreement in view of the choice of law made by the parties), the literal text of the contract is leading if that text is unambiguous. If the text is not unambiguous, the contract must be interpreted on the basis of various factors, including the intentions of the parties and the scope of the agreement. On the basis of these criteria, the court concludes that the Agreement is an assignment agreement and that in view of the text of the agreement the inventor-employee has transferred its right of priority to Biogen. Furthermore, even if the text of the Agreement would not be deemed unambiguous, the outcome would not be any different according to the Court.

Comment

This is not the end of the case and the fate of EP 304 is thus not clear yet, as the Court of Appeal further stayed the proceedings pending proceedings before the Boards of Appeal of the EPO (in which a different claim set was defended by Biogen). Also, a Supreme Court appeal is possible. However, for now the conclusion must clearly be that this decision is important. For the first time, the Court affirmed that priority rights can actually be transferred. And, even more importantly, it ruled that no formal requirements may be imposed on the transfer of a right of priority (that is subsequently relied upon by a European Patent). The court clearly took a practical approach, because after all: "[t]he purpose of the right of priority is to facilitate applying for patents in international situations."