

Succession in title and priority entitlement in the European Patent Office

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When applicants of priority-engendering and priority-claiming applications diverge, the priority provisions of the European Patent Convention (EPC), as derived from the Paris Convention, recognize priority entitlement only if the applicant on the later, priority-claiming application is the successor in title to the earlier applicant. Recent developments in EPO case law have expanded, but also clouded, the standard for establishing valid succession in title in such cases. EPO Boards of Appeal agree that, in order to support priority entitlement, succession in title must have been effected by the time the subsequent application is filed. However, they diverge regarding the law applicable to such succession, as well as the form required to secure it. The present contribution reviews the now divergent standards in EPO case law for establishing succession in title and their bearing on priority entitlement in such split-applicant scenarios.

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In a first-to-file patent system, the importance of an applicant's ability to validly claim priority to an earlier application can hardly be overstated. With scientific studies often published by applicants shortly after initial filing of a priority application, the ability to validly claim priority often makes the difference between grant or refusal, maintenance or revocation of a patent right.

The European Patent Convention (EPC) includes a self-contained priority regulation modeled closely after provisions of the Paris Convention (PC). A central provision of this regulation is Article 87(1) EPC, which stipulates that any person who has duly filed in or for any PC or World Trade Organization (WTO) state an application for *i.a.* a patent, or his successor in title², shall enjoy, for the purpose of filing a European patent application in respect of the same invention, a right of priority during a period of twelve months from the date of filing of the first application.

From this central priority provision of the EPC emerge requirements both substantive and formal. Substantively, this provision makes clear that priority can validly be claimed in a subsequent application only for the same invention as originally disclosed in the first application. Highest instance EPO case law has held that the "same invention" should be interpreted as meaning the "same subject matter". Formally, the same provision stipulates that a right of priority exists for the same "person", that is the "same applicant" in whose name the previous application was filed, or "his successor in title". The present contribution focuses on the latter formal requirement.

In the event that the applicant of the subsequent application (hereinafter "Applicant 2" and "Application 2", respectively) is the same natural or legal person as the applicant of the first application (hereinafter "Applicant 1" and "Application 1", respectively), then under Article 87(1) EPC, there should be no doubt that Applicant 2 has the formal right to claim

² In the present article, the terms "successor in title" or "succession in title" or "legal successor" or "legal succession" refer to a succession as relevant for transfer of priority right. Use of these terms does not necessarily imply that the application *per se* has been transferred. In at least the EPO and the German Patent and Trademark Office, for instance, the priority right to an application can be transferred independently of the application itself.

the benefit of priority from Application 1. However, questions regarding the right of Applicant 2 to claim priority benefit for Application 2 from Application 1 may arise when Applicants 1 and 2 diverge. In this case, Applicant 2 may validly claim the benefit of priority from Application 1 for Application 2 only if Applicant 2 is the successor in title of Applicant 1. The question of proper legal succession can therefore become central to the issue of priority entitlement, and gains particular relevance for European patent rights originating in legal systems such as the US, where Applicant 1 is often (only) the inventor, while Applicant 2 is often (only) the legal entity employing the inventor.

Under what conditions may Applicant 2 be considered "successor in title" to Applicant 1 in the sense of Article 87(1) EPC? There are several issues to consider in answering this question. One relates to timing: the EPO Guidelines³ as well as numerous EPO Board of Appeal decisions agree that in order to be valid, legal succession must have occurred by the time Applicant 2 claims priority for the benefit of Application 2 from Application 1, *i.e.* by the time Application 2 is filed within the 12 month convention time limit.

A second issue is one of form and applicable law, and here EPO case law diverges. The law applicable for establishing and proving legal succession can affect the form of such proof and can in turn affect timing. For example, if the applicable law requires a particular form for legal succession entailing the performance of certain positive acts, then there can be no succession in title until such acts are completed. Where the applicable law requires positive acts, there is a chance such acts might be missed, in that event leading to potential difficulties in proving timely succession. If, on the other hand, applicable law requires no particular form or acts to document succession in title in the sense of Article 87(1) EPC, then such succession might validly occur automatically; where no positive acts are required, none can be missed, and legal succession may be easier to prove later. For this is normally the situation confronting applicants and patentees before the EPO: In the event that priority entitlement is impugned, time limits for performing such acts – if indeed they were necessary at all – have normally long since passed.

³ EPO Guidelines (November 2015), section A-III, 6.1(ii).

So while EPO case law and the EPO Guidelines agree on the point in time by which legal succession must have taken place, EPO case law diverges with respect to applicable law and associated form with which Applicant 2 must comply to ensure such succession. This divergence deprives parties of legal certainty regarding the necessary requirements to ensure valid legal succession in the sense of Article 87(1) EPC and thus priority entitlement in cases where Applicant 1 and Applicant 2 diverge. The following considers key divergent opinions in EPO case law in greater detail, highlighting in particular two decisions which illustrate the divergence mentioned above.

T62/05: A restrictive standard requiring bilaterally executed assignments to demonstrate legal succession

In the case underlying T62/05, Application 1 was a Japanese patent application filed in the name of Nihon General Electric (GE) Plastics KK (Applicant 1). The patent granted on Application 2 claimed the priority from Application 1, and was filed in the name of GE Company (Applicant 2), a legal entity allegedly affiliated with, but nevertheless different than Applicant 1. An executed assignment existed, but the date of its execution fell after the filing date of Application 2, and even then the assignment had not been executed by all relevant parties. In the facts underlying this case, Applicants 1 and 2 thus diverged, and the Board held that any subsequent written transfer from Applicant 1 to Applicant 2 could not avail Applicant 2 in its priority claim, because at the time such claim was made, Applicant 2 was not (yet) successor in title of Applicant 1.

Specifically, the Board in T62/05 confirmed that the right of priority could only be acknowledged if it could be established that succession in title had occurred before the end of the twelve-month period, or at least before Application 2 was filed.⁴ While the Board acknowledged that the EPO contains no provisions regarding the formal requirements an assignment of priority right must fulfill in order to be valid, the Board held that such a transfer of a priority right should be proven in a formal way.⁵ Here, the Board held it justified to apply a high standard of proof in order to document the valid transfer of a priority right, and analogously applied the

standard prescribed in the EPC under Article 72 EPC for the assignment of an EP application itself.⁶ Article 72 EPC requires that “[a]ssignment of a European patent application shall be made in writing and shall require the signature of the parties to the contract”. Note the plural “parties” in Article 72 EPC; by analogously applying the standard set in Article 72 EPC to the transfer of a European patent application to the transfer of a priority right, the Board effectively required both transferor and transferee, i.e. respective Applicant 1 and Applicant 2 herein, to timely execute any assignments before the filing date of Application 2.

The Board then applied this strict standard to the acts of Applicant/Patentee 2 in T62/05, holding that no legal succession had occurred because: a) the assignment document provided by the patentee had not been signed by all parties; b) the assignment document referred to all rights of priority resulting from filing of the corresponding US application, but did not refer to the Japanese application from which priority entitlement was sought; and c) however formally deficient the written evidence of assignment was, it was in any event also tardy, having been executed only after expiration of the priority year and thus after the filing date of Application 2.

The Board in T62/05 then went on to consider the question of whether the right to claim priority entitlement from Application 1 might have been tacitly transferred to Applicant 2 i.e. whether Applicant 2 might have tacitly become the legal successor of Applicant 1. In support of this line of reasoning, Applicant 2 had provided documents to demonstrate the intention to transfer the priority right. These included copies of e-mail correspondence between the relevant parties. The Board however held that while an intention may have existed to transfer the priority right to Application 1 to Applicant 2, this intention had not been finalized in a form which would establish transfer of priority rights within the 12-month priority time limit, i.e. by the time Application 2 was filed.⁷ As a result, the Board in T62/05 denied priority entitlement for Application 2.

T62/05 thus created a restrictive precedent requiring not only timely transfer of the priority

⁴ T62/05, item 3.5 of the reasons.

⁵ T62/05, item 3.8 of the reasons.

⁶ T62/05, item 3.9 of the reasons.

⁷ T62/05, item 3.16 of the reasons.

right prior to filing Application 2 (this was nothing new), but also that this timely transfer be executed according to a stringent written form as prescribed by Article 72 EPC, i.e. in writing and executed by both parties (this was new⁸). This restrictive standard, especially the requirement, via analogous application of Article 72 EPC, that the (i.e. both) parties must execute the assignment, created a hurdle often difficult for e.g. many US-based applicants to satisfy, as assignments in the US are sometimes executed solely by Applicant(s) 1. Such assignments might fail to satisfy the strict standard of T62/05, even if executed before the filing of Application 2, since executed only unilaterally, rather than bilaterally as Article 72 EPC (by analogy) would require.

T517/14: Reconsideration of applicable law and the form required for valid legal succession - Tacit transfer of priority rights under certain circumstances

So things remained until issuance of the later decision T517/14. T517/14 not only reconsidered the requirements relating to the form for valid succession in title, but also specifically took issue with the earlier decision T62/05, holding that the standard required by this earlier decision was incorrect.

In the case underlying the appeal in T517/14, US provisional applications (collectively Applications 1) had been filed in the name of multiple inventors (collectively Applicants 1), who were working as employees in Israel for later Applicant 2. As in T 62/05, no assignments of Applications 1 to Applicant 2, or transfers of any priority rights originating from Applications 1, had been executed between filing Applications 1 and 2. The question before the Board in T517/14 was thus again, as in T62/05, whether a transfer of priority right may have occurred tacitly within the priority interval, without formal written assignments.

In the course of their reasoning in decision T517/14, the Board considered the legal nature of the priority right itself and, in view of this nature, the particular requirements of form which must be fulfilled in order to effect succession in title. In doing so, the Board in T517/14 came to a different conclusion than

⁸ The earlier decision J19/87 had for example applied English national law in assessing succession in title.

the earlier Board in T62/05. The Board in T517/14 held – contrary to T62/05 – that the applicable law governing transfer of a priority right should not be the EPC (including Article 72 relating to the transfer of a patent application) and that, under certain circumstances applying national law, succession in title needed for transfer of priority right may be effected tacitly, without the need for executed assignments. The Board in T517/14 first acknowledged the accepted principle that a priority right may be transferred independently from the original application.⁹ The Board agreed with T62/05 (and other decisions) insofar as the term “successor in title” in Article 87(1) EPC implies the requirement for any transfer of priority right to have been completed before filing of the subsequent application.¹⁰ The Board further confirmed that, when challenged, the putative “successor in title” bears the burden of proof for his right to claim priority.¹¹ The main question before the Board in T517/14 related to the applicable law and associated form required for valid succession in title. In addressing this question, the Board first held that none of Articles 87, 88 or Rule 52 or 53 of the EPC specifies what law should be applied to resolve this question.

Significantly, the Board held that the standard of proof cannot depend on the seriousness of the consequence of alleged facts, and explicitly stated that it does not share the opinion of the Board in T62/05 that the restrictive standard of Article 72 EPC should apply. The Board held that reliance on Article 72 EPC as the standard for establishing valid legal succession for the purposes of priority entitlement would create an exclusionary rule of evidence which would be in conflict with the free evaluation of evidence underlying proceedings before the EPO. Indeed, Article 72 EPC is *lex specialis* for the transfer of the EP application, and there is no apparent

⁹ The Board cited in this context T62/05, item 3.6 of the reasons; T5/05, item 4.2 of the reasons, T788/05, item 2 of the reasons; T382/07, item 9.1 of the reasons and T1933/12, items 2.3 and 2.4 of the reasons.

¹⁰ T517/14, item 2.5 of the reasons, referring to T493/06, item 11 of the reasons. Also implicit in decision J19/87; and the EPO Guidelines at Section A-III, 6.1.

¹¹ T517/14, item 2.6 of the reasons, referring to T493/06, item 8 of the reasons and T1008/96, item 3.3 of the reasons.

reason for applying Article 72 EPC by analogy for the transfer of a priority right. In the Board's view, this is because Article 72 EPC relates to the transfer of a European patent application, while the priority right per se is a distinct right. Applying the requirements of Article 72 EPC to the transfer of a priority right would ignore the fact that this right is distinct from the subsequent application, and Article 72 EPC does not govern the relationship between the EP applicant and a different applicant of a non-European first application. Indeed, in the Board's view, Article 72 EPC together with Rule 20 EPC (1973) serve a different purpose: to define conditions under which the EPO may take into account questions of substantive law and procedural acts by someone other than the registered applicant. In this context, the Board agreed with the holding of the German Federal Supreme Court (*Bundesgerichtshof*) that Article 87 EPC does not prescribe a specific form for the assignment of a priority right.¹²

If neither the standard under Article 72 EPC nor any other provision of the EPC may be applied to succession in title for the transfer of priority rights, then what standard should be applied? The Board held that the question of which instruments are admissible for the valid transfer of a priority right cannot be resolved under the EPC because the EPC simply lacks such provisions. In the Board's view, this means that the question of valid transfer of a priority right is a matter of national law. In fact, a number of EPO Board of Appeal decisions had already reached similar conclusions.¹³ In such previous decisions, Boards of Appeal had held the application of national law as being "straightforward".

Having established that national law should be controlling for the question of a valid transfer of a priority right by legal succession, the Board in T517/14 then considered which country's laws should be determinative for this question. The Board pointed out that previous decisions¹⁴ had not applied the law of the

country in which Application 2 was filed. This left the law relevant for Application 1 as the only remaining option, but here two possibilities arose. One might apply the law of the country in which Application 1 was filed. Alternatively, one might apply the law governing the legal relationship between Applicant 1 and Applicant 2.

The Board provided several reasons in favor of the latter alternative, holding that the law determinative for establishing valid legal succession for the purposes of priority entitlement should be that of the country governing the legal relationship between Applicants 1 and 2 – regardless of the country in which Application 1 was filed. In the case underlying T517/14, Applicants 1 were employees of Applicant 2 working in Israel, so the relevant law to be applied in determining priority transfer by legal succession was not that of the US, where the Applications 1 were filed, but rather that of Israel, where the employment relationship existed between the Applicants 1 and Applicant 2. Among the reasons given for the choice of the law governing the legal relationship between Applicants 1 and 2 as applicable, the Board in T517/14 noted the importance for legal certainty with regard to the validity of a transfer of priority right. The Board noted that many reasons may exist for filing a first, priority-generating application in a given country, and that in many instances, the applicants on such a first application would not be familiar with the laws in the country where applications were, as this country may be foreign to them. However, the Board also noted¹⁵

On the other hand, the transferor and the transferee of the right to priority will be familiar with the law that governs their legal relationship and thus be aware of any formal requirements regarding the transfer of the right of priority. The application of this law will not hamper legal certainty, since, in the event that the entitlement to the priority becomes relevant, the applicable law can be ascertained and verified on the basis of the evidence

¹² BGH, in the case "*Fahrzeugscheibe*", April 16, 2013, X ZR 49/12 (also GRUR 2013, 712), to which the Patentee/Appellant had referred in T517/14

¹³ T517/14, item 2.7.3 of the reasons, referring to T1008/96, item 3.3 of the reasons; T160/13, item 1.1 of the reasons; J19/87, item 2 of the reasons; T493/06, items 9-11 of the reasons.

¹⁴ T517/14, item 2.7.4 of the reasons, referring to the decisions indicated in item 2.7.3 of the reasons.

¹⁵ T517/14, item 2.7.5 of the reasons.

that the applicant or proprietor will have to provide.

The Board devoted considerable space in the remainder of T517/14 to an assessment, on the basis of the available evidence, of whether Israeli law supported a tacit transfer of priority right from Applicants 1 to Applicant 2 on the basis of their employer-employee relationship. In assessing the relevant provisions of Israeli patent law, provided by Applicant 2 in proof of their right to claim priority, the Board concluded that Israeli law did indeed support a tacit transfer of priority right from the employee to the employer for an invention made under the employment agreement (service invention). Significantly, this transfer, supported by the provisions of applicable law controlling under the circumstances, allowed a valid transfer of priority right at the time of filing Application 2, without the need for previously executed assignments, valid succession in title having been established by virtue of the employer-employee relationship alone, as governed by Israeli law. Priority entitlement was thus acknowledged for Application 2.

Summary and Assessment

Multiple divergent standards for determining

succession in title in split-applicant filing scenarios now exist in the EPO. Boards of Appeal and the EPO Guidelines agree in their requirement that succession in title must be timely; in order for Applicant 2 to validly claim the benefit of priority for Application 2 from Application 1 filed by Applicant 1, Applicant 2 must have acquired this right from Applicant 1 by the time Application 2 is filed. Boards however diverge with regard to the applicable law for assessing legal succession as well as the associated form such succession must take to be valid.

While T62/05 applies the strict standard of Article 72 EPC, requiring bilaterally executed assignments in order to establish legal succession, later decision T517/14 held that the standard of Article 72 EPC, indeed any provision of the EPC, would be unfitting to the question of legal succession for the purposes of assessing the validity of a priority claim. It is rather the national law governing the legal relationship between Applicants 1 and 2 which is controlling for legal succession, and such legal succession needed to support priority entitlement might even be effected tacitly if the national law governing this relationship provides for such a tacit transfer. The following table summarizes the salient points of decisions T62/05 and T517/14 discussed above:

		T62/05	T517/14
Fact pattern	Applicant 1	Nihon G.E. plastics K.K.	Multiple natural persons (inventors)
	Filing country of Application(s) 1	JP	US
	Applicant 2	G.E. company	Teva Pharmaceutical Industries
	Applicants 1 and 2 identical?	No	No
	Relationship between Applicants 1 and 2	Applicant 1 was joint venture in which Applicant 2 held a major interest	Applicants 1 employed by Applicant 2
	Executed assignment available?	Yes (but incomplete)	No
	Assignment(s) executed before filing Application 2?	No	No assignments executed
Assessment	Crucial that succession in title be effected before Application 2 filing date?	Yes	Yes
	Applicable law for establishing succession in title	Article 72 EPC	National law governing legal relationship between Applicants 1 and 2
	Associated form required for establishing succession in title	In writing, signed by the (i.e. both) parties	As prescribed by national law; Can be form-free and tacit if national law allows
	Priority acknowledged?	No	Yes
	Reason for acknowledgement or denial of priority	No written finalization of assignment before filing date of Application 2 which would satisfy requirements of Article 72 EPC.	National (IL) law governing legal relationship between Applicants 1 and 2 provides for tacit transfer of rights for a "service invention" made by

			employee to employer. IL law requires no written instrument of assignment
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The holding of T517/14 thus has potentially profound implications for applicants/patentees. This is especially the case for applicants in countries such as the US, where it is common for Application 1 to be filed in the name of (only) the inventor as Applicant 1, and where this inventor is an employee of Applicant 2 which files Application 2 in its own name. In such cases, T517/14 opens up new potential avenues of argument in support of valid priority transfer based on the law governing the legal relationship between inventor/Applicant 1 and employer/Applicant 2 in the event that no, or only unilateral assignments transferring at least the priority right for Application 1 to Applicant 2 have been executed before filing Application 2.

In such situations as this, when a more recent decision explicitly criticizes the holding of an earlier one, questions naturally arise as to whether the older decision has been formally “overturned” such that only the new decision applies. This is however not the case. Though more recent, the opinion in T517/14 simply represents a divergent holding on a given point of law, and until the EPO harmonizes this divergence, parties will have to live with the awkward coexistence of two equally valid, if divergent, decisions on the same point of law. It would be welcomed to see this divergence resolved by an Enlarged Board of Appeal. It can only be hoped that the next Technical Board of Appeal confronted with the need to assess legal succession to determine priority entitlement in a split-applicant scenario will refer this question of law to the Enlarged Board of Appeal for resolution.

In the current absence of such resolution, in the event Applicants 1 and 2 are intended to diverge, applicants would be well advised to take the safer approach of satisfying the more stringent standard of T62/05, bilaterally executing assignments of Application 1 to Applicant 2 before filing of the latter. If it is clear that such bilateral execution will be impossible before filing Application 2, one might consider filing Application 2 in the names of (all) Applicant(s) 1 and the desired Applicant 2, thus satisfying the “same applicant” requirement of Article 87(1) EPC. Application 2 can then be reassigned later as desired and appropriate.

However, in the event no timely, bilaterally executed assignments exist, Applicants 1 and 2 differ, and priority entitlement is challenged later, the time for effecting assignments will have long since passed and the omission of such actions cannot be remedied. In such cases, T517/14 provides a reasoned basis which, under certain defined circumstances, may allow timely succession in title, and thus priority entitlement, to be acknowledged.

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