European patent oppositions are used by biotechnology and high-tech companies to revoke the issuance of overly broad European patents to their competitors. A recent ruling by the European Patent Office (EPO) has significantly limited the free transfer of rights of parties that oppose European patents. U.S. biotechnology and high-tech companies with a pending European opposition that are considering a merger or acquisition must plan carefully so as not to forfeit important rights.

**Opposition of European Patents**

Third parties may oppose the grant of a patent in the European Patent Office for a period of nine months after the determination by a patent examiner to grant the patent. An opposition results in one of three scenarios: 1) the patent’s grant is confirmed; 2) the entire patent is revoked; or 3) the patent issues with narrower claims. Biotechnology companies, in particular, regularly use this process as an economic and efficient means to revoke or limit the scope of European patents issued to their competitors.

In a recent case before the Board of Appeal of the EPO, the transferability of an opponent’s rights was at issue. Akzo N.V. (Akzo) had filed an opposition against a Hoffmann-La Roche diagnostic patent. Akzo was the parent company of a subsidiary, Organon Teknika B.V. (Organon), where its diagnostic activities were concentrated. After some restructuring, all shares of Organon, as well as Akzo’s diagnostic activities related to Organon, were transferred to bioMérieux S.A. (now called bioMérieux B.V.). Following the restructuring, Akzo attempted to remove itself as a party to the opposition and change the party to bioMérieux B.V. However, to maintain legal certainty and efficiency in the opposition process, the EPO would not allow Akzo to transfer its opposition rights. The Board of Appeal of the EPO found that the sale of a subsidiary, when the parent company was a party to the opposition, did not allow transfer of the opposition to the new owner of the subsidiary.

**Transfer of Rights to an Opposition**

The EPO rules now allow an opponent to ensure the appropriate transfer of their rights in an opposition in one of three ways.

First, the rights can be transferred by "universal succession," meaning that a deceased opponent’s heirs can continue an opposition. By analogy, an opposition can be transferred as part of a merger or an acquisition (e.g., acquiring companies can take over oppositions filed by acquired companies).

Second, the EPO allows a pending opposition to be transferred or assigned to a third party as part of an opponent’s business assets together with the assets in the interests of which the opposition was filed. In other words, an opponent can transfer its rights in a pending European opposition to a third party, who buys all interests in the business related to the patent in opposition.

Third, the EPO has suggested that in situations where a parent company files an opposition on behalf of a subsidiary, the opposition should name both the parent company and the subsidiary as opponents. This allows the parent company to withdraw as an opponent, if necessary, and the subsidiary to continue the opposition.

**Implications on Business Transactions**

Generally, a European patent opposition may not be transferred when less than all of the relevant assets are transferred from one entity to another. Hence, to avoid this loss of rights, there is a need to structure merger and acquisition transactions appropriately.

Due to these stringent requirements for transfer of opposition rights, we recommend that, during the due diligence process for a merger or acquisition, steps be taken to identify any pending or planned European oppositions. If a European opposition exists, all parties should take appropriate steps to ensure the transfer of rights in the opposition. Likewise, if the filing of a European opposition is imminent, appropriate steps should be taken in structuring the transaction to ensure the desired transfer of rights.
Wilson Sonsini Goodrich & Rosati’s patents and innovation strategies practice is closely monitoring this matter, in addition to other U.S. and international patent issues, and will keep you apprised of the latest legal developments. If you have any questions, please feel free to contact Peter Eng, Jeff Guise, Al Halluin, Vern Norviel, or Jim Shay.

OPPOSITIONS TO EUROPEAN PATENTS ARE NOT FREELY TRANSFERABLE

Continued from page 1

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