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D E C I S I O N
of 16 November 2004

Case Number: J 0033/03 - 3.1.1
Application Number: 96925615.5
Publication Number: 0841930
IPC: A61K 31/55
Language of the proceedings: EN

Title of invention:

Stable solid formulation of enalapril salt and process for preparation thereof

Patentee:

SHERMAN, Bernard Charles

Third Party:

Merck & Co. Inc.

Headword:

Suspension of proceedings

Relevant legal provisions:

EPC Art. 111(1)
EPC R. 13(1), (3)

Keyword:

"Continuation of suspended proceedings/weight of interests"

Decisions cited:

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Catchword:

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Case Number: J 0033/03 - 3.1.1

D E C I S I O N
of the Legal Board of Appeal 3.1.1
of 16 November 2004

Appellant: SHERMAN, Bernard Charles
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Third Party: Merck & Co., Inc.
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Decision under appeal: Decision of the Legal Division dated 19 March 2002 rejecting the request to continue the proceedings pending before the EPO regardless of the stage reached in the proceedings before the Munich District Court pursuant to Rule 13(3) EPC.

Composition of the Board:

Chairman: J.-C. Saisset
Members: P. Mühlens
C. Rennie-Smith

Summary of Facts and Submissions

- I. European patent application No. 96 925 615.5 was filed at the EPO on 30 July 1996 by the appellant. It concerns a "stable solid formulation of Enalapril salt and process for preparation thereof". The publication of the mention of the grant was scheduled for the 17 October 2001. In a letter dated 10 September 2001, the respondent ("Third Party") requested the suspension of the grant procedure according to Rule 13(1) EPC because of entitlement proceedings it had commenced before the Landgericht (District Court) in München (Munich). Consequently, the proceedings were, by a decision of the Legal Division of 26 September 2001, suspended as from 10 September 2001.
- II. The background to this conflict is that the appellant has applied in several countries and in the EPO for patent protection for a process for preparing drugs, this process being used by the Third Party for the same purpose. According to the Third Party's submissions, the appellant came to know of this process mainly through evidence given in the course of Canadian court proceedings. In countries where corresponding patents have been granted, they have been opposed by the Third Party.
- III. In the decision under appeal dated 19 March 2002, the Legal Division decided to maintain its earlier decision of 26 September 2001 to suspend the grant proceedings in respect of European patent application No. 96 925 615.5. under Rule 13(1) EPC, so that the grant procedure remained suspended as from 10 September 2001, and to refuse the applicant's request to continue

the grant procedure pursuant to Rule 13(3) EPC regardless of the stage reached in the entitlement proceedings before the Landgericht München.

- IV. The applicant's appeal lies against this decision only in so far as its request for continuation of the (suspended) proceedings according to Rule 13(3) EPC was refused; an appeal against the original suspension as such is not maintained. According to Rule 13(3) EPC, it is in the discretion of the Office, and thus now in the board's discretion, to order the continuation of the grant procedure regardless of the stage reached in the entitlement proceedings before the national court.
- V. The decision under appeal refused to order the continuation of the grant proceedings mainly on the grounds that the proceedings before the Landgericht München were commenced only six months before the decision and that it had not been submitted that the Third Party had deliberately and artificially prolonged these proceedings.
- VI. The appellant's main arguments for the continuation of the grant procedure before the EPO are, in essence, that the Third Party has in fact unduly delayed the entitlement procedures in Germany, that it has not presented any case for entitlement to grant of the patent, and that the assertion of the Third Party that it had disclosed the subject matter of the present application was entirely without basis.
- VII. The Third Party argues that the appeal is inadmissible because the applicant was only entitled to appeal against the decision of 26 September 2001 and not to

appeal against the later decision of 19 March 2003. As to the merits of the case, it argues that the applicant came to know about the production process mainly by way of the evidence taken by a Canadian court on which he then based his applications for patents, inter alia at the EPO. Therefore, the Third Party and not the applicant was entitled to the application and any resulting patent.

VIII. In two communications dated 21 November 2003 and 7 July 2004, the board has underlined the paramount importance of the balance of the parties' respective interests as a determining factor in the present case.

IX. Oral proceedings were held on 16 November 2004.

X. In the oral proceedings, the representatives of the parties reiterated their respective arguments.

The representative of the appellant explained in particular that, although the patent was ready for grant, the appellant could not enforce his rights. As damages could only be claimed for a certain period prior to the grant, a further stay in the proceedings would lead to financial losses, even if the appellant should win his case. It was submitted again that the Third Party had not presented a case for entitlement, and that it had unduly delayed the entitlement proceedings. Years before it had commenced the proceedings in Munich, the Third Party had contested the corresponding patents in Canada and Australia for lack of validity. The same approach could have been taken in respect of the European patent. Thus, the action before the Landgericht München was an abuse of

procedure aimed at delaying and obstructing the grant of patent.

The representative of the Third party argued that the case before the Landgericht München would be conclusive, as indicated by the court's decision to hear expert evidence. If the patent were granted to the applicant, the Third Party would be confronted with a patent for its own process for producing Enalapril salt. The Third Party had never unduly delayed any proceedings; delays, if any, were due to the fact that writs and acts of the court had to be served abroad.

XI. The appellant requests that the decision under appeal be set aside and that the grant proceedings be continued with immediate effect.

The third party requests that the appeal be dismissed.

Reasons for the decision

1. The appeal meets the requirements of Art.108 EPC and is therefore admissible.

Irrespective of whether or not the "communication" of the European Patent Office dated 26 September 2001 is also an appealable decision and whether the appellant could or should have appealed against such , the board has no doubt that the appellant was fully entitled to appeal against the decision dated 19 March 2002 which forms the subject-matter of the present appeal.

2.

2.1 Under Rule 13(1) EPC, the European Patent Office must stay grant proceedings if a Third Party provides proof that it has commenced proceedings against the applicant for the purpose of seeking a judgement that the Third Party instead of the applicant is entitled to the grant of the patent. Under Rule 13(3) EPC, the Office can order, at any point in time during the suspension, that the grant proceedings are to be continued regardless of the state reached in the (national) entitlement proceedings. Contrary to the decision to stay the proceedings according to Rule 13(1) EPC, it is in the discretion of the Office to decide whether the proceedings are to be continued. In these pending appeal proceedings, the board decides under Article 111(1) EPC to exercise the power within the competence of the department which was responsible for the decision appealed.

2.2 The board has to determine whether the grant proceedings are now to be continued, taking into account all aspects relevant in balancing the interests of the parties. In contrast to that, the board is neither competent nor qualified to decide which party the European application might belong to, or even which outcome of the entitlement proceedings might be more likely. As the board has outlined in its two communications to the parties, it only has to evaluate the impact of a further suspension or the continuation of the grant proceedings on each of the parties.

3. To dispose of this case by waiting for a final decision in the entitlement proceedings would be detrimental to

the applicant. Having regard to the manner in which those proceedings are being conducted by both parties, it must be assumed that the final decision will only be taken at the last instance, i.e. before the Bundesgerichtshof (Federal Court). Before any such final ruling, appeal proceedings will have to be conducted before the Oberlandesgericht (appeal court) in Munich. The overall duration of such proceedings will be at least five years, apart from the fact that the case could possibly be remitted by the Bundesgerichtshof to the appeal court. It would thus be unreasonable to expect the applicant to wait for a final ruling in the entitlement case before the grant proceedings are continued.

4. The board has therefore to consider in depth how the parties' interests have to be balanced.
- 4.1 There are no reasonable doubts that a continuation of the stay of the proceedings would put the Third Party in any respect into a favourable position, particularly because it would not be confronted with claims for royalties. As the Third Party has only requested that the grant procedure be suspended at a very late stage (see point I above), the patent is virtually ready for grant. Consequently, if the Third Party should win its entitlement case, it would not then have to wait for another couple of years until grant, but would acquire the patent without any significant delay.
- 4.2 The fact that the patent is virtually ready for grant also means that the applicant can no longer influence its contents or scope by amending the application. One of the aims of Rule 13 EPC is to prevent an

unauthorized applicant impairing a true proprietor's position by amending the application without its consent; however, this is no longer possible in the present case and this point cannot therefore be weighed in favour of the Third Party. In so much as the applicant could nevertheless deprive the Third Party of any title to the disputed patent by withdrawing the application or by abandoning any patent granted thereon, the applicant undertook during the oral proceedings before the board neither to withdraw the application nor to abandon any such patent.

- 4.3 Compared with the Third Party's position, there would be major drawbacks for the applicant if the grant proceedings were not continued. Firstly, it has to be kept in mind that the procedure was stayed shortly before the delivery of the patent. Although the procedure had virtually come to a successful end, the applicant has nothing to show for it. As a consequence, it cannot grant licences for royalties. As for infringements, if it should win the entitlement case, eventually it could only then claim damages for a limited prior period, at least in member states of the EPO where damages are so limited. More than that, the applicant even runs the risk that the grant of the patent could be obstructed for an incalculable period of time, as the Third Party, if it were to lose its case in Germany, could begin entitlement proceedings in another member state. In addition, the board finds that the entitlement proceedings were started late, which again is detrimental to the applicant, and that the final outcome of the case is far from clear.

5. This demonstrates that the stay of the grant procedure in the present case amounts to a very potent weapon in the hands of the Third Party. If, contrary to the Third Party's arguments, the procedure were to be continued and the patent now to be granted, the Third Party will still have effective means to defend its rights, as it can oppose the patent after grant for lack of novelty with regard to its own prior use and/or for lack of inventive step. Given the case now being made by the Third Party in the entitlement proceedings, it must be assumed that the patent will be opposed by the Third Party so that a continuation of the stay of the grant procedure would only defer the opposition to a much later point in time.

6. Thus, in the board's opinion, it follows from the above considerations that granting the patent now will at most deprive the Third Party of a comfortable legal position; but that continuing to stay the proceedings could occasion real losses to the applicant and be detrimental to both its legal and economic position.

Order

For these reasons it is decided that:

1. The decision under appeal is set aside.
2. The grant proceedings in respect of European patent application 96925615.5 are to be continued with immediate effect.

The Registrar:

The Chairman:

S. Fabiani

J. C. Saisset