

## Second Time's a Charm: The Intervention of the European Patent Office on the Strategic Use of Divisional Applications

**Authors :** Alissa Lefebvre

**Abstract :** It might seem intuitive to hope for a fast decision on the patent grant. After all, a granted patent provides you with a monopoly position, which allows you to obstruct others from using your technology. However, this does not take into account the strategic advantages one can obtain from keeping their patent applications pending. First, you have the financial advantage of postponing certain fees, although many applicants would probably agree that this is not the main benefit. As the scope of the patent protection is only decided upon at the grant, the pendency period introduces uncertainty amongst rivals. This uncertainty entails not knowing whether the patent will actually get granted and what the scope of protection will be. Consequently, rivals can only depend upon limited and uncertain information when deciding what technology is worth pursuing. One way to keep patent applications pending, is the use of divisional applications. These applicants can be filed out of a parent application as long as that parent application is still pending. This allows the applicant to pursue (part of) the content of the parent application in another application, as the divisional application cannot exceed the scope of the parent application. In a fast-moving and complex market such as the tele- and digital communications, it might allow applicants to obtain an actual monopoly position as competitors are discouraged to pursue a certain technology. Nevertheless, this practice also has downsides to it. First of all, it has an impact on the workload of the examiners at the patent office. As the number of patent filings have been increasing over the last decades, using strategies that increase this number even more, is not desirable from the patent examiners point of view. Secondly, a pending patent does not provide you with the protection of a granted patent, thus not only create uncertainty for the rivals, but also for the applicant. Consequently, the European patent office (EPO) has come up with a "raising the bar initiative" in which they have decided to tackle the strategic use of divisional applications. Over the past years, two rules have been implemented. The first rule in 2010 introduced a time limit, upon which divisional applications could only be filed within a 24-month limit after the first communication with the patent office. However, after carrying-out a user feedback survey, the EPO abolished the rule again in 2014 and replaced it by a fee mechanism. The fee mechanism is still in place today, which might be an indication of a better result compared to the first rule change. This study tests the impact of these rules on the strategic use of divisional applications in the tele- and digital communication industry and provides empirical evidence on their success. Upon using three different survival models, we find overall evidence that divisional applications prolong the pendency time and that only the second rule is able to tackle the strategic patenting and thus decrease the pendency time.

**Keywords :** divisional applications, regulatory changes, strategic patenting, EPO

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