



## Procopio Perspectives Podcast

# The Dutch Route: Using the Netherlands to Build a Cost-Effective Global Patent Portfolio

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### EPISODE SUMMARY:

Keeping costs in check is critical when pursuing patent protection, in particular for small and mid-sized companies. In this podcast, Procopio Partner Ernest Huang of Silicon Valley and AOMB Partner Ernest Baeten of the Netherlands discuss an innovative way in the Dutch patent system to get a peek at what the prior art is going to look like when you submit a provisional or normal patent application. The two explore how this approach can be cost-effective in the patent prosecution process, and possible implications in litigation.

### HIGHLIGHTS:

- Overview of the Dutch patent system
- Filing in the Netherlands to obtain an EPO search report in a cost effective and timely manner to determine if further prosecution abroad is worthwhile
- Advantages of litigating in the Netherlands via a Dutch registration

### SPEAKERS:

- Ernest Huang, Partner, Procopio (Palo Alto, CA, USA)
- Ernest Baeten, Partner, AOMB (Arnhem, Netherlands)

### Announcer (00:07):

Welcome to Procopio Perspectives, a podcast featuring award-winning corporate and litigation attorneys providing useful legal insights on the latest issues of the day. Now, here's your host.

### Ernest Huang (00:20):

I'm excited to have for this podcast series, the Dutch route, which I think is a very innovative way to at least get a peek as to what the prior art is going to look like when you file a provisional application or when you file a normal application. I think it's a very cost-effective way to proceed with prosecution, especially with startups and smaller to mid-size companies.

### (00:45):

With me here is Mr. Ernest Baeten. Since we both have the first name, I will refer to you as Mr. Baeten, if that's okay, to avoid any confusion. And so, Mr. Baeten, do you mind giving an introduction of yourself and your firm?

### Ernest Baeten (01:01):

Yes, my name is Ernest Baeten. Thank you for this invitation. I'm a Partner at AOMB, International Property Consultants in the Netherlands. Been working there for more than 25 years, and now I'm responsible for foreign business, so foreign agents. I studied management science at the Technical University, so I have a technical background, but I'm always looking for opportunities for ourselves and our clients for better routes and more efficient ways to file and prosecute applications. That's how I found this opportunity, the Dutch route, for foreign agents and foreign applicants to file applications in the Netherlands and have them searched by DPO, which search can be used when filing a PC application or a European patent application. And you recognized this, Mr. Huang, and you asked me to explain this route to you and to your clients, so here I am and thank you for this invitation.

Ernest Huang (02:09):

It's great to have you here. So why don't we start with discussing the benefits of filing in the Netherlands? And if you can give an overview of what the Dutch route is, that would be extremely helpful to our clients.

Ernest Baeten (02:21):

Yes, okay. Well, first let me introduce the possibilities to file patent application in the Netherlands. There are two ways you can file Dutch patent application, which I will hereafter call a registered patent application, directly at the EPO, at the Dutch patent office, and have it granted. As I mentioned, it's a registered system, so there's no prosecution. You only need to request the search report and the search report will be published together with the granted application.

(02:57):

The second opportunity is filing an EP application and validate the patent in the Netherlands. I will call this an EP application, although it's officially only a Dutch part of the EP application. Validation can be done as a national validation in the Netherlands or to the recently Unitary Patents, which has for the Netherlands, more or less the same effect. I have to mention that a direct national entry in the Netherlands of a PCT application is not possible.

(03:32):

Getting back to the registered patent application, this can be a perfect way for applicants to prepare for a very smooth prosecution of subsequent EP application. Apart from that, Dutch patent applications are very inexpensive because you only have to file the application, there's no prosecution, and the official fees are about 200 euros and you have to pay for the translation of the claims. And optionally, you can request for a search by the EPO. This is against additional cost of about 700 euros, but it has large benefits as I can explain later on.

(04:17):

When you file a patent application in the Netherlands, you have access to a very high-quality litigation. In Europe, the Dutch, the British, and the German patent courts are known for their high-quality decisions. And by filing a Dutch patent application, you get access to these high-quality decisions in the Dutch patent court. The cost of litigation in the Netherlands are relatively low, as in summary proceedings, the costs can be about 25 to 100,000 euros for very complex cases. And a decision will be made by the Dutch patent court within about four or five months after the summons are sent to the other party. Decision of the Dutch patent court are more or less recognized in other jurisdictions. And well, an objective measure of the quality of our courts' decisions is that in the Unitary Patent court, always a Dutch or a German patent judge will be present together with two other judges.

(05:29):

Before I go into the Dutch route, maybe it's nice to give some background information. Most overseas colleagues think that the EPO has its main office in Munich, and it's only partly true. The EPO has two main offices and the second one is located in The Hague in the Netherlands.

(05:49):

In the 1970s EP patent applications were searched in The Hague and examined in Munich. And years ago, the EPO recognized that this was a very inefficient way and decided to combine the search and the examination at one location. This resulted in a search report including a search opinion, and this search opinion is nothing less than a preliminary examination report. 50% of the cases are handled in Munich, the rest are handled in the Netherlands. This was an opportunity for the examiners of the Dutch patent office and most of them applied for a job as examiner of the neighbor at the EPO. Amongst others, for tax reasons they could earn more than twice as much as at the DPO, and as a result, the DPO lost most of its examiners. The EPO offered to examine Dutch patent applications for a reduced amount to compensate for this loss.

(06:53):

So by filing a Dutch patent application, an applicant can get an EPO search report and written opinion and this allows the applicant to remove the EPO objections even before filing an EP or PCT application. And the search fee of the PCT application will be reimbursed in full or in part if the subsequent application has the identical set of claims, or partly if the set of claims is amended. The search report will be available within eight to 10 months after filing. And because the written opinion includes all objections of the EPO as if it were an EP application, before filing the EP application the applicant can remove all objections that were raised in the search opinion.

(07:51):

Because the EP application is not filed then, the applicant has much more opportunities to remove the objections because the basis is not required as it is at the EP application. So by filing the Dutch patent application and getting the reimbursement, you can more or less for free, have this search report with all benefits. And another advantage is that in fact the applicant can reduce the number of examination reports of office actions by one because the first office action was answered when preparing the subsequent filing. I don't know whether this is clear for you, Mr. Huang.

Ernest Huang (08:38):

Yes. So it's-

Ernest Baeten (08:39):

Or does it need more elucidation?

Ernest Huang (08:42):

It sounds like, based on your explanation, there's tremendous advantages. One is that you get the equivalent of the EP search report or office action for a cost that is less than typically what applicants would even pay for a prior art search, for example, if they wanted to go to a prior art search firm. And secondly, because it is treated as an official EPO communication, then the EPO will mostly just issue the same search report or office action if you keep the claims the same and simply refund your fees. So besides being cheaper than a prior art search firm, you can actually reduce your costs entering into the EP and PCT if you choose the EP as a search authority, you can also reduce your fees here. Is that a good summary as to that I just-

Ernest Baeten (09:32):

Yes. That's a very good summary, Mr. Huang. And in addition, I can say that because of remuneration of the EPO examiners, they will stay at the EPO forever. So if a subsequent application is filed with a PCT with EPO as ISA, the subsequent application will land at the very same examiner's desks. So this examiner will never issue more objections because that would admit that he wouldn't have done his work properly in the first time. So it's very predictive.

Ernest Huang (10:06):

Wow, that's great. So I think this is very beneficial to those kind of applicants, especially the smaller or mid-size clients trying to decide whether to file a patent application in the first place, to be able to get an EPO office action for fairly minimal cost. One question I have for you then is what kind of formal requirements do you need to file in the Netherlands? Because let's say that a smaller size client wants to file a provisional application and they just put together some claims that they think they want to focus on for the novelty and obviousness search, how formal does the application have to be when one wants to file into the Netherlands to take advantage of this?

Ernest Baeten (10:54):

Well, there are not many requirements for a Dutch patent application. A Dutch patent application should include at least one claim, and the restrictions for the claims are that the claims must be in the Dutch language or we can file claims in the English language and translate it in Dutch. And the description can be in Dutch or in English. So yes, if the patent application has claim-like language, it will normally be accepted by the Dutch patent office.

Ernest Huang (11:26):

Wow, that's great to hear. How about the number of claims? Because we know paying excess claim fees in the EPO is quite expensive. Is that the same in the Netherlands as well?

Ernest Baeten (11:36):

No, luckily enough, we do not have any limitation of the number of claims. So it sounds strange, but even if you have 30 or 40 claims, you still can get this EPO search report for just the search fee without payment of any additional claims fees.

Ernest Huang (11:54):

Well, that's remarkable. So one, in theory, could even file for a hundred claims and still get a search report in theory for all of the claims presented in front of the Dutch office.

Ernest Baeten (12:04):

Yeah, that's true. And what we normally do is we indeed, for our domestic clients, we file 20 to 30 claims and then before filing the EP application, we combine the number of claims to reduce the number to 15. So that's very convenient for, for example, US applicants who are used to file, I think 20 claims because that's the limit in US. So reducing 20 claims to 15 is quite easy, and we have much more possibilities to combine claims than you have in the US. So that's no problem at all. To combine a hundred claims to 15, that's a challenge, I have to say. But we're quite experienced in reducing the number of claims.

Ernest Huang (12:48):

Very good. So let's say if we have this giant application and we want to file several continuation applications off that Dutch application because maybe there's different claim scopes that we want to

also have examined by the Dutch patent office, can you tell me about the continuation or divisional practice in the Netherlands? Are there any restrictions regards to how many we can file or any color that you can give on that?

Ernest Baeten (13:16):

This is quite similar to EP practice. So as long as the patent application is pending, so not granted and not withdrawn or rejected, divisional applications can be filed. It's not possible to file continuation like applications, which include more subject matter than the originally filed parent application. So there is a limitation. The limitation is not restricted to let's say the independent claims as filed. If there's basis for further inventions in the description of the patent application, then this description can be used to draft new claims for divisional application.

Ernest Huang (13:58):

If you have several inventions in one application, which is something that happens quite a lot for the smaller companies where they want to put as much as they can into one PCT application, then it's possible that you could have every single invention in that application examined as long as it supported them using this Dutch route.

Ernest Baeten (14:18):

Not really. Not in one time, because if there are several independent claims which are not related to the same invention, the EPO also for Dutch patent applications will issue a lack of unity problem and they will only search the first invention. But indeed, you can then file divisional applications and have them have the second, third, and fourth invention searched as well.

Ernest Huang (14:46):

Yeah, that's what I had meant for the divisional practice. And it sounds like you can keep the timeline, since for PCT applications, you normally get 30 months to decide which countries to file in, but if the Dutch respond within a year for each invention, you could have at least two inventions examined. One is your main one and then your divided application, and you can possibly save costs that way if they have already examined those claims.

Ernest Baeten (15:14):

Yeah, that's correct.

Ernest Huang (15:15):

So another question that I have for you, since you mentioned both the benefits of filing in the Netherlands, both from a prosecution standpoint and a litigation standpoint as well, let's turn to the litigation side for a bit. So let's say if I file for a registration in the Netherlands, and for some reason maybe the search report comes back and says that all claims are allowable, presumably that would allow you to get an EP grant fairly easily too. But let's say the applicant only wants to defend in the Netherlands for whatever reason, so how defensible would that registered application be if you had a favorable search report from the EP?

Ernest Baeten (15:55):

The search report of the EPO is a good indication of course, of patentability of the application. However, if Dutch patent application is filed, well, it's searched but not examined, it will be grounded because we have this registration system. If a third party wishes to attack the patent after grant, the

third party first has to go to the Dutch patent office and ask for an advice, as we call it. And this advice is not just an advice, it takes written proceedings and oral proceedings at the DPO with the third party and the penalty. With this advice, the third party has to go to the court, to the Dutch patent court and the Dutch patent court will again start proceedings, again first written and then oral hearing before it comes to a decision. The Dutch patent office and the Dutch patent court apply more or less the same rules to assess novelty and inventive step as it does at DPO. So it's quite defensible because a third party needs to take two subsequent steps before Dutch patent court will take a decision.

Ernest Huang (17:15):

So it sounds like it's very difficult for a defendant to assert invalidity if they had to. Well, what about asserting such a registration? Let's say if we did have a favorable search report and we want to assert it against an infringer, what would the steps be for doing so?

Ernest Baeten (17:34):

Do you mean what it would take from the penalty to defend dependability of the application?

Ernest Huang (17:40):

Yeah. Both the dependability of the application and also asserted against the infringer in the Netherlands.

Ernest Baeten (17:47):

The patent is granted, so even if the search report was not favorable, the patent is still granted and the third party has to get this patent nullified, and otherwise it'll stay in place. Infringement can be assessed. I'm not sure whether I understood your question.

Ernest Huang (18:07):

You did.

Ernest Baeten (18:08):

Okay.

Ernest Huang (18:08):

So basically the plaintiff can simply assert, but then it sounds like it's up to the defendant to challenge the validity, because from what I understand from what you're saying, once it's registered, it is just presumed to be valid, even if there is a unfavorable search report.

Ernest Baeten (18:26):

Yes, that's correct. And the penalty only has to react to objections or arguments of the third party to invalidate the patent. And the applicant doesn't have to provide arguments why the patent is valid, only counter-attack the attacks of the third party.

Ernest Huang (18:47):

Then it sounds like a very favorable jurisdiction for a plaintiff. It's really up to the defendant to prove that the patent's invalid and they would have to go through two steps, as you mentioned, the EPO and the Dutch court.

Ernest Baeten (19:02):

Yeah, that's correct.

Ernest Huang (19:03):

So besides what sounds like a fairly difficult process for a defendant to defend against an infringement suit, are there any particular reasons why one would want to choose to litigate in the Netherlands?

Ernest Baeten (19:16):

Yes, because the Dutch patent court is known for its high-quality decisions. The decisions of the Dutch patent courts would normally be taken over by smaller countries. The German and the British patent court would have an independent opinion, but often they are quite similar. Sometimes they deviate, rarely they are opposite. But having this decision of the Dutch patent court gives a good direction to which two decisions which other patent courts will go. Again, it's a very inexpensive, relatively inexpensive procedure. As I told, 20 to hundred thousand euros for complex cases. It's quite a lot of money, but compared to, for example, the US system, it's very inexpensive.

Ernest Huang (20:09):

And how are the damages or maybe remedies such as injunctions in the Dutch system? Are they fairly good compared to the rest of Europe, or would you see them better?

Ernest Baeten (20:21):

Well, they're quite comparable. We do not know double or triple damages as you have in the US, but as the damages can just ask for compensation of the damages, well, and there some standards like the profit the infringer made with the product or the real damages of the patentee. After the Dutch patent of court decided that there's an infringement of patent, then there will be a separate procedure to calculate the damage. It should be very clear during proceedings then a damage will be decided and otherwise there can be separate proceedings if that's complex.

Ernest Huang (21:03):

Sounds good. Well, thank you very much for this great summary about filing in the Netherlands, the Dutch route and its benefits, which I'm sure that our clients will definitely try to take advantage of, especially since they get what is free office action from the EPO. In comparison to paying a fee to a search firm, you can get a free look at what the EPO is going to tell you anyway for much cheaper. At least that's what it sounds like. So it's a great benefit and I hope more clients in the US will take advantage of this route.

Ernest Baeten (21:35):

I think I can add something more because I forgot to tell that the EPO examiners draft this written opinion and the written opinion can be guideline how to prepare the EP application. However, sometimes the EP examiners even write the solution how to get rid of the objections the examiner made. So you have just the objections and the solution to get rid of it. So last month I received this objection for a Dutch route application, and the examiner mentioned that the application was not clear because some features were missing and it was not novel because the same features were missing. And then at the end he noted if you add those features, he literally wrote down the features, then all objections as well as clarity as novelty would be removed. So that's how far some examiners go to help an applicant to a smooth prosecution.



Ernest Huang (22:38):

That's great. It's really-

Ernest Baeten (22:40):

Yeah, and compared to a search of a firm, yes, that's just an opinion in a search. But during EP prosecution you get another examiner which can either find different prior art or have a different opinion about the prior art, but because the search report for the Dutch patent application will be searched and examined by the same examiner during PCT or EP prosecution, then you don't get surprises.

Ernest Huang (23:07):

Yeah, that's definitely a benefit I think more American companies should look at. So do you have any final takeaways directed at you're American or international audience about filing in the Netherlands?

Ernest Baeten (23:24):

Well, many. But what I wanted to add is the Netherlands is a very small country. We only have 18 million inhabitants. So why should you apply for Dutch patent protection? You may know that we have a very large harbor of Rotterdam and 20% of the imports in Europe enter Europe through this harbor. So infringing products from Asia, for example, enter the Rotterdam harbor and there they can be stopped if they infringe the Dutch patent. So the protection goes much, much more further than only protection for the Netherlands. It's also for Germany because 20% of the products goes through the Dutch harbor to Germany and other countries. So while we have only small country, you have an enormous protection by just a simple Dutch patent application. And I don't think many Americans will realize that this is the case.

Ernest Huang (24:24):

So you stop everything in the Netherlands, you stop everything for most of Europe, basically.

Ernest Baeten (24:30):

Yeah. More or less, yes.

Ernest Huang (24:33):

Well, thank you very much for giving this podcast then, Mr. Baeten.

Ernest Baeten (24:38):

Yeah, thank you, Mr. Huang, for getting this opportunity to explain how the Dutch system works and how your clients can benefit from what you call the Dutch routes.

Announcer (24:50):

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