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Filip De Corte

Tom Irving Tridico

Stacy D. Lewis

Gervas Christina N.

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**AIA POST-GRANT REVIEW & EUROPEAN OPPOSITIONS:  
WILL THEY WORK IN TANDEM,  
OR RATHER PASS LIKE SHIPS IN THE NIGHT?**

*Filip De Corte,\* Anthony C. Tridico,\*\* Tom Irving,\*\*\*  
Stacy D. Lewis\*\*\*\* & Christina N. Gervasi\*\*\*\*\**

*Perhaps the new post-grant review proceeding in the United States was conceived in the likeness of a European opposition, but as it moved from conception to reality, a unique American administrative proceeding was created that does not bear much resemblance to its European inspiration. This Article describes features of both post-grant review and European oppositions and argues that the differences between them mean they will not work in tandem, but rather will generally pass like ships in the night. Notably, the ships will not necessarily crash either, and they could even be part of the same fleet.*

**I. INTRODUCTION**

The Leahy-Smith America Invents Act of 2011 (“AIA”)<sup>1</sup> effects the first major overhaul of the U.S. patent system since the

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\* Ph.D.; Chief Intellectual Property Counsel Europe for Cargill, an international producer and marketer of food, agricultural, financial, and industrial products and services.

\*\* Ph.D.; Managing Partner at Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P. (Brussels, Belgium).

\*\*\* Partner at Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P. (Washington, DC).

\*\*\*\* Law Clerk at Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P. (Washington, DC).

\*\*\*\*\* U.S. Patent Agent and J.D. Candidate at the University of Dayton School of Law (2013).

<sup>1</sup> Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended in scattered sections of 35 U.S.C.). Portions of the Leahy-Smith America Invents Act were not codified in 35 U.S.C., so some of the changes it makes to U.S. patent law will be found only in the text of the AIA.

venerable Patent Act of 1952.<sup>2</sup> There were significant but unsuccessful prior attempts at reform in the ten years leading up to the passage of the new law.<sup>3</sup> The motivation for reform came from widespread frustration with the United States Patent and Trademark Office (“USPTO”) over an ever-growing backlog of patent applications awaiting examination<sup>4</sup> and suggestions that the USPTO was allowing too many “weak” patents.<sup>5</sup> There also was (and is) frustration with patent litigation over “runaway” discovery, increasing time and costs, and the rise of non-practicing entities (“NPEs”) winning very large damage awards.<sup>6</sup> However,

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<sup>2</sup> Pub. L. No. 82-593, 66 Stat. 792 (1952) (codified as amended at 35 U.S.C. §§ 1–376 (2006)).

<sup>3</sup> E.g., Patent Reform Act of 2009, S. 515, 111th Cong. (2009); Patent Reform Act of 2007 S. 1145, 110th Cong. (2007); Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005); see also FED. TRADE COMM’N, TO PROMOTE INNOVATION: THE PROPER BALANCE OF COMPETITION AND PATENT LAW AND POLICY (2003).

<sup>4</sup> The AIA amended 35 U.S.C. § 299 in specific response to the rise of lawsuits brought by non-practicing entities. For any civil action commenced on or after September 16, 2011, joinder of defendants is only allowed if the claim for relief arises from “the same transaction, occurrence, or series of transactions” and “questions of fact common to all defendants . . . will arise in the action.” 35 U.S.C. § 299(a) (Supp. V 2011). The statute specifies that simply having the same patent as the basis for the infringement allegation is not enough for joinder. See 35 U.S.C. § 299(b) (2006). The case of *Optimum Power Solutions LLC v. Apple Inc.* was one of the first to see a judge apply the new AIA joinder provision. No. C11-1509SI, 2011 WL 4387905 (N.D. Cal. Sept. 20, 2011). The plaintiff proposed ten defendants. *Id.* at \*1. The district court dismissed the case against all but one of the defendants. *Id.* at \*3.

<sup>5</sup> “Weak” patents are those that are easily designed around. See ZHEN LEI & BRIAN D. WRIGHT, WHY WEAK PATENTS? 1–2 (2009), available at [http://ageconsearch.umn.edu/bitstream/49279/2/Lai\\_Wright\\_AAEA\\_2009.pdf](http://ageconsearch.umn.edu/bitstream/49279/2/Lai_Wright_AAEA_2009.pdf). The resources spent on innovation and then obtaining the patent become worthless because the patent obtained is easily circumvented. *Id.* at 1 (“Weak patents incur social costs without commensurate social benefits.”).

<sup>6</sup> NPEs are companies that do not make or practice invention themselves, but rather apply for or acquire patents solely to obtain a licensing revenue stream or obtain money through adverse litigation judgments. See PRICEWATERHOUSECOOPERS LLP, 2011 PATENT LITIGATION STUDY 34 (2011). Sometimes they are derogatively referred to as “patent trolls.” *What is a Patent Troll?*, PATENTLY-O (May 12, 2006, 6:30 AM), <http://www.patentlyo.com/paten>

those earlier attempts at U.S. patent reform never gathered sufficient political will and were unsuccessful in resolving differences between stakeholders in the patent community with very different priorities.<sup>7</sup> Examples of such stakeholders with competing visions of change were individual American inventors and large multi-national corporations facing global competition, software and high-tech industries making products with a very short shelf-life, and innovative pharmaceutical companies facing years of regulatory approval between the date of invention and getting a product to market after Food and Drug Administration approval. Finally, the 112<sup>th</sup> Congress managed to broker what can fairly be labeled a compromise agreement, and the new law was signed by President Obama on September 16, 2011.<sup>8</sup> Those who support the new law hope that it will make prosecuting patents more efficient, reduce patent litigation in the U.S. federal district courts by providing more extensive post-grant cancellation proceedings in the USPTO, foster innovation, and ensure that the United States is globally competitive in technological areas.

In an effort to achieve those goals, the AIA altered several aspects of U.S. patent law.<sup>9</sup> This Article will focus specifically on one such change: post-grant review. Post-grant review (“PGR”) is a new administrative proceeding in the USPTO, whereby a third party may provide information in the hope that the USPTO will reconsider and cancel the original patent claim.<sup>10</sup> There are two other possible PGR outcomes: The claims are maintained by the USPTO without change (i.e., they withstand post-grant review) or at least one claim may be amended at the USPTO to preserve the patentability of that one claim.<sup>11</sup> If at least one claim is amended,

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t/2006/05/what\_is\_a\_patent.html; see generally Peter J. Stern & Timothy G. Doyle, *Trends and Developments Regarding Nonpracticing Entities in the U.S.*, 61 CHIZAI KANRI 445 (2011) (exploring the relationship between traditional companies and NPEs).

<sup>7</sup> See sources cited *supra* note 3.

<sup>8</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified as amended in scattered sections of 35 U.S.C.).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at sec. 6.

<sup>11</sup> See *id.*

the claim as amended at the USPTO may no longer cover a third party's allegedly infringing product, which is as good for the third party as if the claim had been cancelled.<sup>12</sup>

Before the AIA, the cancellation options before the USPTO available to a third party were third party prior art submissions,<sup>13</sup> *ex parte* reexamination,<sup>14</sup> and *inter partes* reexamination.<sup>15</sup> Those options were criticized by the patent community as inadequate in the case of third party prior art submissions; too narrow in scope, and too lengthy in pendency in the case of *ex parte* reexamination; and too risky in the case of *inter partes* reexamination in view of its estoppel provisions.<sup>16</sup> In addition, there were (and are) many concerns about using the judicial system to resolve patent disputes in the United States, including, but not limited to cost, nearly unlimited discovery, lay juries, and lengthy pendency.

PGRs are intended to be quasi-judicial administrative proceedings that will help relieve some of the burden of patent litigation from the U.S. federal courts. At first blush, it may seem strange to add to the USPTO's responsibilities when it was already struggling to meet its workload, but the promises of increased staff and improved efficiency may be sufficient to address this issue.<sup>17</sup>

In creating a proceeding to meet the objective of relieving the U.S. federal courts and to answer the shortfalls in the old, pre-AIA system, as exemplified above, American legislators initially looked to the example of opposition proceedings in the European Patent

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<sup>12</sup> *See id.*

<sup>13</sup> *See* 35 U.S.C. §§ 301–302 (2006).

<sup>14</sup> *See id.* §§ 302–307.

<sup>15</sup> *See id.* §§ 311–319.

<sup>16</sup> COMM'R FOR PATENTS, U.S. PATENT AND TRADEMARK OFFICE, *EX PARTE* REEXAMINATION FILING DATA (2012), available at [http://www.uspto.gov/patent/s/stats/EP\\_quarterly\\_report\\_June\\_30\\_2012.pdf](http://www.uspto.gov/patent/s/stats/EP_quarterly_report_June_30_2012.pdf). Average pendency for an *ex parte* reexamination, for example, for the time period July 1981 to June 2012 was 25.4 months. *Id.*

<sup>17</sup> Interview with David Kappos, Director, USPTO, at American Intellectual Property Law Association Annual Meeting (Sept. 30, 2011) (indicating that the USPTO is seeking to fill as many as 2,000 new Patent Examiner positions and 150 new Administrative Patent Judge positions).

Office (“EPO”) as a model for a PGR.<sup>18</sup> The EPO opposition is ingrained in multinational patent practice, and operates as a revocation proceeding where third parties can challenge the validity of European patents in the EPO. Although conceived in the likeness of an EPO opposition, by the time the AIA passed, PGR had morphed into a uniquely American administrative proceeding that does not bear much resemblance to its European inspiration. In practice, the AIA will operate much differently than an EPO opposition, although both the EPO opposition and PGR are designed as revocation or cancellation proceedings that should be less expensive than litigation in the courts.

This Article describes and compares features of both PGRs and European oppositions, and argues that the differences between them mean they will not necessarily work in tandem, but rather will generally pass like ships in the night. If PGRs and oppositions worked in tandem, there could be procedural possibilities such as stays in favor of the first-filed proceeding, formal discovery and evidence sharing, and *res judicata*. However, the systems will remain separate because neither the USPTO nor the EPO will stay a proceeding pending resolution in the other tribunal, there will not be any provision for the USPTO and the EPO to share discovery or evidence in revocation or cancellation proceedings, and there will be no *res judicata* between the EPO and the USPTO. Thus, although oppositions and PGRs will be completely separate substantively and procedurally, the timing could work out so that both processes could run simultaneously.<sup>19</sup>

Notably, the ships will not necessarily crash either. That is, oppositions and PGRs are not inherently conflicting proceedings. They are simply alternative revocation and cancellation

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<sup>18</sup> The European Patent Office provided an overview of the opposition procedure in 2001. Opposition Procedure in the EPO, 2001 O.J.E.P.O. 148 (2001), available at [http://archive.epo.org/epo/pubs/oj001/03\\_01/03\\_1481.pdf](http://archive.epo.org/epo/pubs/oj001/03_01/03_1481.pdf).

<sup>19</sup> Simultaneous proceedings will likely be rare, since both PGRs and oppositions have a nine-month post-issuance deadline in which to bring an action. See discussion *infra* Parts II.C, III.D. For a PGR and opposition to be running simultaneously, the U.S. and European patents would have had to issue at (or nearly at) the same time.

proceedings for different times in the life of an invention patented both in the United States and Europe; PGRs will be an alternative in the first nine months after a U.S. patent issues, and oppositions will be an alternative in the first nine months after a European patent issues. The two alternatives include different laws, different procedures, and different patents. Perhaps, if the PGR occurs first, the discovery allowed in the United States will reveal prior art that could then be used in an opposition on the related European patent (if the opposition filing deadline has not passed). This will be serendipitous rather than guaranteed. The qualification that the ships will not “necessarily” crash is included because statements made in foreign proceedings that contradict positions taken in U.S. proceedings have been used against the patentee in U.S. proceedings and may be the type of “inconsistent statement” that will have to be provided by the patentee to the petitioner in the PGR.<sup>20</sup>

Part II discusses the details of EPO oppositions. Part III describes PGRs, providing comparisons to oppositions. The Article concludes with Part IV, discussing strategic considerations accompanying the use of European oppositions and PGRs.

## II. EPO OPPOSITIONS

The European Patent Convention<sup>21</sup> of October 5, 1973, introduced a post-patent grant opposition procedure.<sup>22</sup> The EPO

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<sup>20</sup> See, e.g., *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc); Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,673 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.51(b)(1)(iii)).

<sup>21</sup> Convention on the Grant of European Patents, Oct. 5, 1973, 1065 U.N.T.S. 199 [hereinafter 1973 European Patent Convention]. The European Patent Convention (EPC) is the treaty that established a unified granting procedure amongst the Member States of the EPC. *Id.* Original Member States were Belgium (BE), Switzerland (CH), Germany (DE), France (FR), Great-Britain (GB), Luxemburg (LU), The Netherlands (NL) that all acceded to the EPC on October 7, 1977 and Italy (IT) that joined on December 1, 1978. *Id.* This treaty created the European Patent Organization. *Id.*

<sup>22</sup> *Id.*

seems to adhere to the philosophy that the opposition is an excellent tool to improve the quality of the patents it grants. Despite the relatively explicit bias towards applicants, the EPO does recognize its obligation to the public, who need to be protected against “bad” patents.<sup>23</sup> Oppositions allow third parties (other than the applicant and the EPO) to bring forward facts and arguments that are prejudicial to the patentability of the invention that is claimed in the opposed patent. These facts and arguments will often be those other than printed publications, such as oral disclosures at a conference or public prior use by a third party, making them difficult for examiners to access.<sup>24</sup>

Oppositions are peculiar because they constitute a centralized revocation procedure affecting the bundle of national rights that originate from the granted European patent, thereby bringing the European patent back under the reach of the EPO after its prime examination authority ended at the moment of grant.<sup>25</sup> The European Patent Convention opted for a post-grant opposition instead of the pre-grant opposition, which existed in a number of member states as a compromise position between the position of some member states that did not have any opposition procedure at

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<sup>23</sup> “Bad” patents are those that do not warrant the temporary exclusionary power that a patent offers to its owner in exchange for the technological information contained in the patent. See Matthew Sag & Kurt Rohde, *Patent Reform and Differential Impact*, 8 MINN. J.L. SCI. & TECH. 1, 12–14 (2006). For example, claims that are actually anticipated in the prior art are not “novel” and therefore the patents do not promote progress and innovation in science and the public should not be prevented from practicing the claimed technology for the limited time of protection a patent provides. See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1522–23 (2001).

<sup>24</sup> For an overview of the search documentation available to European Patent Examiners, see EUROPEAN PATENT OFFICE, GUIDELINES FOR EXAMINATION IN THE EUROPEAN PATENT OFFICE, pt. B, ch. IX §§ 1–5 (2012), available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/6c9c0ec38c2d48dfc1257a21004930f4/\\$FILE/guidelines\\_for\\_examination\\_2012\\_en.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/6c9c0ec38c2d48dfc1257a21004930f4/$FILE/guidelines_for_examination_2012_en.pdf).

<sup>25</sup> Convention on the Grant of European Patents, art. 99–105, Oct. 5, 1973, 1065 U.N.T.S. 199, as revised Nov. 29, 2000 [hereinafter European Patent Convention].



all and other member states that had one form of opposition procedure (pre-grant or post-grant).<sup>26</sup>

Even though the opposition as defined in the European Patent Convention is a post-grant revocation procedure and manifestly is an *inter partes* procedure, it clearly has the character of an “enhanced” patent examination rather than a litigation.<sup>27</sup> This examination character is epitomized by the fact that the Examiner conducting the examination is a member of the Opposition Division.<sup>28</sup>

#### A. *Parties*

Any person may give notice to the EPO of an opposition to a granted patent.<sup>29</sup> However, the Enlarged Board of Appeal decided in 1997 that the patent owner is excluded from filing an opposition against his own patent because of the fundamental *inter partes* nature of the opposition.<sup>30</sup> Until that decision, patent owners did

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<sup>26</sup> Opposition Procedure in the EPO, 2001 O.J.E.P.O. 148 (2001), *available at* [http://archive.epo.org/epo/pubs/oj001/03\\_01/03\\_1481.pdf](http://archive.epo.org/epo/pubs/oj001/03_01/03_1481.pdf).

<sup>27</sup> See European Patent Convention, *supra* note 25, at art. 19.

<sup>28</sup> Article 19 of the European Patent Convention describes the composition of the Opposition Division, and it stipulates that this Opposition Division will consist of three examiners, “at least two of whom shall not have taken part in the proceedings for grant of the patent to which the opposition relates.” *Id.* This implies (and that is actually the ordinary course of business) that one member is indeed an examiner who took part in the examination up to grant.

<sup>29</sup> European Patent Convention, *supra* note 25, at art. 99.

<sup>30</sup> Case G 1/84, Opposition by Proprietor/MOBIL OIL, 1985 O.J.E.P.O. 10, 299–305 (Enlarged Bd. Appeal, July 24, 1985), *available at* [http://archive.epo.org/epo/pubs/oj1985/p299\\_332.pdf](http://archive.epo.org/epo/pubs/oj1985/p299_332.pdf) (finding initially that the Enlarged Board had found that “self opposition” was permissible, as the proprietor of a patent could be regarded as “a person”). *But see* Case G 3/97, Opposition on Behalf of a Third Party/INDUPACK, 1999 O.J.E.P.O. 245, 245–70, (Enlarged Bd. Appeal, Jan. 21, 1999), *available at* [http://archive.epo.org/epo/pubs/oj99/5\\_99/5\\_2459.pdf](http://archive.epo.org/epo/pubs/oj99/5_99/5_2459.pdf); Case G 4/97, Opposition on Behalf of a Third Party/GENETECH, 1999 O.J.E.P.O. 270, 270–72 (Enlarged Bd. Appeal, Jan. 21, 1999), *available at* [http://archive.epo.org/epo/pubs/oj99/5\\_99/5\\_2709.pdf](http://archive.epo.org/epo/pubs/oj99/5_99/5_2709.pdf); Case G 9/93, Opposition by Patent Proprietor/PEUGEOT AND CITROEN, 1994 O.J.E.P.O. 12, 891–97 (Enlarged Bd. Appeal, July 6, 1994), *available at* [http://archive.epo.org/epo/pub/s/oj1994/p875\\_981.pdf](http://archive.epo.org/epo/pub/s/oj1994/p875_981.pdf). The G 1/84 position was later overruled in Enlarged Board of Appeal decision G 9/93, in which “any person” was construed as

file self-oppositions as a way to amend, correct, or limit the claims after grant.<sup>31</sup>

An opposition may also be filed by a “straw man,” a person who files an opposition in his own name while acting for somebody else (usually someone who wants to stay anonymous).<sup>32</sup> The EPO accepts these oppositions as long as the use of a straw man does not circumvent the law (for instance, the patent owner is not allowed to use a straw man to oppose his own patent).<sup>33</sup> The European Patent Convention also allows an opposition by an alleged infringer in the case where the patent holder of the opposed patent has initiated court proceedings against said alleged infringer.<sup>34</sup>

There can obviously be more than one opponent, but there is no requirement that they act jointly.<sup>35</sup> Opponent status is not a freely

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meaning anyone except the patent proprietor. *See* Case G 9/93, Opposition by Patent Proprietor/PEUGEOT AND CITROEN, 1984 O.J.E.P.O. at 891–97. This was reinforced by the Enlarged Board of Appeal decisions in G 3/97 and G 4/97, which held that it was permissible to act as an opponent on behalf of a third party, provided that the third party in question was not the patent proprietor. Case G 3/97, Opposition on Behalf of a Third Party/INDUPACK, 1999 O.J.E.P.O. at 245–70; Case G 4/97, Opposition on Behalf of a Third Party/GENETECH, 1999 O.J.E.P.O. at 270–72.

<sup>31</sup> Case G 1/84, Opposition by Proprietor/MOBIL OIL, 1985 O.J.E.P.O. at 299–305 (attempting correction of a patent similar to proceedings available to patent owners in the United States under 35 U.S.C. § 251 (2006) (reissue) and 35 U.S.C. § 302 (2006) (*ex parte* reexamination)).

<sup>32</sup> A “straw man” is often used in the United States to request *ex parte* reexamination when anonymity is desired. *See* 35 U.S.C. § 322(a)(3) (Supp. V 2011). In contrast, under AIA, a petition for PGR must be filed by a real party in interest. *See* discussion *infra* Part III.B.

<sup>33</sup> *See* Case G 3/97, Opposition by Patent Proprietor/INDUPACK, 1984 O.J.E.P.O. at 891–97.

<sup>34</sup> European Patent Convention, *supra* note 25, at art. 105. As has been demonstrated, AIA provides an analogous approach, but there are time limits as discussed above. *See* 35 U.S.C. § 315 (Supp. V 2011).

<sup>35</sup> Case G 3/99, Admissibility of Joint Opposition or Joint Appeal/HOWARD FLOREY, 2002 O.J.E.P.O. 347, 347–63 (Enlarged Bd. Appeal, Feb. 18, 2002), *available at* [http://archive.epo.org/epo/pubs/oj002/07\\_02/07\\_3472.pdf](http://archive.epo.org/epo/pubs/oj002/07_02/07_3472.pdf). In Enlarged Board of Appeal decision G 3/99, the Board held that multiple parties could file a single joint opposition. *Id.* Only a single opposition fee need be

transferable business asset,<sup>36</sup> though it can be transferred together with other business assets when a complete business is sold.<sup>37</sup>

### B. *Grounds*

There are only three main<sup>38</sup> grounds on which an opposition can be based. These are set forth in Article 100 of the European Patent Convention as (1) the granted patent does not meet the requirements for patentability under Articles 52–57 EPC;<sup>39</sup> (2) the granted patent does not disclose the claimed invention sufficiently clearly and completely for it to be carried out by a person skilled in the art;<sup>40</sup> or (3) the subject matter of the patent has been extended beyond the scope of the application as originally filed or, in the case of divisional or replacement applications, beyond the scope of the earlier applications on which they are based.<sup>41</sup>

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paid, but all actions must be undertaken by a common representative. *Id.* If no common representative is expressly appointed, the first-named opponent is deemed to take this role. *Id.*

<sup>36</sup> Case G 2/04, Transfer of Opposition/HOFFMANN-LA ROCHE, 2005 O.J.E.P.O. 549, 549–76 (Enlarged Bd. Appeal, May 25, 2005), *available at* [http://archive.epo.org/epo/pubs/oj005/11\\_05/11\\_5495.pdf](http://archive.epo.org/epo/pubs/oj005/11_05/11_5495.pdf) (holding that the status as opponent cannot be freely transferred).

<sup>37</sup> Case G 4/88, Transfer of Opposition/MAN, 1989 O.J.E.P.O. 480, 480–82 (Enlarged Bd. Appeal, Apr. 24, 1989), *available at* [http://archive.epo.org/epo/pubs/oj1989/p479\\_530.pdf](http://archive.epo.org/epo/pubs/oj1989/p479_530.pdf). In Enlarged Board of Appeal decision G 4/88, the Board decided that the opposition could be transferred to the opponent's universal successor in law. *Id.* AIA raises an analogous issue in Prior Commercial Use. *See* 35 U.S.C. § 273(e)(1)(B) (Supp. V 2011); Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 298 (2011) (codified as amended in scattered sections of 35 U.S.C.).

<sup>38</sup> Case G 1/95, Fresh Grounds for Opposition/DE LA RUE, 1996 O.J.E.P.O. 615, 615–25 (Enlarged Bd. Appeal, July 19, 1996), *available at* [http://archive.epo.org/epo/pubs/oj1996/p615\\_648.pdf](http://archive.epo.org/epo/pubs/oj1996/p615_648.pdf). The word “main” is used because by decision of the Enlarged Board of Appeal G 1/95 that indicated ground 100(a) is actually a collection of separate grounds (novelty, inventive step, etc.). *Id.*

<sup>39</sup> European Patent Convention, *supra* note 25, at art. 52–57 (defining patentable subject matter, exceptions to patentability, novelty requirements, non-prejudicial disclosures, the inventive step requirement, and industrial applicability requirements).

<sup>40</sup> *Id.* at art. 83.

<sup>41</sup> *Id.* at art. 123.

As mentioned above, the list of grounds set out in Article 100 EPC<sup>42</sup> is exhaustive. To the frustration of many opponents, clarity of the claims is not ground for opposition,<sup>43</sup> although, as has been observed by European practitioners, that is often exactly the issue that the opponent would like to attack.

Even though clarity is not a ground for opposition, the clarity requirement can play its role once amendments are made to the granted claims.<sup>44</sup> Objections based on lack of clarity and support can be raised against amendments filed during the opposition process. In contrast, lack of unity is not relevant at any stage during opposition proceedings, even if a patent is amended.<sup>45</sup>

An opposition is, in principle, limited to the grounds raised when a notice of opposition is filed.<sup>46</sup> The EPO Opposition Division may raise a ground for opposition of its own motion even if that ground was not covered in the opposition request or consider a ground not covered when raised by an opponent later only under strict conditions.<sup>47</sup> In particular, raising a new ground can only take place where, *prima facie*, there are clear reasons to believe that such grounds are relevant and would in whole or in part prejudice the maintenance of the European patent.<sup>48</sup> During the appeal, further grounds can only be introduced with the consent of the patent owner.<sup>49</sup>

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<sup>42</sup> *Id.* at art. 138.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> Case G 1/91, Unity/SIEMENS, 1992 O.J.E.P.O. 253, 253–59 (Enlarged Bd. Appeal, Dec. 9, 1991), *available at* [http://archive.epo.org/epo/pubs/oj1992/p253\\_336.pdf](http://archive.epo.org/epo/pubs/oj1992/p253_336.pdf).

<sup>46</sup> Case G 9/91, Power to Examine/ROHM AND HAAS, 1993 O.J.E.P.O. 408, 408–20 (Enlarged Bd. Appeal, Mar. 31, 1993), *available at* [http://archive.epo.org/epo/pubs/oj1993/p403\\_475.pdf](http://archive.epo.org/epo/pubs/oj1993/p403_475.pdf).

<sup>47</sup> *Id.*

<sup>48</sup> *See id.* at 418.

<sup>49</sup> *See* Case G 1/95, Fresh Grounds for Opposition/DE LA RUE, 1996 O.J.E.P.O. 615, 615–25 (Enlarged Bd. Appeal, July 19, 1996), *available at* [http://archive.epo.org/epo/pubs/oj1996/p615\\_648.pdf](http://archive.epo.org/epo/pubs/oj1996/p615_648.pdf); Case G 7/95, Fresh Grounds for Opposition/ETHICON, 1996 O.J.E.P.O. 626, 626–27 (Enlarged Bd.

Where only some claims are opposed, the Opposition Division is again in principle limited to considering the validity only of the opposed claims.<sup>50</sup> As a consequence, it is important for opponents to ensure that they enter all arguments to support an attack under each of the grounds. When an opponent fails to do so, he runs the risk that when other elements relating to a ground that was not raised in his notice of opposition arise during the opposition, he is no longer able to raise these elements in the proceedings.<sup>51</sup> Likewise, it is important to have an attack on every claim (not just the independent claims) to ensure that, according to a term of art among EPO participants, all claims are “in the opposition.” By way of comparison, in a PGR, the requester is estopped from requesting or maintaining a proceeding based on an issue that he “raised or reasonably could have raised” in another USPTO proceeding and in any subsequent civil litigation.<sup>52</sup>

### C. *Procedure and Timing*

An opposition needs to be filed within nine months of the publication of the “mention of the grant”<sup>53</sup> in the European Patent Bulletin.<sup>54</sup> The U.S. period for PGR is the same.<sup>55</sup>

It is important to note that in both systems, the nine-month opposition period cannot be extended.<sup>56</sup> However, the European Patent Convention allows a means for an alleged infringer to

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Appeal, July 19, 1996), available at [http://archive.epo.org/epo/pubs/oj1996/p615\\_648.pdf](http://archive.epo.org/epo/pubs/oj1996/p615_648.pdf).

<sup>50</sup> See Case G 9/91, Power to Examine/ROHM AND HAAS, 1993 O.J.E.P.O. at 408–20; Case G 10/91, Examination of Oppositions/Appeals 1993 O.J.E.P.O. 420, 420–21 (Enlarged Bd. Appeal, Mar. 31, 1993), available at [http://archive.epo.org/epo/pubs/oj1993/p403\\_475.pdf](http://archive.epo.org/epo/pubs/oj1993/p403_475.pdf).

<sup>51</sup> See discussion *infra* Part II.D.

<sup>52</sup> 35 U.S.C. § 325(e) (Supp. V 2011).

<sup>53</sup> European Patent Convention, *supra* note 25, at art. 99. The “mention of the grant” is a particular date that the patent is granted in the European Patent Bulletin. See *id.*

<sup>54</sup> *The European Patent Bulletin*, EUROPEAN PATENT OFFICE, <http://www.epo.org/searching/free/bulletin.html> (last visited Oct. 7, 2012).

<sup>55</sup> 35 U.S.C. § 321(c) (Supp. V 2011).

<sup>56</sup> See *id.* § 321 (Supp. V 2011); European Patent Convention, *supra* note 25.

intervene in opposition proceedings after the nine-month opposition period has expired.<sup>57</sup> To do so, the alleged infringer must supply the EPO with evidence that the patent owner has initiated court proceedings against the alleged infringer.<sup>58</sup> The intervener<sup>59</sup> must also file a notice of intervention and pay an opposition fee.<sup>60</sup> All these steps must be taken within three months after the initiation of the court proceedings.<sup>61</sup> In the United States, by way of comparison, after nine months post-issuance a third party may only challenge a patent via alternative routes in the USPTO, e.g., *inter partes* review (“IPR”) or *ex parte* reexamination.<sup>62</sup>

An opposition may be filed even though the European patent was surrendered (explicitly given up in a specific country) or lapsed.<sup>63</sup> In other words, even if the patent was granted, and then surrendered, an opposition may be filed prior to the expiration of the nine months post-issuance.

One or more opponents initiate opposition by filing a notice of opposition.<sup>64</sup> The notice of opposition must include enough details to identify the opponent, the number of the European patent being opposed, the extent to which the patent is being opposed, the grounds on which the opposition is based, and an indication of the facts and evidence the opposition relies upon.<sup>65</sup> Failure to file the opposition on time, to provide grounds, or to identify the patent being opposed renders an opposition inadmissible unless the

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<sup>57</sup> European Patent Convention, *supra* note 25, at art. 105.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* at rule 89(2).

<sup>61</sup> *Id.* at rule 89(1).

<sup>62</sup> See 35 U.S.C. § 302 (Supp. V 2011) (*ex parte* reexamination); 35 U.S.C. § 311(c) (Supp. V 2011) (*inter partes* review).

<sup>63</sup> EPO GUIDELINES, *supra* note 24, pt. D, ch. VII, § 5.1. The effect of the decision at the end of the opposition is *ab initio*. *Id.* Consequently, even though the patent was surrendered or lapsed, one can retroactively establish that the patent was not validly granted.

<sup>64</sup> European Patent Convention, *supra* note 25, at art. 99(1).

<sup>65</sup> *Id.* at rule 76(2).

omissions are corrected before the end of the nine-month opposition period.<sup>66</sup>

When a notice of opposition is received, the Opposition Division first checks that it was filed within the nine-month opposition period, that it includes a statement of grounds and identifies the patent being opposed, and that the opposition fee has been paid.<sup>67</sup> If the notice fails to comply with any of these requirements, the opposition is rejected.<sup>68</sup>

The opposition is also checked for compliance with the other formalities<sup>69</sup> and any omissions or deficiencies must be remedied before a deadline set by the EPO. When the opponent does not remedy these deficiencies or omissions in due time, the opposition will be deemed inadmissible, and the opponent cannot rely on further processing.<sup>70</sup>

If the opposition is admissible, the Opposition Division will invite the patent owner to comment on the opposition.<sup>71</sup> The Opposition Division will set a time limit for responding, normally four months, but an extension can be obtained upon request.<sup>72</sup> The Opposition Division has a certain degree of freedom to allow for a further round of exchange of arguments.<sup>73</sup>

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<sup>66</sup> EPO GUIDELINES, *supra* note 24, pt. D, ch. IV, § 1.2.1.

<sup>67</sup> European Patent Convention, *supra* note 25, at art. 99(1).

<sup>68</sup> *Id.* at art. 99, rule 77(1).

<sup>69</sup> *Id.* at rule 76.

<sup>70</sup> *Id.*; see European Patent Convention, *supra* note 25, at art. 121 (noting that further processing is available to the applicant during prosecution upon failure to observe a time limit, however neither the opponent nor the patentee can make use of it during proceedings).

<sup>71</sup> EPO GUIDELINES, *supra* note 24, pt. D, ch. IV, § 5.2.

<sup>72</sup> *Id.* at pt. D, ch. IV, § 3.1.

<sup>73</sup> European Patent Convention, *supra* note 25, at art. 101(1) ("During this examination, the Opposition Division shall invite the parties as often as necessary to file observations on communications from another party or issued by itself."); see also European Patent Convention, *supra* note 25, at rule 81(2) ("Communications under Article 101 paragraph 1, second sentence, and all replies thereto shall be sent to all parties. If the Opposition Division considers this expedient, it shall invite the parties to reply within a period to be specified."); EPO GUIDELINES, *supra* note 24, pt. D, ch. VI.

When the patent owner or the opponents have requested oral proceedings, which they normally will do, the Opposition Division will invite the parties for those proceedings.<sup>74</sup> Often the Opposition Division will issue a preliminary decision along with an invitation to comment or focus argumentation during the oral proceedings on certain questions.<sup>75</sup>

Oral proceedings occur in the vast majority of oppositions.<sup>76</sup> The Opposition Division strives to use oral proceedings as a means to come to a final decision in an efficient way. However, it is possible that the Opposition Division will decide to continue the proceedings in writing.<sup>77</sup>

During the opposition, the owner is given the opportunity to amend the opposed patent, but the patent owner is not allowed to benefit from the opposition to improve parts of the patent that are unrelated to the opposition.<sup>78</sup> The amendments filed by the patent owner must be clear, concise, and supported by the content of the description.<sup>79</sup>

An opponent may object to amendments on the basis that they add matter<sup>80</sup> and that they would extend the scope of protection beyond that originally granted.<sup>81</sup> In PGR, there is authorization for the patent owner to make one amendment to the claims and,

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<sup>74</sup> EPO GUIDELINES, *supra* note 24, pt. E, ch. II, § 1.1.

<sup>75</sup> *Id.* at § 5.5.

<sup>76</sup> ALFRED SPIGARELLI, EUROPEAN PATENT OFFICE, THE OPPOSITION PROCEDURE AT THE EPO 10 (2012), *available at* <http://www.ipo.org/AM/Template.cfm?Section=Calendar&Template=/CM/ContentDisplay.cfm&ContentID=33222> (noting that in eighty-five percent of the cases, the Opposition Division's first action is a summons to oral proceedings, and in fifty percent of the remaining fifteen percent of the cases, a summons to oral proceedings is issued in the end).

<sup>77</sup> European Patent Convention, *supra* note 25, at art. 99(1).

<sup>78</sup> *See id.* at art. 123(3); Case T 0195/09, *Scale Inhibiting Polymers/UNILEVER*, at \*10–11 (Bd. App. of the European Patent Office, October 8, 2010), *available at* <http://www.epo.org/law-practice/case-law-appeals/pdf/t090195eu1.pdf>.

<sup>79</sup> European Patent Convention, *supra* note 25, at art. 101(3).

<sup>80</sup> *Id.* at art. 123(2).

<sup>81</sup> *Id.* at art. 123 (3).



similar to European oppositions, an amendment may not broaden a claim.<sup>82</sup> The patent owner may move to request another opportunity to amend the claims.<sup>83</sup>

If the Opposition Division decides that none of the grounds raised by the opponent prejudices, i.e., provides a basis for revocation of the opposed patent, it will reject the opposition.<sup>84</sup> If at least one of the grounds prejudices the patent, the patent is revoked.<sup>85</sup> Alternatively, the Opposition Division may find that amendments made by the owner overcome the objections raised and may maintain the patent in amended form.<sup>86</sup>

Both in the case of revocation and in the case of maintenance of the patent, the final decision in the EPO can be clear-cut: Either there is no patent or the patent stands as it was granted. However, when the Opposition Division decides that the patent can be “maintained in amended form,” the claims and often also the description need to be amended.<sup>87</sup>

As a result, the Opposition Division needs to obtain the approval of the amended text by the patent owner,<sup>88</sup> while the opponent needs sufficient opportunity to comment upon the amended text and description. If the Opposition Division is of the opinion that the patent can be maintained on the basis of the text approved by the patent owner, it issues an interlocutory decision.<sup>89</sup>

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<sup>82</sup> See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 49,730 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.221).

<sup>83</sup> *Id.*

<sup>84</sup> European Patent Convention, *supra* note 25, at art. 101(2).

<sup>85</sup> *Id.*

<sup>86</sup> *Id.* at art. 101(3).

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* at art. 113(2).

<sup>89</sup> EPO GUIDELINES, *supra* note 24, pt. D, ch. VI, § 7.2.2. An interlocutory decision is issued because a final decision automatically triggers the deadline for filing translations of the claims. *Id.* at pt. D, ch. VI, § 7.2.1. The European Patent Office, however, wants to allow the patent proprietor to avoid starting preparations for translations if doubt remains about the final text of the claims or description. *Id.*

Once this interlocutory decision becomes final, the owner of the patent must pay the printing fee for a new patent specification and file a translation of any amended claims within three months.<sup>90</sup>

The average duration of the opposition procedure at the EPO is thirty-four months.<sup>91</sup> When accelerated prosecution is requested, the opposition can be concluded in twelve months.<sup>92</sup> The first requests for transitional PGR proceedings for covered business method (“CBM”) patents were just filed on September 16, 2012, under the program for CBM patents.<sup>93</sup> These CBM transitional PGRs will be analogous to PGRs that will apply to any patent having at least one claim with an effective filing date after March 15, 2013.<sup>94</sup> While the statute requires a final decision on the CBM transitional PGRs (and regular PGRs) by one year after the proceeding is instituted,<sup>95</sup> it remains to be seen what the average duration for PGRs will actually be.

The Opposition Division consists of three “technically qualified” members.<sup>96</sup> In most cases, one of the members will be

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<sup>90</sup> *Id.* at pt. D, ch. VI, § 7.2.3.

<sup>91</sup> SPIGARELLI, *supra* note 76, at 10.

<sup>92</sup> LAURA RAMSAY, DEHNS, HOW TO GET A PATENT QUICKER—EUROPE (2010), available at [http://www.dehns.com/cms/document/how\\_to\\_get\\_a\\_patent\\_quicker\\_europe.pdf](http://www.dehns.com/cms/document/how_to_get_a_patent_quicker_europe.pdf).

<sup>93</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 18, 125 Stat. 284, 329–31 (2011) (codified as amended in scattered sections of 35 U.S.C.). Twelve CBM transitional PGRs had been filed as of October 15, 2012. See *Search for a Case*, USPTO.GOV, [https://ptabtrials.uspto.gov/prweb/PRServlet/oO9O9iMscYJc\\_fy6LnBDXO9xEtRpDxf\\_L3At36r8Aw8k%5B\\*!STANDARD?](https://ptabtrials.uspto.gov/prweb/PRServlet/oO9O9iMscYJc_fy6LnBDXO9xEtRpDxf_L3At36r8Aw8k%5B*!STANDARD?) (last visited Nov. 16, 2012).

<sup>94</sup> Leahy-Smith America Invents Act sec. 6(f)(2)(A).

<sup>95</sup> *Id.* sec. 18(a)(1). For regular PGRs, decisions must be rendered within one year from the date on which the PGR is instituted:

[F]inal determination in any post-grant review [shall] be issued not later than 1 year after the date on which the Director notices the institution of a proceeding under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 325(c).

35 U.S.C. § 326(a)(11) (Supp. V 2011).

<sup>96</sup> European Patent Convention, *supra* note 25, at art. 19(2).

the primary examiner who dealt with the patent application before the grant. The two other members will not have taken part in the prosecution of the patent; the chairman of the Opposition Division will be one of these two.<sup>97</sup>

Although one of the members is entrusted with the examination of the opposition, the oral proceedings have to take place before the complete Opposition Division.<sup>98</sup> If the Opposition Division is of the opinion that the case at hand requires it, a “legally qualified” examiner might be added to the Division.<sup>99</sup> The presence in the Opposition Division of an examiner who was involved in the proceedings for grant of the patent obviously ensures that at least one of its members is very familiar with the facts and documents of the case. It implicitly shows that opposition proceedings are a post-grant continuation of examination rather than a judicial review of the case.

By comparison, in creating PGRs in the United States, Congress deliberately chose to use the Patent Trial and Appeal Board (“PTAB”) as the tribunal of first instance.<sup>100</sup> PTAB will be staffed by Administrative Patent Judges, not examiners.<sup>101</sup> Under *ex parte* reexamination in the United States, the reexamination goes to the Central Reexamination Unit (“CRU”) in the first instance.<sup>102</sup> The CRU is staffed by the examining corps, but it has been observed that generally the CRU examiner is not the examiner who examined the original patent being reexamined.<sup>103</sup>

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<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

<sup>99</sup> *Id.* Because the examination up to grant never involves a legally qualified member, this legally qualified member may not be involved in the examination procedure up to grant.

<sup>100</sup> See 35 U.S.C. § 326(c) (Supp. V 2011).

<sup>101</sup> See 35 U.S.C. § 6(a) (2006); Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 7, 125 Stat. 284, 313–15 (2011) (codified as amended in scattered sections of 35 U.S.C.).

<sup>102</sup> U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2236 (2012), available at <http://www.uspto.gov/web/offices/pac/mpep/s2236.html>.

<sup>103</sup> *Id.*

The opposition fee that needs to be paid before the expiration of the time limit for opposition amounts to €745.<sup>104</sup> Each separate opponent must pay the opposition fee. For “joint” opponents, only one fee is required.<sup>105</sup> In the United States, the fee to file a petition for PGR is presently set at \$35,800, and that is only if the petition requests review of between one and twenty claims.<sup>106</sup> For every additional claim beyond twenty, there is an additional \$800 in fees.<sup>107</sup>

Consequently, from the point of view of administrative fees, the barrier to file in the EPO is shockingly lower than for the PGR process. The philosophy behind this low barrier to entry at the EPO has always been that opposition is a sort of quality check.<sup>108</sup> The EPO “welcomes” the participation of other parties to ensure that only valid patents are granted.<sup>109</sup> The USPTO’s concern with recovering the costs of operation appears to outweigh any “welcoming” considerations.<sup>110</sup>

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<sup>104</sup> SUPPLEMENT TO OFFICIAL JOURNAL OF THE EUROPEAN PATENT OFFICE, Schedule of Fees and Expenses Applicable as from 1 April 2012, at 17 (Mar. 2012), *available at* [http://archive.epo.org/epo/pubs/oj012/03\\_12/03\\_sup12.pdf](http://archive.epo.org/epo/pubs/oj012/03_12/03_sup12.pdf).

<sup>105</sup> See Case G 3/99, Admissibility of Joint Opposition or Joint Appeal/HOWARD FLOREY, 2002 O.J.E.P.O. 347, 353 (Enlarged Bd. Appeal, Feb. 18, 2002), *available at* [http://archive.epo.org/epo/pubs/oj002/07\\_02/07\\_3472.pdf](http://archive.epo.org/epo/pubs/oj002/07_02/07_3472.pdf).

<sup>106</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,672 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.15).

<sup>107</sup> *Id.*

<sup>108</sup> DERK VISSER, THE ANNOTATED EUROPEAN PATENT CONVENTION 226 (19th rev. ed. 2011).

<sup>109</sup> *Id.*

<sup>110</sup> The fee set must be “reasonable” in view of the aggregate costs of the review. 35 U.S.C. §§ 311(a), 321(a) (Supp. V 2011); *see also* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48612, 48618 (Aug. 14, 2012) (“Therefore, the Office is instead setting fees for these services pursuant to its authority under 35 U.S.C. 41(d)(2) in this rulemaking, which provides that fees for all processing, services, or materials relating to patents not specified in 35 U.S.C. 41 are to be set at amounts to recover the estimated average cost to the Office of such processing, services, or materials.”).

A party who is adversely affected can appeal a decision by the Opposition Division.<sup>111</sup> If an appeal is filed, the other parties to the proceedings shall be parties to the appeal proceedings as of right.<sup>112</sup> The same is true for PGRs in the United States.<sup>113</sup>

The Boards of Appeal in Europe have introduced the principle of the “prohibition of *reformatio in peius*,” which is intended to prevent the Board from worsening the position of an appealing party.<sup>114</sup> This principle can obviously be applied only in *inter partes* proceedings where neither the owner nor the opponent is an appellant. This can happen when one of the parties has withdrawn from the proceedings or one of the parties is “only” a party as of right.<sup>115</sup>

To institute an appeal, a notice of appeal<sup>116</sup> must be filed within two months from the notification of the decision and an appeal fee needs to be paid within that same time period.<sup>117</sup> The notice of appeal simply needs to identify the appellant, the impugned decision, and a request defining the subject of the appeal.<sup>118</sup> Two months after the deadline for filing the notice, the grounds of appeal need to be filed.<sup>119</sup> The statement of grounds of appeal and the reply of the respondent must contain the party’s complete case.<sup>120</sup>

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<sup>111</sup> European Patent Convention, *supra* note 25, at art. 107.

<sup>112</sup> *Id.*

<sup>113</sup> 35 U.S.C. § 329 (Supp. V 2011).

<sup>114</sup> Case G 10/93, Scope of Examination in *ex parte* Appeal/SIEMENS, 1995 O.J.E.P.O. 172, 172–80 (Enlarged Bd. Appeal, Nov. 30, 1994), available at [http://archive.epo.org/epo/pubs/oj1995/p171\\_273.pdf](http://archive.epo.org/epo/pubs/oj1995/p171_273.pdf).

<sup>115</sup> *Id.*

<sup>116</sup> European Patent Convention, *supra* note 25, at art. 108.

<sup>117</sup> *Id.* The appeal fee is €1,240. SUPPLEMENT TO OFFICIAL JOURNAL OF THE EPO, EUROPEAN PATENT OFFICE, Schedule of Fees and Expenses Applicable as from 1 April 2012, 17 (Mar. 2012), available at [http://archive.epo.org/epo/pubs/oj012/03\\_12/03\\_sup12.pdf](http://archive.epo.org/epo/pubs/oj012/03_12/03_sup12.pdf).

<sup>118</sup> European Patent Convention, *supra* note 25, at rule 99(1).

<sup>119</sup> *Id.*

<sup>120</sup> Decision of the Administrative Council of 25 October 2007 Approving Amendments to the Rules of Procedure of the Boards of Appeal of the European Patent Office, 2007 O.J.E.P.O. 536, 541, available at [http://archive.epo.org/epo/pubs/oj007/11\\_07/11\\_5367.pdf](http://archive.epo.org/epo/pubs/oj007/11_07/11_5367.pdf).

#### D. *Estoppel*

The concept of estoppel is not established within European patent law. There is no estoppel generated by opposition proceedings vis-à-vis later national proceedings.<sup>121</sup> If an opponent files an opposition that is rejected, that should not preclude the same party from starting national invalidation proceedings.<sup>122</sup> The opponent can in fact use the same facts, the same evidence, and the same arguments that he used during the European opposition procedure in the national procedure.<sup>123</sup>

In addition, if the opposition is rejected and the requesting party finds itself in patent litigation in a country where invalidity arguments may be raised as a defense (e.g., France, England, and the Netherlands), the party may use the same facts, evidence, and arguments in the litigation.<sup>124</sup>

Of course, the fact that the opposition request was rejected may informally impact how a court views the party's invalidity defense. However, there are no legal estoppels against the requesting party who failed in the opposition.<sup>125</sup> This stands in stark contrast to PGRs, which have statutory estoppel provisions.<sup>126</sup>

#### E. *Settlement*

The patent owner and the opponent can reach a settlement and agree that the opponent withdraw his opposition.<sup>127</sup> This does not automatically lead to the end of the opposition. Indeed, the European Patent Convention allows the Opposition Division to

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<sup>121</sup> See generally *Glaxo Grp. Ltd. v. Genentech Inc. & Anor*, [2008] EWCA (Civ) 23 (Eng.), [2008] F.S.R. 18 (Eng.).

<sup>122</sup> European Patent Convention, *supra* note 25, at art. 138.

<sup>123</sup> There is no legal estoppel. See generally *Glaxo Grp. Ltd.*, [2008] EWCA Civ 23 (Eng.), [2008] F.S.R. 18 (Eng.).

<sup>124</sup> *Id.*

<sup>125</sup> See *Glaxo Grp. Ltd.*, [2008] EWCA 23, [2008] F.S.R. 18.

<sup>126</sup> 35 U.S.C. § 325(e) (Supp. V 2011).

<sup>127</sup> Settlement is not forbidden; two parties might indeed agree that one party gets a license for instance and that as a consideration the licensee withdraws his opposition. This is in contrast to U.S. *ex parte* reexamination which, once started, cannot be stopped by settlement between the parties. See discussion *infra* Part III.G.

examine the facts, evidence, and arguments provided by the parties “of its own motion.”<sup>128</sup>

Although this basic principle is applicable to all procedures before the European Patent Office, the EPO generally construes the principle narrowly, reflecting a reluctance to examine “of its own motion” in opposition proceedings.<sup>129</sup> Rather, opposition proceedings should resemble national revocation procedures, i.e. contentious proceedings between two parties with opposing interests who both should be given equal treatment.<sup>130</sup> This restrictive view on *sua sponte* examination is held even stronger with respect to applying this practice in an appeal procedure of opposition.<sup>131</sup> Indeed, this kind of *ex officio* examination could be interpreted as favoring one party or the other.

Parties can settle a PGR, thus setting the PGR apart from U.S. *ex parte* reexaminations.<sup>132</sup> In this way, PGRs are similar to oppositions. In the United States, the parties may agree to settle, unless PTAB has rendered a decision on the merits.<sup>133</sup> If the PGR is terminated by settlement, no estoppel attaches to the petitioner.<sup>134</sup> This is an important point, and will be discussed further in Part III.F. Even if a PGR is settled, PTAB nonetheless may have the discretion to terminate the PGR or proceed to a final written decision.<sup>135</sup>

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<sup>128</sup> European Patent Convention, *supra* note 25, at art. 114(1).

<sup>129</sup> Case G 9/91, Power to Examine/ROHM AND HAAS, 1993 O.J.E.P.O. 408, 408–21 (Enlarged Bd. Appeal, Mar. 31, 1993), *available at* [http://archive.epo.org/epo/pubs/oj1993/p403\\_475.pdf](http://archive.epo.org/epo/pubs/oj1993/p403_475.pdf).

<sup>130</sup> *Id.* at 412 (emphasizing the fundamental difference between the “classical” pre-grant opposition and the post-grant opposition that was provided for in the European Patent Convention).

<sup>131</sup> Case G 1/99, Reformatio in Peius/3M, 2001 O.J.E.P.O. 381, 381–400 (Enlarged Bd. Appeal, Apr. 2, 2001), *available at* [http://archive.epo.org/epo/pubs/oj001/08\\_09\\_01/09\\_3811.pdf](http://archive.epo.org/epo/pubs/oj001/08_09_01/09_3811.pdf).

<sup>132</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 6, § 327, 125 Stat. 284, 299 (2011) (codified as amended in scattered sections of 35 U.S.C.).

<sup>133</sup> *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> *See* 35 U.S.C. § 327 (Supp. V 2011). It remains to be seen what approach the USPTO will take when it comes to deciding a PGR in which the parties have

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entered a written settlement agreement. *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,648 (Aug. 14, 2012). For example, Comment 205 of that rulemaking noted that:

One comment recommended that the Board should be required to terminate the trial upon the filing of a settlement agreement of the parties and, if necessary, institute a new *ex parte* proceeding to address any substantial new question, so that the parties could avoid the potential risk of an unpatentability decision and estoppel.

*Response:* 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) provide that if no petitioner remains in the *inter partes* review or post-grant review, the Office may terminate the review or proceed to a final written decision. The rule is consistent with the AIA to provide the Board with the flexibility to terminate the review or proceed to a final written decision depending on the particular facts of each proceeding.

*Id.* Comment 217 further states that:

Several comments suggested that the regulations should require or set a presumption that the proceeding would be terminated by the Board if all petitioners in a proceeding have settled.

*Response:* The comments have not been adopted because 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) provide that if no petitioner remains in the review as a result of a settlement, the Office may terminate or proceed to rendering final written decision. Further, 35 U.S.C. 135(e) and (f), as amended, provide some discretion to continue aspects of a proceeding. The statutory language for *inter partes* and post-grant review confers discretion to the Office in determining based on the facts in a particular review whether to terminate or proceed to final written decision. In certain circumstances, conditioning termination on the filing of a related paper may be appropriate. For example, where the patent owner has agreed that the claims in dispute are unpatentable, termination appropriately may be conditioned on the submission of a disclaimer of the claims in dispute.

*Id.* at 48,649. Likewise, Comment 218 notes:

One comment suggested that the patentability of a patent should not be subject to settlement.

*Response:* As provided in 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a), if no petitioner remains in the review as a result of a settlement, the Office may terminate or proceed to rendering final written decision. The statutory language confers discretion to the Office in determining based on the facts in a particular review whether to terminate or proceed to final written decision. Therefore, patentability is not subject to settlement. Moreover, the termination of a review because of a settlement has no statutory estoppel effect. *See* 35 U.S.C. 317(a), as amended, and 35 U.S.C.



#### F. *Relation to Litigation and Other Proceedings*

The opposition proceeding does not automatically take precedence over corresponding national invalidity proceedings.<sup>136</sup> In addition, if there is related patent infringement litigation, the national court may or may not stay the litigation while the opposition is resolved; different countries' courts have different conventions.<sup>137</sup>

### III. AIA PGRs

The AIA became law on September 16, 2011, significantly altering the Patent Act of 1952.<sup>138</sup> Under the AIA, the *inter partes* reexamination was changed into a new post-grant review or a new IPR while *ex parte* reexamination remains unaltered.<sup>139</sup> PGR allows a third party, not the owner of the patent, to file a petition to institute a post-grant review, effectively requesting that the patent

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327(a). Similarly, 35 U.S.C. 135(e) and (f), as amended, specifically provide discretion to consider patentability after an agreement.

*Id.*

<sup>136</sup> See generally, e.g., *Glaxo Grp. Ltd. v Genentech Inc. & Anor*, [2008] EWCA Civ 23 (Eng.), [2008] F.S.R. 18 (Eng.).

<sup>137</sup> See Michael C. Elmer & Stacy Lewis, *Where to Win: Patent-Friendly Courts Revealed*, MANAGING INTEL. PROP., September 2010, available at [http://www.finnegan.com/files/upload/Articles%20and%20other%20Resources%20-%20PDF%20Files/Managing\\_Intellectual\\_Property\\_Where\\_to\\_win\\_patent\\_friendly\\_courts\\_revealed\\_09\\_10.pdf](http://www.finnegan.com/files/upload/Articles%20and%20other%20Resources%20-%20PDF%20Files/Managing_Intellectual_Property_Where_to_win_patent_friendly_courts_revealed_09_10.pdf). Each case will be decided on its particular facts, of course, but countries like England, France, and Germany will typically not stay litigation pending the outcome in an opposition. *Id.* Validity and infringement may both be at issue in litigation in England and France, and the courts will judge the validity issue based on national standards. *Id.* Germany is a bifurcated system where the courts only determine infringement, but the German courts will typically proceed with the litigation. *Id.* Courts in both England and Germany are relatively fast (twelve to eighteen months from filing to a decision), and will not typically delay a proceeding by staying the action pending the outcome of an opposition. *Id.* In contrast, courts in Italy, where proceedings are usually slower, may be likely to stay litigation pending the outcome of an opposition because that may narrow the issues that eventually are tried. *Id.*

<sup>138</sup> See Leahy-Smith America Invents Act secs. 1–37.

<sup>139</sup> *Id.* sec. 6.

claims be canceled.<sup>140</sup> PGR can be sought on 35 U.S.C. §§ 102 or 103 grounds.<sup>141</sup> Additionally, PGR can be based, *inter alia*, on 35 U.S.C. §§ 101 and 112 grounds, with the exception of the best mode requirement.<sup>142</sup> By comparison, IPR is restricted to issues under 35 U.S.C. §§ 102 and 103.<sup>143</sup>

Furthermore, the standard of review is that a request for PGR will be granted if the Director believes that “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable” or the petition raises a “novel or unsettled legal question that is important to other patents or patent applications.”<sup>144</sup>

#### A. *Effective Dates*

Sections 321–329 of Title 35 of the U.S. Code contain the new statutory provisions relating to PGR.<sup>145</sup> These provisions became effective September 16, 2012.<sup>146</sup> However, except with respect to the new transitional program for CBM patents and pending interferences,<sup>147</sup> they will apply only to a U.S. patent containing at

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<sup>140</sup> *Id.*

<sup>141</sup> See 35 U.S.C. § 324(a) (Supp. V 2011); see also 35 U.S.C. §§ 102–103 (2006 & Supp. V 2011).

<sup>142</sup> See 35 U.S.C. §§ 101, 112 (2006 & Supp. V 2011).

<sup>143</sup> See *id.* §§ 102–103.

<sup>144</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 6, 125 Stat. 284, 306–07 (2011) (codified as amended in scattered sections 35 U.S.C., including 35 USC § 324 (Supp. V 2011)).

<sup>145</sup> *Id.*

<sup>146</sup> *Id.*

<sup>147</sup> For interferences pending on September 16, 2012, the Director of the PTO shall either let them proceed under the old law or be dismissed without prejudice to the filing of a PGR. See *id.*; see also Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,677 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 90.1). A final rulemaking from the PTO states that:

To the extent that an interference proceeding under 35 U.S.C. 135 is available and judicial review of that decision is available, the Office will continue to apply the regulations as they existed when the AIA was enacted (or as subsequently modified prior to July 1, 2012) to those proceedings. Lastly, note that certain interferences may be deemed to be eligible for judicial review as though they were derivation proceedings.

least one claim with an effective filing date on or after March 16, 2013.<sup>148</sup> This is important for practitioners who are planning patent strategy because it means the PGR tool in general is not available for at least another year. For now, therefore, there is not even a question of using a PGR in tandem with a European opposition. For non-business method patents and for patents not in pending interferences, it is unlikely that the first PGR petitions will be filed before 2014, as it will be necessary to wait for patents to issue from applications containing at least one claim with an effective filing date after March 15, 2013.<sup>149</sup>

### B. *Parties*

Under the new PGR proceeding, all real parties-in-interest must be identified in the petition requesting PGR.<sup>150</sup> This marks a major difference with EPO oppositions and signals a dramatic change in the United States from *ex parte* reexamination. Designing PGR as an *inter partes* procedure requires the identification of the real party in interest and reflects Congress'

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Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,625.

<sup>148</sup> Leahy-Smith America Invents Act, sec. 6(f)(2)(A) ("The amendments made by subsection (d) shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and, except as provided in section 18 and in paragraph (3), shall apply only to patents described in section 3(n)(1).").

<sup>149</sup> It is very likely that the first PGRs that do not relate to business method patents or interferences will be filed even later than 2014. While there is variation depending on the technology examining group, currently the average pendency from filing to issue in the USPTO is 33.7 months. *USPTO Annual Reports, Table 4: Patent Pendency Statistics (FY 2011)*, U.S. PATENT AND TRADEMARK OFFICE, [http://www.uspto.gov/about/stratplan/ar/2011/oai\\_05\\_wlt\\_04.html](http://www.uspto.gov/about/stratplan/ar/2011/oai_05_wlt_04.html) (last visited Nov. 15, 2012).

<sup>150</sup> 37 U.S.C. § 322(a)(2) (Supp. V 2011); Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,677 (to be codified at 37 C.F.R. § 42.80); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,682, 48,729 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.201).

objective to make the new cancellation proceedings quasi-judicial.<sup>151</sup>

What is similar between PGR and EPO oppositions is that the proceeding is filed by a third party, not the patent owner. For patent owners wishing to request reexamination of their own patents in the United States, *ex parte* reexamination remains available. *Ex parte* reexaminations can be filed with the USPTO without disclosing the real party in interest.<sup>152</sup> The challenger can be effectively anonymous. This was not changed by AIA, and is similar to an EPO opposition in that a law firm or “straw man” is often used to shield the identity of the real party in interest.<sup>153</sup>

If there are multiple PGR requests for the same patent, the USPTO Director has discretion to consolidate the actions into one PGR proceeding.<sup>154</sup> The consolidation may be requested by either the petitioner or the patent owner.<sup>155</sup> According to the USPTO rules, however, the request must be filed within one month of the institution of the PGR.<sup>156</sup> In addition to being authorized to consolidate multiple PGR requests, the USPTO Director is also authorized to stay, transfer, consolidate, or terminate any other

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<sup>151</sup> 157 CONG. REC. S1375–76 (daily ed. Mar. 8, 2011). “Quasi-judicial” is used to indicate an administrative proceeding that has incorporated some aspects of traditional litigation, such as, *inter alia*, some discovery, the possibility of an oral hearing, and estoppel. *Id.*

<sup>152</sup> 35 U.S.C. § 302 (2006).

<sup>153</sup> 35 U.S.C. § 322(a)(2) (Supp. V 2011). A “straw man” is often used in the U.S. to request *ex parte* reexamination when anonymity is desired. *Id.* In contrast, under AIA, a petition for PGR must be filed by a real party in interest. See discussion *infra* Part III.B.

<sup>154</sup> 35 U.S.C. § 325(c) (Supp. V 2011).

<sup>155</sup> *Id.*; Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,731 (to be codified at 37 C.F.R. § 42.222(b)).

<sup>156</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,692, 48,731 (to be codified at 37 C.F.R. § 42.222(b)).

USPTO proceeding involving the patent in PGR.<sup>157</sup> This includes the PGR itself.<sup>158</sup>

### C. *Grounds and Threshold*

A request for PGR will not be granted unless the USPTO Director determines that the information presented in the petition, if not rebutted, would demonstrate that it is “more likely than not that at least one of the claims challenged in the petition is unpatentable,” or the petition raises a novel or unsettled legal question that is important to other patents or patent applications.<sup>159</sup>

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<sup>157</sup> 35 U.S.C. § 325(d) (Supp. V 2011).

<sup>158</sup> *Id.*

<sup>159</sup> *Id.* § 324(a)–(b); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,685, 48,730 (to be codified at 37 C.F.R. § 41.208(c)). Contrary to what might seem the natural presumption—that “more likely than not” means a greater than fifty percent chance that at least one of the claims challenged is unpatentable and that “more likely than not” rather than “by a preponderance of evidence” is used in this statutory section because the arguments made by the challenger will be considered by themselves, apart from any argument the patentee might make—the USPTO has indicated that the patentee’s response, if any, will be considered. *See id.* Once PGR is instituted, the challenger bears the burden of proving a position of unpatentability by a preponderance of evidence. *Id.* at 48,686. Presumably, the challenger’s evidence and arguments will be considered in view of the patentee’s evidence and arguments to adjudicate if the challenger has “more likely than not” carried its burden on the position. Additionally, it seems that for those PGRs to which the first-inventor-to-file provisions of AIA apply, there will, in the early years, be numerous instances of “a novel or unsettled legal question that is important to other patents or patent applications.” *Id.* at 48,685; *see* Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 6, 125 Stat. 284, 285 (2011) (codified as amended in scattered sections of 35 U.S.C.). Such legal questions appear to constitute a basis for PGR, at least in the immediate future, even if the “more likely than not” standard is not satisfied. Somewhat surprisingly, the USPTO indicated that this ground will be used “sparingly.” *See* Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,692. It is also surprising that the USPTO indicated that the “reasonable likelihood” standard for an IPR, said to mirror the preliminary injunction standard, is actually a lower standard than PGRs “more likely than not.” *See id.*

In the United States, a claim may be unpatentable for a number of reasons, including prior art anticipation or obviousness, lack of utility, failure to recite patent eligible subject matter, and failure to meet the requirements of 35 U.S.C. § 112 (definiteness, written description, and enablement).<sup>160</sup> In PGR, any of those issues may be raised.<sup>161</sup>

In this aspect, PGR is somewhat similar to an EPO opposition, which can also be filed on a range of issues beyond just prior art patents and printed publications.<sup>162</sup> One might conclude from the statutory context that the broader grounds of PGR incentivize earlier challenge of patents, which could allow potential flaws to be addressed sooner. Once the nine-month PGR window closes, however, third party challengers are restricted to IPR or *ex parte* reexamination, with narrower grounds available for challenging patentability of the claims.<sup>163</sup>

The PGR standard is higher than the standard of “substantial new question of patentability” that has, for example, applied, and still applies to *ex parte* reexamination proceedings.<sup>164</sup> The legislative history of the AIA indicates that the PGR threshold of “more likely than not” was explicitly intended to be higher than the “substantial new question of patentability” threshold for *ex parte* reexamination.<sup>165</sup> The Congressional Record indicates the following:

Specifically, to initiate a post issuance review under the new post grant or transitional proceedings, it is not enough that the request shows a

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at 48,702; *see also* 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl).

<sup>160</sup> It can be argued that double-patenting, a judicially-created ground of invalidity, could also be raised in a PGR petition.

<sup>161</sup> 35 U.S.C. § 321(b) (Supp. V 2011).

<sup>162</sup> European patent law does not make a distinction between prior art that is printed or not. European Patent Convention, *supra* note 25, at art. 54(2) (“The state of the art shall be held to comprise everything made available to the public by means of a written or oral description, by use, or in any other way, before the date of filing of the European patent application.”).

<sup>163</sup> 35 U.S.C. §§ 302, 311(b) (2006 & Supp. V 2011).

<sup>164</sup> 37 C.F.R. § 1.510 (2012).

<sup>165</sup> 35 U.S.C. § 303(a) (2006 & Supp. V 2011).

substantial new question of patentability but must establish that “it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” The heightened requirement established by this bill means that these proceedings are even better shielded from abuse than the reexamination proceedings have been. In fact, the new higher standard for post issuance review was created to make it even more difficult for these procedures to be used as tools for harassment.<sup>166</sup>

Comments in the legislative history also suggest that the “more likely than not” of PGR is a higher threshold than the “reasonable likelihood of success” threshold for the other new U.S. cancellation proceeding, IPR.<sup>167</sup> The reason given is that the broader grounds for PGR may require discovery to be properly addressed.<sup>168</sup>

Of course, legislative history, dismissively labeled by Justice Scalia as a “fool’s errand,”<sup>169</sup> did not carry the day before the Federal Circuit in litigation to determine whether a Patent Term Extension could exceed five years from the patent’s issuance.<sup>170</sup>

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<sup>166</sup> 157 CONG. REC. S5428 (daily ed. Sept. 8, 2011) (statement of Sen. Patrick Leahy); *see also* 157 CONG. REC. S1363 (daily ed. Mar. 8, 2011) (statement of Sen. Patrick Leahy) (“The proceeding has a higher threshold than current reexamination before the PTO will even undertake a review of the patent.”); 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl).

<sup>167</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,702 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

<sup>168</sup> 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl). The USPTO indicated that the “reasonable likelihood” standard for an IPR, said in the legislative history to mirror the preliminary injunction standard, is actually a lower standard than PGR’s “more likely than not.” *See id.*

<sup>169</sup> Robert Barnes, *Divining Congress’s Intent*, WASH. POST, Apr. 23, 2012, at A11, *available at* [http://www.washingtonpost.com/politics/divining-congresss-intent/2012/04/22/gIQAhBPhaT\\_story.html](http://www.washingtonpost.com/politics/divining-congresss-intent/2012/04/22/gIQAhBPhaT_story.html) (“What does Congress *want*? . . . [O]ne piece of evidence is always controversial . . . . The evidence is the legislative history of an act . . . . [Justice] Scalia says that ‘examining the entrails of legislative history’ is a fool’s errand.”).

<sup>170</sup> *See Hoechst v. Quigg*, 917 F.2d 522 (Fed. Cir. 1990); *see also Caraco Pharm. Labs., Ltd., v. Novo Nordisk A/S*, 132 S. Ct. 1670, 1687 (2012) (focusing on statutory context rather than legislative history to determine the scope of the counterclaim provision in the Hatch Waxman Act, since the statute

Eventually, PGR decisions and U.S. case law will provide practitioners with a better understanding of what will be sufficient in a petition to satisfy the various threshold standards of *ex parte* reexamination, PGR, and IPR, and how they differ from each other.

By statute, whether the PGR petition meets the threshold is apparently judged only on the petition (not the petition and the patent owner's response).<sup>171</sup> However, the USPTO rules governing PGR indicate that an assessment of whether the PGR threshold is met will consider the patent owner's preliminary response.<sup>172</sup> Other grounds for rejecting the petition are failure to comply with the petition requirements or because the Director is authorized under the AIA to restrict the number of PGR requests granted in the first four years the new procedure is in effect.<sup>173</sup>

#### D. *Procedure and Timing*

A petition requesting PGR must be<sup>174</sup> filed "not later than . . . [nine] months after the date of the grant of the patent or of the issuance of a reissue patent."<sup>175</sup> This is, of course, the same time frame as an EPO opposition and marks PGR as a descendant of EPO oppositions.<sup>176</sup> Nine months after issuance is not a very long time, so competitors are forced to respond quickly. Failure to file a PGR request within nine months of issuance leaves a third party

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itself is "where the best proof of what Congress means to address almost always resides").

<sup>171</sup> 35 U.S.C. § 324 (Supp. V 2011).

<sup>172</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,730 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

<sup>173</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 6(f)(2)(b), 125 Stat. 284, 299 (2011) (codified as amended in scattered sections of 35 U.S.C.); see also Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,729 (demonstrating the regulation drafted as a result of the AIA section cited above).

<sup>174</sup> 35 U.S.C. § 324(c).

<sup>175</sup> *Id.* § 321(c).

<sup>176</sup> See *supra* Part II.C.



with only narrower grounds for challenge through the options of *ex parte* reexamination or IPR.<sup>177</sup>

Once a petition is received, the patent owner has three months to file a preliminary response.<sup>178</sup> A decision as to whether or not to grant the petition for PGR must then be made within three months of receiving the preliminary response.<sup>179</sup> The statute requires that “the final determination in any [PGR] be issued not later than [one] year after the date on which the Director notices the institution of a proceeding,” with the possibility of an extension of six months.<sup>180</sup> These very aggressive deadlines highlight a major difference with EPO oppositions, which do not have a statutory time limit. No time limits, along with allowing for any alleged infringer to intervene in opposition proceedings after the nine-month timeframe has expired, mean that EPO oppositions can run several months or even years.

Accordingly, PGR will be conducted exclusively by the PTAB, which came into being on September 16, 2012.<sup>181</sup> That exclusive jurisdiction before the PTAB in the first instance stands in stark contrast to *ex parte* reexamination, the long-standing U.S. administrative validity challenge proceeding that was substantively not changed in the AIA.<sup>182</sup> However, *ex parte* reexamination will

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<sup>177</sup> In the United States, requests for *ex parte* reexaminations and the new *inter partes* review are restricted to prior art based on patents and printed publications. See 35 U.S.C. § 302 (2006); 35 U.S.C. 311(b) (2006 & Supp. V 2011).

<sup>178</sup> 35 U.S.C. § 323 (Supp. V 2011); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,730.

<sup>179</sup> 35 U.S.C. § 324(c)(1) (Supp. V 2011). The decision to grant or deny a petition for PGR is not appealable. *Id.* § 324(e).

<sup>180</sup> *Id.* § 326(a)(11). The USPTO noted that such extensions of the one-year period are anticipated to be rare. Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,695. Note that the parties cannot request an extension, only the Director “for good cause shown.” 35 U.S.C.A. § 326(a)(11). The Director may adjust the time periods in the case of joinder. 35 U.S.C.A. § 325(c) (West Supp. 2012).

<sup>181</sup> 35 U.S.C. § 326(c).

<sup>182</sup> See 35 U.S.C. § 302. (2006).

continue to be heard in the first instance by examiners in the CRU of the USPTO.<sup>183</sup>

Before the PTAB, both the patentee and the petitioner have a “right to an oral hearing” during the proceeding,<sup>184</sup> and the petitioner also has “at least one opportunity to file written comments.”<sup>185</sup> The challenger’s ultimate burden of proof is a preponderance of the evidence.<sup>186</sup>

In PGR, the patent owner will have the opportunity to “file [one] motion to amend the patent” by “cancel[ing] any challenged . . . claim” or “propos[ing] a reasonable number of substitute claims,” but, like in an EPO opposition, “the amendment . . . may not broaden the scope of the . . . claim or introduce new matter.”<sup>187</sup> Although the AIA indicates the patentee is authorized to make an amendment, the USPTO Rules include a condition that the patentee “may file one motion to amend a patent, but only after conferring with the Board.”<sup>188</sup> Further details on the substitute claims are also provided in the Rules: “The presumption is that only one substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need.”<sup>189</sup>

An additional motion to amend may be filed only with PTAB authorization, which may be given “when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement.”<sup>190</sup> A motion to amend must be filed with the patentee’s response, unless otherwise indicated by

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<sup>183</sup> U.S. PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE §§ 2233, 2236 (2012), available at <http://www.uspto.gov/web/offices/pac/mpep/mpep-2200.pdf>.

<sup>184</sup> 35 U.S.C. § 326(a)(10).

<sup>185</sup> *Id.* § 326(a)(12).

<sup>186</sup> *Id.* § 326(e).

<sup>187</sup> *Id.* § 326(d).

<sup>188</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,730 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

<sup>189</sup> *Id.*

<sup>190</sup> *Id.* at 48,731; see 35 U.S.C. § 326(d)(2).

PTAB order.<sup>191</sup> The USPTO specifically indicates that submission of supplemental information after the response will be a factor in determining whether to authorize such an additional motion to amend.<sup>192</sup>

Significantly, either party can appeal a PTAB PGR decision to the Court of Appeals for the Federal Circuit.<sup>193</sup> There is no provision in the AIA to appeal a PTAB decision of PGR to a U.S. district court.<sup>194</sup>

Furthermore, the projected twelve- to eighteen-month time frame for PGR, as well as the addition of more adjudicative features to the administrative proceeding, is intended to make this administrative route more efficient and less expensive than district court litigation. The exact USPTO filing fee for a petition for PGR has been set at \$35,800 for up to twenty claims, and then \$800 for every claim over twenty.<sup>195</sup> There is no small or micro entity discount at this time.<sup>196</sup> And of course, if the claims of the patent are sufficiently interrelated, a third party requester will be incentivized to challenge them all in view of the stiff potential estoppels against the requester discussed above. Interestingly, the statute imposes a “reasonable” requirement on the setting of the fees to be paid by the requester, “considering the aggregate costs of the post-grant review.”<sup>197</sup>

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<sup>191</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. at 48,730.

<sup>192</sup> *Id.* at 48,731.

<sup>193</sup> 35 U.S.C. § 141(c) (Supp. V 2011).

<sup>194</sup> *Id.*

<sup>195</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,672 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.15(b)).

<sup>196</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,631.

<sup>197</sup> 35 U.S.C. § 321(a) (Supp V 2011).

In addition, PGR petitions are limited to eighty pages.<sup>198</sup> The USPTO has indicated that there may be further rules “permit[ting] a refund of a portion of the petition fees in cases where a review is not instituted.”<sup>199</sup> The refunds may promote more participation in the patent system.

And, of course, the Petitioner will probably hire legal counsel to prepare the PGR petition. The USPTO estimates that the legal fee for preparing a PGR is \$61,333.<sup>200</sup> How close that estimate comes to reality remains to be seen.

#### E. *Discovery*

Discovery in the United States is notoriously time-consuming, expensive, and expansive, as well as one of the biggest differences between the U.S. legal system and those of many other countries.<sup>201</sup> Those working on U.S. patent law reform faced a huge challenge in reconciling the desire to create an alternative to litigation with a fundamental belief that an adversarial system leads to the best result, in this case, strong patents. The quasi-judicial PGR proceeding provides discovery, much more limited than in U.S. patent litigation,<sup>202</sup> but it is still significantly more extensive than in EPO oppositions. It appears designed to anticipate typical disputed issues, control runaway discovery and costs, and maintain a one-year timeline to finality after the PGR is instituted.

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<sup>198</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,673 (to be codified at 37 C.F.R. § 42.24(a)(ii)).

<sup>199</sup> *Id.* at 48,613.

<sup>200</sup> *Id.* at 48,656.

<sup>201</sup> *E.g.*, LAWYERS FOR CIVIL JUSTICE ET AL., LITIGATION COST SURVEY OF MAJOR COMPANIES 13, Fig. 9 (2010), available at <http://www.uscourts.gov/uscourts/RulesAndPolicies/rules/Duke%20Materials/Library/Litigation%20Cost%20Survey%20of%20Major%20Companies.pdf>; see also John H. Beisner, *Discovery a Better Way: The Need for Effective Civil Litigation Reform*, 60 DUKE L.J. 547 (2010); Maurice Rosenberg & Warren R. King, *Curbing Discovery Abuse in Civil Litigation: Enough is Enough*, 3 BYU L. REV. 579 (1981).

<sup>202</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,673.

Discovery in PGR is generally “limited to evidence directly related to factual assertions advanced by either party in the proceeding.”<sup>203</sup> In addition, Congress tried to leapfrog typical disputes in the initial phases of discovery by making provision for mandatory initial disclosures.<sup>204</sup> There will be routine discovery of “exhibit[s] cited in a paper or . . . testimony” and “cross examination of affidavit testimony” without the need to request authorization from the PTAB.<sup>205</sup>

The parties also “must serve [all] relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency.”<sup>206</sup> Whether that requirement will create a discovery monster, particularly for patentees, remains to be seen.

For any additional discovery beyond the mandatory disclosures and the routine discovery, parties will have to agree between themselves or file a motion for additional discovery.<sup>207</sup> Additional discovery in PGR is explicitly limited to “evidence directly related to factual assertions advanced by either party in the proceeding”<sup>208</sup> and will only be granted upon a showing of “good cause.”<sup>209</sup> According to the commentary accompanying the USPTO Rules, to

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<sup>203</sup> 35 U.S.C. § 326(a)(5) (Supp V 2011); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,731 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

<sup>204</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,673.

<sup>205</sup> *Id.*

<sup>206</sup> *Id.* (“This requirement does not make discoverable anything otherwise protected by legally recognized privileges such as attorney client or attorney work product. This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.”).

<sup>207</sup> *Id.*

<sup>208</sup> *Id.*

<sup>209</sup> Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,731 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

show good cause, a party would be required to make a particular and specific demonstration of fact, and the standard is lower than the “interests of justice” applied in additional discovery motions in IPR.<sup>210</sup>

What discovery motions exactly will or will not be granted will likely be very case-specific, and even the general tendencies of the PTAB will not be clear until the first PGR proceedings become publicly available. As of right now, it is unclear how much additional discovery can occur in a PGR proceeding. Overall, however, discovery in PGR should foresee typical disputed issues, restrict runaway discovery, and assist PTAB in sustaining the one-year time frame. It should be significantly less than what is required in U.S. patent litigation,<sup>211</sup> but will likely still be significantly more burdensome than any disclosure required in an EPO opposition.

#### F. *Estoppel*

The inclusion of significant estoppel consequences in PGR marks another significant difference from EPO oppositions.<sup>212</sup> EPO oppositions do not include the restriction that a challenger must forfeit arguments for any future proceedings.<sup>213</sup> However, if a PGR results in a final written decision by PTAB, the PGR petitioner is estopped from raising “any ground that the petitioner

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<sup>210</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,622, 48,641.

<sup>211</sup> *Id.* at 48,621, 48,632 (“Unlike in proceedings under the Federal Rules of Civil Procedure, the burden of justifying discovery in Board proceedings would lie with the party seeking discovery. Proceedings before the Board differ from most civil litigation in that the proponent of an argument before the Board generally has access to relevant evidence that is comparable to its opponent’s access. Consequently, the expense and complications associated with much of discovery can be avoided . . . . The rules provide for an efficient and controlled procedure to secure the just, speedy, and inexpensive resolution of every proceeding coming before the Board. § 42.1(a).”).

<sup>212</sup> See discussion *supra* Part II.D.

<sup>213</sup> There is no legal estoppel between a European opposition and a national patent litigation in a European country. See *generally* Glaxo Grp. Ltd. v Genentech Inc. & Anor, [2008] EWCA Civ 23 (Eng.), [2008] F.S.R. 18 (Eng.).

raised or reasonably could have raised during that post-grant review” in any future USPTO, district court, or U.S. International Trade Commission proceeding.<sup>214</sup>

These estoppel consequences suggest that the petitioner needs to disclose all potential invalidity claims, as they will be unavailable in later litigation. PGR estoppels, however, presumably cannot apply to infringement defenses in subsequent litigation because no infringement issues are raised in a PGR. As noted above, PGR is limited to “any ground . . . relating to invalidity of the patent or any claim.”<sup>215</sup> Therefore, all invalidity claims asserted will be raised and resolved during a PGR proceeding. Furthermore, a petitioner that initiates PGR needs to note that apparently all invalidity defenses will be determined in PGR.<sup>216</sup>

In a subsequent infringement action, assuming that the petitioner loses on all validity grounds, defenses left would appear to include inequitable conduct and non-infringement. In particular, estoppel will apply to all validity grounds raised or that could have reasonably been raised.<sup>217</sup>

The estoppel provision must also be understood in the context of requirements imposed upon the petitioner to “identif[y] . . . each

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<sup>214</sup> 35 U.S.C. § 325(e)(1)–(2) (Supp. V 2011); Rules of Practice for Trials Before the Patent Trial and Appeal and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,676.

<sup>215</sup> 35 U.S.C. § 321(b) (Supp. V 2011).

<sup>216</sup> *Id.* (“A petitioner in a post-grant review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).”). Additionally, 35 U.S.C. § 282(b)(2)–(3) reads:

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability [§§ 102 and 103].

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251 [reissue].

35 U.S.C. § 282(b)(2) (2006 & Supp. V 2011).

<sup>217</sup> 35 U.S.C. § 322(e) (Supp. V 2011).

claim challenged,” the grounds for each challenge, and the evidence supporting each challenge.<sup>218</sup> In other words, the petitioner will want to carefully consider challenging all appropriate claims and consider assembling and presenting up front compelling evidence to set forth and support any and all grounds for challenging any appropriate claim.

Until now, this Article has discussed estoppel running against the petitioner. But note 37 C.F.R. § 42.73(d)(3), which explains the estoppel that applies to the patentee:

A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: (i) A claim that is not patentably distinct from a finally refused or cancelled claim; or (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.<sup>219</sup>

The estoppel provisions, moreover, only run one way (from PGR to litigation). No mention is made in the AIA indicating that estoppel applies in PGR to issues raised by (or that could reasonably have been raised by) the petitioner in litigation. This “one way” estoppel may turn out to be very significant.

Of course, if a petitioner were in litigation, the nine-month post-issuance window is likely closed. At that point, the third party might still be at liberty to explore other administrative options such as *ex parte* reexamination and IPR.

If timing allows, such options and the limited “one way” estoppel are interesting in light of the recent Federal Circuit decision in *In re Baxter International, Inc.*<sup>220</sup> In *Baxter*, Fresenius filed a declaratory judgment action in federal district court

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<sup>218</sup> *Id.* § 322(a)(3).

<sup>219</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,676 (to be codified at 37 C.F.R. § 42.73(d)(3)). The USPTO clarified that estoppel does not apply against a claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim. *Id.* at 48,649.

<sup>220</sup> 678 F.3d 1357 (Fed. Cir. 2012), *reh’g denied en banc*, 698 F.3d 1349 (Fed. Cir.).



requesting that Baxter's patent claims to a hemodialysis machine be declared invalid.<sup>221</sup> Fresenius lost, failing to prove invalidity by clear and convincing evidence, in the face of the presumption of validity enjoyed by the patent.<sup>222</sup>

But, while the litigation was ongoing, Fresenius filed a reexamination request, again targeting Baxter's patent.<sup>223</sup> In the reexamination, without the presumption of validity and under the lower evidentiary standard of preponderance of the evidence (rather than clear and convincing evidence), and in view of the broadest reasonable claim construction standard applied during a reexamination proceeding, Fresenius succeeded through *ex parte* reexamination in obtaining cancellation of the same claims that were upheld in litigation.<sup>224</sup>

According to the *Baxter* panel, Fresenius properly filed the request for reexamination "during the period of enforceability of [the] patent,"<sup>225</sup> and he was entitled to do so: "Congress has provided for a reexamination system that permits challenges to patents by third parties, even those who have lost in prior judicial proceedings."<sup>226</sup> Ultimately, the two proceedings applied different burdens of proof, with different presumptions of validity under different claim construction standards, relied on different records, and arrived at different conclusions.<sup>227</sup>

The Federal Circuit panel in *Baxter* expressed the hope that the court and USPTO would come to the same conclusion when faced with the same evidence and arguments.<sup>228</sup> But because of the different presumptions and standards of proof, an alleged infringer

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<sup>221</sup> *Id.* at 1359–60.

<sup>222</sup> *Id.* at 1360.

<sup>223</sup> *Id.* at 1359–60.

<sup>224</sup> *Id.* at 1360–61, 1364–65.

<sup>225</sup> 37 C.F.R. § 1.510 (2012).

<sup>226</sup> *Baxter*, 678 F.3d at 1365.

<sup>227</sup> *Id.* at 1364–65 ("More fundamentally, the PTO in reexamination proceedings and the court system in patent infringement actions 'take different approaches in determining validity and on the same evidence could quite correctly come to different conclusions.'" (quoting *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008))).

<sup>228</sup> *Id.*

could, just as Fresenius did in *Baxter*, lose in litigation but find solace through a USPTO *ex parte* reexamination cancelling all claims of concern to the alleged infringer.<sup>229</sup>

Thus, assuming proper timing, the alleged infringer unsatisfied with his court proceedings can properly bring a post-grant proceeding in the USPTO. There is no estoppel preventing such an action.

### G. Settlement

The new section 327 authorizes termination of PGR if the parties settle.<sup>230</sup> Even if there is a settlement, the PTAB “may independently determine any question of jurisdiction, patentability, or Office practice.”<sup>231</sup> The AIA makes clear that even if no petitioner remains in PGR, the USPTO may nonetheless proceed to a final written decision.<sup>232</sup>

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<sup>229</sup> *Id.* Similarly, in patent litigation between Research in Motion and NTP, Research in Motion agreed to pay \$612 million in settlement, but then managed to have all claims of the patents at issue cancelled when *ex parte* reexaminations concluded post-settlement. See *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005); Press Release, Research in Motion, Research In Motion and NTP Sign Definitive Settlement Agreement to End Litigation (Mar. 3, 2006), <http://press.rim.com/newsroom/press/2006/pressrelease-981.html>.

<sup>230</sup> 35 U.S.C. § 327 (Supp. V 2011).

<sup>231</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,625, 48,677 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42); see also 35 U.S.C.A. § 327(a).

<sup>232</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,625, 48,648 (“The rule is consistent with 35 U.S.C. 135(e), as amended, where the Board is not required to follow the settlement agreement if it is inconsistent with the evidence. The rule is also consistent with 35 U.S.C. 317, as amended, and 35 U.S.C. 327, which provide that the Board may proceed to a final written decision even if no petitioner remains in the proceeding . . . . 35 U.S.C. 317(a), as amended, and 35 U.S.C. 327(a) provide that if no petitioner remains in the *inter partes* review or post-grant review, the Office may terminate the review or proceed to a final written decision. The rule is consistent with the AIA to provide the Board with the flexibility to terminate the review or proceed to a final written decision depending on the particular facts of each proceeding.”).

How likely is it that the USPTO would provide a written decision notwithstanding settlement? The USPTO addressed this, pointing out that it could provide such a written decision if the record clearly shows that the claims are unpatentable and the patent owner has not filed a response or an amendment.<sup>233</sup>

Providing for settlement by the parties, and providing for termination even if the parties have settled, represents a similarity with EPO oppositions.<sup>234</sup> The opportunity to settle is a huge change from *ex parte* reexamination in the USPTO, which is a one-way street: Once it begins, reexamination is the horse that has bolted out of the barn and cannot be stopped.

Estoppel attaches only to a PGR that results in a final written decision.<sup>235</sup> If PGR is terminated by settlement prior to a written PTAB decision on the merits, no estoppel attaches to the petitioner.<sup>236</sup>

#### H. *Relation to Litigation and Other Proceedings*

The relationship between PGR and other litigation or proceedings further distinguishes PGR from an EPO opposition. Under AIA, there is no PGR available if, prior to filing a petition for PGR, the petitioner filed a civil action challenging validity of the patent (called a “declaratory judgment action” in the United States).<sup>237</sup> The AIA also provides that a civil action challenging validity filed by petitioner on or after the date on which a PGR petition is filed is “automatically stayed” unless “(A) the patent owner moves to lift the stay; (B) the patent owner files an action or

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<sup>233</sup> *Id.* at 48,648.

<sup>234</sup> See *supra* Part II.E. Settlement in an opposition is not forbidden; two parties might indeed agree that one party gets a license for instance and that as a consideration the licensee withdraws his opposition.

<sup>235</sup> 35 U.S.C. § 325(e) (Supp. V 2011); Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. at 48,676.

<sup>236</sup> 35 U.S.C. §§ 317(a), 327(a) (2006 & Supp. V 2011).

<sup>237</sup> 35 U.S.C. § 325(a)(1) (Supp. V 2011).

counterclaim for infringement; or (C) the petitioner moves to dismiss the civil action.”<sup>238</sup>

A counterclaim of invalidity does not qualify as a civil action challenging validity.<sup>239</sup> If a patentee sues for infringement within three months of patent issuance, “the court may not stay its consideration of [a] motion for a preliminary injunction . . . on the basis that a petition for [PGR] has been filed or that such a [PGR] has been instituted.”<sup>240</sup> If a PGR is underway, and the patent is involved in another proceeding or matter before the USPTO, the Director has discretion to “stay, transfer, consolidate, or terminate any such matter or proceeding.”<sup>241</sup>

#### IV. STRATEGIC CONSIDERATIONS ACCOMPANYING THE USE OF EUROPEAN OPPOSITIONS AND POST-GRANT REVIEWS

European oppositions are a time-tested proceeding, and will no doubt continue to be utilized for the foreseeable future. The AIA PGR is the new kid on the block. Transitional PGRs for CBM patents, a cousin of PGR, has existed only for CBM patents since September 16, 2012.<sup>242</sup> The effect of PGR has not been felt because no patent has yet been issued containing at least one claim with an effective filing date after March 15, 2013. Hence, no U.S. patent presently in force qualifies for PGR.

Comments about PGR are necessarily speculative at this point. The first PGR decisions will have to be analyzed when they issue

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<sup>238</sup> *Id.* § 325(a)(2).

<sup>239</sup> *Id.* § 325(a)(3).

<sup>240</sup> *Id.* § 325(b); *see also* 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Jon Kyl) (“This provision strengthens and carries over to post-grant review the rule of *Procter & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842 (Fed. Cir. 2008).”).

<sup>241</sup> 35 U.S.C. § 325(d); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,731 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

<sup>242</sup> *AIA Frequently Asked Questions: Transitional Program for Covered Business Method Patents*, U.S. PATENT AND TRADEMARK OFFICE, [http://www.uspto.gov/aia\\_implementation/faqs\\_covered\\_business\\_method.jsp](http://www.uspto.gov/aia_implementation/faqs_covered_business_method.jsp) (last visited Dec. 27, 2012).

in order to fully understand the role PGRs will assume in the U.S. patent system. But speculation certainly can be made.

Congress wanted to provide the patent community with an alternative to costly, time-consuming, and complicated patent litigation. PGR provides a new option in the United States that could be faster and cheaper than traditional U.S. district court litigation. The grounds for the review are broad, i.e., all validity issues. That, in combination with the time limit of nine months after issuance for requesting a PGR, indicates a desire on the part of Congress that problem patents get resolved before they become bogged down in litigation.<sup>243</sup>

But the authors have observed an unsettled feeling expressed informally in the United States that PGR will eviscerate the power and effect of U.S. patents.<sup>244</sup> In other words, the patentee works very hard to obtain a valid, enforceable, and un infringed patent. The patentee is banking on a presumption of validity, a claim construction hammered out in a *Markman* hearing,<sup>245</sup> and protection from a validity attack under the clear and convincing evidentiary standard, as noted above.<sup>246</sup>

But then, to the patentee's horror, PGR arises post-issuance. As discussed above, the court in *Baxter* noted that in reexamination, in contrast to civil litigation, there is no presumption of validity of the claims, and the patentability of the claims is assessed under a preponderance of the evidence

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<sup>243</sup> See also 157 CONG. REC. S5409 (daily ed. Sept. 8, 2011) (statement of Sen. Charles Schumer); 157 CONG. REC. S5411 (daily ed. Sept. 8, 2011) (statement of Sen. Orrin Hatch).

<sup>244</sup> Although, notably, EPO oppositions have been around a long time and have not ruined the European patent system.

<sup>245</sup> *Markman v. Westview Instruments, Inc.* 517 U.S. 370 (1996) (holding that courts have the exclusive power to interpret patent claims). *Markman* laid the foundation for *Markman* hearings, a pretrial hearing in which judges examine patent claim evidence. J. Michael Jakes, *Using an Expert at a Markman Hearing: Practical and Tactical Considerations*, FINNEGAN (Aug. 2002), <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=e3962a13-b898-4102-8fca-171c656a6ed2>.

<sup>246</sup> See discussion *supra* Part III.F.

standard.<sup>247</sup> The court further noted that claims are given their broadest reasonable construction.<sup>248</sup> So, the patentee in PGR is stripped of the presumption of validity, stripped of the clear and convincing evidentiary shield for invalidity, and is now subject to the broadest reasonable claim construction. Broader claim construction, like a broader strike zone in that peculiar American institution of baseball, means that more pitches will be strikes. By analogy, more attacks of unpatentability can be successful than under the more stringent standards applied in litigation.

It can even be worse if the PGR can be timely filed after the institution of litigation. Presume the patentee somehow found itself in a rocket docket of district court litigation or in a very fast-moving International Trade Commission proceeding. And assume the stars lined up and in such explosively fast proceedings, the patent challenger was unable to overcome the presumption of validity by clear and convincing evidence. Hence, in the litigation, the patent was not proved to be invalid.

Yet, as in *Baxter*, there should be no estoppels applied against a PGR requester, who can meet the timing requirements of the PGR and initiate the PGR.<sup>249</sup> And just as in *Baxter*, the specter arises that the patentee who won the litigation will have the relevant claims canceled in the PGR.<sup>250</sup> The litigation victory is thus reduced to a very unsatisfactory pyrrhic victory, and even apart from a simultaneous or past litigation, the highly valued U.S. patent can now be thrown into the USPTO in an adversarial proceeding, with burden of proof, claim construction, and lack of presumption of validity. All of those facts tilt the PGR toward the petitioner and against the patentee.

At first glance, however, there may be reluctance to utilize PGR by a prospective petitioner because of the lack of anonymity as well as the potential significant estoppel to the petitioner in light

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<sup>247</sup> *In re Baxter Intern., Inc.*, 678 F.3d 1357, 1364 (Fed. Cir. 2012), *reh'g denied en banc*, 698 F.3d 1349 (Fed. Cir. 2012).

<sup>248</sup> *Id.* at 1361.

<sup>249</sup> See discussion *supra* Part III.F.

<sup>250</sup> See discussion *supra* Part III.F.

of less discovery than could be obtained in patent infringement litigation. Additionally, there is uncertainty as to how much, if any, additional discovery beyond the routine discovery will be obtained in PGR. But that reluctance may well be tempered by the lower cost, broad statutory grounds of attack, and significant benefits to the petitioner provided by the U.S. Congress through the AIA.<sup>251</sup>

As noted above, even the estoppel does not run to every issue that might benefit the petitioner in PGR.<sup>252</sup> It is not seen how issues, such as of infringement or inequitable conduct, could be raised.<sup>253</sup> Hence, PGR can provide a petitioner with a chance to go for a knockout blow in the USPTO to cancel claims of concern. At the same time, issues such as infringement and inequitable conduct are preserved as defense issues if PGR does not achieve the petitioner's desired effect. Those are factors that mitigate in favor of requesting a PGR rather than initiating litigation.

To be sure, PGR was conceived to be in the likeness of European oppositions. But there are many, many differences between oppositions and PGRs. In fact, it might be fair to conclude that they are more different than they are similar. The outcome in each will have no impact on the other because there is no *res judicata* between the tribunals. The different requirements, rules, procedures, and claims in the patents-at-issue will keep the two proceedings separate to be used, separately or together, as facts and circumstances in any particular case unfold.

Certainly the third party who is vigilant and acting quickly preserves the most options because timing is the key: The nine-month post-issuance window of both proceedings will rarely, and only serendipitously, overlap. If the European patent issues first,

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<sup>251</sup> See discussion *supra* Part III.

<sup>252</sup> See discussion *supra* Part III.F.

<sup>253</sup> 35 U.S.C. § 321(b) is restricted to issues arising under "paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim)." 35 U.S.C. § 321(b) (Supp. V 2011). "Noninfringement, absence of liability for infringement or unenforceability" is specifically not included and therefore should not be allowed in PGRs. 35 U.S.C. § 282(b)(1) (2006 & Supp. V 2011).

an opposition may be filed within the nine-month window.<sup>254</sup> It is possible that the proceeding could be finished prior to either the U.S. patent issuing or the U.S. PGR nine-month window closing. The European opposition, apparently lacking mountains of expert and other evidentiary materials, offers an ideal and generally less expensive opportunity, without any possibility of estoppel, to test the basic merits of the invalidity case, at least in the context of European patent claims under European law.

And if the U.S. patent issues first, the proceeding may be over before the European patent issues (or the nine-month post-issuance window closes). If the U.S. patent issues first, there is actually a better likelihood of having the PGR proceeding finished before the European patent issues (or the nine-month post-issuance window closes) because of the aggressive statutory timeline of one year from institution for concluding a PGR proceeding.

Whichever proceeding occurs first, there may be valuable information gained to use in the second. The requester in the European opposition, without estoppel effect, may possibly attract other opponents and harvest prior art in the form of patents and printed publications that could be used in either U.S. cancellation proceedings or U.S. litigation.

Hence, who benefits and who is harmed? If the U.S. patent issues first, PGR is instituted, and the claims of concern are canceled, the patentee is harmed, certainly in the United States. But the patentee is probably also harmed in Europe, particularly if the cancellation was based on the prior art. That prior art can then be employed by the petitioner and others in Europe in an attempt to revoke the European patent.

But what if the patentee wins in the United States? In the EPO opposition, the Opposition Division may be completely unfazed, as it will apply art, arguments, and evidence under its own European standards to claims issued by the European Patent Office. And the U.S and European claims, of course, may substantially differ.

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<sup>254</sup> See discussion *supra* Part II.C.



On the other hand, assume that the European patent issues first, and an EPO opposition is filed. If the opponent(s) win in Europe, this may considerably embolden one or more of those opponents to bring a PGR in the United States. That would particularly be so if the European opponent(s) achieved revocation based on prior art and if the claims granted in Europe and the United States are sufficiently similar. Ultimately, this would harm the U.S. patentee.

In contrast, if the opponent(s) lose in Europe, the appetite to attack in the United States under PGR may or may not be diminished. That would depend on the similarity of the U.S. claims and how any evidence adduced in the European opposition would play under U.S. standards in the PGR. And of course, as explained above, the petitioner for PGR in the United States will take comfort in that issues such as infringement and enforceability will not be subject to estoppel even if the PGR petitioner is unable to successfully have the claims canceled by the PTO in the PGR.

In view of that analysis, it is clear that the EPO opposition and the PGR will not necessarily interfere with each other, nor will one necessarily preclude the other. In other words, the ships will not necessarily crash. Rather, all facts and circumstances will be evaluated as to the merit in the EPO opposition and those in the PGR. If the chance of revocation is good for both the European and the U.S. patent claims based on prior art, the petitioner-opponent may avail herself of both.

The petitioner-opponent need not worry at all in either the EPO opposition or the PGR about estoppel on a key issue such as infringement. The Europeans get there by not having any estoppels whatsoever. The Americans get there because, although there are strict estoppels, no estoppels apparently extend to infringement defenses, which cannot be raised in PGR, and hence infringement defenses would be thought to be outside the universe of issues that reasonably could have been raised in the PGR. If infringement defenses are not appropriate in a PGR proceeding, there is no way they could have "reasonably been raised," so there would not be any estoppel of infringement defenses. Furthermore, even if revocation cannot be achieved in either proceeding, the

patentee may well be forced to narrow claims, possibly eliminating issues of infringement.

The nine-month clock in each proceeding runs independently because the patents-at-issue in each proceeding are separate. The EPO opposition nine-month clock starts from the issuance of the European patent.<sup>255</sup> The PGR nine-month clock starts from the issuance of the U.S. patent.<sup>256</sup> These issue dates may be close together or very far apart because the patent prosecutions are separate and governed by different rules, procedures, and standards of patentability.

Bringing an EPO opposition will not be precluded on the basis that a PGR was requested on the related U.S. patent, and vice versa, no matter what the outcome is of the other proceeding. Moreover, as noted above, there may be information gained in the U.S. proceeding because of the possible discovery that could be used in an EPO opposition, if the EPO opposition is simultaneous with the PGR, and vice versa.

A possible caveat to the general belief expressed herein that the two proceedings will not impact each other is that a patentee's statements in a European opposition, if contradictory to statements made before the USPTO, could arise in a U.S. litigation context and even in the PGR as "inconsistent statements."<sup>257</sup>

To be sure, discovery in PGR is more limited than that in litigation, but the exact contours of PGR discovery remain to be clearly defined in PGR decisions from PTAB and subsequent appeals to the Federal Circuit. In what circumstances will a request for additional discovery meet the "good cause" standard?<sup>258</sup>

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<sup>255</sup> See discussion *supra* Part II.C.

<sup>256</sup> See discussion *supra* Part III.D.

<sup>257</sup> See, e.g., *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc).

<sup>258</sup> Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612, 48,673 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.51(b)(2)(i); Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents,

Practitioners at least know right now there will be automatic, i.e., routine, discovery that will extend to all testifying witnesses and particularly and interestingly, to all inconsistent statements.<sup>259</sup> Also, all that evidence will be presented in the context of an administrative proceeding (no presumption of validity, broadest reasonable claim construction, and preponderance of evidence) rather than civil litigation, which could be at least damaging enough to a patentee to facilitate a worldwide settlement. In addition, if the settlement is pursued early enough, any risk is reduced that either an EPO opposition or a USPTO PGR would actually terminate on the merits.

But in any event, even some discovery may be useful in both the PGR and the European opposition. Again, that might tilt the opponent-petitioner towards filing a PGR in the case where the U.S. patent of concern issues before the European patent or within nine months thereof.

For another few months, given the linkage of PGR to claims with an effective filing date on or after March 16, 2013, a U.S. patentee, not involved in the new transitional program for CBM patents and not subject to a pending interference, can slam the door on any possibility of participating in PGR by doing nothing more than filing a U.S. application before March 16, 2013.

The authors have heard multiple patentees express a desire to file patent applications, assuming that their claims will be enabled and have written description support, before March 16, 2013, to avoid any possibility of PGR for such patents. But of course, such patents will, subject to timing issues, and to both IPR and reexamination post-grant proceedings, so creating a pre-March 16, 2013, filing bubble will not eliminate all post-grant concerns of a U.S. patentee.

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77 Fed. Reg. 48,680, 48,731 (Aug. 14, 2012) (to be codified at 37 C.F.R. § 42.224).

<sup>259</sup> *Id.* § 42.51(b)(1).

## V. CONCLUSION

Congress intended PGRs to provide a faster, less expensive alternative to patent litigation, and they probably will fill that role. Although the EPO opposition was the inspiration for PGR, it is clear that these two systems will generally remain separate and pass like ships in the night as PGRs have already and will continue to become a distinctly American process. Understanding the similar and disparate features of both PGRs and European oppositions will be an important task for companies who desire to have both procedures as part of their fleet.<sup>260</sup>

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<sup>260</sup> Disclaimer: This Article is public information and has been prepared solely for educational purposes to contribute to the understanding of U.S. intellectual property law. These materials reflect only the personal views of the co-authors and are not individualized legal advice and do not reflect the views of Finnegan or Cargill. It is understood that each case is fact-specific, and that the appropriate solution in any case will vary. Therefore, this Article may or may not be relevant to any particular situation. This Article relates in large part to Post-Grant Review ("PGR") under the American Invents Act. As of the date of this Article, although a few PGR proceedings have been requested, it is not known how the courts will interpret various provisions of PGR. Nor is it known how Congress might act in the future. Thus, Finnegan, Cargill, and the individual co-authors cannot be bound either philosophically or as representatives of their various present and future clients to the comments expressed in this Article. This Article does not establish any form of attorney-client relationship with Finnegan, Cargill, or the individual co-authors. While every attempt was made to insure that these materials are accurate, errors or omissions may be contained therein, for which any liability is disclaimed.

