

## Post-Grant Review v. EPO Oppositions

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The Patent Reform Act of 2011 (AIA) is the greatest overhaul of the U.S. patent system since 1952. One striking change is the introduction of post-grant review.

Post-grant review will impact the ability of a third party to challenge a patent to a greater degree than possible with prior administrative procedures. For example, reexamination proceedings were limited to challenges based on publications and applications. Interference proceedings, while not limited to prior art attacks, were limited by who could bring an action, specifically to those with a patent or application with interfering claims. But post-grant review, once in full effect, can be sought by any third-party challenger.

On the surface, post-grant review appears nearly identical to European Patent Office (EPO) opposition practice. This is quite misleading, however, as there are significant substantive and procedural differences that require close attention, even for those familiar with EPO opposition proceedings.

### Initiating Post-Grant Review

The first step for a challenger is to convince the board to initiate a proceeding. Anyone other than the patent owner may file a petition to institute post-grant review so long as they are not challenging the patent's validity in a civil action. Grounds for cancellation include any basis in 35 U.S.C. § 282(b) related to invalidity, including failure to meet requirements of § 101 (statutory subject matter), § 102 (novelty), § 103 (nonobviousness), § 112 (written description, enablement or best mode). The petition must be filed within nine months of patent grant, or broadening reissue.

While the AIA has moved the U.S. closer to the EPO in the treatment of prior art, the laws still differ and consequently the effect in post-grant review, and opposition is similarly different. In defining the first-inventor-to-file in § 102, the AIA provides for a one year grace period for the inventor's own disclosure and/or disclosure by another derived from the inventor's disclosure, or following the

inventor's disclosure. In contrast, the requirement for absolute novelty means any disclosure effectively bars patent claims in the EPO. Nonetheless, the EPO is more forgiving in one respect.

Under the AIA, unpublished applications by another are considered in determining patentability, while unpublished applications are excluded from consideration in determining inventive step by the European Patent Convention (EPC). The required petition to institute post-grant review also differs from that for EPO oppositions. While both require a fee, identification of challenged claims and the basis of challenge, post-grant review further requires identification of all real parties in interest.

Importantly, EPO opposition practice does not require identification of real parties in interest, and representatives can act in their own name to maintain client anonymity. Such anonymity is not possible since post-grant review can estop party from raising issues in later proceedings as discussed below.

Determination of a petition's sufficiency to institute post-grant review also differs from that for EPO oppositions. Failure to establish a basis to initiate proceedings will be more common for post-grant review as it requires information that if not rebutted demonstrates "it is more likely than not that at least 1 of the claims challenged is unpatentable" or that the "petition raises a novel or unsettled legal question that is important to other patents or patent applications."<sup>1</sup>

In contrast, the EPO does not weigh the sufficiency of evidence, but instead finds it "immaterial, as far as the question of admissibility of an opposition is concerned, whether and to what extent the facts, evidence and arguments submitted in due time actually warrant revocation."<sup>2</sup>

Furthermore, even if the board finds all requirements of § 324 met, it has discretion to not institute review, and its decision, for whatever reason, is "final and non-appealable," while decisions in the EPO are subject to review by the Board of Appeal which may itself refer specific matters to the Enlarged Board of Appeal where necessary to ensure uniform application of the law or to address a point of law of fundamental importance.<sup>3 4</sup>

In sum, initiating post-grant review will be more difficult than initiating an opposition proceeding in the EPO, and an adverse decision not to initiate proceedings may be impossible to remedy. Accordingly, practitioners should emphasize evidence and prepare the most compelling initial petition feasible.

### **Conduct of Post-Grant Review**

Post-grant review may be affected by other administrative and legal proceedings. In addition to the discretion afforded the U.S. Patent and Trademark Office in initiating proceedings, the AIA allows discretion in structuring multiple proceedings before the PTO, including derivation, reissue and ex parte reexamination proceedings.

As stated in § 325(d), "the Director may determine the manner in which post-grant review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding" and allowing the PTO to "take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office."

Further, certain limits are mandatory. For example, post-grant review may not be instituted or maintained if the petitioner brings an action in federal district court challenging validity. Parallel validity proceedings in the EPO and national courts of EPO member states are, in contrast, possible. Some states allow for stays, while others allow actions to proceed.

Details for conducting post-grant review are not yet firmly fixed as the AIA provides significant latitude to the PTO to promulgate rules for its conduct. As a practical matter, the most important rules for conduct of post-grant review may be those pertaining to evidence and to amending or submitting alternative claims. While discovery of "evidence directly related to factual assertions advanced by either party in the proceeding" (§ 326(a)(5)), is more restrictive than in district court, it may parallel that allowed for interferences under § 135 and is certainly freer than provided for in EPO opposition practice.

Amendment of claims, in contrast, is more restricted before the PTO. Section 326 of the AIA provides that patent owners may, as a matter of right, file a single motion to cancel any challenged claim or propose a reasonable number of substitute claims. Additional motions may be permitted to further settlement, but good cause is required for any further amendment and may be very limited. Importantly, there is no apparent basis for amendment of any claim not challenged by the petitioner.

While there may effectively be few differences between post-grant review and EPO opposition practice in amending challenged claims, European practice also allows claim amendments "occasioned by the grounds for opposition specified in Art. 100," even if the particular ground relied on has not been invoked by the opponent.<sup>5</sup> Such amendment is possible even up to the date of the oral hearing at the EPO in most cases.

Post-grant review challenges must be proven by a preponderance of the evidence.<sup>6</sup> This is a lower standard than required to invalidate claims in district court, where clear and convincing proof of invalidity is required in both infringement and declaratory judgment actions.

On the other hand, understanding the standard of proof before the EPO is more difficult as the "balance of probabilities," where the board of appeal is "satisfied on the basis that one set of facts is more likely to be true than the other," varies depending on the issue, but can range up to "a degree of certainty which is beyond any reasonable doubt."<sup>7</sup>

### **Settlement and Arbitration**

The AIA provides for settlement of post-grant review proceedings, or for arbitration of any issue. Of particular interest, § 327(a) states, in part, that "[a] post-grant review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed" and "[i]f no petitioner remains in the post-grant review, the Office may terminate the post-grant review or proceed to a final written decision."

The first cited section requires termination of proceedings in regard to any settling petitioner, even if further petitioners remain, so long as they settle before a decision on the merits. The second cited section, however, permits terminating post-grant review if no petitioner remains without limitation.

In other words, the board is allowed, but not required, to terminate proceedings if no petitioner remains even if the board has already reached the issues and arrived at a decision. It appears incongruous, however, that the PTO will have "decided the merits" and then not proceed to a "final written decision." It therefore seems likely that in practice the PTO will operate in a manner similar to the EPO.

In the EPO practice, once instituted, oppositions are driven by the panel's understanding of what should issue as a patent. In this respect, the EPO practice exhibits a bias to examine and only issue valid claims without much regard to any potential third party.

## Effect of Appeal and Decision

If post-grant review is initiated and not dismissed prior to a written decision, the decision will include a determination of the patentability of any claim challenged by the petitioner and any new claim added under section 326(d). Perhaps more importantly, final written decisions will estop any remaining petitioner, or their privy, from raising any defense that was raised, or reasonably could have been, in subsequent proceedings before the PTO, any district court or the International Trade Commission. While properly limited to challenged claims, as is currently the case with inter partes reexamination, the importance of this effect can not be overstated.

In contrast, oppositions give rise to no such estoppel in EPO practice. Parties opposing a patent before the EPO can even use the same arguments and evidence in later national litigation or revocation proceedings.

The AIA provides for appellate relief to those dissatisfied with the board's decision, but only by way of appeal to the Federal Circuit. Importantly, no appeal to district court is authorized. Nor is there any recourse within the Patent Office itself. While this should provide greater certainty, it comes at the price of limiting fact discovery to that already obtained before the board, and review to the record of the proceeding. Parties should weigh this, particularly where the estoppel effect bars later or concurrent legal action where greater discovery is possible.

Similarly, the only review available for EPO oppositions is by appeal to EPO boards of appeals. If deemed admissible, the board will determine if the appeal is allowable, in which case the decision may be either to render a decision on the merits or to remand the matter back to the opposition division for a determination consistent with the board's decision. In no case, however, is appeal outside the EPO available and, consequently, the EPO's decision to revoke a patent is final once appeals before the EPO itself are exhausted.

## Conclusion

Despite similarities between post-grant review and EPO oppositions, critical differences in their conduct and effect warrant careful review of applicable law and practice. Understanding both the similarities and differences should allow practitioners to better develop a global opposition strategy utilizing the new patent regime in the United States.

## Endnotes

<sup>1</sup> § 324(a)-(b).

<sup>2</sup> Guidelines for Examination in the European Patent Office Part D. — Chapter IV-4 1.2.2.1 (April 2010); § 324(a).

<sup>3</sup> EPC, Arts. 110-112.

<sup>4</sup> Referral to the Enlarged Board of Appeal is only by the Board of Appeal or the president of the EPO. The parties to opposition have no right to refer cases to the Enlarged Board of Appeal unless a fundamental procedural defect can be demonstrated.

<sup>5</sup> See, e.g., Guidelines for Examination in the European Patent Office Part D. — Chapter IV-5.3 (April 2010).

<sup>6</sup> § 326(e).

<sup>7</sup> Case Law of the Boards of Appeal. VI.H.4.3 and 4.3.1(citing T 97/94 (OJ 1998, 467)).

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