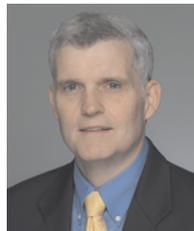


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### PATENTS

In this eighth installment in a series of Bloomberg BNA Insights by attorneys at Ropes & Gray LLP addressing PTAB-related subjects, the authors describe and distinguish oppositions in the period right after a patent grant in the U.S. compared to Europe.

## Exploring the Differences Between Post-Grant Proceedings in the U.S. and the EU



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In the post-AIA era, developments and filings at the Patent Trial and Appeal Board (PTAB) have been fast and furious. Joining late to the party is the post-grant review.<sup>1</sup> In 2014, the very first post-grant review petitions were filed at the PTAB.<sup>2</sup> Post-grant review, which is available against patents having a claim with a priority date later than March 16, 2013, adds to the arsenal of post-grant challenge options for patent defenders in the U.S.

Looking across the Atlantic Ocean, the opposition procedure before the European Patent Office (EPO) sits as a counterpart to post-grant review. Through EPO opposition, a European patent may be revoked by third parties within nine months of the grant of the patent being mentioned in the European Patent Bulletin. In this article, we first discuss various strategic considerations in filing an EPO opposition proceeding and then ex-

<sup>1</sup> See 35 U.S.C. § § 310-329; 37 C.F.R. § 42.200 et seq.

<sup>2</sup> See, e.g., Petition for Post-Grant Review of U.S. Patent No. 8,684,420 (Aug. 5, 2014 P.T.A.B.) (88 PTCJ 986, 8/15/14), <http://pub.bna.com/ptcj/PGR2014-00008petition.pdf>; Petition for Post Grant Review of U.S. Patent No. 8,598,219 (Sept. 2, 2014 P.T.A.B.).

plore the differences between EPO opposition and US-PTO post-grant review.

## Strategic Considerations in Filing an EPO Opposition Proceeding

Companies in the U.S. statistically underutilize the opposition procedure before the European Patent Office. In a typical year, U.S. companies file 28 percent of applications at the EPO and yet bring only 12 percent of oppositions.<sup>3</sup> Comparably, for instance, German companies oppose much more.<sup>4</sup> In a typical year, German companies will file about 20 percent of the applications at the EPO, but bring about half the oppositions.<sup>5</sup> Why do U.S. companies, which typically tend to be litigation veterans, underutilize EPO oppositions? One reason could be access to relevant data. Opposition has historically been a German tool partly because German companies have had superior access to data related to the EPO, due to various factors such as familiarity with the German opposition practice and geographic proximity to the EPO. By comparison, companies in the U.S. have historically had relatively poor access, making it more difficult to monitor the nine-month window of European patents. However, this trend may be changing since opposition data became accessible online for 11 years ago, and the search features have been improving.<sup>6</sup> Online data allows automated monitoring—which may be a game changer for U.S. companies looking to increase EPO opposition activity.

Looking at the statistics on EPO oppositions, approximately 30 percent are revoked and 30 percent are remanded. Roughly a third of oppositions are continued by appeal. Further, statistics show that valuable patents set to do well in litigation are more likely to be opposed at the EPO.<sup>7</sup>

There are several important reasons to oppose at the EPO. One is that opposition at the EPO is the last chance for a central attack: If you miss the nine-month window for an EPO opposition, you may end up in the undesirable scenario of facing up to 38 national patents across multiple jurisdictions.<sup>8</sup> EPO opposition also provides access to the strict EPO standard of added subject matter under Art. 123 EPC.<sup>9</sup> An EPO opposition proceeding can hold off interlocutory injunctive relief in national infringement proceedings, but there is no estoppel based on EPO opposition proceedings. Another reason for opposing at the EPO is the option of anonymity: A third party may institute an EPO opposition in an anonymous manner through use of a “straw man.” On the other hand, for a company looking to strategically publicize its challenges against rivals’ patents, anonymity may not necessarily be a goal.

<sup>3</sup> See Thomas Adam and Michael Spence, *Opposition in the European Patent Office: An underestimated weapon?*, at <http://sydney.edu.au/about/leadership/vc/underestimated.pdf> at 9-10.

<sup>4</sup> See *id.*

<sup>5</sup> See *id.*

<sup>6</sup> See European Patent Bulletin, at <http://www.epo.org/searching/free/bulletin.html>.

<sup>7</sup> See Harhoff et al. (2007); Harhoff & Reitzig (2004); Calde-rini & Scellato (2004).

<sup>8</sup> See <http://www.epo.org/about-us/organisation/member-states.html>.

<sup>9</sup> See Article 123, European Patent Convention, at <http://www.epo.org/law-practice/legal-texts/html/epc/2013/e/ar123.html>.

Further, even though the “straw man” approach typically does not have any negative impact on a company’s legal or business strategies, in practice companies often do not opt for anonymity for several reasons. One is the tedious nature of the process: The opponent must either work through a representative but not appear in the proceedings. Ideally, the company would set up a shell company to make transfer of the opposition easier should there be a sale of business. Another consideration is that the representing counsel or firm may have a long-running relationship with the client, such that the anonymity may be only surface deep.

Nonetheless, the straw-man approach is still relatively popular for companies that are sensitive to drawing fire from a litigious patentee and for those breaking into a new sector.

There is also the right of intervention during an EPO opposition. Intervention is when a third party faced with an infringement action or allegation of infringement of the patent being challenged becomes a party to the opposition. A challenger should consider the timing and method of intervention, especially if the challenger believes that its existing straw man has a good chance of hurting the patentee in the near future, as an aggressive intervention may delay the proceeding at the EPO.

Another important consideration for potential EPO opponents is the upcoming arrival of the Unified Patent Court (UPC).<sup>10</sup> In addition to its jurisdiction over European unitary patents, the power of the UPC is retroactive—it sweeps in pending and granted EPO patents. EPO patent owners will thus have a forum option: Take a patent as separate national patents, or alternatively, as one unitary patent covering the \$15 trillion European market. In light of this forum option, and the uncertainties around how the UPC will function, EPO opposition may become an even more important weapon for patent challengers since it provides a known and definitive revocation process effective against either of those two elections.

## Differences Between EPO Opposition and Post-Grant Review

Comparing the structures of EPO opposition and post-grant review, there are some similarities and notable differences. One similarity is that both EPO opposition and post-grant review are contentious, with post-grant review being more akin to a trial that is carried out in 18 months. Another similarity is that both must be filed within nine months from grant, issue or broadening re-issue. Naturally, prosecution practice is central to both EPO opposition and post-grant review.

Differences between EPO opposition and post-grant review are numerous. The most obvious is the difference in law. For example, EPO opposition is available for all granted patents, whereas post-grant review is available only for patents with a claim to priority after March 16, 2013, the enactment of the America Invents Act. Unlike post-grant review, which requires the iden-

<sup>10</sup> Under the Agreement on a Unified Patent Court, participating EU Member States would allow European patent matters to be adjudicated by a single court—the UPC. See <http://www.unified-patent-court.org/>. The Agreement was signed by 25 EU Member States on Feb. 19, 2013, and will need to be ratified by at least 13 states, including France, Germany and the U.K. to enter into force.

tification of the “real party in interest,” any third party—such as a “straw man”—may file for EPO opposition. Further, for oppositions, the EPO applies the European Patent Convention (EPC) as interpreted by the Enlarged Board of Appeal (EBA),<sup>11</sup> whereas the PTAB applies U.S. patent law as interpreted by the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court. U.S. and EPO laws are similar but have significant differences that can lead to different results in similar fact situations.

There are also significant practice differences between EPO opposition and post-grant review. For example, while no deposition practice or discovery is permitted in oppositions, depositions of declarants and other limited discovery are allowed in post-grant reviews. Expert declarations are vital in post-grant review, but optional and of limited use at the EPO. In EPO opposition, non-broadening amendments and auxiliary claim requests are allowed and commonly admitted. Comparably in post-grant review, one motion to amend—which likewise may not be broadening—is permitted by right (not necessarily granted) and any more require a significant justification, and the PTAB has been strict on allowing claim amendments.

Comparing effects of EPO opposition with post-grant review can also guide filing strategies. EPO opposition

is independent from national infringement and revocation actions, although rights to intervene exist under Article 105 of the EPC<sup>12</sup>. Post-grant review, on the other hand, is barred by civil actions under 35 U.S.C. § 325. For EPO opposition, there is no litigation estoppel; by comparison, after a final written decision is issued in a post-grant review, the petitioner is barred from raising in other PTO proceedings or in district courts or the ITC all grounds raised or that reasonably could have been raised in the post-grant review proceeding. In addition, settlement does not stop an opposition; whereas settlement can stop a post-grant review (and prevent estoppel).

## Conclusion

While U.S. companies have historically underutilized EPO opposition, that trend may soon change as the importance of aligning European and U.S. patent enforcement and defense strategies continue to increase. Companies would thus benefit from considering the various issues and intricacies involved in filing for and managing EPO opposition proceedings, as well as the differences between EPO opposition and post-grant review.

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<sup>11</sup> See Enlarged Board of Appeal, at <http://www.epo.org/law-practice/case-law-appeals/eba.html>.

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<sup>12</sup> See Article 105, The European Patent Convention, at <http://www.epo.org/law-practice/legal-texts/html/epc/2013/e/ar105.html>.