

Kluwer Patent Blog

Report from Rio (3): Post-grant oppositions – a (dangerous) game changer?

Brian Cordery (Bristows) · Thursday, October 15th, 2015

by **Dominic Adair**

Post-grant opposition of patents is clearly a dangerous business. On opening the final panel session in the programme for AIPPI's 2015 World Congress in Rio – titled “post-grant oppositions: a game changer?” – moderator Márcio Merckl from Abreu, Merkl e Advogados Associados in Brazil provided the dramatic news that not one but two of the three speakers had been injured (one in a rib-breaking surfing injury) and both had withdrawn. Fortunately, two brave replacements had been found so the session was able to continue. Speaking from the perspective of the US, Japan and Europe were, respectively, Tammy Terry (Osha Liang LLP), Akihiro Ryuka (Riyuka IP Law Firm) and Taliah Walkett (Nokia).

The session provided an interesting insight into some of the recent changes that have taken place in the world of patent validity challenges, post-grant. In the US, the America Invents Act has provided three new procedures: Post-Grant Review, Covered Business Method Review and Inter Partes Review. In Japan, post-grant oppositions are now possible. In Europe, we are on the brink of the Unified Patent Court (UPC) and central revocation proceedings. More opportunities are now available to those wishing to challenge patents and global litigation strategy must adapt as a result.

The speakers took turns to explain in outline the potential for post-grant validity challenges in their home jurisdiction. The comparisons were illuminating. In the USA, Tammy Terry explained that Post Grant Review is the broadest attack (challenges can be made not only on a prior art basis but also on the basis that the specification is flawed – for example, the attack of indefiniteness) but the window for challenge is only 9 months, like a post-grant opposition at the EPO in Europe. In Ms Terry's opinion, Inter Partes Reviews (IPRs) are the real “game changer” – there is no timing restriction, the proceedings are quicker (18 months) and cheaper (200-500K USD) than court proceedings, the burden of proof is lower (a 51% preponderance of evidence), the hurdle to initiate proceedings is small (only one claim need have a reasonable prospect of success) and the claims are given the broadest reasonable interpretation consistent with the specification, thereby increasing their exposure to the prior art. As a result, the odds are very much in favour of the challenger. Even better for the challenger is that court proceedings can be stayed pending the outcome of the IPR.

Akihiro Ryuka provided a useful summary of post-grant validity challenges in Japan. Three possibilities exist: third party observations, oppositions and court proceedings. Those familiar with

EPO proceedings may be surprised that third party observations are available to challenge validity post grant, but the Japan Patent Office will accept third party observations at any time after a patent application is filed, even after the patent has granted. Post-grant oppositions must be filed within 6 months and, although they cannot be filed anonymously (cf third party observations), an adverse party can hide behind a straw man, or use the name of his attorney. Not only is the opposition window shorter in Japan than in Europe, the time to a decision is considerably shorter, proceedings typically finishing within a year. The cost is a tiny fraction of the US system (around 1%) and prospects are markedly better for patentees – invalidation rates in Japan have dropped dramatically in recent years: from around 60% in 2006 to around 20% today.

In Europe, Taliah Walkett explained that EPO opposition proceedings are lengthy, both at first instance before the Opposition Division and on appeal. The results appear to favour patentees – at least on the basis that the outcomes from the proceedings fall evenly into 3 categories: revoked, upheld and upheld with amendment (so the patent survives in two thirds of cases, even if in modified form). According to the statistics, only about 5% of patents granted by the EPO are opposed. Looking ahead, the UPC will bring with it the possibility of a central attack on patent validity, either by way of a revocation claim before the UPC Central Division, or a revocation counterclaim in response to an infringement suit before a Local or Regional Division. Cases before the Central Division will be divided by subject matter, with telecoms cases being heard in Paris (unless, as Ms Walkett joked, Nokia can persuade the court that mobile phones are a “human necessity”, which would give the case a ticket to London).

The session concluded with a panel debate. In response to the question: “where is the best starting jurisdiction in a multinational case?” the panel agreed that this would be determined mainly by commercial strategy relating to freedom to operate. As to procedure and tactics, Akihiro Ryuka explained the benefits of using a straw man in Japanese post-grant oppositions: it does not reveal an interest or draw fire from the patentee and it avoids estoppel by not divulging the identity of the party making the argument. However, in contrast, Ms Terry noted that straw men are not acceptable when filing IPRs in the US; the petitioner must identify all parties with an interest and there are drastic consequences for concealment. Cost may have an influence on jurisdiction, but petitioners often have little choice but to pay the necessary fee (sometimes more than once in the US if the strict page limit per petition is exceeded – there are only so many words that can be accommodated using the required Times New Roman 14-point font, double spaced).

From the strategy perspective, Akihiro Ryuka introduced the idea of holding back prior art when challenging validity, in order to have a bargaining chip in licence negotiations, or to merely limit, rather than revoke, the patent in order to leave the obstacle in place to deter one’s competitors. He explained that in the JPO, examination usually proceeds on the basis of Japanese language prior art so that, from the patentee’s perspective, it can be helpful to leave a divisional application hanging during prosecution until foreign language prior art has been flushed out by parallel invalidity proceedings elsewhere, thereby maintaining the ability to amend the divisional around it.

The panel debate concluded slightly early, which was understandable in the circumstances. In fact, Márcio Merckl was careful to point out that he was deliberately avoiding the risk of running over, just in case any further accidents should befall the event.

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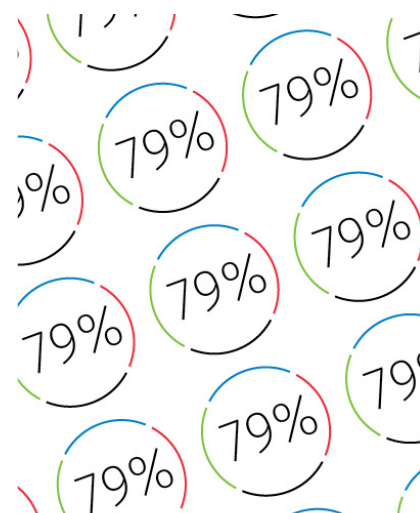
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