

New rules under the US AIA for patent review have highlighted the differences in three important jurisdictions. Eugene Perez and Brian Cannon compare the nuances.

## COMPARING NOTES: PROCEDURES AT THE USPTO, EPO AND JPO

In 2012, the US America Invents Act (AIA) inaugurated three new procedures by the US Patent and Trademark Office (USPTO) Patent Trial and Appeal Board for the administrative review of issued patents: *inter partes* review (IPR), post-grant review (PGR), and a transitional post-grant review programme for covered business method patents (CBM).

This article compares these AIA procedures in the US with opposition proceedings before the European Patent Office (EPO) and patent invalidation trials before Japan's Patent Office (JPO). Also discussed is the extent to which these procedures result in the invalidation of patents.

### Overlap

There is overlap between the grounds for initiating post-grant proceedings in the US, at the EPO and in Japan.

Under all these procedures, prior invention (novelty) and obviousness can serve as bases for initiation. There are three categories of grounds for initiating opposition proceedings in the EPO, including lack of novelty and inventive step. There are eight grounds for initiating a patent invalidation trial in Japan, including provisions relating to novelty and obviousness.

In the US, only novelty and obviousness are grounds in an IPR, whereas PGR and CBM cover almost all grounds of unpatentability, except the 'best mode' defence. Post-grant proceedings at the USPTO, EPO, and JPO can also be initiated where the scope of the claims exceeds the scope of the patent specification.

An injury to public order or morality can serve as the basis for initiating an opposition proceeding in the EPC or a patent invalidation trial in Japan, but not in the US.

### Time frames

At the EPO, a post-grant proceeding must be filed within nine months of the grant of the patent. Under Japan's Patent Act, by contrast, a patent invalidation trial can be filed at any time, even after the patent has expired. In the US, a PGR or CBM has to be filed within nine months of patent issuance, but the timeframe for an IPR is nine months or later.

### Filing requirements

All three procedures require identification of the challenged claims, the grounds upon which the claims are challenged, relevant evidence supporting these grounds, and a fee. Beyond that, the filing requirements are very different.

Post-grant proceedings are most expensive in the US, where an IPR request costs \$23,000 and a PGR or CBM request costs \$32,000 upon institution. An EPO opposition proceeding, by comparison, costs €750 (\$1,040) and a JPO patent invalidation trial costs 49,500 yen (\$487), plus 5,500 yen (\$54) per claim.

Procedures also differ with regard to the types of evidence that can be filed with the petition. At the EPO, "evidence" broadly includes "published documents" and "witnesses, affidavits, company brochures, text or expert reports".

The scope of permissible evidence in JPO patent invalidation trials is even broader, the only requirement being that "the relationship of each fact that is required to be proved with the relevant evidence shall be stated in the grounds for the request". In the US, the scope of allowed evidence and discovery is more limited. Discovery such as interrogatories and expert witnesses testifying are generally not allowed in USPTO post-grant proceedings.

### Procedural comparison

At the EPO, it is possible to amend claims during the proceedings. Oral argument may be requested at any time by the EPO or any of the parties,

In the US, IPRs, PGRs, and CBMs proceed according to the same basic procedures. After a petitioner makes a request, the patent owner has three months to file an optional preliminary response. The director has three months to decide whether to institute the requested proceeding. The patent owner can amend the patent claims and both parties can move to submit supplemental information. Oral argument is available for the final decision or other issues raised by the board. If the parties fail to request oral argument the board will proceed to a final decision based on the record presented. The board then has 12 months to issue a final written decision from institution.

### Estoppel (*res judicata*) and appeals

There is no estoppel in opposition proceedings before the EPO, and a party can appeal against the final decision.

JPO patent invalidation trials are different with regard to estoppel and similar with regard to appeals. Estoppel applies to the final decision of a patent invalidation trial. The decision can be appealed against to the Tokyo High Court.

In the US, the final decision of a trial can be appealed against, whereas the decision to institute is not. Also, estoppel attaches upon issuance of the board's written decision, which is relatively much faster than estoppel that would apply in the previous proceedings, such as *inter partes* re-examination, or that of the district courts. Thus, should a post-grant petitioner lose at the Patent Trial and Appeal Board proceedings, the petitioner, or its privies, cannot raise the same issue that was actually raised or could have been reasonably raised in a later proceeding, whether at another post-grant USPTO proceeding, a district court or the International Trade Commission.

### Percentage of patents invalidated

According to the EPO, 30 percent of the 2,176 opposition decisions released in 2013 resulted in patent revocation. The same percentage was reported for the 2,021 opposition decisions released in 2012.

Patent invalidation trials in Japan showed a similar trend across a smaller number of trials. In 2012, 34 percent of the demands for patent invalidation (73 out of 217 total trials) resulted in invalidation of at least part of the patent. The same percentage was observed in 2011 (91 out of 269 total trials). The percentage of invalidations in patent invalidation trials has been decreasing markedly since 2008. One reason for this drop may be the 2009 decision in *Hitachi v Commissioner of the JPO*, which strengthened

patents by making it more difficult for an examiner to make obviousness rejections.

In the US, as of March 2014, most of the IPR and CBM decisions decided on the merits resulted in invalidation of all challenged claims. In only one final IPR decision have claims been allowed, but even then, four of the six challenged claims were cancelled.

### Conclusion

All three proceedings are similar in that patent challenges are permitted on the basis of prior invention, obviousness, lack of enablement and impermissible claim scope. Patent invalidation trials and opposition proceedings result in similar percentages of invalidations, but the percentage of invalidations in the JPO appears to be decreasing.

In the US, however, patent owners are having more difficulty in preventing the cancellation of patent claims. But given that US post-grant proceedings came into effect only a short time ago, it is difficult to discern any trend in which patents will survive. ■

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although usually the EPO sets the oral hearing date. The EPO is under no time constraints to complete the proceedings.

In Japan, a patentee may demand an amendment of the description, claims, or drawings. There are also provisions allowing for amendment of the request for retrial and for the initiation of joint trials. The trial may be conducted by oral or 'documentary' proceedings.