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THE POST-GRANT LIFE: COORDINATING & STRATEGIZING  
CHALLENGES OF ISSUED PATENTS IN MULTIPLE CONTINENTS

KAREN E. SANDRIK\*

*Abstract*

*With the enactment of the Leahy-Smith American Invents Act (AIA), U.S. patent law gained a new post-grant opposition system and the Patent Trial and Appeal Board (PTAB). While the U.S. post-grant opposition system has some similarities to the post-grant systems, such as that in the European Union, Japan, South Korea, Canada, and Australia, there are also notable differences. Navigating one's own post-grant system can be challenging, but doing so in multiple patent offices around the world is daunting. Differences in these proceedings not only present the potential for parties to make costly errors, but also to engage in strategic behavior. This Article discusses one such opportunity to engage in strategic behavior, one that is available due to a lack of international harmonization in the various post-grant systems around the world. In short, while the post-grant opposition system in the United States includes multiple estoppel statutes, there are no analogous estoppel statutes in many other post-grant systems, including that in the European Union and Japan. Because of this lack of harmonization, parties may test the strength of a competitor's patent in multiple venues, as well as determine a competitor's tolerance for financing simultaneous proceeding around the world.*

I. THE BASICS OF POST-GRANT PROCEEDINGS IN EUROPE, U.S.  
AND JAPAN

Since the 1970s, the European Patent Office (EPO) has provided a way for petitioners to challenge issued patents in post-grant opposition proceedings.<sup>1</sup> Currently, European oppositions must be filed within nine months of

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1. See Filip De Corte, Anthony C. Tridico, Tom Irving, Stacy D. Lewis & Christina N. Gervasi, *AIA Post-Grant Review and European Oppositions: Will They Work in Tandem, or Rather Pass Like Ships in the Night?*, 14 N.C. J.L. & TECH 93, 98 (2012) [hereinafter *AIA Post-Grant Review*]; see also

patent issuance. Assuming one pays the appropriate fees and follows other basic filing procedures, anyone can file a petition against as many claims of a patent and under as many theories as one desires.<sup>2</sup> In terms of filing fees, the European opposition process is affordable, with an official fee around 1,000 US dollars that is independent of how many claims are challenged, or grounds for such challenges are asserted.<sup>3</sup> The petitioner does not have to reveal the party behind the petition, thereby permitting potential competitors the ability to shield their identity. The timeline of the post-grant process from start to finish is generally within an 18 to 30-month turnaround, with many oral decisions granted in a 15 to 24-month timeline.<sup>4</sup> Accordingly, European oppositions can be a cost-effective and time-efficient mechanism for centrally challenging an issued European patent.

The U.S. only recently created an analogous post-grant system to that of the EPO. Conversations in the U.S. leading up to the AIA included discussion on international harmonization, including the appeal of introducing a post-grant opposition proceeding like that of the EPO.<sup>5</sup>

Prior to the implementation of the AIA, post-grant *ex parte* reexamination and *inter partes* reexamination proceedings were available.<sup>6</sup> These post-grant reexaminations allowed patent holders to amend claims, with third parties initiating *inter partes* reexamination and anyone initiating an *ex parte* examination, including the patent owner, a third party, or the Director of the United States Patent and Trademark Office (USPTO).<sup>7</sup> When the reexamination process was initially introduced, Congressional records reveal the vision that reexamination through an administrative system would “permit efficient resolution of questions about the validity of issued patents without resource to expensive and lengthy infringement litigation.”<sup>8</sup> In this way, the reexamination process could serve as a substitute for infringement litigation.<sup>9</sup>

Olga Partington & Paul Calvo, *On the Attack*, STERNE KESSLER GOLDSTEIN FOX (Apr. 2015), [http://www.skgf.com/uploads/1378/doc/EBR\\_April-15\\_pp.66-68\\_\(Goldstein\\_and\\_Fox\).pdf](http://www.skgf.com/uploads/1378/doc/EBR_April-15_pp.66-68_(Goldstein_and_Fox).pdf).

2. Michael J. Flibbert, Leythem A. Wall & Maureen D. Queler, *Coordinating European and U.S. Post-Grant Patent Opposition*, FINNEGAN (Nov. 4, 2014), <https://finnegan.com/en/insights/coordinating-european-and-u-s-post-grant-patent-opposition.html>.

3. *Schedule of Fees*, EUROPEAN PATENT OFFICE, <https://my.epoline.org/portal/classic/epoline.Scheduleoffees> (last visited Mar. 24, 2018).

4. See Flibbert, *supra* note 2.

5. See, e.g., 157 CONG. REC. H4428 (daily ed. June 22, 2011) (statement of Rep. Manzullo) (“This bill would finalize the shift towards a European-style patent system through changing from a ‘first-to-invent’ to ‘first-to-file’ system; establishing a new set of ‘prior use’ rights; and adopting a third European style ‘post-grant’ challenge.”).

6. See 35 U.S.C. § 305 (2012); see also *id.* §§ 311–318 (explaining the process of petitioning and conducting *inter partes* reexamination).

7. ROBERT P. MERGES & JOHN F. DUFFY, PATENT LAW AND POLICY 1040 (6th ed. 2013).

8. H.R. REP. NO. 96-1307, pt. 1 (1980).

9. See MERGES & DUFFY, *supra* note 7, at 1039.

Yet, this pre-AIA system fell short of an ideal reexamination process. Criticism of pre-AIA post-grant proceedings included charges of insufficient third-party involvement,<sup>10</sup> unfair bias favoring the patent holder,<sup>11</sup> and lack of international harmonization of post-grant proceedings.<sup>12</sup>

With the AIA came significant change to the U.S. post-grant opposition system, including the introduction of post-grant review (PGR), *inter partes* review (IPR), and covered business method review (CBM). After issuance of a patent, PGR is initially the only adversarial proceeding available to challenge the validity of the patent within the USPTO.

Available grounds for challenging the patent through PGR include subject-matter eligibility, novelty, nonobviousness, and the written description.<sup>13</sup> Anyone can file a PGR petition with one exception: those that have already or are currently in the process of challenging the validity of the same patent in a U.S. patent infringement lawsuit may not initiate a PGR.<sup>14</sup> Unlike that of the European opposition, the petitioner must reveal the real party behind the petition.<sup>15</sup> Yet like a European opposition, the PGR petition must be filed within nine months of the patent grant.<sup>16</sup> A PGR petition is submitted to the newly created PTAB, which is staffed by Administrative Patent Judges, many of whom are experienced patent prosecutors and, or, patent litigators.<sup>17</sup> Although PGR is similar to European opposition proceedings, they are not as popular as European opposition proceedings.<sup>18</sup> One potential reason is the difference in cost. Unlike the low filing fee of the European opposition proceedings, the minimum filing fee of a PGR are now \$38,000,

10. Christopher L. Logan, *Patent Reform 2005: HR 2795 and the Road to Post-Grant Oppositions*, 74 UKMCL REV. 975, 988 (2006).

11. See Jeffrey P. Kushan, *The Fruits of the Convolved Road to Patent Reform: The New Invalidity Proceedings of the Patent and Trademark Office*, 30 YALE L. & POL'Y REV. 385, 391 (2012).

12. Although Congress initially looked to the example of European opposition proceedings, much changed during the course of legislation. Today, there are still arguments to be made that the U.S.'s system is disappointingly distinct from that of the European Patent Office. See *AIA Post-Grant Review*, *supra* note 1, at 96–97; see also Steven Seidenberg, *US Perspectives: New USPTO Post-Grant Review a Small Step for Patent Harmonisation*, INTELL. PROP. WATCH (Oct. 18, 2012), <https://www.ip-watch.org/2012/10/18/new-uspto-post-grant-review-a-small-step-for-patent-harmonisation/>.

13. See 35 U.S.C. § 321(b) (2012).

14. See *id.* § 325(a)(1).

15. *Id.* § 322(b).

16. *Id.* § 321(c).

17. See Michael Wagner, *An Introduction to Administrative Patent Judges at the Patent Trial and Appeal Board*, THE FEDERAL LAWYER (May 2015), at 36, available at [http://www.fedbar.org/Resources\\_1/Federal-Lawyer-Magazine/2015/May/Features/An-Introduction-to-Administrative-Patent-Judges-at-the-Patent-Trial-and-Appeal-Board.aspx?FT=.pdf](http://www.fedbar.org/Resources_1/Federal-Lawyer-Magazine/2015/May/Features/An-Introduction-to-Administrative-Patent-Judges-at-the-Patent-Trial-and-Appeal-Board.aspx?FT=.pdf).

18. Jeffrey A. Miller, Katie J.L. Scott & Bonnie Phan, *Post-Grant Review: A Promising New Tool for Invalidating Patents?*, ARNOLD & PORTER (Jan. 18, 2017), <https://www.arnoldporter.com/en/perspectives/publications/2017/01/post-grant-review-a-promising>.

which covers patents with up to twenty claims.<sup>19</sup> There are additional fees for each claim over twenty.<sup>20</sup>

After the 9-month PGR period has expired, or after the termination of any post-grant review that has been instituted as to the at-issue patent, an IPR or CBM petition may be filed.<sup>21</sup> Unlike in PGR or in a European opposition, an IPR petition may only challenge an issued patent on limited grounds, including failure to satisfy the novelty or nonobviousness requirements, which must be argued only on the basis of prior patents or printed publications.<sup>22</sup>

Similar to PGR, IPR challenges are available to anyone with a couple of exceptions. IPR is not available to the patent owner, nor is it available to those who have previously sought to invalidate a claim of the at-issue patent through a civil action.<sup>23</sup> Like PGR, the petitioner must also reveal the real party of interest. Although narrower in scope, IPRs have quickly proved popular in terms of number of requests.<sup>24</sup> They have also been the focus of much writing.<sup>25</sup>

Even more recently than the U.S., Japan introduced its current version of a post-grant proceedings in 2015. This was actually a re-introduction of sorts, as Japan had a post-grant opposition prior to its termination in 2003.<sup>26</sup> The opposition system in Japan, in accordance to the rules and procedure of the Japan Patent Office (JPO), is open to anyone, with the option of hiding

19. *USPTO Fee Schedule*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule> (last visited Feb. 21, 2018) [hereinafter *USPTO Fees*]. These fees were recently increased on January 16, 2018. See Nathanael Luman & Kerry S. Taylor, *USPTO to Increase IPR Fees by 33% and PGR Fees by 27% in 2018*, KNOBBE MARTINS (Nov. 15, 2017), <https://www.knobbemartins.com/news/2017/11/uspto-increase-ipr-fees-33-and-pgr-fees-27-2018>.

20. *USPTO Fees*, *supra* note 19. This number does not include any litigation fees, merely the filing fee.

21. This Article will not discuss CBMs in any detail, as they are more unique to the U.S.'s post-grant opposition system.

22. See 35 U.S.C. § 311(b) (2012).

23. See *id.* § 311(a), 315(a).

24. In an early look at numbers, Brian Love and Shawn Ambwani explained that by late 2014, more than two thousand requests for IPR had been filed since the new procedure launched in 2011. See Brian Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. DIALOGUE 93, 93 (2014).

25. See, e.g., Scott A. McKeown, *PTAB Institution Rate Dips Into 60% Range*, PATENTS POST-GRANT (July 22, 2014), <http://www.patentspostgrant.com/ptab-institution-rate-dips-into-60-range>; Michelle Carniaux & Michael E. Sander, *Instituted Patent Claims Survive in About One Third of All IPR Trials*, INTER PARTES REVIEW BLOG (Aug. 13, 2014), <http://interpartesreviewblog.com/instituted-patent-claims-survive-one-third-ipr-trials/>; Neal Solomon, *The Problem of Inter-Partes Review (IPR)*, IP WATCHDOG (Aug. 8, 2017), <http://www.ipwatchdog.com/2017/08/08/problem-inter-partes-review-ipr/id=86287/>; Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 BERKELEY TECH. L. J. 45, 45 (2016).

26. Miyako Saito & Manabu Hirata, *Review of Current Status of Post-Grant Opposition System in Comparison with Invalidation Trial System*, SEIWA PAT. & L. (April 29, 2016), [http://www.seiwapat.jp/en/IP/pdf/en00027\\_PatentOpposition\\_vs.\\_InvalidationTrial.pdf](http://www.seiwapat.jp/en/IP/pdf/en00027_PatentOpposition_vs._InvalidationTrial.pdf).

the real party in interest by naming a shell entity instead of the party itself.<sup>27</sup> Unlike both the European opposition and PGR, an opposition may only be filed against an issued patent within six months,<sup>28</sup> not nine months like in those other systems. But like both the European opposition and PGR, the Japanese opposition has many grounds for opposition, including subject matter eligibility, novelty, and inventive step (the equivalent of non-obviousness in the U.S.).<sup>29</sup> In terms of filing fees, the Japanese opposition requires a very modest initial filing fee, the equivalent of almost 150 US dollars, plus 22 US dollars for each challenged claim.<sup>30</sup>

Overall, there are notable similarities and distinctions in the available post-grant proceedings across the world, with many useful articles exploring and comparing these post-grant proceedings.<sup>31</sup> This Article briefly discusses one important difference in the post-grant system in the U.S. compared to that in Europe and Japan: the downstream effect on future post-grant proceedings of the same patent. In the U.S., there are estoppel statutes that work to reduce redundant filings and abusive litigation tactics. In Europe and Japan, there are no such analogous statutes.

## II. ESTOPPEL AT THE PTAB, PTO, AND JPO

The Patent Act contains estoppel provisions for PGR, IPR, and CBM. IPR estoppel is established under 35 U.S.C. § 315(e)(1), which provides that “[t]he petitioner in an *inter partes* review of a claim in a patent . . . that results in a final written decision . . . may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.”<sup>32</sup> Subpart 2 of § 315(e) contains near identical language that pertains to litigating in a civil action or the International Trade Commission (ITC).<sup>33</sup>

27. *Id.*

28. *Id.*

29. *Id.*

30. *Schedule of Fees*, JAPAN PAT. OFF., [https://www.jpo.go.jp/tetuzuki\\_e/ryoukin\\_e/ryokine.htm](https://www.jpo.go.jp/tetuzuki_e/ryoukin_e/ryokine.htm) (last visited Mar. 24, 2018); *see also* Overview of New Post-Grant Opposition System in Japan, SEIWA PAT. & L., <http://www.seiwapat.jp/en/IP/20150407.html> (last visited Mar. 24, 2018).

31. *See* Flibbert, *supra* note 2; Jennifer R. Turchyn, Note, *Improving Patent Quality Through Post-Grant Claim Amendments: A Comparison of European Opposition Proceedings and U.S. Post-Grant Proceedings*, 114 MICH. L. REV. 1497, 1500 (2016); Partington & Calvo, *supra* note 1; Masayuki Ogura, *Tips for Using the Post-Grant Opposition System*, MANAGING INTELL. PROP. (Sept. 6, 2017), <http://www.managingip.com/Article/3748777/Tips-for-using-the-post-grant-opposition-system.html>.

32. 35 U.S.C. § 315(e)(1) (2012).

33. *Id.* § 315(e)(2).

While pulling particular soundbites of legislative history does not provide a complete picture, “[t]he legislative history of this [IPR estoppel] provision suggests that Congress intended to prevent the same party from challenging the validity of the same patent twice, at least based on patents or printed publications that the PTAB considered.”<sup>34</sup> Moreover, then-director of the USPTO, David Kappos, stated that the IPR estoppel statute, as well as the estoppel statutes relating to PGR and CBM, “mean that your patent is largely unchallengeable by the same party.”<sup>35</sup> Finally, echoing Congressional statements made during the original debate of reexaminations in 1980, Senator Grassley stated that, “ideally,” IPR “will completely substitute for at least the patents-and-printed publications portion of the civil litigation.”<sup>36</sup>

The PGR estoppel statute is virtually identical to that of IPR, with the “raised or reasonably could have raised” language and application to subsequent USPTO proceedings, district courts actions, and ITC actions.<sup>37</sup> While these estoppel statutes seem easy to apply in theory, and the legislative intent clear, it is proving somewhat difficult to work with in practice. There are many opinions interpreting the estoppel statute in relation to IPR, but the most notable opinion is *Shaw Industries Group, Inc. v. Automated Creel Systems*.<sup>38</sup>

In this opinion, the Federal Circuit held that “[b]oth parts of § 315(e) create estoppel for arguments ‘on any ground that the petitioner raised or reasonably could have raised *during* that *inter partes* review.’”<sup>39</sup> This is important because Petitioner Shaw raised an argument in the petition based on a patent (the “Payne” reference). As to that ground, the PTO denied the petition.<sup>40</sup> The Federal Circuit found that because no IPR was instituted on that particular ground in Shaw’s petition, “Shaw did not raise—nor could it have reasonably raised—the Payne-based ground *during* the IPR.”<sup>41</sup> Looking quite literally to the IPR estoppel statute, the Federal Circuit held that “[t]he plain language of the statute prohibits the application of estoppel under these

34. *Biscotti Inc. v. Microsoft Corp.*, 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*4 (E.D. Tex. May 11, 2017)

35. America Invents Act: Hearing on H.R. 1249 *Before the Subcomm. on Intell. Prop., Competition and the Internet of the H. Comm. on the Judiciary*, 112th Cong. 53 (2011) (statement of Honorable David Kappos, Director of the United States Patent and Trademark Office).

36. 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Grassley).

37. See, e.g., *Major Differences between IPR, PGR, and CBM: AIA Trial Comparison Chart*, U.S. PAT. & TRADEMARK OFF., [http://www.uspto.gov/sites/default/files/ip/boards/bpai/aia\\_trial\\_comparison\\_chart.pptx](http://www.uspto.gov/sites/default/files/ip/boards/bpai/aia_trial_comparison_chart.pptx) (last visited Mar. 2, 2018).

38. *Shaw Indus. Group, Inc. v. Automated Creel Sys.*, 817 F.3d 1293, 1300 (Fed. Cir. 2016).

39. *Id.*

40. *Id.*

41. *Id.*

circumstances.”<sup>42</sup> This opinion then seemingly stands for the understanding that the IPR estoppel, and perhaps also the PGR and CBM estoppel statutes, does not work to estop an IPR petitioner from challenging a patent based on petitioned, but non-instituted grounds of unpatentability.

Many patent commentators have noted that this holding seems contrary to the legislative intent,<sup>43</sup> with others discussing the potential downstream effects of this opinion.<sup>44</sup> District courts have also interpreted the *Shaw* opinion in a variety of ways, creating inconsistent results across the U.S.<sup>45</sup> Despite these inconsistencies, post-grant petitioners in the U.S. are well advised to proceed with an awareness that their first shot may very well be their very last shot.

In contrast, there is no such estoppel statute applicable to the European opposition<sup>46</sup> or Japanese opposition systems.<sup>47</sup> For both systems, this means that if the petitioner loses on one or all of its grounds, it may repeat the same validity challenges in future proceedings.

This makes opposition systems with no estoppel doctrine quite attractive as a testing ground for presentation of arguments. With the combination of no estoppel statutes and remarkably lower filing fees, parties should arguably proceed first with the EPO or JPO as a matter of basic strategy for challenging a multi-national patent. This of course is largely dependent on patent issuance dates in the respective countries.

42. *Id.*

43. *See, e.g.*, Scott McKeown, *PTAB Redundant Ground Practice Complicating Estoppel*, PATS. POST-GRANT (Jan. 12, 2007), <https://www.patentspostgrant.com/ptab-redundant-ground-practice-complicating-estoppel/>.

44. *See, e.g.*, Andrew W. Williams & James L. Lovsin, *Post-Grant Review Estoppel – Looking Forward by Looking Back at Estoppel in Inter-Partes and Covered-Business-Method Review*, JD SUPRA (Mar. 16, 2017), <https://www.jdsupra.com/legalnews/post-grant-review-estoppel-looking-60342/>; David Cavanaugh & John C. Polley, *Strategic Considerations of Estoppel for IPRs After Shaw Industries Group v. Automated Creel Systems*, 91 P.T.C.J. 1711, 1743–44 (2016); Brian S. Mudge & Ksenia Takhistova, *Federal Circuit: Estoppel Does Not Apply to Non-Instituted Grounds*, IPR BLOG (May 31, 2016), <http://interpartesreviewblog.com/federal-circuit-estoppel-not-apply-non-instituted-grounds/>.

45. *See, e.g.*, *Intellectual Ventures I LLC v. Toshiba Corp.*, No. Civ. 13-453-SLR/SRF, 2015 WL 3773779, at \*3 (D. Del. May 15, 2015) (discussing *Shaw* and holding it was necessary to interpret the scope of estoppel narrowly, applying estoppel to prior art or publications actually instituted in the IPR); *Biscotti Inc. v. Microsoft Corp.*, 2:13-CV-01015-JRG-RSP, 2017 WL 2526231, at \*4–7 (E.D. Tex. May 11, 2017) (viewing *Shaw* as limited to its unique facts after reviewing the legislative intention of the estoppel statute and deciding the statute should be more interpreted more broadly so that the IPR serves as a sort of substitute for civil litigation).

46. *See* Flibbert, *supra* note 2 (discussing the trigger of estoppel in an IPR or PGR and stating “[i]n Europe there is no such estoppel.”).

47. The term “double jeopardy” is also used to describe the doctrine of estoppel by Japanese attorneys, seemingly signaling how they view redundant litigation. *See* Saito & Hirata, *supra* note 26, at 6. That said, “[t]he doctrine of estoppel (prohibition of double jeopardy) applies to a conclusive decision on an invalidation trial.” *Id.*

Between Japan and the European Union, the EPO's post-grant opposition system is the most well-known and tried system, with relatively little downstream cost to future administrative proceedings or judicial actions. This makes Europe the test ground for challenging patents, as well as a patent holder's willingness to litigate on multiple fronts to retain key features of the patent, such as breadth of claims and priority date.

This means that until international harmonization is achieved among at least the IP5, the patent offices of the U.S., Japan, Korea, China, and the European Union, it is difficult to motivate parties to not engage in strategic behavior that may lead to abuses of the patent system. And even if parties' behavior is not abusive, innovative technology and science is growing on an increasingly global scale. More international harmonization is needed to increase efficiency and encourage parties to focus on collaboration instead of litigation.