



Challenging a Competitor's Granted Patent at the Patent Office

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A court action is the most effective proceeding to invalidate a competitor's patent, since invalidity issues can be explored in detail with significant expert evidence to assist the court. However, patent litigation can be expensive and time consuming. Patent Offices have developed their own, less elaborate mechanisms to permit third parties to challenge patents pre-grant or post grant outside of court. In certain circumstances, these processes are useful to invalidate patents or limit their scope of protection. This article outlines some methods to challenge granted patents.

Re-examination

Re-examination allows a third party to challenge the validity of a patent by filing prior art and provide an explanation of its relevance. The request for re-examination can occur at any time during the life of the patent in Canada and the U.S. (where the process is called *ex parte* re-examination"). In both offices, the process is limited to issues arising from prior art (i.e. anticipation and obviousness), and a substantial new issue of patentability is required.

The Patent Office has the discretion to accept or refuse the request for re-examination after reviewing the challenger's written submissions on the relevance of the prior art to the claim(s) at issue. If a substantial new question of patentability has been raised, the patentee is notified and given the opportunity to argue in favour of patent validity. The patentee may also submit proposed amendments to the patent. In U.S., it has been held that no legal estoppel is created by a re-examination proceeding, meaning that a written decision on a patent claim does not prevent the petitioner from later challenging that claim based on the same prior art in another proceeding (i.e. a court litigation). This mechanism is relatively inexpensive in both Canada and the U.S. However, there is no opportunity for the challenger to participate by making further submissions after the re-examination process starts. **Due to the limited participation, *ex parte* re-examination may not be a useful strategy unless the prior art is very close to the claimed invention, and has a strong chance to revoke or narrow the patent.**

Inter Partes Review

Inter partes review ("**IPR**") is like an administrative trial proceeding conducted at the patent office in which both the challenger and the patentee are involved. In the U.S., IPR has become one of the most popular post grant procedures^[1] to be utilized by third parties (note: Canada has no IPR procedure). IPR is conducted at the Patent Trial and Appeal Board ("**PTAB**") of the USPTO in which a third party has alleged the invalidity of at least one claim of an issued patent. The grounds for invalidity include either anticipation or obviousness, but the scope of prior art is limited to patents and printed publications. IPR may be commenced if the PTAB believes that there is a reasonable likelihood that the petitioner would prevail with respect to at least one challenged claim. A disadvantage of the IPR process is that the patentee cannot amend the claims to create a narrower set of claims as a fallback position. There has been significant early success of patent challenges through IPRs, particularly in the electrical/computer technology center, with the majority of the challenged patents having at least some patent claims invalidated^[2].

One advantage of this mechanism is that if the proceeding is instituted and not dismissed, a final determination will be issued within a year. The PTAB also applies lower legal standards than the U.S. district courts - petitioners need only establish unpatentability by a preponderance of evidence and claim construction is based on "broadest reasonable interpretation"^[3] Furthermore, the appellate standard of review is more deferential at the U.S. Court of Appeals (Federal



Circuit) for IPR decisions than for district court decisions.

IPR procedure is typically more expensive than *ex parte* re-examination, but less expensive than a patent invalidation action. Furthermore, an IPR must be filed before the third party seeks a declaratory judgment challenging the validity of a claim in the patent, and must be filed within 1 year of the third party being served with an infringement complaint by the patentee. IPRs cannot be filed anonymously, as all of the real parties in interest must be identified.

It should be noted that a patent examined under first-inventor-to-file patent rules (this is applicable to patents filed after March 16, 2013) can also be subject to post-grant review (**PGR**) proceedings within 9 months of grant of the patent or reissuance of a patent (IPR cannot be commenced during this period). In addition to lack of novelty and obviousness, this procedure allows for subject matter ineligibility, failure to meet the written description requirement, lack of enablement and indefiniteness grounds to be raised, but has a higher standard for granting review than IPR. Both IPRs and PGRs are subject to estoppel, on “any ground that the petitioner raised or reasonably could have raised”. PGRs have had very limited use in the USPTO, partly because of the 9 month post-grant time limit. Moreover, potential petitioners will have to be very confident in the challenges they bring in a PGR due to the estoppel issue.

Opposition

Oppositions are available in several jurisdictions outside of U.S. and Canada, such as Europe, Japan, Australia and New Zealand. Europe will be discussed as an example. In Europe, oppositions are a popular mechanism to invalidate patents. They bear general similarity to U.S. *inter partes* mechanisms, PGRs and IPRs. For instance, like PGRs, oppositions must be filed within 9 months from patent grant. Oppositions allow for other grounds of validity to be raised by challengers (apart from novelty and obviousness), including insufficient disclosure, enablement and inutility.

Once an opposition is filed, and the EPO has determined that the opposition meets the formal requirements, the patentee will be permitted to file a response, including claim amendments. The oral opposition proceedings will be held after a summons to the parties has been issued. The summons will set out the preliminary opinion of the opposition division and the deadline to file any written submissions. The patentee is permitted to file amended claims as a fallback position. At the oral proceedings, the patentee and the opponent will present their respective cases. There are three possible outcomes at the end: (1) the opposition is rejected and the patent is maintained as granted; (2) the patent is maintained in an amended form, in which case a new patent specification is published; (3) the patent is revoked. The opposition applies to all states designated in the European patent. As with any other final decision of first-instance divisions, decisions by opposition divisions can be appealed to EPO's boards of appeal.

The advantage of this procedure at the EPO is that the government fee is relatively inexpensive compared to litigation. The official fee, at the time of writing, is only 785 Euros for an opposition while in the United States, the associated fees for PGRs and IPRs are \$38,000 (USD) and \$30,500 (USD), respectively. Professional fees for patent attorneys are a significant additional cost for all of these processes. Furthermore, unlike IPRs and PGRs, European oppositions are not subject to estoppel. The same claims can be challenged in national courts on grounds that were considered in the opposition.

Post-grant patent challenges should be given due consideration as they can sometimes be a useful strategy for invalidating patents or limiting their scope of protection, at much less expense than full blown patent litigation.

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[1] See USPTO, AIA Trial Statistics, February 2018, online: USPTO <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/statistics>.

[2] See USPTO, Patent Trial and Appeal Board Statistics, July 2016, online: USPTO <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/statistics>.

[3] In *TF3 Ltd v Tre Milano, LLC*, No. 2016-2285, (Fed. Cir. July 13, 2018), the Court noted that the broadest reasonable interpretation must be reasonable in light of the claims and specification; also it should be noted that in May, 2018, USPTO has proposed that PTAB should replace the broadest reasonable interpretation standard with the one applied in federal district court and ITC proceedings.



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