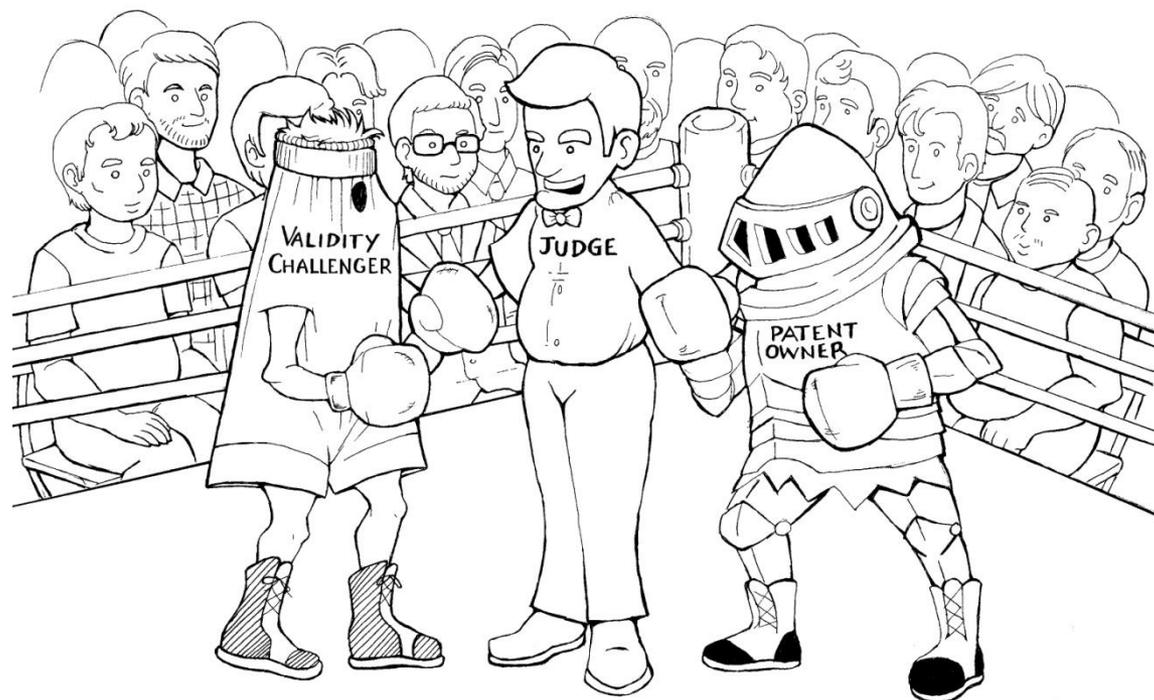


# CHALLENGING THE VALIDITY OF A U.S. PATENT UNDER THE AMERICA INVENTS ACT (AIA)

## SOME COMPARISONS AND OPTIONS FOR PROSPECTIVE CHALLENGERS AND PATENT OWNERS



*"I want a good, clean fight.  
Protect yourself at all times and  
no hitting below the belt."*

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# LIST OF ABBREVIATIONS

**AIA** - America Invents Act, enacted September 16, 2011

**ALJ** - Administrative Law Judge

**APJ** - Administrative Patent Judge

**CRU** - Central Reexamination Unit

**DJ** - Declaratory Judgment

**EP** - European Patent

**EPO** - European Patent Office

**EPX** - Ex Parte Reexamination

**Fed. Cir.** - United States Court of Appeals for the Federal Circuit; decides appeals taken from final decisions of the **USDC** and **ITC** in patent cases and final written decisions of the **PTAB**

**FTO** - Freedom-to-Operate

**FWD** - Final Written Decision of the **PTAB** in an **IPR** or **PGR** Proceeding

**GBO** - Global Business Organization

**IPR** - Inter Partes Review

**IPRx** - Inter Partes Reexamination (replaced by **IPR**)

**ITC** - United States International Trade Commission

**MPEP** – Manual of Patent Examining Procedure; contains instructions to patent examiners, as well as material in the nature of information and interpretation, which examiners are required or authorized to follow in the examination of patent applications and the reexamination of patents, the MPEP does not have the force of law or the force of the rules in Title 37 of the Code of Federal Regulations.

**NA** - Not Applicable; also, No or None

**NPE** – Non-Practicing Entity (often derisively referred to as a "Patent Troll"); an expression of imprecise and varied meaning often, but not exclusively, applied in a derogatory or disparaging way to a **PO** that aggressively enforces its (typically purchased or underwritten) patent(s) in furtherance of its patent licensing business model, does not practice the patented technology and in most cases has no research or manufacturing facilities

**PAE** - Patent Assertion Entity; same as **NPE** and carrying the same pejorative connotation

**PC** - Prospective Challenger/Party Contemplating Challenge

**PGR** - Post-Grant Review (modeled on the **EPO**'s opposition proceeding)

**PO** - Patent Owner/Patent Application Owner

**PTAB** - Patent Trial and Appeal Board

**RPI** - Real Party in Interest

**SCOTUS** – Supreme Court of the United States (legal abbreviation: **U.S.**) – highest federal court in the United States; most appeals from decisions of the lower federal courts, and that include Fed. Cir. Decisions in patent cases are not taken as of right to SCOTUS but only on grant of "petition for a writ of certiorari" (commonly referred to as "cert.")

**SNQ** - Substantial New Question of Patentability

**TP** - Third Party

**TPR** - Third Party Requester/Petitioner

**USDC** - United States District Court – trial courts of the federal court system;

**USPTO** - United States Patent and Trademark Office

## STATUTES AND ADMINISTRATIVE AGENCY REGULATIONS

**19 U.S.C.** - Title 19 of the United States Code, §1337 - Unfair Trade Practices (statute establishes administrative rights and remedies in regard to certain unfair acts in the importation of goods including the importation of infringing goods; administered by the **ITC**)

**35 U.S.C.** - Title 35 of the United States Code (statute governs all aspects of U.S. patent law; substantially amended by the **AIA**)

**19 CFR** - Title 19 of the Code of Federal Regulations, Chapter II - International Trade Commission (administrative agency regulations/rules govern the operations and procedures of the **ITC**)

**37 CFR** - Title 37 of the Code of Federal Regulations, Chapter I - United States Patent and Trademark Office (administrative agency regulations/rules govern the operations and procedures of the **USPTO**; rules amended September 16, 2012 to reflect changes to Title 35 (patent statute) introduced by the **AIA**)

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- B. Second Scenario: PC's first awareness of the existence of a problematic U.S. patent results from a communication from a PO, usually in writing, bringing PO's patent to PC's attention. PO's communication may or may not identify a specific PC product and/or process as allegedly covered by the patent and may or may not include a threat of enforcement.
- C. Third Scenario: PC's first awareness of the existence of a problematic U.S. patent or published U.S. patent application results from PO's enforcement of its patent by way of an action for infringement in the USDC and/or a complaint in the ITC seeking an order of exclusion from importation of PC's allegedly infringing product.

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# I. INTRODUCTION

A global business organization (GBO) having a strong technology foundation and innovation ethos will have in place a comprehensive plan and implementing structures for creating and managing its intellectual property (IP) assets and dealing with the IP assets of third parties. GBO's plan will include well thought out policies and procedures for:

- Identifying GBO's invention developments, evaluating and grading their importance and assessing their potential for meaningful patent coverage all accomplished on a timely basis.
- Acquiring and maintaining well-crafted domestic and foreign patents that are calculated to provide a worthwhile return on GBO's investment in its R&D programs and patent operations, effectively cover the inventive features of GBO's current and prospective products and processes and construct "patent thickets" around GBO's major patent assets such as to discourage or thwart competitors' attempts at facile or cost-competitive design arounds.
- Taking advantage of an *ex parte* remedial procedure (reissue, supplemental examination or patent owner-initiated *ex parte* reexamination) to rehabilitate or strengthen a GBO U.S. patent that may be defective or possibly become the target of a validity challenge.
- Policing and enforcing GBO's patents.
- Defending GBO's patents from third party validity challenges.
- Developing strategies for dealing with problematic third party patents/published pending patent applications.
- Avoiding unnecessary or excessively prolonged/economically wasteful legal disputes over third party patent rights.
- Periodically reviewing GBO's domestic and foreign patent portfolios to abandon or offer for sale/license those patents/patent applications that no longer hold significant asset value or fit into GBO's current objectives.
- Collaborating closely with outside counsel to better achieve specified goals.
- Utilizing data mining, text-mining and similar analytical tools to monitor competitors' patent filing activities, patent filings within a specific field of technology, etc.
- Entering into tactical/strategic technology transfer arrangements and joint research agreements.

In this necessarily brief and highly condensed presentation of the many complex facets and intricacies of the forums before which, and the procedures by which, challenges to the validity of U.S. patent claims may be raised and adjudicated under the provisions of the AIA, there will be occasion to consider each of these components of a GBO's patent operations.

## II. THE WHERE AND HOW OF CHALLENGING THE VALIDITY OF A U.S. PATENT UNDER THE AIA

### A. 3 Forums, 6 Procedures

Each of the three tribunals listed below for challenging the validity of a U.S. patent presents its own distinctive set of challenges and pros and cons for both the prospective challenger (PC) and the owner of the prospectively challenged patent (PO). While the AIA is controlling within all three tribunals as to the substantive aspects of validity challenges, e.g., the nature of patentable invention (35 U.S.C. § 102), the requirements of novelty (35 U.S.C. § 102) and nonobviousness (35 U.S.C. § 103), the contents of the specification (35 U.S.C. § 112), right of priority (35 U.S.C. § 119), benefit of an earlier filed U.S. application (35 U.S.C. § 120) and reissue (35 U.S.C. § § 251 and 252), each tribunal is bound by its own rules, procedures, evidentiary standards and timelines, all factors bearing on the assessment of the tactical and strategic situation when contemplating a challenge to the validity of a particular patent.

#### FORUM 1: UNITED STATES DISTRICT COURT ( USDC)

#### PROCEDURE FOR CHALLENGING VALIDITY

#### ADMINISTRATIVE AGENCY TRIBUNAL

(2) United States International Trade Commission (ITC)

- (1) Defense(s) of invalidity, typically accompanied by the corresponding counterclaim(s) of invalidity, pleaded by defendant-accused infringer in an infringement action brought by plaintiff-patent owner. Construction of claims is the exclusive province of the court (judge); adjudication of challenges to the validity of claims are made by the court in the case of a bench trial and by the jury in the case of a jury trial.
- (2) Action for a declaratory judgment (DJ) of invalidity brought by plaintiff threatened with a lawsuit for infringement by defendant patent-owner, e.g., in the form of a "cease and desist" letter. There are no juries in DJ actions; all issues of law (e.g., claim construction) and fact (e.g., infringement and validity) are decided by the court.
- (3) Defense(s) of invalidity pleaded by respondent–importer in an investigation undertaken by the ITC in response to a complaint brought by patent owner under Section 337 of the Tariff Act of 1930 (19 U.S.C. §1337) seeking an order for the exclusion of importation of allegedly infringing articles. While a counterclaim for a declaration of invalidity may be pleaded by respondent-importer, it will not be adjudicated but must be removed to the USDC for adjudication.

## A. 3 Forums, 6 Procedures...continued

### FORUM 2: UNITED STATES INTERNATIONAL TRADE COMMISSION (ITC)

- (3) Defense(s) of invalidity pleaded by respondent–importer in an investigation undertaken by the ITC in response to a complaint brought by patent owner under Section 337 of the Tariff Act of 1930 (19 U.S.C. §1337) seeking an order for the exclusion of importation of allegedly infringing articles. While a counterclaim for a declaration of invalidity may be pleaded by respondent-importer, it will not be adjudicated but must be removed to the USDC for adjudication.

### FORUM 3: UNITED STATES PATENT AND TRADEMARK OFFICE (USPTO)

Central Reexamination Unit (CRU)

### PROCEDURE FOR CHALLENGING VALIDITY

- (4) Ex Parte Reexamination (EPX) – a procedure for the reexamination of a patent that may be requested by anyone (i.e., patent owner, third party requester (TPR) or the Director of the USPTO ("Director") upon the latter's initiative); EPX is carried forward in the AIA essentially unchanged from the previous patent act (Patent Act of 1952).
- (5) Inter Partes Review (IPR) - a procedure for a third party challenge to the validity of a patent; replaces Inter Partes Reexamination (IPRx) of the previous patent act.
- (6) Post-Grant Review (PGR) – another procedure for a third party challenge to the validity of a patent; modeled on the opposition proceeding of the European Patent Office (EPO).

## B. A Comparison of the 3 Forums

POINT OF COMPARISON	USDC	ITC	USPTO		
			EPX - TPR	IPR	PGR
<b>Location/Venue</b>	Any of 94 regional federal courts where personal jurisdiction over the defendant can be obtained	Washington, D.C.	Alexandria, VA (Headquarters)		
<b>Allegation of Infringement Required to Bring Infringement Action (acts of infringement include manufacture, use, offer of sale and sale in the U.S. and importation into the U.S.)</b>	Yes	Yes (importation of allegedly infringing articles and domestic industry requirement met) <b>Note:</b> An ITC defendant is referred to as a “respondent”	NA		
<b>Threat of Enforcement of Patent Required to Bring DJ Action</b>	Yes	NA	NA		
<b>Challenges to Jurisdiction and/or Venue Permitted</b>	Yes	No	NA		
<b>Grounds for Challenging Validity</b>	All grounds (except best mode)	All grounds (except best mode)	Prior art grounds (35 U.S.C. § § 102, 103) only	Prior art grounds (35 U.S.C. § § 102, 103); non-compliance with any subsection of 35 U.S.C. § 112; patent-ineligible subject matter (35 U.S.C. § 101); novel or unsettled legal question	
<b>Counterclaim for Declaration of Patent Invalidation Permissible</b>	Yes	Yes. However, such counterclaim will not be adjudicated by the ITC but must be removed to the USDC for adjudication. (19 U.S.C. §1337(c); 19 CFR 210.14 (e))	NA		

**B. A Comparison of the 3 Tribunals...continued**

POINT OF COMPARISON	USDC	ITC	USPTO		
			EPX - TPR	IPR	PGR
<b>Forum May Consider Prior Art Not Cited by the Challenger</b>	No	No	Yes		
<b>Standard of Claim Construction</b>	Claims are to be interpreted in light of the claim language, the specification and the prosecution history, such interpretation proceeding from the vantage point of one skilled in the art in question at the time of the invention	Same as USDC	Broadest reasonable interpretation consistent with the specification		
<b>Evidentiary Standard for Invalidity</b>	Clear and convincing	Clear and convincing	Preponderance		
<b>Pre-trial Discovery</b>	Extensive	Limited	NA	Limited	
<b>Jury Available– Infringement Action</b>	Yes	No	NA		
<b>Jury Available– DJ Action</b>	No	NA	NA		
<b>Infringement Adjudicated</b>	Yes	Yes	NA		
<b>Trier of Fact Necessarily Possesses Scientific/Technical Expertise</b>	No (Judge in a bench trial or jury in a jury trial)	No (ALJ)	Yes (CRU, APJ)		
<b>Preliminary and Permanent Injunctions Available</b>	Yes	Yes	NA		
<b>Monetary Damages Generally Available</b>	Yes	No (but payment by respondent can be part of a settlement)	NA		
<b>Award of Attorneys Fees Available</b>	Yes	Yes (rarely)	NA		
<b>Public Interest/Burdens on Third Parties Considered</b>	No	Yes	No		
<b>Duration (on a relative scale of 1–10 not including any appeal that might be taken)</b>	3-10	1-2	1	1-2	

**B. A Comparison of the 3 Tribunals...continued**

POINT OF COMPARISON	USDC	ITC	USPTO		
			EPX - TPR	IPR	PGR
Overall Cost (on a relative scale of 1-10 not including any appeal that might be taken)	6-10	3, 4	1	2, 3	
Potential for Disruption of the Business	High	Moderate	None	None to low	
<i>Res Judicata</i>	Yes	Yes	NA		
Estoppel	NA	NA	None	Yes, as to any ground that TPR raised or could reasonably have raised	
Appeal from adverse FWD to PTAB			Yes		
Judicial Review	Federal Circuit (as of right), thereafter to the US Supreme Court (by Writ of Certiorari)	Same as USDC	Same as USDC		
Pending application for Reissue (35 U.S.C. § § 251, 252)	Stay at action/proceeding pending outcome of examination may be possible depending on circumstances		EPX does not expressly address this contingency. While PO may not present a broadened claim in the patent under reexamination, reissue offers this possibility if effected within 2 years of the grant of the patent	Director may provide for stay, transfer, consolidation or termination of examination of the reissue application	

### **III. PRE-GRANT INTERVENTION – THIRD PARTY SUBMISSION OF PRIOR ART IN A PUBLISHED PENDING U.S. PATENT APPLICATION**

The AIA (35 U.S.C. §122(e)) and implementing USPTO rules (37 CFR §§1.290-1.291) allow a third party to submit prior art in a published patent application with the intended goal of preventing the grant of a problematic patent or, failing this, forcing a narrowing amendment of claims such that any patent that might issue will cease to be a concern.

#### **A. The requirements of the USPTO governing rule of practice (37 C.F.R 1.290) include:**

1. Filing of the submission before the earlier of (a) a notice of allowance or (b) the later of 6 months after the date of publication of the U.S. application or the date of first rejection of any claim therein.
2. A concise description of the asserted relevance of each listed item of prior art.
3. Payment of the official fee (\$180.00 for every 10 cited prior art documents or fraction thereof except that where the submission cites a total of 3 items or fewer, there may be an exemption to the fee if certain additional requirements are met).
4. English language translation of pertinent parts of cited non-English language prior patent(s) or publication(s).

### **III. Pre-Grant Intervention...continued**

#### **B. Commentary on the Third Party Submission of Prior Art**

1. The restricted window of opportunity for filing a third party submission of prior art limits its usefulness. It is only in those circumstances where a third party were to become aware of the existence of a potentially troublesome published patent application in sufficient time to assess the significance of its claims, conduct a patentability search and prepare and file an effective submission of prior art by the required date that such a submission could be considered at all.
2. Identification of the real party in interest is not required. If it were important for a third party submitter to preserve anonymity, a U.S. law firm not easily linked to the party, i.e., a "straw man", could be retained for filing the submission.
3. Since examination of the patent application proceeds ex parte, there can be no participation in any way by the third party submitter.
4. In the absence of a request by the USPTO, applicant has no duty to, and need not, reply to the third party submission.
5. The third party submission should ordinarily not include any item whose prior art significance would require more than a "concise description" of its asserted relevance. For a third party submission of prior art to even begin to be considered as a possibly effective way of dealing with a troublesome claim (were the claim to be patented), the cited prior art should shout out "unpatentable" to the average examiner.

### III. Pre-Grant Intervention...continued

#### B. Commentary on the Third Party Submission of Prior Art...continued

6. The relatively low cost associated with a third party submission is perhaps its most attractive feature. As in most everything else, one gets what one pays for – in this case, a real risk that an examiner may devote little attention to the contents of a third party submission, may fail to appreciate the true prior art significance of one or more of the cited items of prior art, may reject a claim over one or more cited items of prior art only to later allow the claim in response to an insignificant amendment of the claim and/or applicant's presentation of a specious, spurious or dubious rationale for its patentability. Thus, a third party submission of prior art could backfire and have the unintended effect of strengthening the validity of the granted patent with respect to the cited items.
7. A third party submission of prior art might have the undesired effect of elevating the application to a level of importance that its owner would not otherwise have given it and as a result, encourage the owner to make an all-out effort to secure its allowance.
8. There are no statistics available for evaluating the probabilities of success of a third party submission.
9. As *ex parte* examination process unfolds, concern over original claims once considered troublesome by a third party may evaporate as a result of their having been narrowed by applicant. Such is commonly the case, especially where the originally examined claims appear to be overly broad for their field of technology.
10. All things considered, a third party concern that a published pending patent application might issue as a patent with claims that could be an obstacle to its current or future business operations unless certain prior art is thoughtfully considered by the examiner is generally better addressed by EPX, IPR or PGR.

## IV. COMPARISON OF USPTO THIRD PARTY PROCEDURES FOR CHALLENGING THE VALIDITY OF A PATENT CLAIM

POINT OF COMPARISON	EPX PROCEEDING (35 U.S.C. §§302-307; 37 CFR §§1.501-1.570)	IPR PROCEEDING (35 U.S.C. §§311-319; 37 CFR §§42.100-42.123)	PGR PROCEEDING (35 U.S.C. §§321-329; 37 CFR §§42.200-42.224)
<b>Eligible Patents</b>	Any unexpired U.S. patent	Any unexpired U.S. patent	U.S. patents having an effective filing date that is on or after March 16, 2013, i.e., on or after the effective date of the first-to-file provisions of the AIA; PGR may not be instituted in the case of a challenged claim of a reissue patent that is identical to or narrower than a claim of the original patent and PGR for the original patent is barred by the expiration of the filing deadline
<b>USPTO Filing Fee (as of January 1, 2014; large entity)</b>	Basic Request Fee - \$12,000	Basic Request Fee - \$9,000 Basic Post-institution Fee - \$14,000	Basic Request Fee - \$12,000 Basic Post-institution Fee - \$18,000
<b>Timing of Request</b>	Anytime during the unexpired term of the patent	After the later of: (1) 9 months after grant of a patent or issuance of a reissue patent or (2) if PGR is instituted, the date of termination of the PGR	Within 9 months after grant
<b>Procedural Grounds for Barring Request</b>	NA	Prior to filing the request for IPR, petitioner brought a DJ action in a federal district court challenging the validity of one or more claims of the patent	Prior to filing the request for IPR, petitioner had brought a DJ action in a USDC challenging the validity of one or more claims of the patent
<b>Who Can Request</b>	Patent owner (PO), any third party (TP), the Director of the USPTO on his own initiative Note: Supplemental Examination, also an <i>ex parte</i> procedure (35 U.S.C. §257), would generally be a preferred vehicle for achieving PO's objectives rather than a PO-initiated EPX proceeding	Any TP	Any TP

#### IV. Comparison of USPTO Third Party Procedures...continued

POINT OF COMPARISON	EPX PROCEEDING (35 U.S.C. §§302-307; 37 CFR §§1.501-1.570)	IPR PROCEEDING (35 U.S.C. §§311-319; 37 CFR §§42.100-42.123)	PGR PROCEEDING (35 U.S.C. §§321-329; 37 CFR §§42.200-42.224)
<b>Identification of Petitioner/Real Party in Interest (RPI)</b>	Not required (RPI can use a "straw man" if it wishes to maintain anonymity)	Required	Required
<b>Conduct of the Proceeding – Third Party Petitioner's Participation</b>	Third party petitioner is limited to a reply to any statement or amendment filed by PO prior to reexamination	Third party petitioner is entitled, <i>inter alia</i> , to (1) limited discovery, e.g., of a scientific/technical affidavit/expert submitting an affidavit/declaration presenting opinion/factual evidence in support of the validity of the challenged claim(s), (2) an oral hearing, (3) at least one opportunity to file written comments, (4) pursue and enter into settlement, (5) appeal an adverse final written decision (FWD) of the PTAB to the Fed. Cir., or be a party to an appeal taken by PO	Third party petitioner is entitled, <i>inter alia</i> , to (1) discovery limited to evidence directly related to factual assertions made by PO, (2) an oral hearing, (3) at least one opportunity to file written comments, (4) pursue and enter into settlement, (5) appeal an adverse final written decision (FWD) of the PTAB to the Fed. Cir., or be a party to an appeal taken by PO
<b>Grounds of Invalidity</b>	Anticipation (35 U.S.C. §102) and/or obviousness (35 U.S.C. §103) as evidenced by prior patent(s) and printed publication(s) whether or not previously of record	Anticipation and/or obviousness as evidenced by prior patent(s) and printed publication(s) whether or not previously of record; petitioner may include affidavits/declarations of supporting evidence and opinions	Any prior art and/or non-prior art ground(s) of invalidity among which are incorrect inventorship, nonstatutory subject matter, double patenting, prior public use, prior sale/offer of sale, failure to satisfy one or more formal requirements (35 U.S.C. §112), e.g., written description, enablement, claim definiteness (but not best mode), and, presumably, violation by patentee of the duty of disclosure (37 C.F.R. §1.56), but possibly excluding such a violation based on patentee's failure to disclose best mode – this poses a question for future resolution

#### IV. Comparison of USPTO Third Party Procedures...continued

<b>POINT OF COMPARISON</b>	<b>EPX PROCEEDING (35 U.S.C. §§302-307; 37 CFR §§1.501-1.570)</b>	<b>IPR PROCEEDING (35 U.S.C. §§311-319; 37 CFR §§42.100-42.123)</b>	<b>PGR PROCEEDING (35 U.S.C. §§321-329; 37 CFR §§42.200-42.224)</b>
<b>Threshold for Institution</b>	Substantial new question (SNQ) of patentability	Reasonable likelihood that requestor would prevail with respect to at least one challenged claim	Petition presents information that if not rebutted, would demonstrate that it is more likely than not that at least one challenged claim is unpatentable and/or petition raises a novel or unsettled legal question that is important to other patents or patent applications
<b>Presumption of Validity</b>	None	None	None
<b>Evidentiary Standard</b>	Preponderance	Preponderance	Preponderance
<b>Claim Construction</b>	Broadest reasonable interpretation consistent with the specification	Broadest reasonable interpretation consistent with the specification	Broadest reasonable interpretation consistent with the specification
<b>Amendment of Claim(s)/ Submission of New Claims by PO</b>	Amendment of claims may be made by PO following the order for reexamination and/or during reexamination	One motion may be filed by PO proposing to cancel any challenged claim and/or present a reasonable number of substitute claims that do not broaden the scope of the claims or introduce new matter; additional motion(s) to amend may be permitted to materially advance settlement or as permitted by the Director of the USPTO	One motion may be filed by PO proposing to cancel any challenged claim and/or present a reasonable number of substitute claims that do not broaden the scope of the claims or introduce new matter; additional motion(s) to amend may be permitted to materially advance settlement or upon request by PO for good cause shown
<b>Discovery</b>	None	Limited to deposition of witnesses submitting affidavits/declarations and "what is otherwise necessary in the interest of justice"	Limited to evidence directly related to factual assertions advanced by either party
<b>Review/Trial</b>	Ex parte reexamination conducted by the CRU	Review by and trial before the PTAB (37 CFR §§42.1-42.74)	Review by and trial before the PTAB (37 CFR §§42.1-42.74)

#### IV. Comparison of USPTO Third Party Procedures...continued

<b>POINT OF COMPARISON</b>	<b>EPX PROCEEDING (35 U.S.C. §§302-307; 37 CFR §§1.501-1.570)</b>	<b>IPR PROCEEDING (35 U.S.C. §§311-319; 37 CFR §§42.100-42.123)</b>	<b>PGR PROCEEDING (35 U.S.C. §§321-329; 37 CFR §§42.200-42.224)</b>
<b>Duration</b>	Rules require reexamination to be conducted with "special dispatch"; in practice, average pendency of EPX is about two years	From filing of petition to FWD of the PTAB – up to 17 months but extendable for good cause shown up to an additional six months	From filing of petition to FWD of the PTAB – up to 17 months but extendable for good cause shown up to an additional six months
<b>Estoppel</b>	None	Petitioner/RPI in an IPR proceeding resulting in a FWD may not request or maintain a proceeding before the USPTO, and may not assert in a civil action in the USDC or proceeding before the ITC, any ground of invalidity petitioner/RPI raised or reasonably could have raised during the review	
<b>Appeal</b>	Determination by the USPTO Director that no substantial new question of patentability has been raised is final and nonappealable; decision adverse to patentability is appealable to PTAB and thereafter to the Fed. Cir.	Determination by the USPTO Director whether or not to institute review is final and nonappealable; any party may appeal the FWD of the PTAB to the Fed. Cir.	Determination by the USPTO Director whether or not to institute review is final and nonappealable; any party may appeal the FWD of the PTAB to the Fed. Cir.
<b>Cost (on a relative scale of 1-10 not including any appeal that might be taken)</b>	2-3	6-8	8-10

## V. SOME OPTIONS TO BE WEIGHED BY A PROSPECTIVE CHALLENGER WITH REGARD TO THE CHOICE OF TRIBUNAL AND THE CHOICE OF PROCEDURE FOR CHALLENGING THE VALIDITY OF A U.S. PATENT

The prospective challenger (PC) might first learn of the existence of one or more unexpired third party U.S. patents and/or published pending U.S. patent applications having the potential to block PC's current or future commercial activity in one of the following ways, and with one of the indicated options for response.

### A. First Scenario: PC's first awareness of the existence of a problematic U.S. patent/published U.S. patent application results from other than a communication from, or legal action taken by, a patentowner (PO), e.g., as a result of PC's conducting a freedom-to-operate (FTO) study directed to a specific PC product/process or monitoring the USPTO Official Gazette.

PC'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
1. The "cut and run" option: on the advice of counsel, immediately discontinue any further commercial activity/shelve any plans of future commercial activity.	This option would eliminate or minimize the potential for PC incurring legal expenses and liability for infringement.	Unless PC's current/planned commercial activity is/would be of negligible or minor significance to its bottom line, any of options (2) to (5) below might be preferable to meekly or passively conceding infringement and validity of PO's patent.
2. Modify the product/process to avoid the potentially blocking claims of PO's patent.	If practical, e.g., both cost- and time-effective and avoiding significant product/process downgrade, design-around could be a worthwhile option.	Design-around may be too difficult, impractical or prove too detrimental to quality or effectiveness of the product/process to be considered a realistic option.
3. Do nothing and risk the possibility that the patent owner (PO) may at some future time seek to enforce the patent against PC by an action for infringement in the USDC or the filing of a complaint in the ITC seeking an exclusion order.	PO might never recognize or appreciate the existence of an occasion for enforcing its patent against PC. The adage "let sleeping dogs lie" may apply here.	Where PC has committed substantial resources to the eventual commercialization of a particular product or process or may be contemplating doing so, the advantages of a preemptive strike on the validity of PO's patent by EPX, IPR or PGR in the USPTO might outweigh the risks of arousing the PO's attention. If PC is currently engaged in commercial activity that might objectively be considered an infringement of PO's patent, knowing of the existence of PO's patent, PC runs the risk of being adjudged a willful infringer and as such liable for enhanced damages in a later infringement action brought by PO in the USDC. To reduce this risk, the PC who is inclined to wait for the PO to make the first move should have in hand a sound legal opinion of counsel that no claim of PO's patent is infringed or if infringed, is valid and enforceable.

## A. First Scenario...continued

PC'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
<p>4. Seek a license under the patent, preferably through a third party so as not to reveal the identity of RPI.</p>	<p>This might be a sound option for the business only were it likely that reasonable license terms could be obtained.</p>	<p>Request for a license might be rejected out of hand by the PO or PO's terms might ultimately prove too onerous. This could be all the more likely an outcome were the PO to be a major competitor. Request for a license might trigger PO's enforcement of its patent.</p>
<p>5. If there is a good likelihood that evidence of invalidity of PO's blocking claims will meet the threshold requirement for institution, challenge the validity of such claims in the USPTO by EPX, IPR or PGR.</p>	<p>This could be a very attractive option. That invalidity need only be established by a preponderance could of itself be a compelling reason for PC to pursue EPX, IPR or PGR. Furthermore, since the USPTO's "broadest reasonable interpretation" rule of construction applies, PO might be forced or maneuvered into amending claims and/or making a statement on the record which effectively results in such a narrow claim construction (applying the principle of prosecution history estoppel) that the claims of the patent cease to be a concern for PC.</p>	<p>EPX excludes participation by the requester. Among their other drawbacks, IPR and PGR both involve the up-front payment by PC of steep official fees and pose the risk of estoppel.</p>
<p>6. In the case of a published pending patent application, if the window of opportunity is still open, file a third party submission of prior art (35 U.S.C. §122(e); 37 CFR §§1.290-1.291).</p>	<p>Very low cost.</p>	<p>This option has little to recommend it. There is too much risk and uncertainty for achieving a desirable outcome. See Section III, <i>supra</i>.</p>
<p>7. In the case of a published pending application and as an alternative to option (6), await the outcome of prosecution. Should the patent issue with one or more blocking claims, pursue one of options (2)-(5).</p>	<p>The patent might never issue or if it does, it might present claims of such narrow scope as to no longer be of any concern to PC.</p>	<p>Same as options (2)-(5).</p>

**B. Second Scenario: PC's first awareness of the existence of a problematic U.S. patent results from a communication from a PO, usually in writing, bringing PO's patent to PC's attention. PO's communication may or may not identify a specific PC product and/or process as allegedly covered by the patent and may or may not include a threat of legal action for infringement.**

PC'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
1. Same as option (1) of the First Scenario. Generally not a realistic or attractive option of first resort.	Same as option (1) of the First Scenario.	Same as option (1) of the First Scenario.
2. Based on the factual and legal analyses and opinion of counsel, in a letter responding to PO's communication, dispute PO's express or implied allegation(s), if any, of infringement with the expectation that PO will take no further action.	This option has value only if PC's case for non-infringement is, objectively considered, a strong one and PO is apt to be reasonable.	Any attempt to convince PO of non-infringement (especially in the case of an NPE) might be unavailing. And with knowledge of PC's prospective non-infringement defense in hand, PO might seek a broadening reissue (unless time-barred) or be in a position to better plead its case for infringement in the USDC or ITC.
3. Conduct a validity study, culminating in the opinion of counsel, to identify potentially invalidating prior art. Where the prior art can be considered exceptionally strong evidence of invalidity, e.g., an anticipation of the subject matter of the blocking claim(s), it may be brought to the attention of the PO, possibly in combination with option (1), in the expectation that such will dissuade the PO from taking any enforcement action. Alternatively, the prior art may be held in reserve against a possible future action by the PO for enforcement of its patent in the USDC or ITC.	Similar to the pros of option (2). Even a PO inclined to hold a strong position with respect to the infringement, validity and enforceability of its patent would need to pay careful attention to, and deal prudently with, any strong showing or evidence of non-infringement and/or invalidity brought to its attention by PC. PO must be mindful of the negative consequences that could ensue from its bringing an objectively baseless patent infringement action against PC.	Any attempt by PC to convince PO of the invalidity of its patent claim(s), even where the evidence is one of anticipation, might be unavailing (again especially in the case of an NPE). Having knowledge of PC's case for invalidity, PO might pursue reissue of its patent to test the strength of, or by narrowing amendment avoid, the prior art or PO may request Supplemental Examination (35 U.S.C. §257; 37 CFR 1.601-1.625) or EPX in order to accomplish the same purpose. Were PO to succeed and emerge from one of these procedures with a still dominant patent claim, any subsequent validity challenge based on the prior art of record will have been considerably weakened.
4. Design around the relevant product/process to avoid the potentially blocking claims of PO's patent.	If practical, this option could be worthwhile pursuing.	Design-around may be too difficult or impractical to be considered a realistic option.

## B. Second Scenario...continued

PC'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
5. Seek a license under the patent.	If PO's communication indicates an openness to granting a license on reasonable terms, this option might be worthwhile pursuing.	PO may be unwilling to consider the grant of a license or the terms of a license might prove too onerous. PC's apparent eagerness to take a license might encourage PO to aggressively enforce its patent.
6. If PO's communication includes an express or implied threat of legal action (as in the case of a "cease and desist" letter), and PC is in possession of strong evidence of invalidity, i.e., evidence meeting the "clear and convincing" standard, bring a DJ action in the USDC for a declaration of invalidity.	This option has little going for it compared with option (8) below.	This option has all of the disadvantages of litigating in the USDC – high cost, long duration and perhaps most importantly, the need to establish invalidity by the "clear and convincing" standard. In addition, by instituting a DJ action challenging validity, PC would be precluded from later requesting IPR or PGR in the USPTO.
7. If PO's communication includes an allegation of infringement and/or an express or implied threat of legal action, bring a DJ action in the USDC seeking a declaration of non-infringement, but not of invalidity (to avoid being barred from later pursuing IPR or PGR in the USPTO), of the claims of the asserted patent.	This option might have value were PC to have at best only weak evidence of invalidity, i.e., evidence that would be unlikely to meet the threshold requirement for the institution of an EPX, IPR or PGR proceeding in the USPTO, but a strong defense of non-infringement, e.g., one based on a construction ruling by the court (following a so-called " <i>Markman</i> " hearing) that is highly likely to be favorable to PC and effectively dispositive of PO's case for infringement. A DJ action might be an even more attractive option in these circumstances were PC to choose a venue that placed PO at a disadvantage, even a logistical one.	There is, of course, no guarantee that the court would render a claim construction ruling favorable to PC and adverse to PO's case for infringement.

**B. Second Scenario...continued**

<b>PC'S OPTIONS FOR RESPONSE</b>	<b>PROS OF THE OPTION</b>	<b>CONS OF THE OPTION</b>
<p>8. Challenge the validity of all potentially blocking claims of PO's patent(s) in the USPTO by EPX, IPR or PGR.</p>	<p>Where the evidence of invalidity is particularly strong, i.e., at least likely to meet the threshold requirement for institution of EPX, IPR or PGR, this could be a highly worthwhile option.</p>	<p>Were PC's prior art evidence of invalidity to be weak, this would not be a worthwhile option. EPX, IPR and PGR involve the up-front payment by PC of steep fees and IPR and PGR both pose the risk of an estoppel.</p>
<p>9. If PO's communication includes an allegation of infringement and/or an express or implied threat of legal action, and PC were to have both a strong defense of non-infringement and evidence of invalidity likely to meet the threshold requirement for institution, pursue EPX, IPR or PGR in the USPTO as in option (8) then bring a DJ action in the USDC seeking a declaration of non-infringement and invalidity of the claims of the asserted patent (including any non-prior art grounds of invalidity if EPX or IPR were chosen by PC to challenge validity in the USPTO) and move for a stay of the USDC action.</p>	<p>This option would preserve PC's defense of non-infringement in a USDC venue of its own choosing in the event that any EPX, IPR or PGR validity challenge by PC were ultimately unsuccessful. This could be PC's best option, particularly where PC has one or more strong defenses of patent invalidity not susceptible of adjudication by EPX, IPR or PGR in the USPTO.</p>	<p>This option incurs the expense of litigating in the USDC which, however, would be held to a minimum were a stay to be granted pending outcome of the validity challenge in the USPTO.</p>
<p>10. Do nothing and wait for the PO to enforce its patent by an action for infringement in the USDC or, in the case of allegedly infringing imported articles, the filing of a complaint in the ITC seeking an exclusion order.</p>	<p>PO may be bluffing and have no real intention of enforcing its patent, particularly where it is a non-practicing entity (NPE).</p>	<p>It can be risky to assume that PO is bluffing, particularly where PO is a practicing entity or competitor of PC. At the very least, patent counsel should look into the matter. Doing nothing might antagonize PO who expects a serious and considered reply from PC. Moreover, doing nothing unnecessarily cedes the initiative to the PO to take enforcement action in a venue of its own choosing.</p>

**C. Third Scenario: PC's first awareness of the existence of a problematic U.S. patent or published U.S. patent application results from PO's enforcement of its patent by way of an action for infringement in the USDC and/or a complaint in the ITC seeking an order of exclusion from importation of PC's allegedly infringing product**

<b>PC'S OPTIONS FOR RESPONSE</b>	<b>PROS OF THE OPTION</b>	<b>CONS OF THE OPTION</b>
<p>1. Conduct infringement and validity studies and based on their results, answer the complaint by pleading the most robust defenses of non-infringement and invalidity that the facts and evidence will allow and follow through with a vigorous defense of all PC positions.</p>	<p>If PC wishes to avoid a default judgment, this course of action is not so much an option as an unavoidable necessity. PC will have been drawn into a patent lawsuit whether it likes it or not.</p>	<p>Aside from the fact that PC's only realistic option is to defend against PO's lawsuit, both the USDC and the ITC are disadvantageous forums if only for the reason that proof of invalidity must meet the "clear and convincing standard". PC's strategy should look to minimizing further involvement in the USDC/ITC litigation (by motion for stay) and focusing on the benefits that might possibly be gained by pursuing option (2) below.</p>

**C. Third Scenario...continued**

<b>PC'S OPTIONS FOR RESPONSE</b>	<b>PROS OF THE OPTION</b>	<b>CONS OF THE OPTION</b>
<p>2. Concurrently with option (1) and within one year of the date on which PC, the RPI or privy of the RPI is served with a complaint alleging infringement of PO's patent (the sooner the better), challenge the validity of all allegedly infringed claims in the USPTO by IPR or PGR (if the latter is available) and seek a stay of the infringement action in the USDC/ ITC.</p>	<p>Were PC's evidence of invalidity based on prior art to likely meet the threshold requirement for institution of IPR or PGR as the case might be, this option would be much preferred since the evidentiary standard of invalidity is one of a preponderance, not the higher standard of "clear and convincing" that applies to validity challenges in the USDC and ITC.</p>	<p>This option incurs the expense of litigating in the USDC/ITC which, however, would be held to a minimum were a stay granted. While it is fairly likely that a USDC would grant stay pending outcome of the USPTO validity challenge, it remains to be seen whether the ITC, itself required to adhere to a compressed schedule for resolution of the matters before it, would be as willing to grant a stay pending the outcome of the USPTO proceeding.</p>

**C. Third Scenario...continued**

<b>PC'S OPTIONS FOR RESPONSE</b>	<b>PROS OF THE OPTION</b>	<b>CONS OF THE OPTION</b>
<p>3. Pursue settlement of the USDC/ITC action and if pending, any parallel IPR or PGR proceeding in the USPTO. Settlement might include taking a license under the asserted patent(s) and/or entering into some type of offsetting technology transfer agreement.</p>	<p>This option might have value where PC's defenses of non-infringement and evidence of invalidity are both weak.</p>	<p>This option might be regarded by PO as an acknowledgement by PC that the latter's overall legal position is weak and thus possibly encourage PO to adopt a more forceful stance in any settlement negotiations.</p>
<p>4. Should PC be in possession of evidence of invalidity that is likely to meet the threshold requirement for institution, challenge the validity of one or more PO patents not in suit by EPX, IPR or PGR in the USPTO to use as leverage in negotiations to settle the USDC/ITC case(s).</p>	<p>Where PC's non-infringement and invalidity defenses in the USDC/ITC cases are both weak, this could be a worthwhile option.</p>	<p>PC would incur the expense of the validity challenge(s) in the USPTO. PO might counter with its own challenge to the validity of one or more PC patents thus raising the stakes and escalating the level of antagonism between the parts, a state of affairs that may be inimical to if settlement at all.</p>

## VI. SOME OPTIONS TO BE WEIGHED BY A PATENT OWNER WITH REGARD TO THE CHOICE OF FORUM FOR ENFORCING ITS PATENT AND/OR RESPONDING TO A THIRD PARTY-INITIATED EPX, IPR OR PGR PROCEEDING IN THE USPTO

A PO might first become aware of, or have reason to suspect, activity by a third party (TP) that in its view would, or might, constitute an infringement of one or more of its patents\* as a result of the routine policing of its patents, a PO licensee bringing such activity to PO's attention or as a result of a TP-initiated EPX, IPR or PGR proceeding in the USPTO. Depending on how a PO were to first become aware of a TP activity impacting on its patent(s), its options for response would include those discussed below.

\* The more common acts of infringement (35 U.S.C. §271) are the unauthorized making, using, selling or offering to sell a patented invention in the U.S., importing a patented product in the U.S., importing a product made by a process patented in the U.S., or actively inducing or contributing to another's infringement of a patent. In the case of a drug patent, submission of a generic drug application under the Hatch-Waxman Act (21 U.S.C. § 355(b)(2)) is an act of infringement (35 U.S.C. § 271(e)(2)(A)).

**A. First Scenario: PO's first awareness of TP's infringing activity results from its patent policing program which might include review of trade magazines, attendance at trade shows, rumor or hearsay such as unverified information received from its business personnel, licensees, etc., routine examination of TP's new products, monitoring the USPTO's Official Gazette for any TP patent or published patent application whose claimed subject matter might be dominated by a PO patent or, in the case of a drug patent, TP's notice to PO of its submission of a generic drug application under provisions of the Hatch-Waxman Act (Paragraph IV certification).**

PO'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
1. Communicate its awareness to TP, perhaps verbally, in a manner that could not be readily construed as a threat of legal action such as would provide a basis for TP's bringing a DJ action in the USDC.	A worthwhile option were PO willing to offer TP a patent license.	Alerted to the existence of PO's patent, TP might request EPX, IPR or PGR proceeding in the USPTO thereby placing PO's challenged patent in jeopardy.
2. Communicate its awareness to TP including a threat of legal action, e.g., by way of a "cease and desist" letter.	PO's "cease and desist" letter can be a powerful way of gaining TP's attention provided PO does not mind provoking TP into requesting EPX, IPR or PGR in the USPTO and/or filing a DJ action in the USDC.	To state the case for option (2) is also to state the case against it.

## A. First Scenario...continued

PO'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
<p>3. Without prior notice to TP, bring an infringement action against TP in the USDC or where TP is an importer of what may be considered infringing articles, file a complaint in the ITC seeking an exclusion order.</p>	<p>All things considered, this could be PO's best option if the alleged infringing activity is extensive enough to warrant enforcement of its patent.</p>	<p>Should TP be in possession of evidence of invalidity likely to meet the threshold requirement for institution of EPX, IPR or PGR in the USPTO, there is a good likelihood that TP will request same and succeed in its motion for stay for the USDC action/ITC proceeding.</p>
<p>4. Take no immediate action other than that of monitoring the situation.</p>	<p>The current level of TP's allegedly infringing activity might be too limited to warrant immediate enforcement of PO's patent.</p>	<p>TP might independently become aware of the existence of PO's patent and request EPX, IPR or PGR in the USPTO thereby placing the challenged patent in jeopardy.</p>

**B. Second Scenario: PO's first awareness of a TP's high level of interest in or concern with a PO patent results from a TP request for EPX, IPR or PGR in the USPTO or even a TP-initiated opposition proceeding in the EPO opposing the grant of PO's corresponding European patent.**

PO'S OPTIONS FOR RESPONSE	PROS OF THE OPTION	CONS OF THE OPTION
1. Vigorously defend the challenged U.S. patent to the very end including any appeal.	Unless PO is indifferent to the prospect of its patent being ruled invalid, this would be a minimum response to TP's validity challenge.	PO will incur expenses in defending its patent.
2. Defend the challenged U.S. patent but seek to settle with TP on acceptable terms, possibly with the offer of a patent license, cross-license or other similar inducement.	This could be a worthwhile option, particularly where TP's evidence of invalidity appears to be strong. TP's and PO's business interests might better be served by settling the USPTO validity challenge and preserving the validity of PO's patents.	TP's validity challenge might encourage others to initiate their own challenges based on the same and/or different evidence of invalidity.
3. Retaliate with a request for EPX, IPR or PGR challenging the validity of one or more TP patents, possibly to encourage settlement of TP's challenge to PO's patent.	This option could bring pressure on TP to settle its EPX, IPR or PGR proceeding.	This option would result in significant additional expense to PO.
4. Where TP may be infringing PO's challenged U.S. patent or some other PO U.S. patent(s), enforce same by way of an action for infringement in the USDC or a complaint in the ITC seeking an exclusion order.	This option might be worthwhile pursuing for its own sake independently of any pressure that might be made to bear upon TP to settle the UPTO proceeding.	PO would incur significant additional expense pursuing this option to PO and might result in further TP validity challenge(s) to other of PO's patent(s) in the USPTO.
5. Pursue options (1) and (3) and/or (4).	Depending on what is at stake, this could be an effective strategy for PO to pursue.	The more options that are implemented, the greater the expense to PO.
6. Take no action at all.	Other than no or very low cost, this option has little to recommend it.	In most cases, this not a worthwhile or realistic option. It is generally better for PO to be vigorously proactive than complacently passive.

## VII. CONCLUSION

There is much for a GBO to think about here. When a situation arises for a GBO to consider the real-world application of any of the information covered by this presentation, GBO's affected business group, its in-house counsel and its outside U.S. counsel will want to work closely together in identifying major strategic objectives, devising an effective tactical plan of action for achieving such objectives and implementing the plan all the while retaining the flexibility to make any necessary adjustments to the plan and respond to any and all exigencies as they may arise.

This presentation includes materials concerning legal issues and legal developments. Such materials are for informational purposes only and may not reflect the most current legal developments. These materials are not intended, and should not be considered, as legal advice on any particular set of facts or circumstances. You should contact a U.S. attorney for advice on specific legal issues.

## APPENDIX A: COMPARISON OF IPR, PGR AND EPO OPPOSITION

POINT OF COMPARISON	IPR	PGR	EPO OPPOSITION
<b>Frequency</b>	It will be some time before filing data are available for IPR and PGR; the most recent year for which data are available (2011) indicate a frequency of requests for IPRx (about to be superseded by IPR and PGR) of about 0.17% (374 requests for 224,505 utility patents granted that year).		EPO Annual Report 2008 – 4.7%; there is some indication that the trend is toward fewer oppositions.
<b>Filing Fee</b>	\$27,200 and up	\$38,000 and up	705 Euros (currently about \$921)
<b>Timing</b>	After the later of: (1)9 months after grant or (2)if a PGR is instituted, the date of termination of the PGR.	Within 9 months after grant.	Within 9 months of grant.
<b>Identification of RPI</b>	Required	Required	Use of "straw man" permitted.
<b>Participation by Challenger</b>	Petitioner is entitled to (1) limited discovery, (2) an oral hearing, (3) file written comments, (4) pursue and enter into settlement, (5) appeal the FWD of the PTAB to the Fed. Cir. or be a party to such an appeal taken by PO.		Opponent participates in all aspects of the opposition up to and including any appeal to the Board of Appeals.
<b>Grounds for Challenging Validity</b>	Lack of Novelty (35 U.S.C. §102) and/or obviousness (35 U.S.C. §103) as evidenced by prior patent(s) and printed publication(s).	Any prior art and/or non-prior art ground except best mode.	Any prior art and/or non-prior art ground except lack of clarity or unity.
<b>Grace Period</b>	Effective as of March 16, 2013, 35 U.S.C. §102(b) will provide certain exceptions to the prior art as defined in its subsections (b)(1) covering disclosures made 1 year or less before the effective filing date of the claimed invention and subsection (b)(2) covering disclosures in applications and patents.		No grace period; absolute novelty required.
<b>Secret Prior Art</b>	The disclosure of an application filed before, but published after, the effective filing date of the application underlying the grant of the patent being reviewed can be used as evidence of lack of novelty and/or obviousness.		The disclosure of an earlier filed but later published application can be used to establish lack of novelty but not lack of inventive step.

## APPENDIX A: COMPARISON OF IPR, PGR AND EPO OPPOSITION ...continued

POINT OF COMPARISON	IPR	PGR	EPO OPPOSITION
<b>Threshold for Institution</b>	Reasonable likelihood that requestor would prevail with respect to at least one challenged claim.	Petition presents information that if not rebutted, would demonstrate that it is more likely than not that at least one challenged claim is unpatentable and/or petition raises novel or unsettled legal question that is important to other patents or patent applications.	None
<b>Presumption of Validity</b>	None	None	None
<b>Evidentiary Standard</b>	Preponderance	Preponderance	On the balance of probability, grounds exist which prejudice maintenance of the patent.
<b>Claim construction</b>	The words of a claim are to be given the broadest reasonable interpretation consistent with the specification,		The words of a claim are to be giving a meaning and scope which they normally have in the relevant art unless the description gives the words a special meaning, by explicit definition or otherwise.
<b>Amendment</b>	One motion may be filed by the PO proposing to cancel any challenged claim and/or present a reasonable number of substitute claims that do not broaden the scope of the claims or introduce new matter; additional motion(s) to amend may be permitted to materially advance settlement or as permitted by the USPTO Director; claims cannot be broadened.		Amendments must be occasioned by the grounds of opposition; broadening amendments are inadmissible.
<b>Decision Maker</b>	Three administrative law judges of the PTAB.		Panel of three technically qualified examiners (Opposition Division), two of whom have had no part in the examination of the patent, the third typically being the examiner who examined the patent.
<b>Duration</b>	From filing of petition for IPR/PGR to FWD of the PTAB – up to 17 months but extendable for good cause shown up to an additional six months.		1.5 – 3 years.
<b>Estoppel</b>	Petitioner/RPI in an IPR/PGR proceeding resulting in a FWD by the PTAB may not request or maintain a proceeding before the USPTO, and may not assert in a civil action in the USDC or proceeding before the ITC, any ground of invalidity petitioner/RPI raised or reasonably could have raised during the review.		None

## APPENDIX A: COMPARISON OF IPR, PGR AND EPO OPPOSITION ...continued

POINT OF COMPARISON	IPR	PGR	EPO OPPOSITION
<b>Stay of Civil Action</b>	<p>DJ action in the USDC filed by the petitioner/RPI on or after the date of the filing of the petition for IPR/PGR is automatically stayed until either (1) PO moves to lift the stay, (2) PO files a civil action or counterclaims in the DJ action for infringement of the challenged patent or (3) petitioner/RPI moves to dismiss the DJ action.</p> <p>Stay of a pre- or post-IPR/PGR infringement action filed by PO in the USDC, and especially the latter, stands a good chance of being granted. However, it remains to be seen whether the stay of a pre- or post-IPR/PGR exclusion proceeding brought by PO in the ITC, and especially the former, is as likely to be granted.</p>		<p>Stay pending outcome of an opposition might be granted in a national court were the judge convinced that the opposition was likely to succeed.</p>
<b>Appeal</b>	Fed. Cir.	Fed. Cir.	EPO Board of Appeals.

# APPENDIX B: SOME INTERESTING STATISTICS

## A. EPX (from start on July 1, 1981 to September 30, 2013)

### 1. No. of Requests filed

a.	Patent Owner	3833	30%	
b.	Other member of the public	8874	69%	
c.	Order of the Commissioner	<u>167</u>	<u>1%</u>	
	Total		12874	100%

### 2. No. of requests by year

<u>Yr.</u>	<u>No.</u>								
1981	78	1989	243	1997	376	2005	524	2013	305
1982	187	1990	297	1998	350	2006	511		
1983	186	1991	307	1999	385	2007	643		
1984	189	1992	392	2000	318	2008	680		
1985	230	1993	359	2001	296	2009	658		
1986	232	1994	379	2002	272	2010	780		
1987	240	1995	392	2003	392	2011	759		
1988	268	1996	418	2004	441	2012	787		

3. Number known to be in litigation 4167 32%

### 4. Decisions on requests

a.	Granted	11013	92%
b.	Denied	1003	8%

### 5. Reexam certificate claim analysis

		<u>Owner</u>	<u>3<sup>rd</sup> Party</u>	<u>Comm'r</u>	<u>Overall</u>
		<u>Requestor</u>	<u>Requestor</u>	<u>Initiated</u>	
a.	All claims confirmed	6%	15%	0%	21%
b.	All claims cancelled	3%	8%	0%	11%
c.	Claim changes	21%	40%	1%	62%

**B. IPRx (from start on November 29, 1999 to September 30, 2013)\***

1. No. of requests filed 1919

2. No. of requests by year

<u>Yr.</u>	<u>No.</u>	<u>Yr.</u>	<u>No.</u>	<u>Yr.</u>	<u>No.</u>	<u>Yr.</u>	<u>No.</u>
2000	0	2004	27	2008	168	2012	530
2001	1	2005	59	2009	258	2013	NA
2002	4	2006	70	2010	281		
2003	21	2007	126	2011	374		

3. Number known to be in litigation 76%

4. Decisions on requests

a.	Granted	1872	93%
b.	Denied	133	7%

5. Reexam certificate claim analysis

a.	Certificates with all claims confirmed	53	8%
b.	Certificates with all claims cancelled (or disclaimed)	219	31%
c.	Certificates with claim changes	424	61%

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\* IPRx replaced by IPR starting September 16, 2012\_\_\_\_\_

**C. IPR (from September 16, 2012 to February 27, 2014)**

1. No. of requests filed 911

2. No. of requests by year

<u>Yr.</u>	<u>No.</u>
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2012	17
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2013	514
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2014	380
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3. Trials Instituted

<u>Yr.</u>	<u>No.</u>
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2013	167
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2014	172
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4. Denials

<u>Yr.</u>	<u>No.</u>
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2013	26
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2014	46
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