

## Post-Grant Opposition: Revolution Or Evolution?

*Friday, April 07, 2006* --- \* What Distinguishes An Opposition From An Interference? \*

Many interferences are provoked in order to attack the validity of a patent. That is, they are intended to be “cancellation” proceedings. A party choosing that route must:

1. Own a pending application (even a reissue application);
2. Present a claim for the “same or substantially the same subject matter” as is claimed in the patent within one year of the grant of the patent or the publication of the application;
3. Prosecute at least one such claim to allowability;
4. File a “suggestion” for the declaration of an interference;
5. Make a showing that the applicant would win the interference if it were declared;
6. Satisfy the two-way test for “interfering subject matter.”

The threshold point here is that only a patent applicant can provoke an interference in the PTO. A patentee cannot. Even an applicant has no right to an interference. Declaring one is, by statute, a matter of discretion by the director.

As you will appreciate from the following, none of these hurdles block the path of one who would initiate a post-grant opposition.

\* What’s The Legislative Framework? \*

The principal provisions of the proposed legislation pertaining to the post-grant opposition are these:

1. An opposer must file a written statement (a “request”) within nine months of the grant date of the patent—unless the patent owner consents to an extension. With the request, the opposer must submit evidence to “establish that a substantial question of patentability exists for at least one claim in the patent.”
2. Fact or expert opinion evidence must be filed through one or more affidavits or declarations. All declarants or affiants are subject to cross-examination by deposition, and the Federal Rules of Evidence will apply.
3. Any question of patentability may be considered, including double patenting and any of the usual requirements for patentability, such as

novelty, nonobviousness and written description.

4. Within three months after the expiration of the opposition period, the director must determine whether or not the request and evidence establish that “a substantial question of patentability exists” for at least one claim. If it does, the opposition will be instituted and will be assigned to a panel of three administrative patent judges (APJs).

5. Though an opposition may in certain circumstances be stayed, an infringement action may not be stayed to await the institution of or the resolution of an opposition proceeding. Specifically, the director may stay an opposition in the event that the patent owner files an infringement suit within the first three months after grant of the patent.

6. The director will set the time for response by the patent owner, which must also be accompanied by any fact or expert opinion evidence.

7. Claims may be amended, but not broadened.

8. Discovery is limited to the cross-examination of declarants and affiants, absent a showing that additional discovery is essential to the “interests of justice.”

9. The opposer must prove invalidity by a preponderance of the evidence, based upon the broadest reasonable construction of the claim.

10. The panel’s decision on a question of patentability will bar the opposer from asserting, in any subsequent Office or court proceeding, that any claim addressed in the opposition is invalid on the basis of any issue of fact or law actually decided by the panel and necessary to the determination of that issue.

11. A hearing will be held if either party requests one, or if the panel itself determines that one is warranted. The panel may permit the parties to file briefs, and shall permit cross-examination of all affiants and declarants at the hearing.

12. The panel must issue a written decision, deciding each issue of patentability with respect to each challenged claim, and making findings of fact and conclusions of law. A party may request reconsideration and modification of the decision. Otherwise, the decision becomes a final determination of the Office.

13. The duration of the opposition is (like the motions phase of an interference) one year. That period may be extended by up to six months for good cause.

14. Either party may appeal the final decision to the Court of Appeals for the Federal Circuit.

15. Any settlement agreement must be in writing, and a copy must be filed. Indeed, the proceeding won't be terminated until a copy, including any collateral agreements, has been filed.

\* What Will It Look Like In Practice? \*

Rules of conduct for contested cases (those adopted in anticipation of a post-grant proceeding) already govern interferences. The current rules, found at 37 C.F.R. §§41.100 – 41.158, took effect on Sept. 13, 2004. Further, on Jan. 9, 2006, the board issued the latest version of its Standing Order, which contains considerable detail on the nuts and bolts of a contested case.

With the rules and the Standing Order as guides, we can expect an opposition proceeding to closely resemble the motions phase of an interference.

## Procedural Conduct

A significant development in practice before the Board in recent years has been the exercise of wide discretion in the conduct of interference cases. The rules specifically permit an APJ to waive or suspend the rules to suit the circumstances. Therefore, in this very important respect, one would expect that practice in an opposition will quite closely resemble that in an interference.

## Electronic Filing

Effective Jan. 3, 2006, paper filings are not allowed except upon motion. In addition, the Standing Order contains detailed filing and service requirements.

## Testimony

As in interferences, all direct testimony (except compelled testimony) must be submitted by affidavit or declaration, and the affiant(s) or declarant(s) must be available for cross-examination. Moreover, each affiant or declarant must (1) acknowledge that he or she may be subject to cross-examination and (2) agree to appear for that purpose within the time allotted.

## Discovery

Discovery in interferences has always been very limited and very unlike discovery under the Federal Rules of Civil Procedure. There are two types of discovery, "automatic" and "additional." "Automatic" might more appropriately be called "as of right," since the rules provide that a party must, on request of an opposing party, serve copies of many basic application documents and technical references. "Additional" discovery, moreover, might be more appropriately called "extraordinary" discovery because it is available only when, as stated in the Standing Order, specific circumstances "show a solid basis for believing the discovery will be productive."

## Evidence

The manner and form of submitting evidence is specified by rule. Moreover, a prospective opposer should carefully review the Standing Order concerning the statement of material facts that will likely be required in any request or response.

## Settlement

In addition to the Standing Order requiring the parties to engage in settlement discussions, it specifies when they are to take place and who must initiate them. It also requires that a report be filed stating that a good faith effort has been made to reach settlement.

## Depositions

Depositions in contested cases before the Board are quite different from discovery depositions in civil litigation. They are limited to cross-examination and limited in scope to the subject matter of the written testimony of the witness.

## Compelling Testimony

The use of subpoenas to compel testimony in contested cases is authorized by statute, and that statute further provides that the Federal Rules of Civil Procedure concerning the attendance of witnesses and the production of documents and things shall apply. But before issuing a subpoena, a party must—as required by the Standing Order—obtain authorization by motion.

## Oral Hearing

Though the current rules set a short time for requesting an oral hearing, the Standing Order provides that the actual time for the request will typically be set by order.

## Sanctions

The current rule empowering the Board to grant sanctions is worth noting, as is the Standing Order which enumerates specific “[e]xamples of conduct likely to lead to sanctions.”

## Res Judicata

The present rule concerning the preclusive effect of the decision of the Board in a contested case is more sweeping than what is proposed in the proposed version of the reform bill, which limits the estoppel effect of the panel’s decision to “. . . any issue of fact or law actually decided by the panel and necessary to the determination of that issue.”

\* The Result? \*

Assuming that some form of post-grant proceeding becomes law, we are fortunate to have the procedural road map provided by the existing contested case rules. We are also fortunate to have existing expertise of the Board and interference practitioners in what are likely to be very similar procedures.

--By Herb Hart

Herb Hart is a shareholder at McAndrews, Held & Malloy. Herb Hart is widely recognized for his expertise in patent interference matters, having handled dozens of interference cases and served as an expert witness on interference law and practice. His work in this area has been broad-ranging, including managing and litigating interference proceedings, counseling clients on strategies for provoking interferences, and defending patents against attack. The primary technical subject areas of his cases include petrochemicals, medical devices, chemical and petroleum refining processes, herbicides and polymerization catalysts.