

OPINION

■ PATENT REFORM ACT

Don't adopt oppositions

By Dale L. Carlson SPECIAL TO THE NATIONAL LAW JOURNAL

SHOULD WE adopt a radical reform provision called "patent opposition" included in bills pending in both the House and Senate? The recent experience of three Asian countries that have implemented, and subsequently abolished, patent opposition systems signals a resounding "No."

The patent-opposition procedures established in Japan, South Korea and China were generally modeled along the lines of a long-standing procedure in place in Europe. Any success that the European opposition system has enjoyed is largely attributable to unique features of the European patent system that are not present in the patent systems of the United States, Japan, China and South Korea.

In Europe, a centralized opposition procedure is available at the European Patent Office sitting in Munich. This procedure serves as a vehicle to invalidate a European patent in a single action for all of the countries in which that patent was brought into force. Since there are no administrative alternatives to the procedure, if the time period for bringing an opposition expires, the patent opponent is forced to consider bringing litigations called "nullity actions" in the courts of each European country where the European patent is in force—an expensive and time-consuming proposition. The centralized opposition procedure and lack of other administrative options serve to promote usage of the European opposition protocol.

There were no analogous usage incentives for Japan, South Korea or China, and the opposition system was recently abolished in all three Asian countries. In view of parallels between the U.S. and Asian patent systems, that development is a good predictor of what will happen if the United States adopts such a procedure.

Like those countries, the United States has a somewhat duplicative administrative procedure for post-grant patent review already in place. The Asian version is called an "invalidation trial," whereas ours is an "inter partes re-examination." Upon abolition of oppositions, the Asian countries removed their duplication of administrative options in favor of the invalidation trial, which can be invoked anytime during a patent's lifetime.

Both bills in Congress (H.R. 1908 and S. 1145) reflect awareness of redundancy between the proposed opposition and the existing inter partes re-examination option. The House bill would modestly enhance inter parties re-examination, whereas the Senate bill would repeal it altogether. Of course, redundancy in administrative options should be avoided because it exhausts administrative resources and tends to confuse users of the system. However, avoiding it by scrapping the existing inter partes re-examination protocol is a step backwards. A more cost- and resources-effective approach would be to improve the existing protocol.

This is particularly true since a major downside of oppositions is that they typically must be initiated early in the life of the patent. The European opposition system has a nine-month "window" of time after grant of a patent within which to bring an opposition. The House bill specifies a 12-month window for bringing an opposition after a U.S. patent issues. The Senate bill includes a "second window" for initiating an opposition within 12 months of receiving

notice of infringement with respect to a patent. The second window is limited to patents posing "significant economic harm" to the alleged infringer, presumably a small subset of all patents.

Fortunately, the existing inter partes re-examination procedure can be used anytime during the lifetime of a patent. This is key because the commercial significance of a patented invention may not be apparent early on. Interest in attacking the patent will likely be spurred only at the time such commercial significance is recognized. To limit a competitor to one or, once in a while, two windows of time within which to launch the attack is counterproductive since it means that many patents that can be rendered invalid, and thus made available to the public, won't be simply because the competitor misses the window of opportunity.

In view of the negative Asian experience with oppositions, Congress should reconsider its decision. Instead, it should upgrade the existing inter partes re-examination framework to make it a more valuable tool for users. It should broaden the existing framework by making it usable against all patents, expand the scope of evidence that can be considered and expand third-party involvement via oral hearings and deposition testimony. These improvements would be in addition to the proposal contained in the pending House bill that would modify the current estoppel provision to include only legal determinations relative to invalidity of issues actually raised in the proceeding.

An enhanced inter partes re-examination system would provide our nation with a speedy, simple, low-cost and efficient vehicle for challenging patents. It will also avoid the overlap and redundancy of having the inter partes re-examination system co-exist with a post-grant opposition protocol like the Asian ones that failed. **NLJ**

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