

Post-Grant Proceedings at the Patent Office After Passage of the America Invents Act

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America Invents Act (AIA)

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- S 23 – Senate Version

- Passed the Senate in a 95-5 vote on March 7, 2011
- Introduced by Senator Patrick Leahy (D-Vt)

- HR 1249

- Considered by Committee and recommended to be considered by House vote – 32-3
- House vote to come soon and then reconciliation
- Introduced by Representative Lamar Smith (R-Tx)



Who is Supporting the AIA?



- Biotechnology Industry Organization (BIO)
- American Institute of Certified Public Accountants
- Microsoft
- Financial Services Roundtable
- Pharmaceutical Research and Manufacturers of America (Phrma)
- Association of Technology Managers
- International Association for Registered Financial Consultants
- 26 others (GE, AIPLA, Exxon Mobil, Cargill, 3M, Caterpillar, Henkel, Medtronic, Motorola, Weyerhaeuser, IBM, Pepsi, Milliken, Henkel, Bridgestone, USG, Patent Café.com, and others)

Who is Opposing the AIA?



- Dell
- Cisco
- Generic Pharmaceutical Association
- Independent Community Bankers of America
- Securities Industry and Financial Markets Association
- 13 others (Clearing House Assn., Eagle Forum, Computer & Communications Industry Assn., Gun Owners of America, National Small Business Assn', Coalition for Patent Fairness, US Business and Industry Council, Christian Coalition, Apple, Adobe, Verizon, and Southern Baptist Ethics and Religious Liberty Convention)

What Post Grant Proceedings are Available?



- Derivation Proceedings (also available pre-grant)
 - Take the place of Interferences
- *Inter Partes* Review
- Post Grant Review
- *Ex Parte* Reexamination still available
- Reissue still available

Other Provisions in AIA That Are Not Post Grant Proceedings



- **First-to-file System**
 - Perhaps most controversial – eliminating grace period, although AIA provides 1 year grace period for “disclosures” by inventor or derived from inventor. Whether “disclosures” includes public use or on-sale is not clear.
 - Small business oppose this portion of the AIA
- **Establish Patent Trial and Appeal Board**
 - Will conduct Derivation Proceedings, Post Grant Reviews, and Inter Partes Review
- **Pre-issuance submission of art from 3rd parties**
- **Fee Setting Authority in the Director (fee reduction of 75% for “micro-entities”)**
- **Supplemental Examinations (Ex Parte Reexamination – still need substantial new question of patentability)**

Other Provisions in AIA That Are Not Post Grant Proceedings



- No Tax Strategy patents
 - Any strategy for reducing, avoiding, or deferring tax liability. . . shall be deemed insufficient to differentiate a claimed invention from the prior art.
- Best Mode – No more best mode requirement
- Transitional Post Grant Review for Business Method Patents
 - Similar to post grant review of any patent
 - Effective 1 year after date of enactment
 - Sunsets in 4 years.
- PTO Funding
- Satellite Offices – 3 or more satellite offices

Post Grant Proceedings

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Derivation Proceedings

- Replaces Interferences
- §291 – Derivation proceeding in district court – civil action against patent owner if it claims the same invention and has an earlier effective filing date if the invention was derived from the inventor seeking relief.
 - Must be filed within 1 year after the issuance of the 1st patent containing a claim to the derived invention



Derivation Proceedings



- §135 – Derivation proceeding at the PTO
 - An applicant for patent may file a petition to institute a derivation proceeding and set forth with particularity why an inventor in an earlier application derived the invention from the inventor.
 - Petition must be filed within 1 year after the first publication of a claim to an invention that is the same or substantially the same.
 - **IMPORTANT – REQUIRES COMPETITORS TO MONITOR PAIR –** Application could be published with non-derived claims, but then later revised to include derived claims, unless “publication” excludes publication on PAIR. Otherwise, competitors need to monitor published applications and printed patents.

Derivation Proceedings



■ Stay

- Director can stay derivation proceeding until termination of reexamination, inter partes review or post grant review
- Patent Trial and Appeal Board may defer action on a petition until 3 months after the director issues a patent that is the subject of the petition (no application-application derivation proceeding)

Settlement

- The parties can settle the derivation proceedings by filing a written statement reflecting agreement as to the correct inventors

■ Arbitration

- The parties may submit the derivation proceedings to arbitration

Derivation Proceedings



- Interferences will still apply to applications having an effective filing date earlier than 18 months after law is enacted, or claims priority to an application having an effective filing date earlier than 18 months after law is enacted.
 - Some believe this will lead to gaming the system by claiming priority to an earlier filed application, then amending the claims and canceling the claim for priority.

Inter Partes Review

Inter Partes Review

- Replaces Inter Partes Reexamination
 - Limited to prior art consisting of patents and printed publications
 - Must file after (a) 9 months from issuance of patent; or (b) after termination of post grant review
- Must File Petition
 - Requirements of Petition
 - Fee
 - Identify real parties in interest
 - Identify each claim challenged and the evidence to support it (patents and affidavits and declarations)
 - Provide copies of documents to patent owner or designated representative of patent owner

Inter Partes Review

- Preliminary Response
 - Patent Owner can file response within period of time set by Director
 - Response sets forth reasons why no inter partes review should be instituted
- Institution of Inter Partes Review
 - After receipt of petition and within 3 months from Patent Owner's response, if filed, Director may institute inter partes proceedings
 - Decision to institute (or not) is **Not appealable**
 - Similar to reexamination proceedings where the decision of Director to grant reexamination request, or to deny request, is not appealable.

Inter Partes Review



- Institution of Inter Partes Review
 - Director may institute Inter Partes Review if:
 - **THERE IS A REASONABLE LIKELIHOOD THAT THE PETITIONER WOULD PREVAIL WITH RESPECT TO AT LEAST 1 OF THE CLAIMS CHALLENGED IN THE PETITION.**
 - No longer a requirement that there be a substantial new question of patentability!
 - This is a significant departure from reexamination.

Inter Partes Review

- No Inter Partes Review
 - if Petitioner has filed a civil action challenging validity, or
 - if petition is filed more than 6 months after petitioner, or real party in interest, is served with complaint alleging patent infringement



Inter Partes Review

- Estoppel
 - Before the PTO – Cannot maintain another proceeding before the PTO with respect to a claim on any ground that the petitioner raised or reasonably could have raised during inter partes review of a claim that resulted in a final written decision by the Board
 - In Civil Actions – May not assert in civil litigation or before the ITC that a claim is invalid on any ground that was raised or reasonably could have been raised during inter partes review
 - If challengers continue to be successful, they will utilize Inter Partes Review, but if patentees start to prevail before the new Board, then the estoppel effect likely will dissuade challengers from utilizing Inter Partes Review.

Inter Partes Review

- Director of PTO to issue Regulations (within 1 year from enactment):
 - Public proceedings (some documents filed under seal)
 - Establish standards for showing sufficient grounds to institute review
 - Establish procedures for submitting supplemental information after petition
 - Establish standards for discovery of relevant evidence, such discovery limited to
 - deposition of witnesses submitting affidavits or declarations; or
 - what is otherwise necessary in the interest of justice
 - (This is a significant departure from Inter Partes Reexamination – see *Cordis v. Kappos* complaint filed in ED VA in February, 2011, challenging PTO’s rulemaking authority that stated an inter partes reexamination was not a “constested case” and hence, no discovery was allowed (35 USC §24 permits discovery but only in “contested cases” before the PTO)).

Inter Partes Review

- Director of PTO to issued Regulations (cont'd):
 - Provide Sanctions for abuse of discovery (harass or delay)
 - Issue Protective Orders
 - Allowing patent owner to file response after Inter Partes review is initiated
 - Provide standards and procedures for patent owner to move to amend the patent to cancel a challenged claim or propose a reasonable number of substitute claims
 - Provide either party with a right to an oral hearing
 - Requiring final decision to be issued not later than 1 year after institution, except for good cause, may be extended no more than 6 months

Inter Partes Review

- Amendment of the Patent
 - Only 1 chance to amend by either canceling or proposing substitute claims
 - May amend again upon joint petition of petitioner and patent owner to materially advance settlement
 - Amendment cannot enlarge the scope of the claims
- Evidentiary Standards – Preponderance of the Evidence



Inter Partes Review

- Settlement
 - Joint request – Patent Board may terminate or proceed to final written decision
 - Must be in writing
- Decision of Board
 - Final Written Decision – Board will issue final written decision if not terminated
- Appeal of Board's Decision
 - Appeal the decision pursuant to §§141-144
 - No appeal to district court – ONLY FEDERAL CIRCUIT

Post Grant Review

Post Grant Review

- Similar to Opposition Proceedings in Other Countries
- File Petition Not later than 9 Months after Grant of Patent
- Request to Cancel as Unpatentable 1 or more claims
 - On any ground that could be raised under paragraph (2) or (3) of §282 relating to invalidity
 - Paragraph (2) of §282 - Invalidity on any ground specified in Part II
 - Part II – Covers 101, 102, 103, 104, 105, 112, etc.
 - Paragraph (3) of §282 – Invalidity for failure to comply with sections 112 and 251.
 - §282, paragraph (3) is amended to remove best mode as an invalidity defense, even though it appears to still be required under 112, first paragraph.
- Much Broader in Scope than Reexaminations

Post Grant Review

- Requirements of Petition to Institute Post Grant Review
 - Fee
 - Identify Real Party in Interest
 - Identify each claim challenged, the grounds on which the challenge is based, and the evidence to support the challenge (copies of documents, affidavits, declarations)
 - Provide copies of documents and other evidence to patent owner or designated representative
- Preliminary Response to Petition
 - Patent Owner can file response within 2 months
 - Set forth reasons why no post-grant review should be instituted
 - Should file response – no downside like in reexamination proceedings where other side gets a chance to respond. Here, petitioner has no chance to respond

Post Grant Review

- Institution of Post Grant Review
 - Threshold - Director institutes Post Grant Review if the information presented, if not rebutted by patent owner's preliminary response, would demonstrate that it is more likely than not that at least 1 of the claims challenged is unpatentable
 - Looks like a preponderance of the evidence of standard
 - Additional Grounds – Director institutes Post Grant Review under the threshold standard by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.
 - Possible avenue of abuse here – ACLU filing post grant review of every patent having claims to DNA
 - Possible filing of multiple Post Grant Review if Supreme Court changes the law (again) on obviousness in a few years.

Post Grant Review

- Institution of Post Grant Review
 - Director must decide after receipt of petition and within 3 months from Patent Owner's response, if filed, and if not, upon expiration of time to file Preliminary Response
 - Decision to institute (or not to as the case may be) is **Not appealable**
 - Again, this is similar to reexamination proceedings now.



Post Grant Review

- No Post Grant Review if petitioner filed civil action challenging validity of patent
- If Infringement action is filed within 3 months of the grant of the patent, the district court must consider patent owner's motion for preliminary injunction against infringement on the basis that a petition has been filed or post grant review instituted
 - This does not make sense – why would patent owner file a motion for preliminary injunction against infringement?
- No post grant review of reissue patent claim that is identical to or narrower than a claim in the original patent, and it is later than 9 months after original patent issued

Post Grant Review

- Conduct of Post Grant Review – Director to Issue Regulations
 - Public proceedings (some documents filed under seal)
 - Establish standards for showing sufficient grounds to institute review
 - Establish procedures for submitting supplemental information after petition
 - Establish standards for discovery of relevant evidence, such discovery limited to evidence directly related to factual assertions advanced by either party in the proceeding
 - Does not provide for depositions, but does not exclude them either
 - May be broader than discovery allowed in inter partes review

Post Grant Review

- Director of PTO to issued Regulations:
 - Provide Sanctions for abuse of discovery, abuse of process or any other improper use of the proceeding such as to harass or cause unnecessary delay.
 - Issue Protective Orders
 - Allowing patent owner to file response after post grant review is initiated
 - Provide standards and procedures for patent owner to move to amend the patent to cancel a challenged claim or propose a reasonable number of substitute claims
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- Evidentiary Standards – Preponderance of the Evidence
 - Similar to Inter Partes Review standard and ability to amend.

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 - Final Written Decision – Board will issue final written decision if not terminated
- Appeal of Board's Decision
 - Appeal the decision pursuant to §§141-144
 - No appeal to district court – ONLY FEDERAL CIRCUIT
- Director has 1 year to issue regulations
 - May impose limit on the number of post grant reviews that may be instituted during each of the 4 years following the effective date (1 year after enacted).
- Pending Interferences
 - Director shall determine procedures under which interferences commenced before the effective date of the Act (1 year after enactment) are to proceed, including whether to dismiss without prejudice to filing a petition for post grant review, or to proceed as if the Act had not been enacted

Post Grant Proceedings



	Current <i>Inter Partes</i> Reexamination	Proposed Post-Grant Review	Proposed <i>Inter Partes</i> Review
Timing of Initial Petition	Any time during life of the patent	Senate: within 9 months after patent issue House: within 12 months after patent issue	Senate and House: any time (during life of the patent) after the later of: the time window for filing a post-grant review petition, or after termination of any post-grant review proceeding
Scope	§§ 102 and 103 using only patents and printed publications	Senate and House: any invalidity ground under §§ 101, 102, 103, or 112	Senate and House: §§ 102 and 103 using only patents and printed publications
Burden of Proof for Grant of Petition	Substantial new question of patentability	Senate and House: more likely than not that at least 1 claim is unpatentable	Senate and House: reasonable likelihood that petitioner would prevail against at least 1 claim

Source: Saltzberg, R.A., “*Inter Partes* Reexamination Reinvented?” Morrison & Foerster IP Quarterly Newsletter, Spring, 2011



THE END