

New Post Grant Proceedings Under the AIA

September 18, 2012

Legal Update

This month, on September 16, 2012, post allowance proceedings as defined by the American Invents Act (AIA) begin, including *Inter Partes* review (IPR), Post Grant Review (PGR), and Business Method PGR. A table comparing these different post allowance proceedings, as well as current *Ex parte* reexamination proceedings, can be found at the end of this article, following a discussion of the various proceedings.

Also on September 16, 2012, *Inter Partes* reexamination requests will no longer be accepted. The new proceedings allow the opportunity to request review of any U.S. patent over a broad range of reasons and engage in a limited discovery. The new law is found at 35 U.S.C. §§ 321 – 329. Some of the most distinguishing features of these proceedings compared to reexamination are the ability to obtain some discovery, a decision within one year, and estoppel.

Third parties can use IPR to request review of any U.S. patent for anticipation or obviousness. A transitional post grant program also exists for challenging business method patents. PGR, which provides review of unpatentable subject matter, double patenting, lack of written description and indefiniteness as well as anticipation and obviousness based on art that is not limited to patents and printed publications, will not be available since only patents filed on or after March 16, 2013 are eligible. PGR will be available as soon as patents issue under the new first-to-file rules. *Ex parte* reexamination remains substantially unchanged except for an increase cost.

While these proceedings were enacted in September 2011, the U.S. Patent and Trademark Office only recently issued the final rules at 77 FR 48680 (2012-08-14). Additional rules covering the rules of practice before the newly-named Patent Trial and Appeal Board published at 77 FR 48612 (2012-08-14), a trial practice guide at 77 FR 48756 (2012-08-14) and miscellaneous rules published at 77 FR 46615 (2012-08-06).

There are numerous discussions about these proceedings, most of which were based on the proposed rules. However, there are a number of differences between the proposed rules and the final rules as well as some discussions that clarify the USPTO's understanding of the laws and rules that govern these post grant proceedings. Some of the more relevant differences are:

- * For *ex parte* reexamination, the final rules do not require a statement identifying the real party(ies) of interest. A certification that the estoppel provisions do not prohibit the request can be filed by the practitioner requesting the reexamination. 37 CFR §1.510(b).
- * The total time to a decision in IPR and PGR is limited to one year after grant of the petition. However, the time allowed to the patent owner to respond, both in a preliminary response and in the patent owner response is increased from two months to three months. 37 CFR §§42.107(b) and 42.207(b).
- * The patent owner does not have to motion to amend the claims. A single motion to amend the claims is allowed by right. Any additional motion(s) to amend "may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement." 37 CFR §42.121(c).
- * While the AIA allows for a limitation in the number of petitions allowed each year until 2016 (i.e., limited to

281/year), the USPTO is not limiting the number of petitions. 77 FR 48680, 48688 (2012-08-14).

* The step-wise and escalating fee structure based on the number of challenged claims has been replaced with a flat fee per claim for each claim over 20. The fee for PGR is \$800/claim and the fee for IPR is \$600/claim. 37 CFR § 42.15.

* The lead counsel in filing a request for IPR or PGR must be a member of the patent bar.

* Post grant proceedings will only be instituted in the minimum threshold of more likely than not (PGR) or reasonable likelihood of success (IPR) is met. This threshold is applied on a *claim-by-claim* basis.

The USPTO expects approximately 460 inter partes reviews and 50 post-grant reviews (this is limited to the transitional business method PGR) to be filed in the next year.

The post-grant review procedure will offer more opportunities to challenge U.S. patents without resorting to litigation, but will also come with the risk of estoppel. Additionally, the whole process has been intentionally streamlined to focus the proceedings on the major issues. Thus, considering the right path to follow and preparing the petition/response will require careful planning and forethought.

* * * *

Some of the more important provisions are listed in the table below, which includes *Ex Partes* Reexamination:

| | PGR Post Grant Review | BM-PGR Business Method | PGR IPR Inter Partes Review | EPRX Ex Partes Reexamination |
|--------------------|---|--|---|--|
| Law | 35 U.S.C. §§ 321 – 329 | 35 U.S.C. §§ 321 – 329 (with exceptions) | 35 U.S.C. §§ 311 – 318 | 35 U.S.C. §301-306 |
| Code | 37 C.F.R. § 42.200 et seq. | 37 C.F.R. § 42.300 et seq. | 37 C.F.R. § 42.100 et seq. | 37 C.F.R. §1. 510 et seq. |
| Filing Fees | \$35,800 for 1 – 20 claims and \$800 for each additional claim | | \$27,200 for 1-20 claims and \$600 for each additional claim | \$17,760 \$1,930 for a petition |
| Available patents | Available for issued patents filed after March 16, 2013 | All issued patents Sunsets Sept. 15, 2020 | All issued patents | All issued patents |
| Time to Challenge | Patents granted within 9 months of filing | After patent grant (NO 9-month window) | After 9 months from patent grant | After patent grant |
| Authority | The Patent Trial and Appeal Board (PTAB) The panel comprises three administrative patent judges | | | Central Reexamination Unit |
| Basis of Challenge | Grounds include: * unpatentable subject matter * anticipation or obviousness * 112 (except best mode) * double patenting * any novel or unsettled legal question Art is not limited to patents/printed publications | LIMITED to covered business method patent where the petitioner is sued for infringement or charged with infringement, which means “a real and substantial controversy regarding infringement of a covered business method patent exists such that the petitioner would have standing to bring a DJ action in Federal court.” Novelty and obviousness grounds in effect before the AIA. Art is not limited to patents/printed publications | Novelty and obviousness based on printed publications and patents | Novelty and obviousness based on patents or printed publications, and admission of claims scope by owner |

| | | | |
|-------------------------|---|---|---|
| Sufficiency Standard | Unpatentable of at least one claim must be "more likely than not" or the petition raises a novel or unsettled legal question (>50%) | Reasonable likelihood that requestor would prevail as to at least one claim (discretionary, encompassing 50/50) | Substantial new question of patentability |
| Claim Construction | Broadest reasonable construction | | Broadest reasonable construction |
| Identity of Party | Real party of interest must be identified | | A straw man is allowed The requester must certify no estoppel provisions prohibit filing |
| Excluded Parties | Plaintiffs in a civil suit challenging the patents cannot file PGR (does not include counterclaims) | Plaintiffs in a civil suit challenging the patents cannot file IPR Cannot file if civil action is pending for more than one year | |
| Claim Amendments | A single motion amending the claims is allowed by right if they do not enlarge the scope and if the Board is notified. (Original rules only permitted amendment as a right in PGR and BM-PGR.) Substitute claims, corresponding 1-for-1 may be replace claims. Alternative or contingent amendments are allowed. Amendment that does not respond to ground of unpatentability is not permitted. | | Amendments and new claims are allowed if they do not enlarge the scope |
| Discovery Provisions | Limited to evidence directly related to factual assertions advance by either party | Limited to deposition of witnesses submitting affidavit and what is otherwise necessary in the interest of justice | None |
| Effect on Other Actions | A civil action is stayed if it is filed after review is initiated unless owner takes action May not be instituted or maintained if a civil action was previously filed | | Court's discretion |
| Time to Completion | Final Decision will be issued within one year of the notice of grant of PGR or IPR. A six-month extension is available for good cause. Board may adjust one-year period for completing in cases of joinder (either other parties or multiple actions). | | Averaging 26 months |
| Appeals | Federal Circuit Institution of review is not appealable, however can request a rehearing, which will be reviewed for an abuse of discretion. Requester must identify all matters believed to be misapprehended or overlooked. | | PTAB, then Federal Circuit District court appeals are precluded by AIA |
| Estoppel | For all grounds the petitioner <u>raised or reasonably could have been raised</u> in USPTO, civil action, or ITC proceeding Applies to petitioner, real party in interest (RPI),and privies Estopped in the Office from <u>requesting or maintaining</u> a proceeding with respect to a claim for which it has obtained a final written decision on patentability No estoppel issues if matter is settled prior to decision on the merits No estoppel for grounds not authorized in the PGR, BM-PGR, IPR | Limited to issues actually raised before the USPTO | For all grounds the petitioner <u>raised or reasonably could have been raised</u> in USPTO, civil action, or ITC proceeding Applies to petitioner, real party in interest (RPI),and privies Estopped in the Office from <u>requesting or maintaining</u> a proceeding with respect to a claim for which it has obtained a final written decision on patentability No estoppel issues if matter is settled prior to decision on the merits No estoppel for grounds not authorized in the PGR, BM-PGR, IPR |

This advisory was prepared by Nutter's Intellectual Property practice. For more information, please

contact your Nutter attorney at 617.439.2000.

This update is for information purposes only and should not be construed as legal advice on any specific facts or circumstances. Under the rules of the Supreme Judicial Court of Massachusetts, this material may be considered as advertising.

Practice Areas

Intellectual Property