

THE NEW USPTO POST-ISSUANCE PATENT PROCEDURES

What They Are, How to Use Them
and When to Use Them.

Abraham Kasdan, Esq. エイブラハム・カズダン

Joseph M. Casino, Esq. ジョセフ・カシーノ

June, 2012

AMSTER
ROTHSTEIN
& EBENSTEIN LLP

Intellectual Property Law

90 PARK AVENUE, NEW YORK, NEW YORK 10016 / 212 336 8000 / www.arelaw.com

Roadmap

- **Four New Trial Procedures Added by America Invents Act (AIA)**
 - Inter Partes Review
 - Post Grant Review
 - Transitional Program for Covered Business Methods
 - Derivation
- **Other Procedures**
 - Supplemental Examination
 - Pre-Issuance Prior Art Submission

Inter Partes Review (IPR)

What is IPR?

- New trial procedure available as of September 16, 2012 for challenging the validity of patent claims in the USPTO.
- Replaces Inter Partes Reexamination.
- Applicable to **all** patents.
- Trial conducted by USPTO Patent Trial and Appeal Board (PTAB) before a panel of administrative patent judges. (35 U.S.C. § 6(c) and § 316(c)).
- A final written decision will generally issue within one year of the institution of the IPR. (35 U.S.C. § 316(a)).
 - extendable by up to six months only upon showing of good cause.

Inter Partes Review (IPR)

What can be challenged?

- A petitioner may challenge the validity of one or more claims of **any** patent (both first to invent and first to file).
- However:
 - challenge can only be on novelty or obviousness grounds AND
 - only on the basis of prior art patents and printed publications. (35 U.S.C. § 311(b))

Inter Partes Review (IPR)

When can an IPR be requested?

- Starting on September 16, 2012, an IPR proceeding can be requested by filing a petition after the **later** of:
 - 9 months after the grant of the patent or issuance of a reissue patent; or
 - after termination of any post-grant review of the patent. (35 U.S.C. § 311; 42.102).

Inter Partes Review (IPR)

Who can bring an IPR proceeding?

•Anybody who is not the patent owner may petition for an IPR, **unless:**

- petitioner (or real party in interest) previously filed a civil action challenging the validity of a claim of the patent. (Petitioner cannot be DJ Plaintiff). (35 U.S.C. § 315(a))
- petitioner (or real party in interest or privy) was served with a complaint more than one year earlier alleging infringement of the patent. (Petitioner cannot be infringement Defendant > 1 year). (35 U.S.C. § 315(b))
- Petitioner (or real party in interest or privy) is estopped from challenging the claims on the grounds identified in the petition. (35 U.S.C. § 315(e); 37 CFR § 42.101)

Inter Partes Review (IPR)

Effect on later filed DJ Invalidation Action:

- If the petitioner (or real party in interest) files a civil action challenging the validity of a claim of a patent **after** petitioning for IPR, that civil action will be automatically stayed until either:
 - the patent owner moves to lift stay; or
 - the patent owner files infringement action or counter-claims; or
 - the petitioner moves to dismiss the civil action. (35 U.S.C. § 315)

Inter Partes Review (IPR)

Standards for an IPR?

- Standard for instituting an IPR is “**reasonable likelihood that petitioner would prevail**”. (35 U.S.C. § 313).
- Invalidity need only be established by a **preponderance** of evidence. (35 U.S.C. § 316(e); 42.1(d)). – **NO PRESUMPTION OF VALIDITY!**
- PTO must determine “**proper meaning**” of claims
 - PTO proposed rule is that unexpired patent claims will be given their broadest reasonable construction in light of the specification. (37 CFR § 42.100(b)).

Inter Partes Review (IPR)

How is an IPR initiated?

- An IPR proceeding begins with the filing of a Petition.
- The Petition must identify
 - all real parties in interest;
 - each challenged claim and the specific grounds under 35 U.S.C. § 102 or § 103 for challenged claim
 - Supporting evidence including the patents or printed publications relied upon for each ground;
 - why the challenged claim as properly construed is unpatentable under the identified grounds; (35 U.S.C. § 312; 37 CFR § 42.104)
- The Petition must also be accompanied by:
 - the required fee (\$27,200 for up to 20 claims); (42.15; 42.103; 42.106).
 - certificate of service; (42.105-106).

Inter Partes Review (IPR)

IPR provides for various trial procedures, including:

- Discovery by each side, including depositions to cross examine other side's declarants and experts
- Protective Orders to govern exchange and submission of Confidential Information
- Motions to seek specific relief from the patent judge assigned by PTAB, including motions to exclude evidence and motions in limine
- Sanctions to avoid abuse
- Federal Rules of Evidence will apply

Inter Partes Review (IPR)

Scope of Discovery:

Routine Discovery - no PTAB authorization required:

- Written direct testimony by declarations
- Production of exhibits cited in a paper or testimony;
- Cross examination of the other sides' declarants;
- Information that is inconsistent with a position advanced by either party during the proceeding;

Inter Partes Review (IPR)

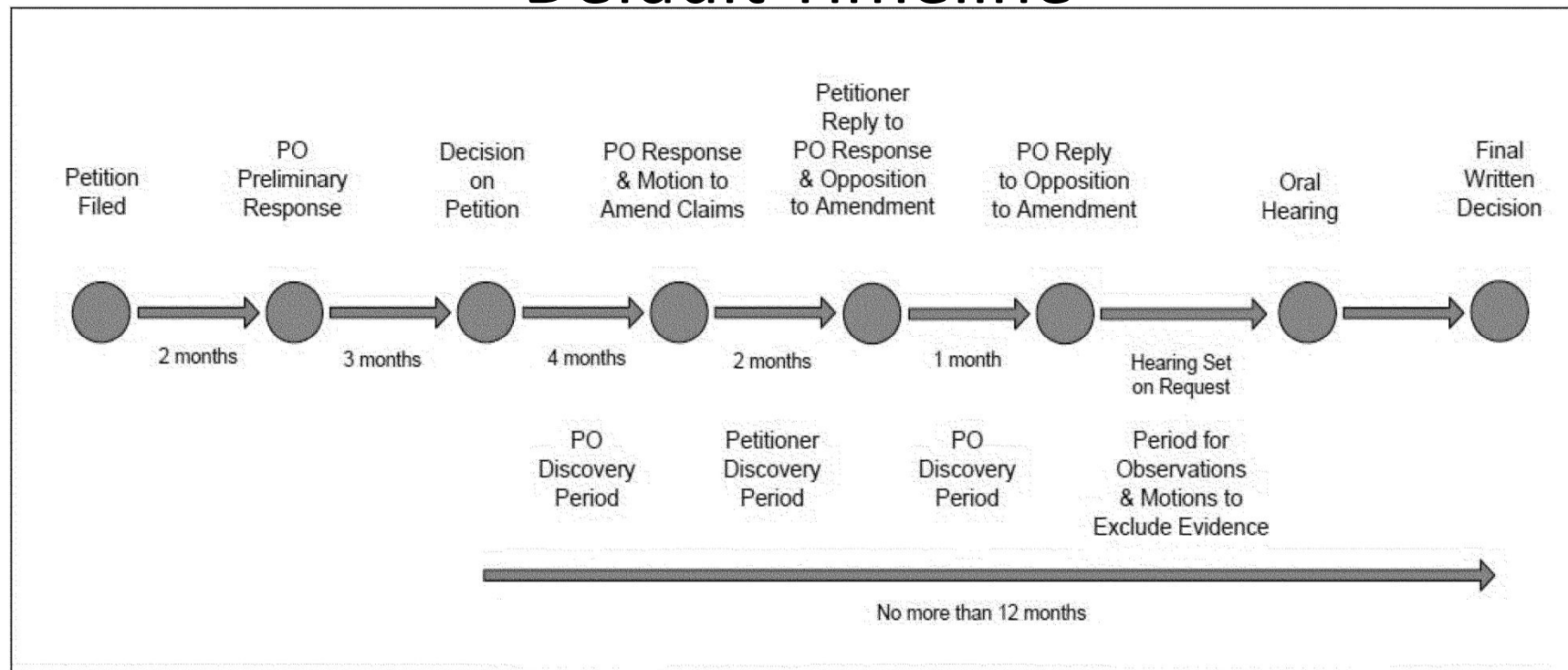
Scope of Discovery:

Additional Discovery - requires PTAB authorization:

- must request in motion unless parties agree
- will be granted if additional discovery is “**in interests of justice**” (very high standard)
- PTAB may consider live testimony where it considers the demeanor of a witness critical to assessing credibility (e.g., judge may attend deposition)
- Third party testimony and documents can be compelled, including outside of US, if authorized by PTAB.

Inter Partes Review (IPR)

Default Timeline



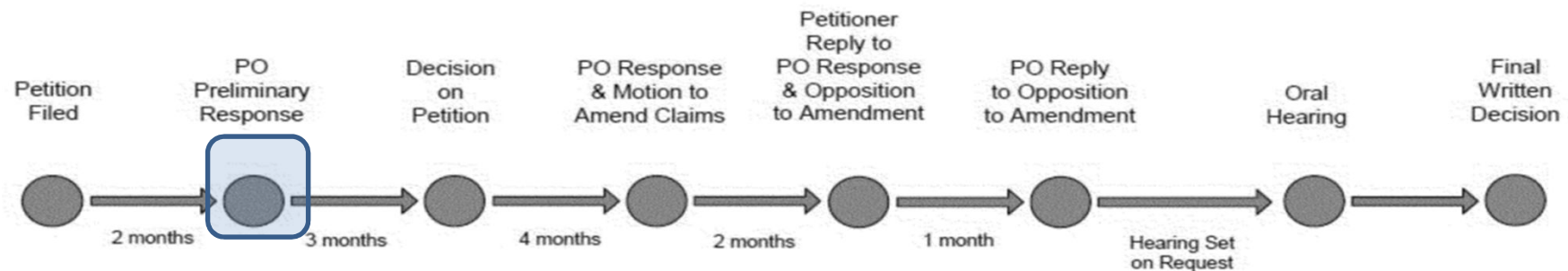
**AMSTER
ROTHSTEIN
& EBENSTEIN LLP**

Intellectual Property Law

Inter Partes Review (IPR)

PO's Preliminary Response

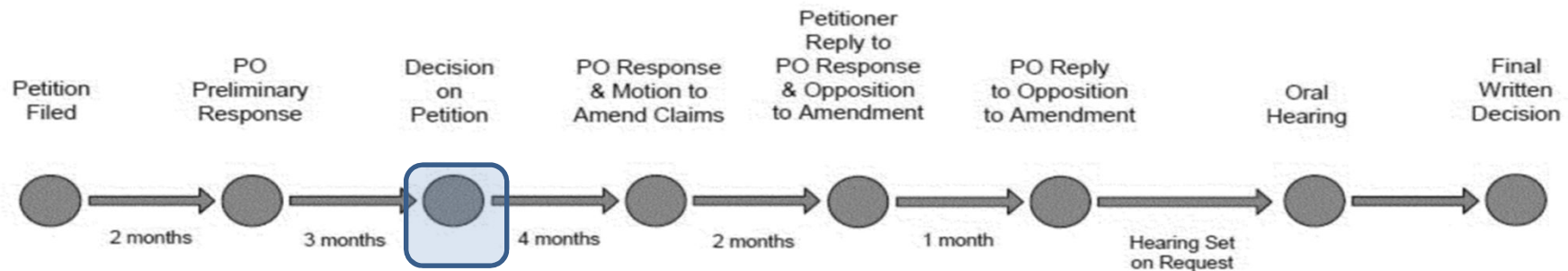
- The Patent Owner (PO) may file a Preliminary Response to the Petition within two months to provide reasons why an IPR should not be instituted. (35 U.S.C. § 313).
- Preliminary Response may present non-testimonial evidence (*e.g.*, affidavits, declarations, and documents that provide factual evidence or expert opinions that PO relies upon).
- Testimonial evidence and discovery may be permitted on a case-by-case basis where necessary.



Inter Partes Review (IPR)

Decision on Petition

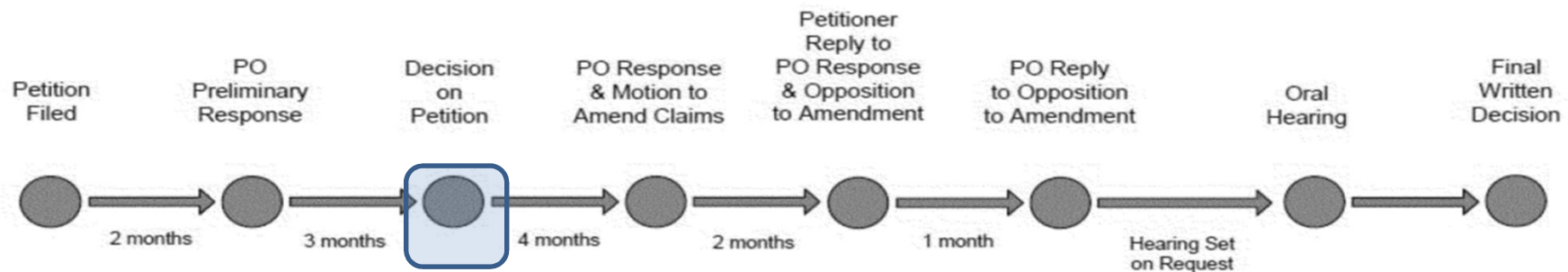
- The PTAB determines whether to institute the requested IPR.
 - The Petition in view of the PO’s Preliminary Response must show a “**reasonable likelihood** that petitioner would prevail” in establishing invalidity of at least one of the challenged claims.
 - The PTAB’s decision must issue within 3 months of the date the PO’s Preliminary Response was due or filed or waived, whichever is earlier.
- The PTAB can narrow the issues by authorizing the trial to proceed only on those challenged claims and grounds which meet the “reasonable likelihood” threshold standard.
 - Any claim or ground not included in the authorization for review is not part of the review.



Inter Partes Review (IPR)

Decision on Petition

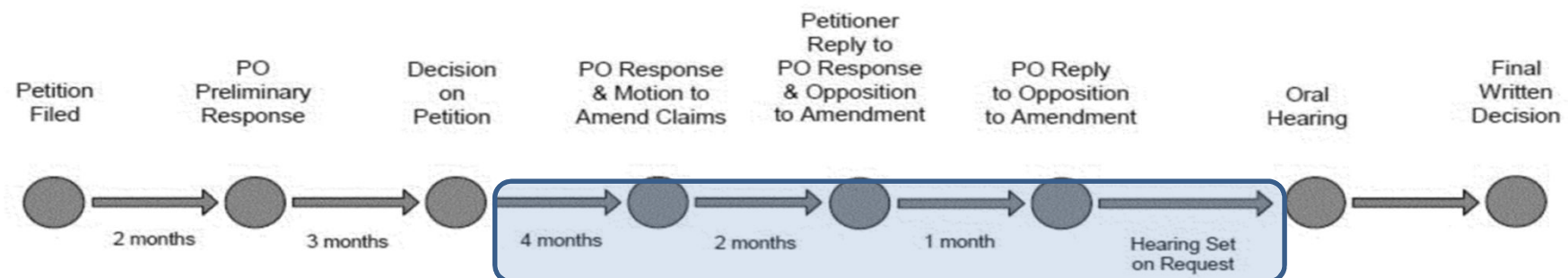
- A party dissatisfied with the PTAB's decision on the Petition may request a rehearing by the PTAB.
- However, the PTAB's determination on whether to initiate IPR is final and not appealable. (35 U.S.C. § 314(d)).
- The PTAB will hold an initial conference call about one month after institution of the IPR to discuss the Scheduling Order and any motions that parties intend to file.



Inter Partes Review (IPR)

Discovery will be sequenced

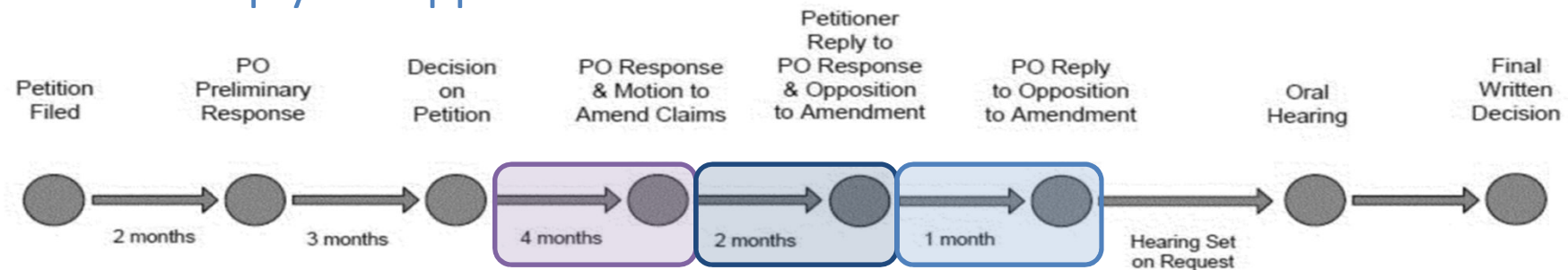
- Along with the decision on petition to institute the IPR proceeding, the PTAB will issue a Scheduling Order setting due dates .
- Once the PTAB institutes an IPR, sequenced discovery begins.



Inter Partes Review (IPR)

Sequenced Discovery

- Once the proceeding is instituted, PO may depose and cross examine the Petitioner's declarants.
- After PO files a Response to the Petition and any Motion to Amend the claims, the Petitioner may depose the PO's declarants.
- After Petitioner files a Reply to PO's Response and an Opposition to Amendments, the PO may depose the Petitioner's declarants and file a Reply in Support of its Amendments.



Inter Partes Review (IPR)

Sequenced Discovery

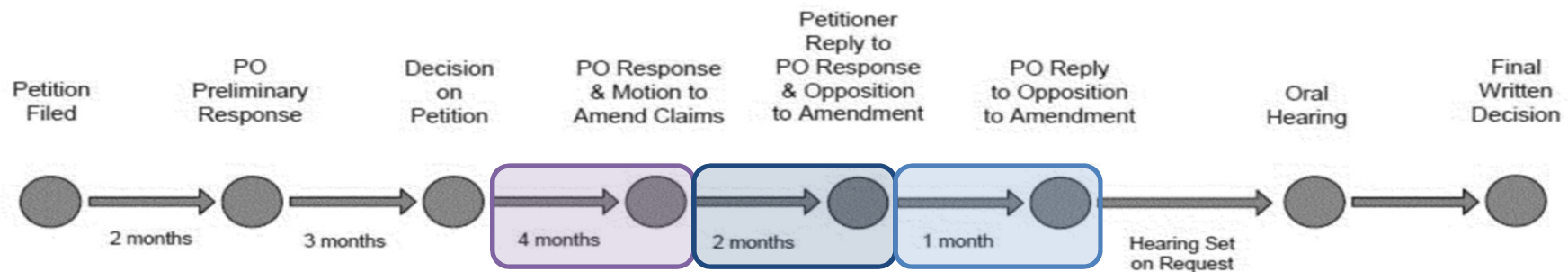
- Where the PO relies upon new declaratory evidence in support of its amendments, the Petitioner can depose the PO's declarants and submit observations on the deposition.
- When the discovery phase ends, the parties can file
 - Motions to Exclude Evidence. (Admissibility is governed by the Federal Rules of Evidence.)
 - Motions for Additional Discovery. A high “in the interests of justice” standard is applied.



Inter Partes Review (IPR)

Scheduling Order (default)

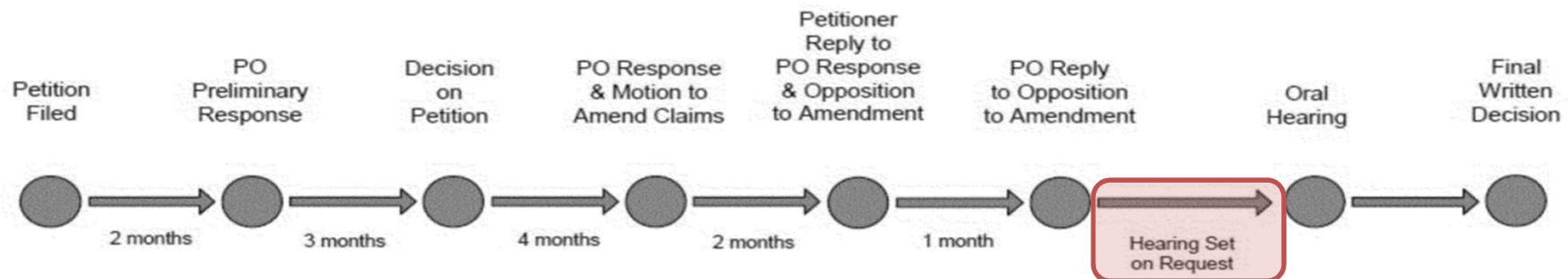
- Period 1: (4 months) [PO's Discovery Period]
 - PO's Response to the Petition and Motion to Amend Patent.
- Period 2: (2 months) [Petitioner's Discovery Period]
 - Petitioner's Reply and Opposition to PO's Amendment
- Period 3: (1 month) [PO's Discovery Period]
 - PO's Response to Petitioner's Opposition



Inter Partes Review (IPR)

Scheduling Order (default)

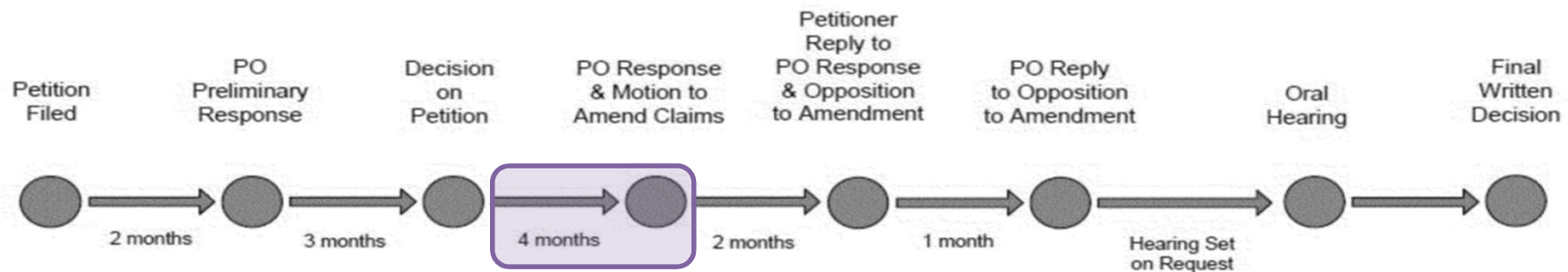
- Period 4: (3 weeks) [Period for Observations, Motions to Exclude, Additional Discovery]
 - Petitioner’s Motion for Observation Regarding Cross Examination of Reply Witness, Motion to Exclude, and Request for Oral Argument
- Period 5: (2 weeks)
 - PO’s Response to Observation and Opposition to Motion to Exclude
- Period 6: (1 week)
 - Petitioner’s Reply to Opposition to Motion to Exclude
- Period 7:
 - Oral Argument



Inter Partes Review (IPR)

PO's Response and Motion to Amend Claims (35 U.S.C. § 316)

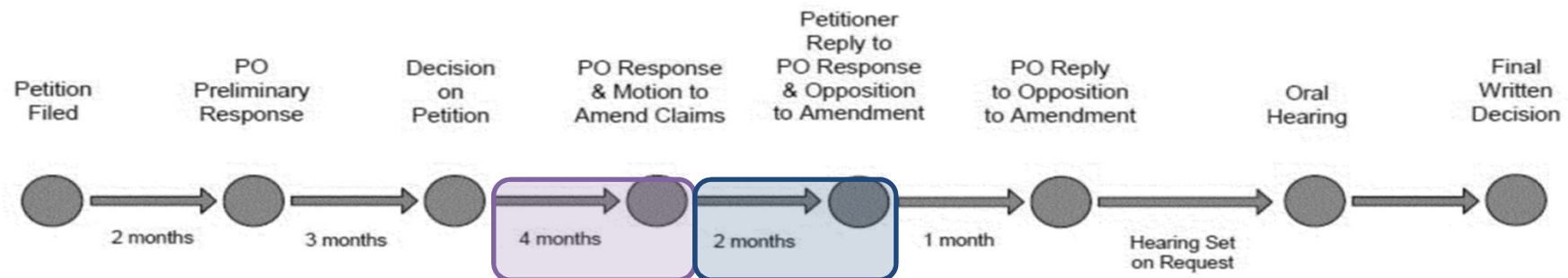
- Patent Owner may file one motion to amend without prior authorization.
 - Can only cancel or propose a reasonable number of narrower substitute claims for a challenged claim.
 - The amendment must be filed when the PO's Response is due.
 - Amendments are subject to intervening rights.
- Additional motions to amend require prior PTAB authorization. May be permitted
 - upon demonstration of good cause by the patent owner.



Inter Partes Review (IPR)

Petitioner's Reply to PO's Response and Opposition to Amendment

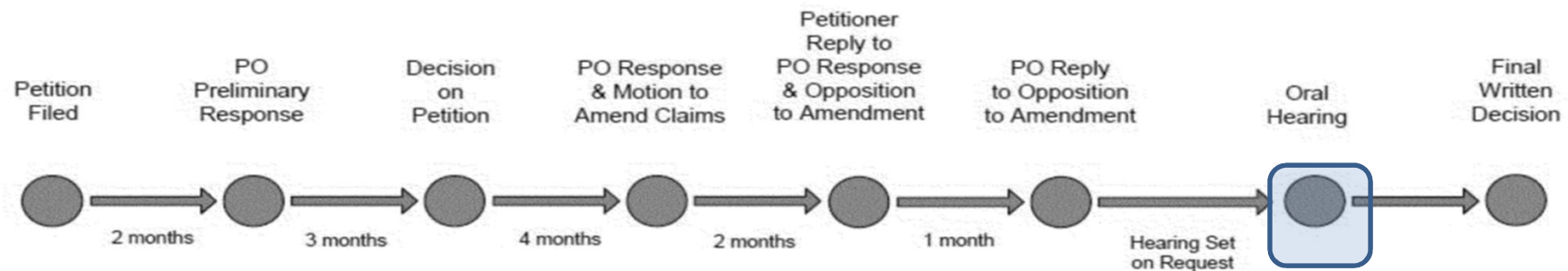
- Petitioner's Reply is limited to positions set out in PO Response
 - New issues or evidence raised by Reply will not be considered.
 - Petitioner may provide new evidence to respond to new issues raised by PO's Response, e.g. arising from proposed claim amendments, and any new declarations submitted in PO Response
- Likewise, PO Reply to Opposition may only respond to arguments raised by Petitioner Opposition to Amendment
 - New issues or evidence raised will not be considered.



Inter Partes Review (IPR)

Oral Hearing

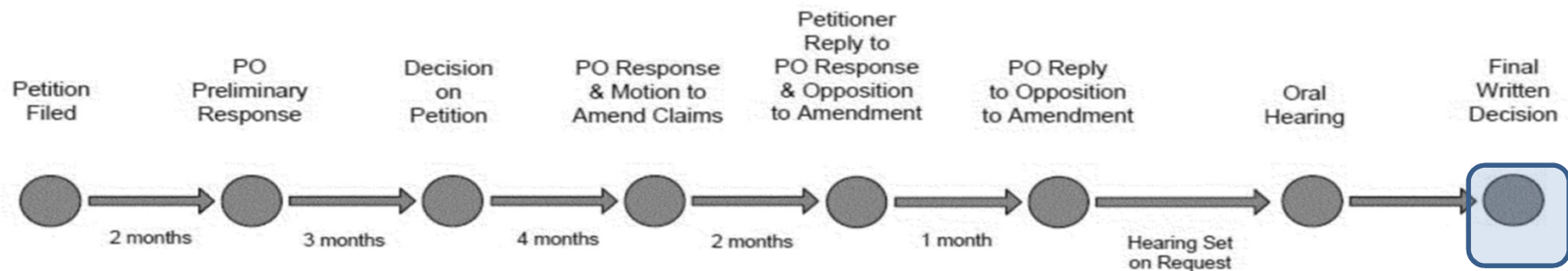
- Either party may request an Oral Hearing.
- Each party presents its case before a panel of at least three members of the PTAB.
- Generally, no live testimony.
- No new evidence and arguments.



Inter Partes Review (IPR)

Final Decision or Settlement

- IPR concludes in a final written decision unless otherwise terminated, e.g., settlement.
- A final decision will generally be rendered within one year of the institution of the IPR. (35 U.S.C. § 316(a)).
- An IPR may be terminated upon settlement between the parties. (35 U.S.C. § 317).
 - Any agreement or understanding made in connection with the termination shall be in writing and a copy of such agreement or understanding shall be filed in the USPTO.



Inter Partes Review (IPR)

Appeal

- Decisions by PTAB can be appealed to the Federal Circuit.
- Questions of fact will be reviewed on a “substantial evidence” standard – NOT *de novo*
- Questions of law will be reviewed *de novo*

Inter Partes Review (IPR)

Estoppel

- Future PTO Proceedings
 - Where a final written decision is issued by the PTO, the Petitioner (or real party in interest) may not request or maintain a proceeding before the PTO with respect to that claim on “any ground that the petitioner **raised or reasonably could have raised**” during the IPR. (35 U.S.C. § 318(a), 315(e)(1))
- Patent Litigation or ITC Proceeding
 - Where a final written decision is issued by the PTO, the Petitioner (or real party in interest), in any subsequent Court or ITC Action, may not assert an invalidity defense on “any ground that the petitioner **raised or reasonably could have raised**” during the IPR (35 U.S.C. § 315(e)(2))
- No estoppel if proceeding terminated upon settlement. 37C.F.R § 42.73(d)(1)

Post Grant Review (PGR)

- **Another new trial procedure for challenging the validity of patent claims in the USPTO.**
 - Most procedural aspects of PGR are the same as for IPR, including petition requirements, discovery sequencing, motion practice and schedule.
 - Same estoppel provisions will apply as for IPR.
 - Available as of September 16, 2012 for Transitional Program for Covered Business Method Patents (CBM).
 - Also will be available for patents filed subject to first-to-file provisions which will come into effect March 16, 2013.
 - Except for CBM, not available for patents filed subject to first to invent provisions.

Post Grant Review (PGR)

- **Major differences between PGR and IPR**
 - Grounds for PGR challenges may be based on U.S.C. 101, 102, 103 and 112. (35 U.S.C. 321(b); 42.204(b)).
 - Basis for challenge is not limited to patents/publications (e.g. can include prior public use or sale)
 - PGR is limited to patents that fall under first to file rules (i.e. claims have effective filing dates on or after March 16, 2013)
 - PGR must be requested no later than 9 months after the grant of the patent. (35 U.S.C. 321(c); 42.202(a)).

Post Grant Review (PGR)

- **Major differences between PGR and IPR**
 - Petition must demonstrate that it is “**more likely than not**” that at least one of the challenged claims is unpatentable. (35 U.S.C. 324(a); 42.208(c)).
(This is a higher threshold than the “**reasonable likelihood**” standard of IPR).
 - PTAB will determine motion requests under the more liberal “**good cause**” standard rather than the “**interests of justice**” standard used in IPR.

Comparison of IPR and PGR

Issues	Inter Partes Review	Post Grant Review
When	<ul style="list-style-type: none"> • 9 months after issue/reissue or • Termination of post-grant review 	Within 9 months after issuance
Request By	Third Party	Third Party
Based on	Prior art patents or publications	Any invalidity grounds
Standard	Reasonable likelihood that requester would prevail on at least 1 claim	More likely than not that at least 1 claim unpatentable or novel/unsettled legal question
Deadline for completion	1 year after initiation by PTAB (+ 6 months for good cause)	1 year after initiation by PTAB (+ 6 months for good cause)
Effective	September 16, 2012	September 16, 2012 only for CBM Otherwise Applies to First to File Patents (i.e. patents having effective filing date or claiming priority on or after March 16, 2013)
Litigation	<ul style="list-style-type: none"> • If petitioner filed DJ action first, no inter partes review permitted • If petitioner files DJ action after request, DJ action automatically stayed • Must be filed within 1 year of infringement lawsuit 	<ul style="list-style-type: none"> • If petitioner filed DJ action first, no post grant review permitted • If petitioner files DJ action after request, DJ action automatically stayed
Estoppel	Cannot later request reexam or litigate on same ground raised or reasonably could have been raised	Cannot later request reexam or litigate on same ground raised or reasonably could have been raised
Settlement	Yes	Yes

Who can represent clients in these proceedings?

- Attorneys registered to practice before the USPTO.
- Other attorneys may be admitted *pro hac vice* at the discretion of the PTAB upon showing of good cause.

Strategic Considerations

- **IPR and PGR as strategies to invalidating claims in USPTO**
 - much faster than litigation in courts
 - cheaper than litigating validity
 - no presumption of validity
 - if already in litigation, may be used to leverage favorable settlement, and if filed quickly may result in stay of litigation
 - no standing requirement
- **Evaluate effect of estoppel if unsuccessful**
- **Evaluate possible amendments and intervening rights issues**
- **More important than ever to evaluate all pros and cons with patent counsel familiar with USPTO and litigation alternatives**

Transitional Program for Covered Business Methods (CBM)

- **New trial procedure for challenging the validity of certain types of business method claims in the USPTO.**
 - Effective for eight year period from September 16, 2012 until September 16, 2020.
 - CBM review will be conducted under the PGR procedures.
 - Petitioner or real party in interest (or privy) must have been sued or charged with infringement of a CBM Patent (and not previously estopped from challenging validity) (AIA § 18(a)(1)(B); C.F.R. § 42.302(a)).
 - CBM cannot be filed during time a PGR could be filed. (AIA § 18(a)(2)).
 - Estoppel before the court or ITC is limited to issues actually raised during the proceeding. (AIA § 18(a)(1)(D)).

Covered Business Methods (CBM)

- Available only for business method patents that claim a method or corresponding apparatus for performing data processing or other operations **used in the practice, administration, or management of a financial product or service.**
- A CBM patent does not include patents for technological inventions. (AIA § 18(d)(1); 42.301(a)).
- Limited grounds for CBM challenges under U.S.C. 102 and 103. (AIA § 8(a)(1)(C)).

Covered Business Methods (CBM)

- A CBM patent does not include patents for **technological inventions**. (AIA § 18(d)(1); 42.301(a)).
 - Technological Invention:
 - Solely for CBM procedure, whether a patent is for a technological invention will be determined on a case by case basis by considering:
 - “Whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution” 37 C.F.R. § 42.301

Derivation

- **New trial procedure for determining whether the first person to file the application is actually a true inventor.**
 - Takes effect on March 16, 2013 and applies to claims in first to file applications.
 - Replaces Interference Practice. Interference will still be option for first to invent applications.
 - Must be filed within one year of the first publication by the earliest applicant of a claim to the same or substantially the same invention.
 - A Petition for Derivation must be supported by substantial evidence.
 - Including at least one affidavit addressing communication of the derived invention and lack of authorization.
 - The showing of communication must be corroborated.
 - The PTAB determines motion requests under the more liberal “good cause” standard.

Supplemental Examination

- **New procedure for patent owners to potentially eliminate future inequitable conduct allegations (35 U.S.C. § 257).**
 - request that USPTO consider, reconsider, or correct information believed to be relevant.
 - Takes effect on September 16, 2012 and applies to all patents.
 - PTO decides within 3 months whether or not the information presented raises a substantial new question of patentability.
 - If a substantial new question of patentability is raised, the PTO will place the patent into *ex parte* reexamination.

Supplemental Examination

- Supplemental Examination may consider any relevant **written** information
 - Not limited to patents and printed publications, e.g.,
 - May include transcribed audio and video recordings, declarations, copies of emails, etc.
 - May pertain to issues of patentability under 35 U.S.C. § § 101 and 112.
 - May pertain to issues of public use or sale.
 - Patent owner does not have right to file a patent owner's statement.

Supplemental Examination

Immunity:

After conclusion of supplemental examination (and any resulting *ex parte* reexamination):

- the disclosed information cannot be a basis for an inequitable conduct defense in court litigation or ITC, regardless of whether a substantial new question of patentability was found.
- Whether a supplemental examination was requested cannot be a factor for determining whether there was inequitable conduct.

Supplemental Examination

- Exception to Immunity:
 - Immunity does not apply to a prior civil action brought before supplemental examination is requested in which inequitable conduct is raised.
 - Immunity does not apply to a defense of inequitable conduct raised in a civil action or ITC proceeding unless the supplemental examination and any ex parte reexamination are concluded before the civil action/ITC proceeding is filed.

Pre-issuance Submission

- **Revised procedure for third parties to submit prior art to the USPTO “of potential relevance” to a pending patent application (35 U.S.C. § 122(e), 37 CFR § 1.290)**
 - Applies to **all** patent applications pending on or after September 16, 2012 .
 - limited to submission of patents, published patent applications, or printed publications.
 - due no later than 6 months after application is published or first rejection, so long as no notice of allowance.
 - **Each submitted document must be accompanied by a concise description of the relevance of the document.**
 - Can be submitted anonymously.
 - No estoppel

Contact Information

Abraham Kasdan
Amster, Rothstein & Ebenstein LLP
90 Park Avenue
New York, NY10016
P. 212.336.8030 (direct)
F. 212.336.8001
akasdan@arelaw.com

Joseph Casino
Amster, Rothstein & Ebenstein LLP
90 Park Avenue
New York, NY10016
P. 212.336.8028 (direct)
F. 212.336.8001
jcasino@arelaw.com

Shigeaki Kitaoka (北岡 成章)
Japan Representative
Amster, Rothstein & Ebenstein LLP
Phone & Fax: 0745-72-0879
Cell Phone: 090-3496-6610
E-Mail: nara.kitaoka@nifty.com
Website: <http://www.arelaw.com/jp/>

ありがとうございました

ご質問等ございましたら、下記までお気軽に
お問い合わせください

RYUKA国際特許事務所

〒163-1522

東京都新宿区西新宿1-6-1

新宿エルタワー22階

TEL: 03-5339-6800

FAX: 03-5339-7790

E-Mail: cases_from_jp@ryuka.com