

STROOCK

**Third Party Contested Cases  
under the  
America Invents Act (AIA)**

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Matthew W. Siegal

212.806.6444

[msiegal@stroock.com](mailto:msiegal@stroock.com)

# Contested Cases Overview

- AIA seeks to provide a cost effective, adversarial, alternative to District Court litigation and *Inter Partes* Reexamination
- Proceeding-Specific Rules
  - *Inter Partes* Review (IPR)
  - Post-Grant Review (PGR)
  - Transitional Program for Covered Business Method Patents (CBM)
- “Umbrella Rules” for the three procedures.

# Inter Partes Review

- IPR statutes effective 9/16/2012.
- All patents are eligible for IPR – both first to invent and first inventor to file patents (applied for after March 16, 2013).
- An IPR may be filed by a person who :
  - is not the patent owner, and
  - has not filed a declaratory judgment action challenging the validity of a claim of the patent.
- You may Petition for IPR if you have filed an invalidity counterclaim to the patentee's patent infringement suit.

# Inter Partes Review

An IPR petition may request to cancel 1 or more claims only:

- under 35 U.S.C. 102 or 103 and
- on the basis of prior art patents or printed publications.

An IPR petition cannot be filed until after the later of:

- 9 months after the grant of a patent; or
- the date of termination of any post grant review of the same patent.

During those first 9 months, you can seek *Ex Parte* Reexamination or Post grant Review, as we will discuss later.

# Inter Partes Review

- An IPR Petition must identify:
  - All real parties in interest.
  - All claims challenged and grounds on which the challenge to each claim is based.
  - A claim construction and show how the construed claim is unpatentable based on the grounds alleged.
  - Supporting evidence (prior art and/or declarations) relied on to support the challenge and state the relevance of the evidence.

# Inter Partes Review

- A patent owner may file an optional preliminary response to the petition, due 3 months from the petition date, to provide reasons why no IPR should be instituted. The Petitioner may not reply.
- Generally the preliminary response should not present any new testimonial evidence beyond that of record in the Petition.
- Discovery may be provided where necessary (e.g., to demonstrate that the petitioner is estopped from challenging the patent claims or is not the real party in interest).
  - If this discovery is granted and yields new testimonial evidence, that evidence may be included in the preliminary response.

# Inter Partes Review

- If an IPR is granted, a patent owner has 3 months to file a response addressing the grounds for unpatentability.
- The Patent owner may file affidavits and expert opinions as factual evidence to support the response.
- A patent owner may file one motion to amend the claims, after conferring with the Board. The amendments may not broaden a claim. The Petitioner and Patent Owner may jointly request additional motions to amend the claims to advance settlement.
- An IPR will be completed within one year from institution, except the time may be extended up to six months for good cause.

# Post Grant Review Vs. Inter Partes Review

- Most aspects of PGR and IPR are *similar*. For example,
  - Petition – the requirements for the petition are similar.
  - A Preliminary Patent Owner Response is permitted.
  - The Patent Owner Response (after institution) is similar.
  - Amendments – requirements are essentially the same.



# Post Grant Review Vs. Inter Partes Review

*Differences* between a post-grant review and an *inter partes* review.

- PGR normally only available for those patents issuing from applications subject to the first-inventor-to-file rules of the AIA (effective 3/16/2013).
- PGR allows challenges based on §§ 101, 102, 103 and 112, except best mode.
- PGR may only be requested on or prior to 9 months from the date of the patent grant.
- PGR Petition must demonstrate that it is more likely than not (*i.e.*, a higher threshold than IPR) that at least one of the claims challenged in the petition is unpatentable.

# Covered Business Method Vs. Post Grant Review

- Generally, employs PGR Procedures.
- *Differences* between covered business method (CBM) review and post grant review (PGR) include:
  - CBM Petitioner must be sued or charged with infringement.
  - Cannot file CBM during the first 9 months after issuance. Only Post Grant Review is available during the first 9 months.
  - Petitioner has burden of establishing that patent is eligible for CBM review.
  - Petitioner must certify that it has been sued or charged with infringement, and that it is not estopped from proceeding.

# Covered Business Method Vs. Post Grant Review

- *More differences:*
  - Eligible Patents
    - Must be “business method” patent. This typically includes a method or apparatus for performing data processing or other operations for financial product or service.
    - The Business method patent definition excludes patents for technological inventions. The definition of a technological invention is not very clear and uses the same word “technological.”
    - Both first to invent and first-inventor-to-file patents are eligible.

# Covered Business Method Vs. Post Grant Review

- Prior Art is limited when challenging a first-to-invent CBM patent.
  - If challenging a claim based on § 102 or 103 (novelty or obviousness) regarding an “old” patent (applied for before March 16, 2013), petitioner can **only** rely on:
    - 1) Prior art under § 102(a) as in effect before March 16, 2013, **or**
    - 2) Prior art that “discloses” the invention more than one year before the patent application **and** would be “described by” the old § 102(a) if the disclosure had been made by another before invention by the patent applicant.

# Estoppel: PGR/IPR/CBM

- If a final written decision is issued, estoppel applies to the petitioner with respect to the challenged claims. If the proceedings are settled without a final written decision, no estoppel.
- PGR: broadest estoppel. Any issue that was raised or could have been raised. (101, 102, 103, 112)
- IPR: narrower estoppel. Any issue that was raised or could have been raised. (102, 103 – patents and printed publications only)
- CBM: narrowest estoppel. Any issue that was actually raised.

# Umbrella Rules

- Real parties in interest must be identified in the petition.
- Attorneys must be admitted to practice before the Patent Office.
  - The Board may recognize counsel *pro hac vice* during a proceeding upon a showing of good cause.
- Protection of Confidential Information
  - a party may seek to have a document sealed by filing a motion to seal.
  - AIA provides for protective orders to govern the exchange and submission of confidential information.

# Umbrella Rules

- Depositions and document discovery is permitted.
  - The proposed rules allow for two types of discovery:
    - routine discovery and
    - additional discovery.

# Umbrella Rules

- Routine discovery includes:
  - documents cited in the Petition,
  - the deposition of any person submitting a declaration, and
  - information inconsistent with positions during the proceeding.
- Additional discovery - A party seeking additional discovery must demonstrate that the additional discovery is in the interests of justice. A party seeking additional discovery in PGR and CBM must demonstrate a lower standard of a showing of “good cause.”
- Live testimony – If authorized, a Judge may attend a deposition where it is critical to assess witness credibility.



# Umbrella Rules

- Oral hearings
  - AIA permits a party to request an oral hearing as part of the proceeding.
  - The length of the hearing will be set on a case-by-case basis, taking into account the complexity of the case.

# Umbrella Rules

- Settlement
  - AIA encourages settlement in IPR/PGR/CBM by allowing the parties to settle.
  - A settlement in IPR/PGR/CBM terminates the proceeding with respect to the petitioner and the Board may terminate the proceeding **or** issue a final written decision at their discretion, so don't wait too long.
  - Settlements may be confidential, but must be filed with the Patent Office to discourage anti-competitive agreements.

# Umbrella Rules

- Final decision where the case is not dismissed due to settlement
  - AIA provides that where an IPR/PGR/CBM trial is instituted, and not dismissed, the Board shall issue a final written decision. The decision shall address the patentability of any claim challenged and any new claim added by motion.

# Umbrella Rules

- Petitioner Estoppels After Final Written Decision
  - A petitioner in an IPR/PGR/CBM may not request or maintain a proceeding before the Office with respect to any claim on any ground raised or that reasonably could have been raised.
  - A petitioner in an IPR/PGR/CBM may not assert in district court or the ITC that a claim is invalid on any ground petitioner raised, and in IPR/PGR, any ground that reasonably could have been raised.

# Umbrella Rules

- Patent Owner Estoppel
  - The Patent owner is precluded from taking action inconsistent with the adverse judgment, including obtaining:
    - a claim in a related application that is patentably indistinct from a finally refused or canceled claim; or
    - an amendment of a specification or drawing in a related application that was denied during the trial.

# Umbrella Rules

- Rehearing and Appeal of Board Decisions
  - A party dissatisfied with a non-final or final decision may file a request for rehearing with the Board.
  - A party dissatisfied with the final written decision in an IPR/PGR/CBM may appeal to the Federal Circuit.

# IPR and Collateral Lawsuits

- Filing DJ Action (but not a counterclaim) bars filing an IPR
- Limited stay for DJ Action after IPR – Patent Owner option
  - If an IPR (or PGR) challenger begins subsequent litigation (such as a DJ) on the same patent, the AIA requires a stay of that subsequent litigation unless:
    - 1) The patentee request a lift of the stay,
    - 2) The patentee files a suit or counterclaim alleging infringement, or
    - 3) The challenger asks to dismiss the litigation.
- District Court can still stay litigation in other scenarios

# Advantages/Disadvantages of PGR

PGR: Petition if you need immediate certainty on the newly issued patent.

## Advantages:

- Immediacy
- Lower threshold than civil litigation
- PTO gives broad construction to claims
- Public use or on-sale bar applies
- Less costly than litigation

## Disadvantages:

- Estoppel
- Limited discovery



# Advantages/Disadvantages of IPR

IPR: Counter-claim if sued, wait 9 months, assert invalidity arguments during IPR on patents and printed publications.

## Advantages:

- Potentially 2 trys at invalidity (due to limited estoppel)
- Lower threshold than civil litigation
- PTO gives broad construction to claims
- Less costly than litigation

## Disadvantages:

- Limited discovery
- Limited to patents and printed publications
- Must wait 9 months
- Public use and on-sale excluded
- Estoppel

# Advantages/Disadvantages Civil Litigation

Litigation: Wait until you are sued on the patent, or file DJ when you have reasonable grounds to do so.

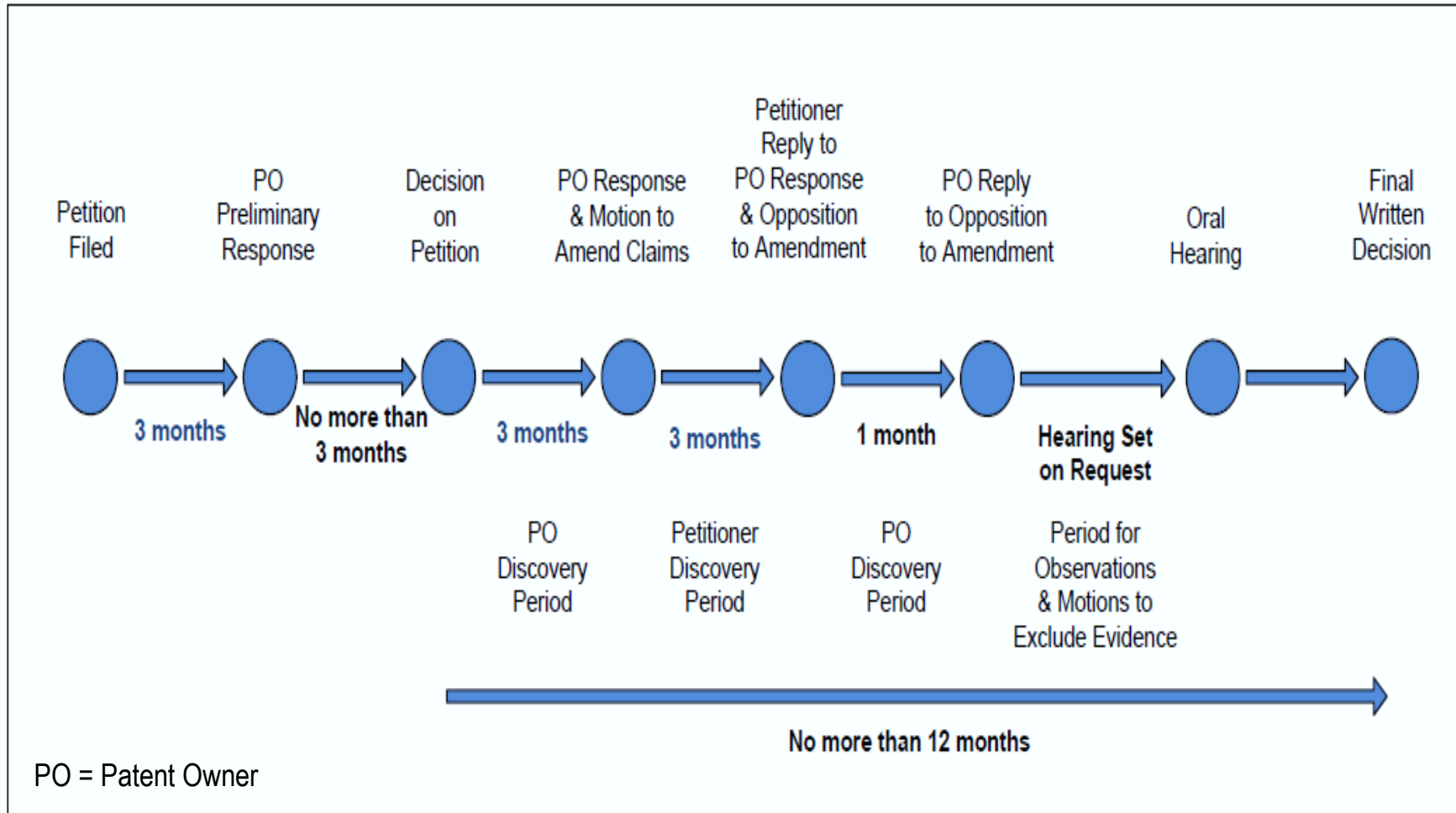
## Advantages:

- Extensive discovery
- Expert testimony
- Secure trial venue for DJ Action

## Disadvantages:

- Higher threshold – clear and convincing evidence
- Narrower claim construction
- More costly

# Administrative Trials



# Contested Cases (Effective September 16, 2012)

Proceeding	Petitioner	Available	Standard	Basis
Post Grant Review (PGR)	<ul style="list-style-type: none"> <li>Person who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent</li> </ul>	From patent grant to 9 months from patent grant or reissue	More likely than not  OR  Novel or unsettled Legal question Important to other patents/applications	101, 102, 103, 112, double patenting but not best mode
Inter Partes Review (IPR)	<ul style="list-style-type: none"> <li>Must identify real party in interest</li> </ul>	From the later of: (i) 9 months after patent grant or reissue; or (ii) the date of termination of any post grant review of the patent	Reasonable likelihood	102 and 103, but based on patents and printed publications only

# Contested Cases (Effective September 16, 2012)

Proceeding	Applicable	Estoppel	Timing	Effective Date
Post Grant Review (PGR)	Patent issued under first-inventor-to-file	<ul style="list-style-type: none"> <li>• Raised or reasonable could have raised</li> <li>• Applied to subsequent USPTO/district court/ITC action</li> </ul>	Must be completed within 12 months from institution, with 6 months good cause exception possible (e.g., joinder)	Sept. 16, 2012
Inter Partes Review (IPR)	Patent issued under first-to-invent or first-inventor-to-file			

# Umbrella Rules

	- Due Date Appendix	
Due Date 1:	Patent owner's response to petition. Patent owner's motion to amend the patent.	3 months
Due Date 2:	Petitioner's reply to patent owner response to petition. Petitioner's opposition to motion to amend.	3 months
Due Date 3:	Patent owner's reply to petitioner opposition.	1 month
Due Date 4:	Petitioner's motion for observation regarding cross-examination of reply witness. Motion to exclude evidence. Request for oral argument.	3 weeks
Due Date 5:	Patent owner's response to observation. Opposition to motion to exclude.	2 weeks
Due Date 6:	Reply to opposition to motion to exclude.	1 week
Due Date 7:	Oral argument...	Set on request

Matthew W. Siegal  
212.806.6444  
[msiegel@stroock.com](mailto:msiegel@stroock.com)

[www.stroock.com](http://www.stroock.com)

STROOCK

STROOCK & STROOCK & LAVAN LLP