USPTO Post-Grant Patent Review:
More Cost Effective Patent Dispute Resolution

Alan W. Kowalchyk
akowalchyk@merchantgould.com
America Invents Act (AIA)  
Legislative Intent  
***

The purpose of the “America Invents Act,” as reported by the Committee on the Judiciary, is to ensure that the patent system in the 21st century reflects the constitutional imperative. Congress must promote innovation by granting inventors temporarily limited monopolies on their inventions in a manner that ultimately benefits the public through the disclosure of the invention to the public. The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.

(emphasis added)

***

June 1, 2011 House Judiciary Report to accompany H.R. 1249
America Invents Act (AIA) Overview

• First Inventor to File
• Litigation Related Provisions
  – Post-Grant Proceedings
  – Supplemental Review
  – Prior Use Defense
  – False Marking
  – Virtual Marking
  – Joinder of Parties
  – Willful Infringement – Advice of Counsel
  – Best Mode Defense
Post Grant Patent Review Procedures

- Supplemental Examination
  - 35 U.S.C. §§ 257
- Ex Parte Reexamination
  - 35 U.S.C. §§ 301-307
- Inter Partes Review
  - 35 U.S.C. §§ 311-319
- Post Grant Review
- Derived Patents
Supplemental Examination

- Statutory provision provides patent owner with a means to immunize a patent from allegations of inequitable conduct (35 U.S.C. § 257)
- Rules designed to create a process for completion of the supplemental examination within the 3-month statutory time frame, for prompt resolution of any ex parte Reexamination, and avoidance large submissions of unexplained documents (See 37 C.F.R. §§ 1.601-1.625)
- Applicable for patents enforceable on or after September 16, 2012
§ 257. Supplemental Examination

• Key Provision
  • "A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of a patent." (35 U.S.C. § 257(c)(1).)

• Exceptions (cannot file request):
  • Prior allegations: does not apply to "an allegation pled with particularity in a civil action" or in a PIV certification notice letter "before the date of a supplemental examination request." (35 U.S.C. § 257(c)(2)(A).)
Supplemental Examination

§ 1.20 Post issuance fees.*

(k) In supplemental examination proceedings:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) For processing and treating a request for supplemental examination</td>
<td>$4,400</td>
</tr>
<tr>
<td>(2) For ex parte reexamination ordered as a result of a supplemental examination proceeding</td>
<td>$12,100</td>
</tr>
<tr>
<td>(3) For processing and treating, in a supplemental examination proceeding, a non-patent document over 20 pages in length, per document:</td>
<td></td>
</tr>
<tr>
<td>(i) Between 21 and 50 pages</td>
<td>$180</td>
</tr>
<tr>
<td>(ii) For each additional 50 pages or a fraction thereof, in addition to the fee specified in paragraph (k)(3)(i) of this section</td>
<td>$280</td>
</tr>
</tbody>
</table>

*Refund (§ 1.26(c)(3)) of $12,100 if the PTO decides not to order an ex parte reexamination proceeding.
Supplemental Examination

§ 1.625 Conclusion of supplemental examination; publication of supplemental examination certificate; procedure after conclusion.

(a) Supp. Exam. concludes by issuance of a certificate.
(b) If SNQP, then ex parte reexamination will be ordered.
(c) If no new SNQP, then patent owner will receive refund and can show certificate to court or jury.
Advantageous for patentee to request supplemental examination

A. Request for reexamination must include a statement pointing out each SNQP (§ 1.510(b).) For supplemental examination this is optional (§ 1.610(c).) Patent owner can avoid potential prosecution history issues.

B. Supplemental examination is not limited to prior art consisting of patents or printed publications, or statements of the patent owner filed in a proceeding before a Federal court or the USPTO.

C. Supplemental examination certificate may be shown to court or jury.

D. Supplemental examination certificate, if applicable, can be used to immunize patent from potential inequitable conduct allegations.
# Post-Grant Patent Review Procedures as of Sept. 16, 2012

<table>
<thead>
<tr>
<th>Eligible Patents</th>
<th>Inter Partes Review</th>
<th>Reexamination</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 9 months of grant Filed after 3/16/2013</td>
<td>&gt; 9 months from grant and after completion of PGR</td>
<td>Any</td>
</tr>
<tr>
<td>Other Eligibility Requirements</td>
<td>Barred if petitioner has filed civil action challenging validity</td>
<td>Barred if: (1) petitioner has filed civil action challenging validity; or (2) more than 1 year after petitioner served with infringement Complaint</td>
</tr>
<tr>
<td>Prior Art / Invalidity Grounds Considered</td>
<td>All</td>
<td>Patents &amp; Printed Publications</td>
</tr>
<tr>
<td>PTO Reviewing Body</td>
<td>PTAB</td>
<td>PTAB</td>
</tr>
<tr>
<td>Standard for Granting Request</td>
<td>(1) Information presented in the petition, if not rebutted, demonstrates it is more likely than not that at least one claim is unpatentable; or (2) petition raises novel or unsettled legal question important to other patents or applications</td>
<td>Reasonable likelihood requestor will prevail as to at least one claim</td>
</tr>
<tr>
<td>Third-Party Participation</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Discovery</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Impact on Pending Litigation</td>
<td>Automatic stay of suit by petitioner challenging validity</td>
<td>Automatic stay of suit by petitioner challenging validity</td>
</tr>
<tr>
<td>Time to Completion (w/o appeal)</td>
<td>12 months, extendible to 18 for good cause</td>
<td>12 months, extendible to 18 for good cause</td>
</tr>
<tr>
<td>Appeal to Fed. Cir.</td>
<td>Any party</td>
<td>Any party</td>
</tr>
<tr>
<td>Estoppel</td>
<td>Raised or reasonably could have raised</td>
<td>Raised or reasonably could have raised</td>
</tr>
</tbody>
</table>
## IPR, PGR, and CBM Summary

### IPR
(available 9/16/12)
- All patents are eligible
- Petitioner has not filed an invalidity action and petition is filed no more than one year after service of infringement complaint for the patent
- Only §§ 102 and 103 grounds based on patents or printed publication

### PGR
(available – patents filed 3/16/13)
- First inventor to file patents eligible
- Petitioner has not filed an invalidity action
- Grounds §§ 101, 102, 103, and 112, except best mode

### CBM
(available 9/16/12)
- First to invent and first to file patents are eligible (must be a covered business method patent)
- Petitioner must be sued or charged with infringement
- Grounds §§ 101, 102, 103, and 112, except best mode
Administrative Trial Rules and Petition Requirements
37 CFR – Part 42

• Rules governing trial practice for inter partes review, post-grant review, derivation proceedings and transitional program for covered business patents
Procedural Overview

• Same basic trial structure for all proceedings
Post-Grant Rules

1. Umbrella Trial Rules §§42.1-42.80

2. Procedure Specific Rules (Petition/Response)
   - Inter Partes Review §§42.100-42.123
   - Post-Grant Review §§42.200-42.224
   - Covered Business Method Patent Review §§42.300-42.304
   - Derivation Proceeding Proposed §§42.400-42.412
Key Rules

1. Umbrella Rules
   a. Fees
   b. Trial Procedures

2. Petition Requirements
   a. Inter partes review
   b. Post-grant review
   c. Covered business methods
   d. Derivation proceeding
Umbrella Rules
Fees

- IPR $9,000 (request) (20 claims) ($200 each additional claim) + $14,000 post institution (15 claims) ($400 each additional claim) 37 CFR § 42.15(a)

- PGR/CBM $12,000 (request) (20 claims) ($250 each additional claim) + $18,000 post institution (15 claims) ($550 each additional claim) 37 CFR § 42.15(b)

- Derivation $400 37 CFR § 42.15(c)
Procedural Overview
IPR/PGR/CBM

• Petition filing
• Two months post filing notification – patent owner discretionary preliminary response
• Board decision to institute proceeding in three months of preliminary response or due date
• Scheduling order at time proceeding instituted
• Pretrial conference (one month of instituting procedure
• Sequenced discovery
• Hearing
• Decision within one year of institution of proceeding
Once instituted, absent special circumstances, discovery will proceed in a sequenced fashion.
Petition Requirements
Inter Partes Review
Inter Partes Review
Petition Requirements (37 CFR §104)

- Fee
- Real parties in interest
- Claims challenged and grounds
- Claim construction and show how claim is unpatentable
- Evidence
- Certify not estopped
Identify Real Party in Interest
Mandatory Notice - 37 CFR § 42.8

• See Practice Guide

“Whether a party who is not a named participant in a given proceeding nonetheless constitutes a ‘real party in interest’ or privy to that proceeding is a highly fact-dependent question. . . .”
Counsel
37 CFR §42.10

• Lead counsel must be registered practitioner
• Board may recognize pro hac vice upon showing of good cause
• Board may revoke pro hac vice status
Page Limits
37 CFR §42.24

- IPR – 60 pages (petition, patent owner preliminary response and patent owner response)
- PGR/CBM – 80 pages (petition, patent owner preliminary response and patent owner response)
- Derivation – 60 pages (petition and opposition)
Patent Review Processing System Portal (PRPS)

Attorney registration:
https://ptabtrials.uspto.gov/prweb/PRWebLDAP2/Hcl5xOScX_yQRYZAnTXXCg%5B%5B*/!STANDARD?
Inter Partes Review
Patent Owner Preliminary Response
37 CFR §42.107

• Provide reasons why no IPR should be instituted
• Due 3 months from petition docketing date
• Documentary evidence permitted
• Testimonial evidence permitted where interests of justice so require, e.g., to demonstrate estoppel
Petition Filed → PO Preliminary Response → Decision on Petition → PO Response & Motion to Amend Claims → Petitioner Reply to PO Response & Opposition to Amendment → PO Reply to Opposition to Amendment → Oral Hearing → Final Written Decision

3 months → No more than 3 months → 3 months → 3 months → 1 month → Hearing Set on Request

PO Discovery Period → Petitioner Discovery Period → PO Discovery Period → Period for Observations & Motions to Exclude Evidence → No more than 12 months

PO = Patent Owner
Inter Partes Review
Threshold and Institution
37 CFR §42.108

- Reasonable likelihood that petitioner would prevail as to at least one of the claims challenged
- Board will institute the trial on:
  - Claim-by-claim basis; and
  - Ground-by-ground basis
Initial Conference Call

• Within about one month from date trial instituted
• Discuss the Scheduling Order and any motions parties anticipate filing
Inter Partes Review
Patent Owner Response
37 CFR §42.120

• Address any ground for unpatentability not already denied by the Board
• File, through affidavits or declarations, any additional factual evidence and expert opinions
• Due 3 months from institution
Inter Partes Review
Patent Owner Amendment of the Patent
37 CFR §42.121

• May cancel any challenged claim and/or propose a reasonable number of substitute claims
• Additional motion may be authorized for good cause, e.g., where supplemental information is belatedly submitted (may be limited to prevent abuse and to aid in efficient administration and timely completion of the proceeding)
Discovery
37 CFR §42.51
Mandatory Initial Disclosures
37 CFR §42.51(a)

• With agreement
• Without agreement
Mandatory Initial Disclosures by Agreement

- By time period for patent owner preliminary response
- Initial disclosures filed as exhibits
Limited Discovery
37 CFR § 42.51(b)

• Not entitled to discovery, except as provided by paragraph (a) or as otherwise authorized.
• Routine discovery
  – Exhibits cited in a paper or testimony must be served with the citing paper or testimony
  – Cross examination of affidavit testimony
  – Unless otherwise served, relevant information that is inconsistent with a position advanced by party during proceeding
• Additional discovery – upon motion
  – Must be shown to be in the interest of justice (inter partes review)
Mandatory Initial Disclosures
37 CFR §42.51(a)

• With agreement
• Without agreement
Mandatory Initial Disclosures by Agreement

- By time period for patent owner preliminary response
- Initial disclosures filed as exhibits
Compelling Testimony and Production
37 CFR § 42.52

(a) **Authorization required.** A party seeking to compel testimony or production of documents or things must file a motion for authorization. The motion must describe the general relevance of the testimony, document, or thing, and must:

(1) In the case of testimony, identify the witness by name or title; and

(2) In the case of a document or thing, the general nature of the document or thing.
Taking Testimony
37 CFR § 42.53

• Uncompelled testimony in form of affidavit any time to support a petition, motion, opposition or reply; otherwise testimony only during testimony period set by the Board. 37 CFR 42.53 (b)(1)
Taking Testimony
Notice of Deposition
37 CFR § 42.53(d)(1)

• Prior to the taking of deposition testimony, all parties to the proceeding must agree on the time and place for taking testimony
• If no agreement – party seeking testimony must initiate a conference with the Board to set a time and place
Taking Testimony
37 CFR § 42.53(d)(2)

• Cross-examination should ordinarily take place after any supplemental evidence relating to the direct testimony has been filed and more than a week before the filing date for any paper in which the cross-examination testimony is expected to be used. A party requesting cross-examination testimony of more than one witness may choose the order in which the witnesses are to be cross-examined.
(3) In the case of direct deposition testimony, at least 3 business days prior to the conference in paragraph (d)(1) of this section, or if there is no conference, at least ten days prior to the deposition the party seeking the direct testimony must serve:

(i) A list and copy of each document under the party’s control and on which the party intends to rely; and

(ii) A list of, and proffer of reasonable access to, anything other than a document under the party’s control and on which the party intends to rely.

(4) The party seeking the deposition must file a notice of the deposition at least 10 business days before a deposition.

(5) Scope and content- (i) For direct deposition testimony, the notice limits the scope of the testimony and must list:

(A) The time and place of the deposition;
(B) The name and address of the witness;
(C) A list of the exhibits to be relied upon during the deposition; and
(D) A general description of the scope and nature of the testimony to be elicited.
Protective Order
37 CFR § 42.54

Practice Guide to Rules Includes
“Default Order”
Expungement of Confidential Information
37 CFR § 42.56

Post-Trial Motion
Evidence
Admissibility 37 CFR § 42.61

• Admissibility. § 42.61
  (a) Evidence that is not taken, sought, or filed in accordance with this subpart is not admissible.
  (b) Records of the Office. Certification is not necessary as a condition to admissibility when the evidence to be submitted is a record of the Office to which all parties have access.
  (c) Specification and drawings. A specification or drawing of a United States patent application or patent is admissible as evidence only to prove what the specification or drawing describes. If there is data in the specification or drawing upon which a party intends to rely to prove the truth of the data, an affidavit by an individual having first-hand knowledge of how the data was generated must be filed.
Federal Rules of Evidence Apply
37 CFR § 42.62
Objections to Evidence
37 CFR § 42.64

• Make at time of deposition

  (1) Objection. Any objection to evidence submitted during a preliminary proceeding must be served within 10 business days of the institution of the trial. Once a trial has been instituted, any objection must be served within 5 business days of service of evidence to which the objection is directed. The objection must identify the grounds for the objection with sufficient particularity to allow correction in the form of supplemental evidence.
Expert Testimony, Tests and Data
37 CFR § 42.65

• Expert testimony that does not disclose underlying facts or data is entitled to little or no weight
• Testimony of patent law or practice not admitted
• Any technical test or data relied on must be explained as to basis and rationale in affidavit
PetitionFiled → PO Preliminary Response → Decision on Petition → PO Response & Motion to Amend Claims → Petitioner Reply to PO Response & Opposition to Amendment → PO Reply to Opposition to Amendment → Oral Hearing → Final Written Decision

- 3 months
- No more than 3 months
- 3 months
- 3 months
- 1 month
- Hearing Set on Request
- Period for Observations & Motions to Exclude Evidence
- No more than 12 months

PO = Patent Owner
Oral Argument
37 CFR § 42.70

• May be requested
• Demonstrative exhibits must be served at least five days before oral argument and filed no later than time of oral argument
Termination of Trial
37 CFR § 42.72

Termination of trial.

The Board may terminate a trial without rendering judgment, where appropriate, including where the trial is consolidated with another proceeding or pursuant to a joint request under 35 U.S.C. 317(a) or 327(a).
Judgment
37 CFR § 42.73(a)

- Disposes of all issues that were, or by motion reasonably could have been, raised and decided.
Estoppel
37 CFR §42.73(d)

• Petitioner may not request or maintain a proceeding before the USPTO with respect to a claim for which it obtained a final written decision on any ground the petitioner raised or reasonably could have raised during the trial
Post-Grant Review
37 CFR §§42.200-42.224

- In most aspects effectively the same as IPR
- With limited exceptions, only those patents issuing from applications filed after March 16, 2013 (first inventor to file)
- Challenges under essentially all patentability provisions (§§ 101, 102, 103 and 112)
- On or prior to the date that is 9 months after the grant of a patent or issuance of a reissue patent
- Petition demonstration that it is more likely than not that at least one of the claims challenged in the petition is unpatentable
Covered Business Methods
37 CFR §§42.300-42.304

• Generally follows the PGR standards and procedures
• CBM limitations
  – Cannot file CBM petition during time a PGR petition could be filed, i.e., 9 months after issuance of a patent
  – Petitioner must be sued or charged with infringement
  – Petition has burden of establishing that patent is eligible for CBM review
  – Generally defined in the AIA as a method or corresponding apparatus for performing data processing or other operations for financial product or service
  – Definitions of covered business method patent excludes patents for technological inventions
Considerations for Post-Grant Review

- Cost
- Expertise
- Speed
  - deadlines
- Burden of proof
- Claim construction principles
- Goals of challenge
  - Amend scope or invalidate patent claim(s)
  - Improved confidentiality
- Estoppel
Summary

• Be prepared
  – High visibility patents – a target
  – Defense alternative in first year of case
  – New procedure with tight time frames