

ADDMG CLE 10/12

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# PATENT CHALLENGE OPTIONS AIA

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## Improve Patent Quality and Reduce Litigation Burdens

- The challenge options
  - Paper submissions
  - PTO trials
- Basic mechanics (including PTO rules impact and fees)
- Considerations for a 3<sup>rd</sup> party
- Considerations for an applicant/patentee

## **Preissuance Submissions (Date: 9/16/12)**

- Who? - Any 3<sup>rd</sup> party, can't be someone with a duty of disclosure, can be anonymous
- What? - Concise description of relevance of each document, no service to applicant, limited to printed publications, PTO will notify if non-compliant
- When? - Pending application (not reissue or reexam), file before later of 6 mos after publication date or first rejection and before Notice of Allowance

## Preissuance Submissions (cont'd)

- How Much? Fee – 3 or less documents, free the first time, thereafter every 10 is \$180
- Procedure/timing? - Examiner takes up in next Official Action
- Considerations for Applicant? Just along for the ride
- Considerations for 3<sup>rd</sup> Party?
  - Cheap
  - **Need an elaborate program to make timing requirements**
  - **Exposure to willful infringement**
  - **Will Examiners simply ignore?**
  - Litigation estoppel for 3<sup>rd</sup> Party? Just statutory presumption of validity, and harder to prove invalidity when art already considered

## Patent Owner Claim Scope Statements (Date 9/16/12):

- Who? - Any 3<sup>rd</sup> Party, can be anonymous
- What? - Include written statements by patentee about claim scope in court or PTO (or anywhere)
- Procedure/timing? – PTO won't use for deciding whether to order an ex partes or inter partes reexam, or administrative trial, but MAY use to determine proper claim meaning
- Considerations for Patentee? – Patent owner explanation



## Patent Owner Claim Scope Statements (cont'd)

- Considerations for 3<sup>rd</sup> Party?
  - Free?
  - Can't think of a reason not to (will it be effective?)
  - Litigation Estoppel for 3<sup>rd</sup> Party? N/A

## Ex Parte Reexam

- Who? - Any 3<sup>rd</sup> party (anonymous) or the patentee
- What? - Good old fashioned reexam, 3<sup>rd</sup> party requestor does not participate after filing (unless patentee responds to request), SNQ as threshold
- How much? - Fee went from **\$2,520 to \$17,750**
- Considerations for Patentee? – Supplemental examination looks like a better option
- Considerations for 3<sup>rd</sup> Party?
  - Prior art limited to printed publications
  - Litigation estoppel for 3<sup>rd</sup> Party? Only estoppel is to reexam requests, but still statutory presumption of validity

## Reissue

- Who? - Patentee, within 2 years can broaden claims
- What? - Correct errors, minor change to delete requirement for statement that “error occurred without deceptive intent”
- How Much? - Fee \$3,490 including issue fee
- Considerations for Patentee? – Use to broaden claims (2yr)



## **Supplemental Examination (Date: 9/16/12)**

- Who? - Only patent owner
- When? - Any time after issuance and during enforceability (6 yrs after exp.)
- What? - PTO request form: identify patent, claims and separate detailed explanation of the relevance and manner of applying each item of information to each claim, NOT limited to patents and printed publications (limit of 12 items)
- How Much? - Fee = \$5,140 + \$16,120 (reexam), but get back reexam fee if no ex parte reexam ordered (no small entity fee)
- Procedure/Timing? - Works like ex parte reexam, SNQ patentability standard, and get PTO decision on SNQ in 3 months

## Supplemental Examination (Date: 9/16/12)

- Patentee considerations?
  - Intended to provide patentee way to remove potential inequitable conduct, less significant in view of new “but for” test
  - If commit material fraud (lower than IE) referred to US Attorney General

End of Paper Submissions

## Joint Research Agreement changes (Date: 3/16/13)

- CREATE act of 2004
  - Removed prior art for common ownership as of the date of invention and only for obviousness
- Common Ownership Under Joint Research Agreements
  - Under First Inventor To File, the date of the **agreement need only be before the filing date** (not before the invention)
  - Prior art exception for “subject matter disclosed and the claimed invention, not later than the effective filing date, were owned by the same person or subject to an obligation of assignment to the same person.” (**Prior art removed for novelty too**)

## Common Ownership Under Joint Research Agreements (cont'd)

- '(1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a **joint research agreement that was in effect on or before the effective filing date of the claimed invention**;
- **“Joint research agreement”** means a written contract, grant, or cooperative agreement entered into by 2 or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.”
- '(2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and
- **'(3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.**

## Common Ownership Under Joint Research Agreements (cont'd)

- This applies to “disclosures appearing in applications and patents” with another inventor that have an earlier effective filing date
- Does NOT apply if: the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention
- Can buy what would otherwise be prior art



## PTO Trial Options:

- Post Grant Review
- Inter Partes Review
- Covered Business Method Patent Review (CBM)
- Derivation Proceeding

## How to Decide Which, if Any, to Pursue?

- Subject matter and timing

## Let's Get Rid of the Seldom Used Options

- Covered Business Method Patent Review (Just like PGR in operation and fees)
  - any patent issued before 9/16/12, and program runs till 9/16/20
  - “a covered business method patent is a patent that claims 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, except that the term does not include patents for technological inventions.”
  - Petitioner must be sued or charged with infringement

## Let's Get Rid of the Seldom Used (cont'd)

- Derivation (\$400)
  - Only a patent applicant may file, and within 1 yr of first publication (claim the same or substantially the same) as earlier application's claim
  - Need basis that earlier inventor derived claimed invention

## Timing for PGR and IPR

- Time of filing
  - $\leq 9$  mos from (re)issue date – PGR (kicks in after 3/16/13)
  - $> 9$  mos from (re)issue date (or end of PGR) – IPR

## **Inter Parties Review (Date 9/16/12)**

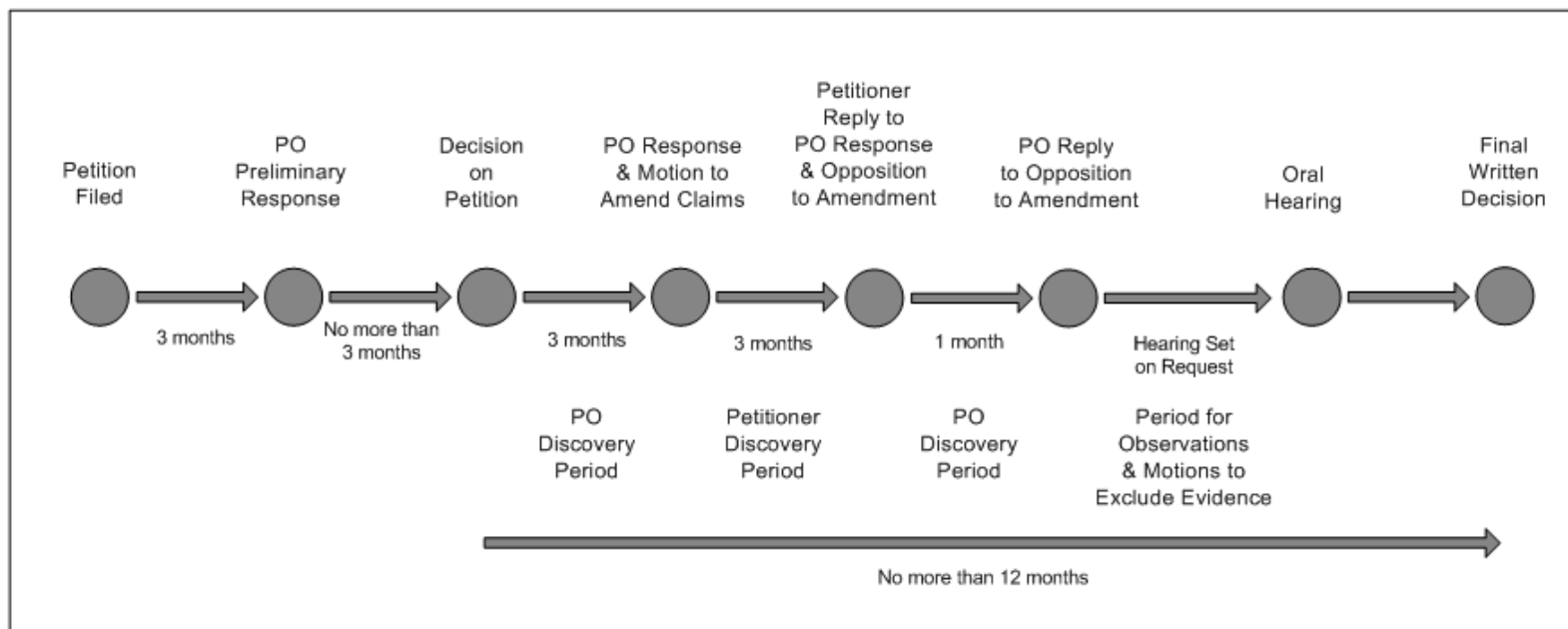
- Who? – 3<sup>rd</sup> Party who has not filed an invalidity lawsuit and less than 1 year after service of infringement complaint, real party in interest
- When? – Filed > 9 mos from (re)issue date (or end of PGR), all patents
- What? – 3<sup>rd</sup> Party files a petition, only printed pubs and patents under 102 & 103, claim construction and how unpatentable, survive possible patentee response, PTO decides on “reasonable likelihood” (50/50), trial for each claim and each ground, patentee gets to amend at least once
- How Long? – Completed within 1 yr, extendable for 6 mos.



## Inter Parties Review (cont'd)

- How Much? – Fee = \$27,200 + \$600 for each claim over 20
- Patentee Considerations?
  - Can amend
  - Can Settle

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## Inter Parties Review (cont'd)

- Sequence of discovery
  - Patent Owner deposes Petitioner's declarants
  - Patent Owner response and motion to amend claims, Petitioner deposes Patent Owner's declarants
  - Petitioner files reply to PO response and opposition to amendment, PO deposes P's declarants and files a reply
  - If PO relies upon new evidence for amendments, P goes another round
  - Motions to exclude evidence per FRCP

## Inter Parties Review (cont'd)

- 3rd Party Considerations?
  - Can settle
  - Relatively expensive, but not compared to litigation
  - Most helpful with single troublesome patent (Pharma)
  - PTO estoppel? Yes, wrt any claim or ground that raised or “could have been raised”
  - **Litigation estoppel? Yes, D.Ct. wrt any claim or ground raised or “could have been raised” (no sandbagging prior art, patents & printed pubs)**
  - **Very short time frames**
  - **Only 102 & 103 patent or printed pubs**
  - **Asking the PTO to admit that it made a mistake**
  - **Lead counsel must be a registered patent attorney**

## Post Grant Review (Date: 9/16/12)

- Who? – 3<sup>rd</sup> Party who has not filed an invalidity lawsuit, real party in interest
- When? – Filed  $\leq$  9 mos from (re)issue date (patents issuing from first-inventor-to-file patents, i.e. 3/16/13)
- What? – 3<sup>rd</sup> Party files a petition, not limited to printed pubs and patents, under 101, 102, 103 & 112, claim construction and how unpatentable, survive possible patentee response, PTO decides on “more likely than not” (>50%), trial for each claim and each ground, patentee gets to amend at least once
- How Long? – Completed within 1 yr, extendable for 6 mos.



## Post Grant Review (cont'd)

- How Much? – Fee = \$35,800 + \$800 for each claim over 20
- 3rd Party Considerations?
  - Can settle
  - Relatively expensive
  - Most helpful with single troublesome patent (Pharma)
  - PTO estoppel? Yes, wrt any claim or ground that raised or “reasonably could have been raised”

## Post Grant Review (cont'd)

- 3rd Party Considerations (cont'd)?
  - Litigation estoppel? Yes, for D. Ct., ITC wrt any claim or ground raised or “reasonably could have been raised” (no sandbagging prior art)
  - Very short time frames
  - Asking the PTO to admit that it made a mistake
  - Lead counsel must be a registered patent attorney
  - Need an elaborate patent monitoring program to make timing requirements
  - Exposure to willful infringement

## Recommendations:

- For Patentees
  - Emphasis still on selecting high quality invention disclosures, search and consider prior art in original drafting, add claims for US cases
  - Consider Supplemental Examination, rather than Ex Parte Reexam, to have art considered by PTO
  - Reissue also seems like a bargain and permits broader claims (2 yr)

## Recommendations (cont'd):

- For 3rd Party Patent Challengers
  - If you are a manufacturer, think long and hard about a monitoring program for competitors' published applications and patents
  - Preissuance Submissions may have potential, but again you need a monitoring program, and we will need to see how much weight the PTO gives such submissions
  - Consider the risk/reward of hiring patent monitoring services
  - The litigation estoppels for PGR and IPR are likely show stoppers

END