

All Aboard For Post-Grant Patent Review In Detroit

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Law360, New York (February 23, 2011) -- **4:50 a.m.:** The alarm clock goes off. A little earlier than usual, but a good night's sleep in your own bed and an adrenaline rush from anticipation of the day ahead gives you extra motivation to get up.

5:45 a.m.: Arrive at Union Station with plenty of time to catch the Wolverine Express, Amtrak's high-speed rail service from Chicago to Detroit.



6:00 a.m.: Recline your seatback and pull out your laptop, connecting to the train's free Wi-Fi. After setting your "out-of-office" autoreply and responding to some overnight e-mails, you spend the next couple of hours reviewing some prior art patents, reviewing your client's patent specification, and poking some additional holes in the opponent's anticipation and obviousness arguments. After all, you worked hard to get those claims allowed and believe firmly in their patentability.

10:30 a.m. (Eastern Standard Time): You almost forgot to adjust your watch, but fortunately your smartphone reminded you that you passed into the Eastern time zone as the train pulls into the station in Detroit. With some time to spare before the hearing, you make your way over to the satellite U.S. Patent and Trademark Office, find an empty room and draft some "substitute claims" you thought of on the train as a backup in case the panel doesn't see things your way regarding the claims of the issued patent and you need to make a motion to amend the patent, as permitted by the post-grant review chapter of the Patent Reform Act of 2011. These claims delicately avoid the prior art while still reading not only on your client's commercial embodiment, but also arguably on the post-grant review petitioner's product.

5:35 p.m. (EST): After a successful hearing, you call the client's in-house counsel as the train pulls out of the station to relay the great news: The Patent Trial and Appeal Board panel agreed with your arguments and sustained the claims of the issued patent. You celebrate with a Coney Island hot dog that you picked up on the way back to the station, lean back and relax for the high-speed train ride to Chicago.

8:00 p.m. (Chicago time): Back at Union Station a few minutes early. Having already read your e-mails on the train (including a congratulatory one from the CEO of the client, notified by the in-house counsel after your call), you catch a cab home and think about the next post-grant review hearing coming up in a few weeks.

A decade ago this timeline would have sounded like a pipe dream. But if high-speed rail, the USPTO's plans to launch the satellite patent office in Detroit, and the Patent Reform Bill of 2011 all come to fruition, this scenario could actually come to pass in a few years.

The satellite patent and trademark office, which will be the first branch of the USPTO outside of the Washington, D.C., area, offers convenience to Midwest technology companies, research institutions and patent practitioners. While it remains unclear what services will be offered at the satellite patent office, if patent examiners are on-site at that facility then at a minimum it could be a location for productive personal interviews with examiners to advance the prosecution of applications. If the satellite patent office also houses panels of the proposed Patent Trial and Appeal Board, post-grant review hearings could be held there as well.

The proposed Patent Reform Act of 2011 (S.23) calls for post-grant review. Similar to post-grant oppositions in Europe and Australia, but with some notable differences, this procedure would provide third parties a window of nine months in which to request an inter partes administrative challenge to the validity of a patent, complete with limited discovery and an opportunity for an oral hearing.

Even without the benefit of proposed regulations explaining how the USPTO would implement post-grant review, the bill proposing the Patent Reform Act of 2011 spells out procedural deadlines that will keep both patentees and challengers on their toes as they jockey for position to gain subtle advantages.

For example, despite the nine month window to petition for post-grant review, a defendant to a lawsuit alleging patent infringement has no later than six months after being served with a complaint to petition for post-grant review, meaning a patentee who is aware of an infringer possesses the power to shorten, by up to three months, that infringer's window of time in which it might search for prior art to try to invalidate claims of the patent in a post-grant review petition.

The Patent Reform Bill incentivizes patent holders to file infringement actions promptly after issuance of a patent in another manner: If the patentee files an infringement suit within three months of the patent's issue date, while the defendant would still have six months in which to file a petition with the USPTO for post-grant review, the court hearing the infringement action would be precluded from staying the litigation pending outcome of the post-grant review.

The Patent Reform Bill also offers at least some opportunity for the patentee to accelerate the timing of a final disposition of a post-grant review. The bill requires the director of the USPTO to determine whether to institute a post-grant review within three months of the patentee's preliminary response to the petition for post-grant review or, if no preliminary response is filed, within five months from the filing of a petition for post-grant review, and give notice of that determination "as soon as practicable."

The director's determination is not appealable. To initiate a post-grant review, the director must determine that the information presented in the petition, if not rebutted, would demonstrate it is more likely than not that at least one of the claims challenged in the petition is unpatentable. Once a post-grant review is instituted, the Patent Trial and Appeal Board would have to make a final determination within a year of the director's notice of institution of the proceeding, which final determination would then be appealable to the Court of Appeals for the Federal Circuit.

The preliminary response is the patentee's opportunity to challenge the petition on procedural grounds (such as the petitioner's failure to identify all real parties in interest or failure to identify each challenged claim with grounds on which the challenge is based and evidence supporting the grounds for the challenge).

By filing a preliminary response sooner than two months after the petition for post-grant review is filed, the patentee could move up the three-month deadline by which the director must decide to institute the post-grant review, thereby advancing the one year date by which the Patent Trial and Appeal Board would be required to reach its final determination (although the director of the USPTO may, for good cause, extend the one-year period by up to six months).

The limited ability to get to a final disposition of a post-grant review up to two months sooner, by filing a preliminary response very soon after receiving a petition for post-grant review, may come in handy for a patentee facing a stay of any parallel infringement litigation on the patent filed more than three months after the issue date of the patent.

Just as the satellite patent and trademark office in Detroit is seen by the USPTO as a solution for working down a backlog of patent applications, it is possible that the satellite patent office in the Midwest may also be seen as a forum for conducting post-grant review hearings in a timely fashion so as to meet the ambitious timelines set forth in the proposed Patent Reform Act of 2011.

The next few years may offer exciting fundamental changes to Midwest participants in the patent system. With renewed interest in patent reform and an administration in Washington looking toward the patent system and public transit as essential building blocks in the road toward economic recovery, high-speed rail commutes from Chicago to argue post-grant review hearings in Detroit may be closer than you think.

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