



## **A Lopsided Estoppel In Post-Grant Review**

*Law360, New York (December 21, 2011, 12:28 PM ET)* -- The recently passed patent laws will authorize the U.S. Patent and Trademark Office to conduct a post-grant review of certain patents it issues. That review will be an inter partes procedure administered by the Patent Trial and Appeal Board and used to challenge within the first nine months of its issuance the patentability of one or more claims in a patent on almost any of the grounds typically available to challenge patent validity.

Post-grant review is expected to provide a cheaper and much faster method for challenging patent validity than district court litigation provides. But, while Congress legislated this substitute, it left to the USPTO and its customers the details of how actually to carry out post-grant review within the confines of the legislation.

The USPTO will soon take its first stab at this when it proposes and publishes its rules for administering these proceedings. One feature of the law and the forthcoming rules certain to receive some attention is the statutory estoppel effect on the petitioner of the USPTO's post-grant review decision.

As described below, while the petitioner will be estopped from taking certain actions following that decision, the patent owner will not be similarly estopped. And, in view of this lopsided estoppel, a prospective petitioner may not consider post-grant review as an attractive substitute for district court litigation.

Post-grant review will be initiated and administered by the Patent Trial and Appeal Board following its receipt and consideration of a grantable petition by someone other than the patent's owner and following the patent owner's response to the petition (if a response is timely filed). A grantable petition will be one that demonstrates that it is more likely than not that the petitioner will prevail on at least one claim challenged (or the petition must otherwise raise a novel question that is important to other patents or publications).

The board's decision to grant the petition will not be appealable and, once granted, post-grant review will proceed quickly and conclude within one year of its institution (absent good cause for a six-month extension) by the board's final determination, which can be appealed only to the Court of Appeals for the Federal Circuit. See generally, Leahy-Smith America Invents Act, Publ. Law No. 112-29, § 6, 125 Stat. 284, 305-11 (2011) (codifying post-grant review in 35 USC §§ 321-329).

The effective date of the statutory provisions for post-grant review is Sept. 16, 2012, and no such review is likely for quite some time following this date because this type of review can only be instituted on a patent issuing from an application having an effective filing date no earlier than March 16, 2013. Nevertheless conscientious USPTO customers and businesses will do themselves no favors in sitting by idly awaiting these dates.

Under the new law, the petitioner for post-grant review may not request or maintain another proceeding at the patent office, a district court or the U.S. International Trade Commission asserting invalidity of the subject patent once the patent office has rendered its post-grant review decision if that assertion of invalidity was raised or reasonably could have been raised during post-grant review.

The new law also accounts for the potential that the USPTO may be reviewing the patent undergoing post-grant review in a parallel USPTO proceeding (e.g., interference, reissue, etc.) by empowering its director to stay, transfer, consolidate or terminate the other proceeding.

But, the law regarding multiple patent office proceedings states nothing with respect to ex parte prosecution of patent applications familiarly related to the patent undergoing post-grant review. Further, the statutory estoppel applies only to the petitioner — not the patentee.

The lack of legislated patentee-estoppel — where Congress could well have legislated it — is powerful. Any estoppel that the USPTO might author as part of its forthcoming proposed rules that affects the patent owner's ability to prosecute (ex parte) familiarly related applications may be in contravention of the Administrative Procedures Act and beyond the rule-making authority Congress delegated to the USPTO.

That is so because of, among other things, a 2009 decision of the Court of Appeals for the Federal Circuit that suggests that the USPTO does not have the authority to author and apply rules that may foreclose an effective opportunity to present patent applications for examination. *Tafas v. Doll*, 559 F.3d 1345, 1356 (Fed. Cir. 2009).

Thus, in deliberating whether to seek post-grant review, it will be important to know whether the patent owner has pending a continuation (or other familiarly related U.S.) application. The patent owner could cheaply and quietly (e.g., without a fight) concede the post-grant review challenge and choose instead to substantively fight the same unpatentability arguments anew in ex parte prosecution of a pending continuation (or other familiarly related U.S.) application.

An estoppel preventing the patent owner from this type of continuation practice would foreclose an effective opportunity to prosecute a claim to issuance, in contravention of settled authorities, because post-grant review would provide the patent owner only one opportunity to present all amendments and patentability arguments — a great burden not likely to be easily carried by most patent owners, much less an independent inventor.

Thus, whatever may be offensively asserted and achieved by the petitioner in the post-grant review, may be undone by the patent owner in ex parte prosecution of the continuation application, which will provide the patent owner with multiple (more cost-effective) opportunities to amend claims and time to perform experiments, as necessary, to present unexpected results or support enablement arguments, for example, without exposing the patent owner to any discovery.

The prospect of potential post-grant review will, therefore, compel conscientious patent owners to routinely file continuation applications as important patents issue. Consider, for example, a simple situation where the parent patent claims a composition comprising A, B and C, and that claim is lost by concession during the post-grant review. Further, consider claims in a continuation application reciting the same composition except that "C" is now "C1" (a subgenera of "C").

Those claims could issue with appropriate showings of unexpected results (if necessary) over the composition claims lost in the post-grant review. And if those claims issue (and encompass the petitioner's product), they are going to be very difficult to prove invalid in court even if the post-grant review concession is in evidence.

The patent owner will be under no obligation to present the C1-claim during the post-grant review — indeed, given the single opportunity and the short time period for presenting amendments and evidence in post-grant review, there may be no effective opportunity to prosecute the amended claims during post-grant review. Instead, the only meaningfully practical route may be to present the claim in a family related application where it may be examined with appropriate discourse between the USPTO and the applicant.

The petitioner will then have to consider seeking another post-grant review — this time, review of the patent issuing from the continuation application. But, of course, the conscientious patent owner will have another continuation application pending. And this game (often currently played in inter partes and ex parte reexaminations) will continue until a court authors an (equitable) estoppel applicable to the patent owner or Congress legislates one.

--By Sandip H. Patel, Marshall Gerstein & Borun LLP



*Sandip Patel is a partner with Marshall Gerstein in Chicago, where he practices patent prosecution and litigation.*

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