



IP: The America Invents Act's well-hidden secrets

CONGRESS TRIES TO RESOLVE CONFUSION OVER APPELLATE PROCEDURE FOR PATENT CLAIMS

Not even a year after passing the landmark legislation, Congress already is considering amending the America Invents Act (AIA) to remove issues and inconsistencies within the legislation. While I have been skeptical that Congress would act so soon to amend the AIA, the House of Representatives heard testimony on several of these issues last month. We will see if Congress has the political will to act on patent law reform in an election year.

While Congress contemplates corrective action to the AIA, the act itself works to correct existing inconsistencies in the patent laws. Some corrective actions are so subtle as to almost escape notice. There is no fanfare for these provisions, no chest-thumping debate or impassioned speeches. It is lawmaking at its most unglamorous, but most necessary.

For instance, AIA section 6(h)(2) may well have avoided most notice. Section 6(h)(2) amends 35 U.S.C. 306 to refer to 35 U.S.C. 144, rather than 35 U.S.C. 145. Other than a further comment as to the effective date of this change, the AIA

is silent. In the House Report, section 6(h)(2) is discussed in a single sentence, suggesting that the amendment is intended to conform 35 U.S.C. 306 to changes made by the American Inventors Protection Act of 1999. Yet with this minor action, Congress may have resolved 10-plus years of confusion as to the available routes of appeal from *ex parte* reexaminations.

A reexamination is a post-grant proceeding wherein a third party (or the patentee) may challenge the patentability of the claims of a U.S. patent. Initially, the reexamination was exclusively *ex parte*, with the third party having the initial right to challenge, but foreclosed from participation thereafter. In 1999, a separate procedure was established to provide for *inter partes* challenges.

The reexamination is a streamlined procedure, resulting in a determination that the claims are patentable or unpatentable within two or three exchanges with the patent examiner. Typically, the examiner's second official action will be a final action, effectively ending the patent examiner's

consideration of the patent. Of course, the process does not end there, and the patent owner may appeal a determination that some or all of the claims are unpatentable.

Appeal may be taken initially to the Patent Trial and Appeal Board under 35 U.S.C. 134. A three-person panel of administrative law judges (referred to as administrative patent judges) reviews the action of the patent examiner. But what if the patentee is not satisfied with the board's determination? It was here that the patent statute provided no easy answers.

35 U.S.C. 141 provides an appellate route to the Federal Circuit. The Federal Circuit reviews the board's decision on the record established at the board. On the other hand, 35 U.S.C. 145 provides an appellate route through the U.S. district courts, at which point the applicant or patentee might introduce additional evidence to challenge the U.S. Patent and Trademark Office's (USPTO) decision. The district court's decision may then be further appealed to the Federal Circuit.

When it came to appeals from *ex parte* reexamination, section 306 of the patent statute referenced appeals under “sections 141 to 145.” Consequently, the argument could be made that both routes, *i.e.*, proceeding directly to the Federal Circuit or going through the U.S. district courts, were available. The trial court route might be of particular interest to a patentee who might wish to put on expert testimony and present evidence of secondary considerations of non-obviousness that might not have been presented to the examiner. In effect, the trial court might provide a second bite at the apple.

The USPTO disagreed. According to the USPTO, the appeal from *ex parte* reexamination must go directly from the board to the Federal Circuit, at least for *ex parte* reexaminations initiated after November 1999. The USPTO’s interpretation brought the appellate procedure for *ex parte* reexaminations into agreement with that for *inter partes* reexaminations. In that regard, the applicable section of the patent statute relating to *inter partes* reexaminations referred to sections “141 to 144,” and thus not to section 145, simplifying the determination of Congressional intent.

Parties have challenged the USPTO’s interpretation in court. In 2009, it appeared that the District Court for the Eastern District of Virginia might have to come to grips with the issue in *Sigram Schindler Beteiligungsgesellschaft mbH v. Kappos*. However, the court disposed of the case on grounds of ripeness, rather than on the merits of the USPTO’s interpretation.

Now, with a flick of the draftsman’s wrist, Congress has apparently addressed the issue. No longer will section 306 refer to “sections 141 to 145”; instead, it will refer to sections “141 to 144.” As a consequence, it would appear that the appellate route question has been resolved.

Section 6(h)(2) of the AIA is instructive for a number of reasons. Section 6(h)(2) should resolve the issue regarding appeals and *ex parte* reexaminations. Section 6(h)(2) also illustrates how closely the AIA must be reviewed before it will reveal all of its secrets. Section 6(h)(2) additionally confirms that despite the drafters’ best efforts, future corrective action of the AIA will surely be required.

This article is intended to be informative and should not be interpreted as legal counsel for any specific fact situation. Views expressed are those of the author and not necessarily the opinions of Marshall, Gerstein & Borun LLP or any of its clients. Readers should not act upon the information presented without consulting professional legal counsel.

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