

Post-Grant Patent Proceedings

The Leahy-Smith America Invents Act (AIA), enacted in 2011, established new post-grant proceedings available on or after September 16, 2012, for challenging the validity of issued U.S. patents. Marshall, Gerstein & Borun LLP can help you use these proceedings to challenge the validity of patents, resolve existing or threatened litigation, or defend your patents whose validity has been challenged.

These post-grant proceedings are administrative trials that take place before the Patent Trial and Appeal Board (PTAB) at the U.S. Patent and Trademark Office (USPTO), and include the following:

- Inter partes reviews (IPR)
- Post grant reviews (PGR)
- Covered business method patent reviews (CBM)

PTAB trials have been popular with petitioners challenging patent validity, because they are generally simpler, faster, and less expensive in comparison to court litigation, and because most cases that proceed to final written decision result in cancellation of many or all challenged claims.

Representative Experience

Our Firm has successfully represented clients before the PTAB (and its predecessor, the Board of Patent Appeals and Interferences), and used PTAB trials in connection with related court litigation, including the following:

- Obtained stays of litigation by filing IPR and CBM petitions
- Used IPRs and CBMs to settle litigation
- Successfully defended patents in IPRs
- Successfully represented parties in patent interferences, and in appeals of interference decisions to district courts and the U.S. Court of Appeals for the Federal Circuit

Post-Grant Proceedings

PTAB Post-Grant Proceedings Under the America Invents Act—What You Should Know

The AIA established new post-grant proceedings, available on or after September 16, 2012, to challenge the validity of issued patents at the PTAB. These PTAB trial proceedings are attractive to accused infringers, because they are generally simpler, faster, and less expensive in comparison to court litigation, and require a lower burden of proof for invalidation of a patent.

Game changer

Since the legislation went into effect, thousands of challenges have been raised by IPR, PGR, and CBM review resulting in institution of numerous trials and cancellation of many challenged claims.

What's the difference?

The three types of PTAB trials are similar in operation and are designed to complement each other. In a nutshell, IPRs are available to challenge any patent; PGRs are used during the nine months after an AIA patent has been issued or reissued; and CBMs apply to patents claiming methods used in the practice, administration, or management of a financial product or service.

When do I use PTAB proceedings?

Petitions to institute PTAB trial proceedings are most often filed by parties that have been or expect to be charged with patent infringement. Most PTAB trials involve parallel litigation, which is often stayed during the PTAB trial. The litigation may resume if some patent claims survive the PTAB trial, or the litigation may be terminated if all asserted claims are canceled.

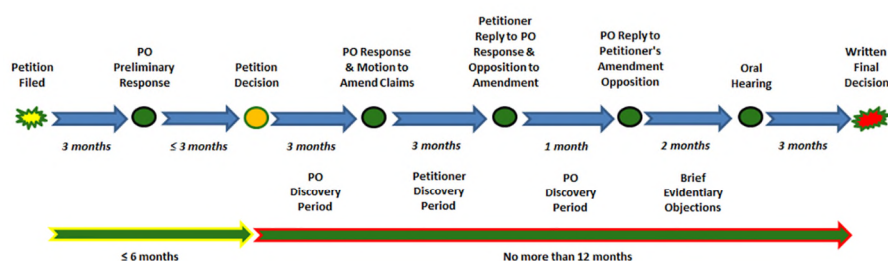
How are PTAB proceedings different from court litigation?

PTAB proceedings provide a streamlined alternative to federal court review of a patent's validity. These proceedings are attractive to accused infringers because of a lower burden of proof, limited discovery, and expedited schedule. Differences from district court litigation include:

- Petitions are filed with and decided by the PTAB, in particular by Administrative Patent Judges (APJ) with technical backgrounds and expertise in patent law and procedure.
- Petitions are subject to strict formatting guidelines and must be accompanied by all supporting evidence necessary to obtain the petitioned relief.
- Discovery is generally limited to declarations, printed publications relied on by the parties, cross-examination of the declarants, and additional discovery only by agreement of the parties.
- Each party has approximately one hour to present its case at a final hearing.
- The burden of proving patent invalidity is by a "preponderance" of the evidence, a lower standard than the "clear and convincing" evidence standard applicable in court.
- Invalidity grounds that were actually raised (PGR, CBM) or could have been raised (IPR) may not be asserted in another proceeding.
- The proceedings must be completed within 18 months after a petition is filed, and are appealable to the Federal Circuit Court of Appeals.
- Costs are generally much lower in comparison to district court litigation, although significant filing fees are required for PTAB petitions.

What is the PTAB process?

All PTAB trial proceedings follow the same basic process and adhere to the following 18-month timeline:



Advantage: Petitioner

Since the legislation went into effect, PTAB proceedings have been considered to be very favorable to petitioners. A large majority of filed petitions are instituted as trials, most trials that proceed to final written decision result in cancellation of many or all challenged claims, and most appeals of PTAB decisions are upheld by the Federal Circuit. Challenges to patent validity in federal court are subject to a higher burden of proof and are generally less successful.

The patent owner has only three months to prepare an optional preliminary response to a petition. If the PTAB institutes a trial, then the patent owner may file a complete response, supported by declarations and other evidence. The patent owner may also file a motion to amend claims, but such motions are rarely granted, and permitted amendments are strictly limited.

Claims are construed under the broadest reasonable interpretation standard (BRI), which may result in a broader construction, and higher likelihood of invalidity, than in district court litigation.

Perhaps the most petitioner-friendly aspect of a PTAB proceeding is the lower burden of proof required to prove patent invalidity. As opposed to the federal court standard of clear and convincing evidence, petitioners need only demonstrate unpatentability of a claim by a preponderance of the evidence.

Petitioners must weigh the benefits of a PTAB proceeding with the potential that they may be estopped from later presenting invalidity arguments that were raised, or could have been raised during the proceeding.

Patent owners should consider the potential need to defend their patents in a PTAB proceeding, and may take steps during patent prosecution to make their patents more resistant to PTAB challenges, such as by including more dependent claims or keeping a continuation application pending.

Inter Partes Review

IPR has been the most frequently used PTAB proceeding. Any person other than the patent owner may file an IPR petition to challenge validity based on printed publication prior art that may or may not have been considered by the patent examiner. Although available to non-litigants, IPRs are primarily used as a way for accused infringers to challenge patent validity, and as a basis to request a stay of related litigation.

If litigation has begun, the defendant must file its IPR petition within one year after the complaint has been served. Non-litigants are not restricted by this time limit. For PGR-eligible patents (based on applications filed on or after March 16, 2013), an IPR cannot be initiated during the time period that a PGR is available or during the pendency of a PGR.

The PTAB will institute an IPR only on grounds of anticipation or obviousness based on *printed* prior art, if the petition demonstrates that there is “a reasonable likelihood” that at least one challenged claim is unpatentable.

Following the PTAB’s final written decision on the instituted IPR, estoppel provisions prevent the petitioner from raising in another proceeding, grounds that were actually raised or that reasonably could have been raised in the IPR.

Post-Grant Review

PGR permits raising the most grounds for challenging validity, but such petitions may only be filed within nine months after an AIA (first-to-file) patent is issued, based on applications filed on or after March 16, 2013. After this time period has passed or completion of a PGR trial, an IPR petition may be filed.

A petitioner may request a PGR to challenge patentability based on virtually any ground that could be raised in federal court: anticipation or obviousness based on printed publications, public use, on-sale activity, other public disclosures; or lack of compliance with the statute’s written description, enablement, definiteness, or eligibility requirements. For the PTAB to grant a PGR petition, the petition must show that it is “more likely than not that at least one claim is unpatentable” or the petition must raise “a novel or unsettled legal question that is important to other patents or applications.”

Following the PTAB’s final written decision on the instituted PGR, estoppel provisions prevent the petitioner from raising in another proceeding, grounds that were actually raised in a PGR.

Covered Business Method

CBM review is a subject-matter-limited proceeding that can be used to challenge claims directed to 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*. Patents for “technological inventions” are not eligible for CBM review.

A petitioner may file a CBM petition only if it has been sued for or charged with infringement.

Following the PTAB’s final written decision on the instituted CBM, estoppel provisions prevent the petitioner from raising in another proceeding, grounds that were actually raised in a CBM.

CBMs are available as part of a transitional program that expires in 2020.

Comparison of Post-Grant Proceedings

	IPR	PGR	CBM
Eligibility	All patents	AIA patents	All covered business method patents (financial services)
Who can file	Petitioner has not filed an invalidity action	Petitioner has not filed an invalidity action	Petitioner must be sued or charged with infringement
Timing	Petition must be filed no more than one year after service of infringement complaint Post-AIA patents—cannot file until nine months after patent issues or PGR is terminated (whichever is later)	Petition must be filed within nine months of patent issuance	Petition may be filed any time after suit or charge of infringement, except during PGR filing period
Standard for initiating review	“A reasonable likelihood that the petitioner would prevail” with respect to at least one challenged claim	“More likely than not that at least one claim is unpatentable” or the petition raises “a novel or unsettled legal question that is important to other patents or applications”	“More likely than not that at least one claim is unpatentable” or the petition raises “a novel or unsettled legal question that is important to other patents or applications”
Grounds	Anticipation or obviousness based on printed prior art	Any grounds that would be available for an invalidity defense	Any grounds that would be available for an invalidity defense (except for 102(e) prior art)
Standard for canceling patent or claim	Preponderance of evidence	Preponderance of evidence	Preponderance of evidence
Estoppel	Prohibits petitioner from raising in another proceeding, grounds actually raised or that reasonably could have been raised	Prohibits petitioner from raising in another proceeding, grounds actually raised or that reasonably could have been raised	Prohibits petitioner from raising in another proceeding, grounds actually raised