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In-House Counsel's Guide to Prepare for the Post-Grant Reality

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Presenters:

Sharon Israel, Mayer Brown LLP

Robert McBride, Mayer Brown LLP

Kyle Friesen, Mayer Brown LLP

PAT. PEND.

MAYER BROWN

Speakers



Sharon Israel
Houston, TX
+1 713 238 2630
sisrael@mayerbrown.com



Robert McBride
Washington, DC
+1 202 263 3388
rmcbride@mayerbrown.com



Kyle Friesen
Houston, TX
+1 713 238 2691
kfriesen@mayerbrown.com

Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

Relevant Statutes & Rules

- Title 35 - America Invents Act
 - Replaces §§ 311-319 (*Inter partes*)
 - Adds §§ 321-329 (Post-grant)
- 37 CFR – PTO proposed rules
 - Replace existing rules for interferences

Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

Who?

Anyone (except the patent owner)

When?

Inter Partes Review

9 months after issue or reissue

Post-Grant Review

Before 9 months after
issue or reissue

For reissue: new
and amended claims *only*

Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

What?

Inter Partes Review

Any patents

Patents and
printed publications

Post-Grant Review

Patents with eff. filing date
after March 16, 2013

Any grounds of invalidity
(§§ 101, 102, 103, 112, etc.)

Amendments and substitute claims permitted

Burden of Proof: Preponderance of the evidence

Settlement allowed

Introduction to Post-grant Proceedings – Overview of Covered Business Method Review

Covered patent 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,” but not “technological inventions”

Standing: Accused of infringement

Different from PGR: No nine month filing period, limited prior art allowed, estoppel, stay provision (includes interlocutory appeal by right)

Sunset: Sept. 16, 2012 – Sept. 16, 2020

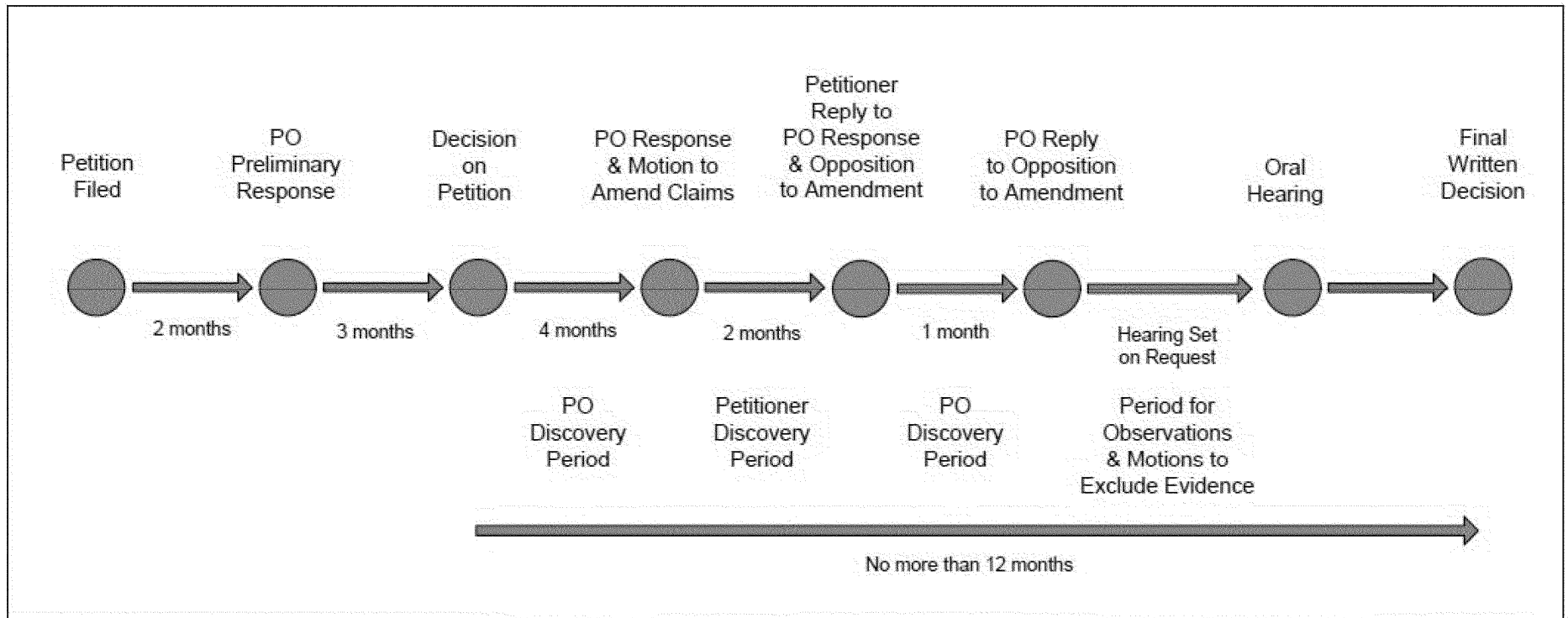
Introduction to Post-grant Proceedings – Supplemental Examination

- Effective Sept. 16, 2012, for all issued patents
- Patent Owner may file request seeking Office review of any grounds of unpatentability (§§ 101, 102, 103, or 112), including an explanation why the patent is patentable.
- If there is a substantial new question of patentability (SNQ), the petition is referred to *ex parte* reexamination, except no amendments are allowed.
- Can cure inequitable conduct, BUT only if request is made before any allegation of inequitable conduct is made in a civil action

Introduction to Post-grant Proceedings – Third-Party Submissions

- Final rules issued August 6, 2012 (77 FR 46615-31)
- Prior art and statements in a Court or PTO proceeding by the patent owner regarding scope of the patent (revised 37 CFR § 1.501(a))
 - Must include an explanation of the relevance of the cited information (revised 37 CFR § 1.501(b))
 - May be submitted anonymously (revised 37 CFR § 1.501(d))

Introduction to Post-grant Proceedings – Life Cycle of a Trial Before the PTAB



“Source: *Practice Guide for Proposed Trial Rules*, 77 FR 6868, 6869 (Feb. 9, 2012)”

Strategic Considerations

- Petitioner Estoppel
- Patent Owner Estoppel
- Amendments
- Claim Construction
- Fees

Strategic Considerations – Petitioner Estoppel

35 U.S.C. §§ 315(e)(2), 325(e)(2):

“The petitioner ... or the real party in interest
or privy of the petitioner ...
may not assert ... that the claim is invalid on
any ground that the petitioner raised
or reasonably could have raised.”

Strategic Considerations – Patent Owner Estoppel

37 CFR § 42.73(d)(3) (proposed)

A patent applicant or owner whose claim is canceled is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

- (i) A claim to substantially the same invention as the finally refused or cancelled claim;
- (ii) A claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim;
- (iii) An amendment of a specification or a drawing that was denied during the trial proceeding.

Strategic Considerations – Patent Owner Estoppel

37 CFR § 42.73(d)(3) (proposed)

A patent applicant or owner whose claim is canceled is precluded from ... obtaining in any patent:

- (ii) A claim that could have been filed in response to any properly raised ground of unpatentability for a finally refused or cancelled claim.

Effect

Limits ability to draft future claims around prior art raised in IPR or PGR if those claims were not raised in the Review.

Strategic Considerations - Procedure for Amendments

37 CFR §§ 42.121 & 42.221 (proposed)

- Motion to Amend – limited to one, absent authorization
- Must identify support for claims in specification
- No broadening amendments
- Must respond to ground of unpatentability

Strategic Considerations - Procedure for Amendments

Practice Guide (77 FR 6874-75)

- Amendments are expected to be filed concurrently with Patent Owner's Response (full, not preliminary)
- "Reasonable number" of substitute claims (1-to-1 is presumed reasonable)
- No indication if amendments may be made in the alternative
- No ruling on amendments prior to final ruling
- Additional motions to amend to further settlement generally allowed

Strategic Considerations – Claim Construction

Claim construction scenario:

- Patent owner files complaint
- Accused infringer files petition 3 months into the case
- PTO’s “broadest reasonable construction” differs from District Court standard – PTO and District Court reach different constructions
- Possible Issues:
 1. Does District Court construction preclude different PTO construction?
 2. How would the Federal Circuit deal with two different claim constructions on the same patent

Strategic Considerations –Proposed Fees

Number of Claims	IPR Filing Fee	PGR Filing Fee
≤ 20	\$27,200	\$35,800
21 to 30	\$34,000	\$44,750
31 to 40	\$40,800	\$53,700
41 to 50	\$54,400	\$71,600
51 to 60	\$68,000	\$89,500
Each add'l 10	+ \$27,200	+ \$35,800

Developments in Rules & Legislation

- Final Rules for IPR, PGR, and CBM due August 14, 2012
 - Changes to fees
 - Probable changes to page limits
 - No changes to claim construction, per Director Kappos
 - Other frequent comments may draw changes
- Possible Future Legislation to Amend AIA
 - Estoppel for PGR could be liberalized
 - “Dead zones” for IPR could be eliminated

Preparing for *Inter Partes* Review – Considerations Vary Depending on the Patent Owner

Non-Practicing Entities

- Often settle early, so IPR becomes a negotiating tactic
- Value varies based on exposure and cost-sharing

Competitor Patent Owners

- Patent Owner estoppel is a more significant consideration
- Infringement suits tend to settle later, and speed of IPR may encourage earlier settlement

Preparing for *Inter Partes* Review – Filing *Inter Partes* Review Petition

Taking these considerations into account ...

- Review/revise policies on monitoring competitor patents
- Review/revise policies on opinions of counsel
 - Opinions and search reports could be a helpful starting point
- Assess the prior art as early as possible in a newly filed lawsuit
- Consider whether to prepare a petition for later use

Preparing for *Inter Partes* Review – Defending Against *Inter Partes* Review Petition

Same considerations apply ...

- Conduct prior art search on own patents?
 - Could build affirmative case, but
 - May not identify same grounds as future petition and \$\$\$
- Search own company's prior art?
 - Negative finding in IPR on a single claim could form later basis of unenforceability defense, including infectious unenforceability
 - Possible use of supplemental examination

Preparing for *Inter Partes* Review – Possible Substitute for Declaratory Judgment of Invalidity

Inter Partes Review or District Court Litigation?

Favoring <i>Inter Partes</i> Review	Favoring District Court Litigation
No standing analysis	Forum selection
Possible stay of later filed litigation	Possible judgment of non-infringement
Possible intervening rights	Costs not front-loaded
Leverage	Broader grounds of invalidity

Preparing for *Inter Partes* Review – Near-term Recommendations

- Be aware of limitations on *Inter Partes* Review
 - “Dead zones”
 - 1-year bar after suit is filed
- Review policy regarding opinions of counsel
- Keep a file of good technical experts in your core technology areas
- Identify likely sources of risk for infringement suits to plan accordingly
 - Non-practicing entities or competitors?
 - Does your company assert its patents aggressively?

Questions?

Contact Information

- Sharon Israel, Mayer Brown LLP
sisrael@mayerbrown.com
- Robert McBride, Mayer Brown LLP
rmcbride@mayerbrown.com
- Kyle Friesen, Mayer Brown LLP
kfriesen@mayerbrown.com