

# The New Post-Issuance Review Landscape



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# Topics

- Supplemental Examination
- Survey of Review and Reexam Options
  - *Inter Partes* Review
  - Post-Grant Review
  - Transitional Program for Covered Business Method Patents
  - *Ex Parte* Reexamination
- Strategic Considerations
- Example Analyses Demonstrating Complexities of Review, Reexam, and Litigation Options

# Supplemental Examination

35 U.S.C. § 257.



# Supplemental Examination

- Requests the PTO to “consider, reconsider, or correct information believed to be relevant to the patent”
- 3 months to determine whether information presented raises an SNQ; and if so, orders *ex parte* reexamination
- Up to 12 items considered, reconsidered or corrected
- Not limited to patents and printed publications
- Proposed detailed content requirements not in final rules, but request must include “*separate, detailed explanation of the relevance and manner of applying each item of information to each claim of the patent for which supplemental examination is requested*”

# Effects of Supplemental Exam

- Patent shall not be held unenforceable on basis of conduct relating to information presented in Supplemental Examination
- Exceptions:
  - No safe harbor for inequitable conduct allegations pled prior to request for Supplemental Examination
  - No safe harbor unless Supplemental Examination and any resulting reexamination completed before infringement action filed
  - No safe harbor for “material fraud” – PTO anticipates this will be rare
- Rule 56 applies and inequitable conduct allegations can be based on conduct of Supplemental Examination and resulting reexamination



# Supplemental Examination Pros & Cons

## ■ Advantages

- Possible immunity from inequitable conduct allegations
- All issues of patentability considered
- Bolster acquired patents
- Better than RCE for late-arising art?

## ■ Disadvantages

- Unlike reexamination, review not limited to patents and printed publications – examination reopened on all issues, including 35 U.S.C. §§ 101, 112
- Tension when patent owner created original prosecution history
- May delay enforcement for years – worth it post-*Therasense*?

# **Survey of Review and Reexam Options**

***Inter Partes* Review**

**Post-Grant Review**

**Covered Business Method Patent Review**

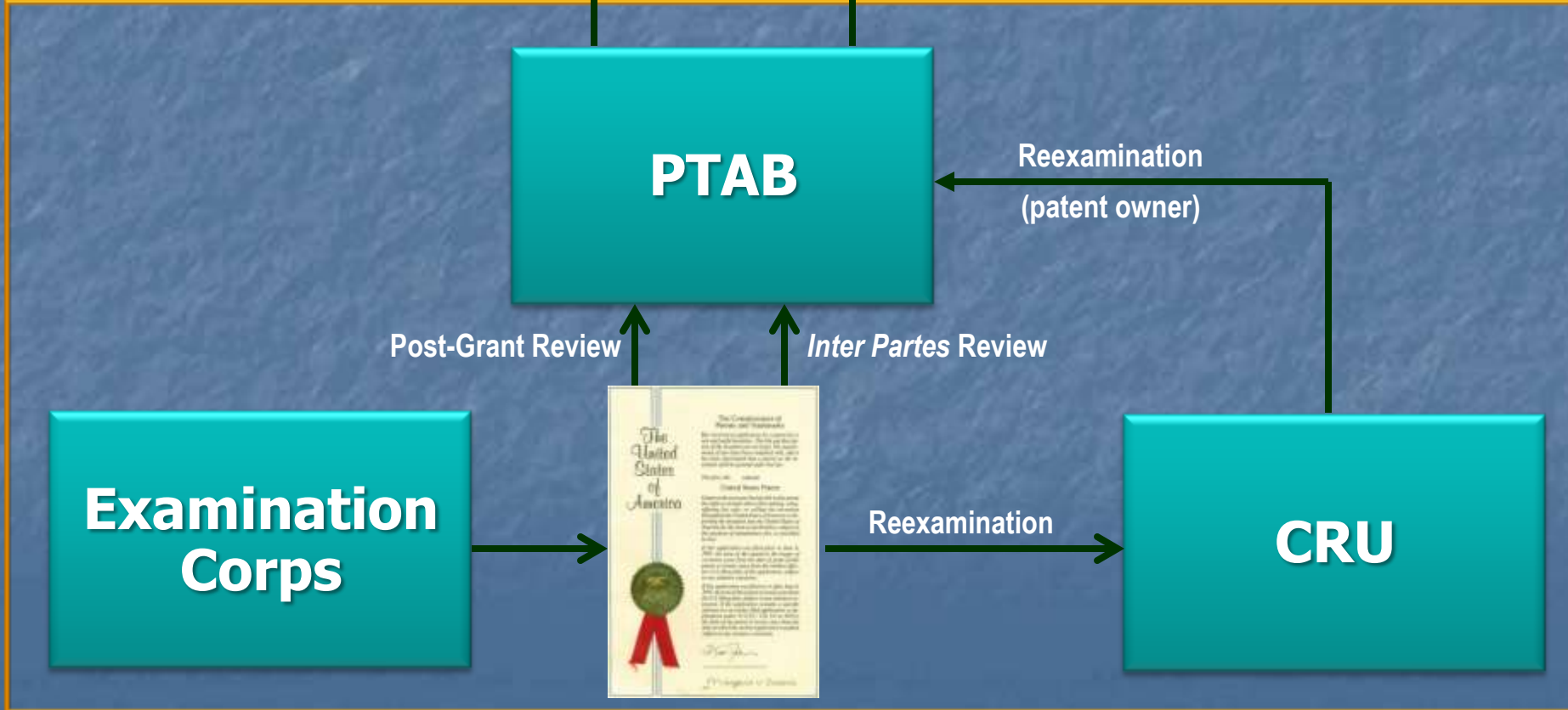
***Ex Parte* Reexamination**

35 U.S.C. §§ 311-319, 321-329, § 18 AIA, §§ 301-307

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graph TD; EC[Examination Corps] --> PTAB[PTAB]; EC --> CRU[CRU]; PTAB -- "Post-Grant Review" --> EC; PTAB -- "Inter Partes Review" --> EC; CRU -- "Reexamination" --> PTAB; PTAB -- "Reexamination (patent owner)" --> CRU;
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The diagram illustrates the flow of a patent application through the USPTO. It features three main teal boxes: **Examination Corps** on the left, **PTAB** (Patent Trial and Appeal Board) at the top center, and **CRU** (Central Review Unit) on the right. A central image of a patent document is positioned below the PTAB box. Arrows indicate the following processes:

- An arrow points from the **Examination Corps** to the **PTAB** box.
- An arrow points from the **Examination Corps** to the **CRU** box.
- An arrow points from the **PTAB** box back to the **Examination Corps**, labeled **Post-Grant Review**.
- An arrow points from the **PTAB** box back to the **Examination Corps**, labeled **Inter Partes Review**.
- An arrow points from the **CRU** box to the **PTAB** box, labeled **Reexamination**.
- An arrow points from the **PTAB** box to the **CRU** box, labeled **Reexamination (patent owner)**.





# Different Standards for Interpretation and for Burden of Proof

## Ex Parte Prosecution & Reexam & IPR/CBM/PGR Review

- Interpretation
  - Broadest reasonable interpretation
    - *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984)
- Burden of Proof
  - Preponderance of the evidence

## Litigation

- Interpretation
  - *Phillips/Markman*
- Burden of Proof
  - Clear and convincing evidence

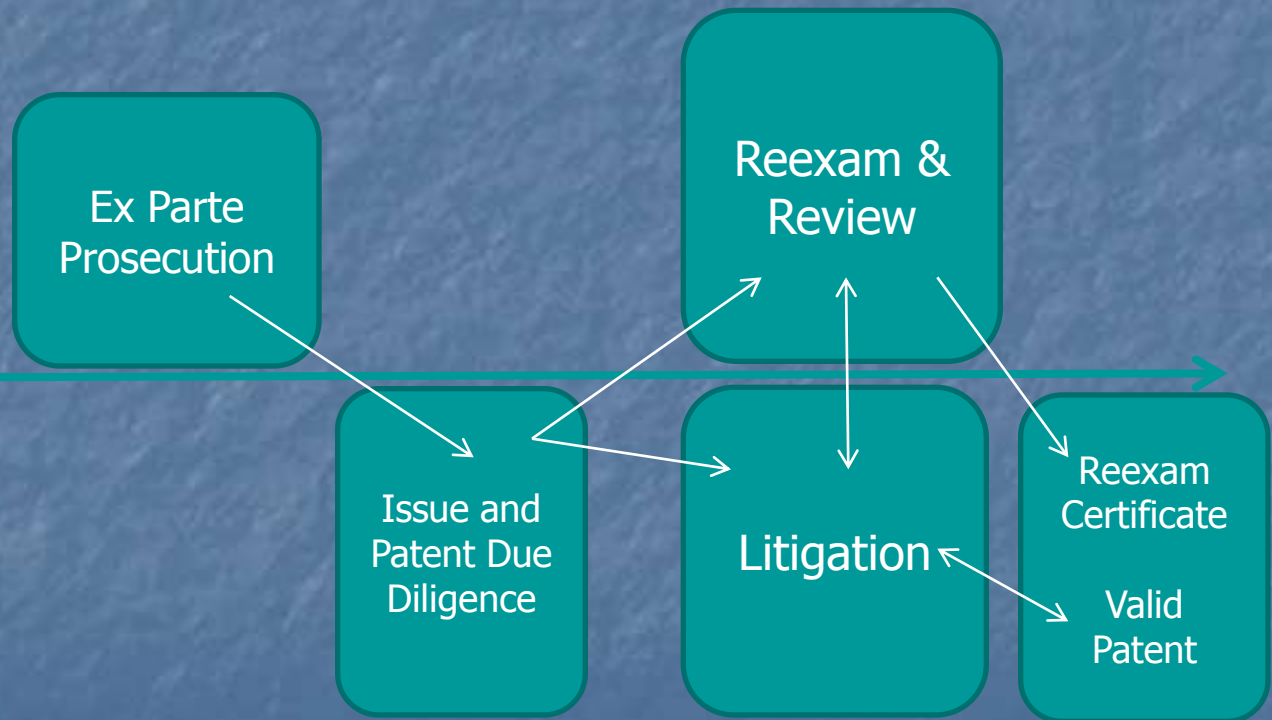
# Example of Shifting Standards

Broadest Reasonable  
Interpretation

Preponderance of  
Evidence Standard

Phillips/Markman  
Construction

Clear and  
Convincing Evidence  
Standard



# Comparison of Qualifying Patents/Grounds/Litigation

## IPR

All patents eligible

§§ 102 and 103  
based on patents and  
printed publications

Petitioner has not filed  
an invalidity action and  
petition will be after  
PGR and  $\leq 1$  year after  
service of complaint for  
infringement

## PGR

Only FITF Patents  
eligible

§§ 101, 102, 103 and  
112 (except best  
mode)

Petitioner has not  
filed an invalidity  
action and within 9  
mos of issue of  
patent

## CBM

All patents that are  
a covered business  
method patent are  
eligible

Same as PGR

Petitioner must be  
sued or have DJ  
jurisdiction and not  
within 9 mos of  
issue if FITF patent

## EPX

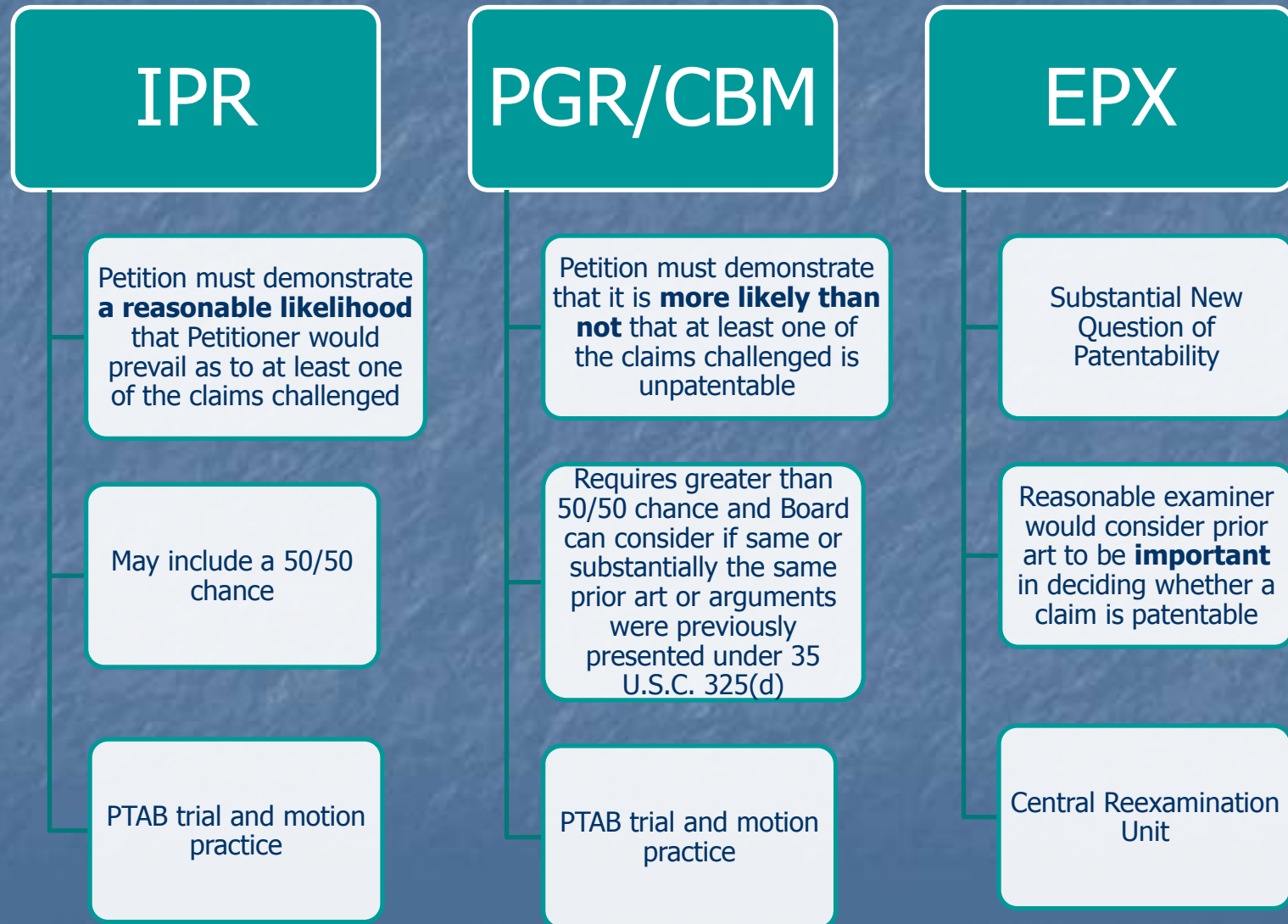
All patents eligible

Same as IPR

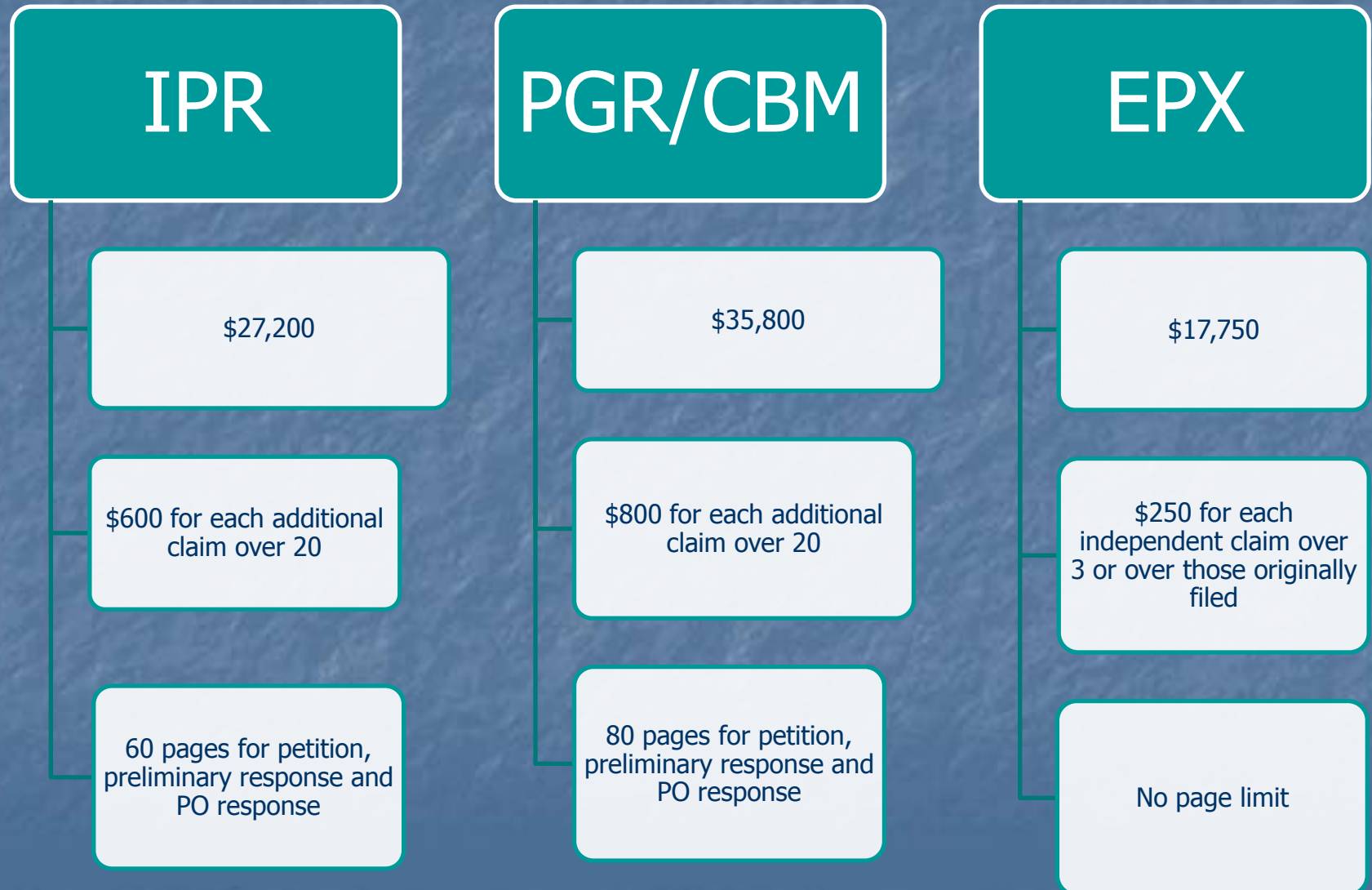
No restriction w.r.t.  
litigation



# Comparison of Standards & Process



# Comparison of Filing Parameters



# Comparison of Petitioner Estoppels in the PTO – 37 CFR § 42.73(d)(1)

## IPR/PGR/CBM

Office Estoppel - may not request or maintain a proceeding before the Office: if final written decision re a claim, and w.r.t. that claim on any ground that ***raised or reasonably could have raised during the IPR***

Applies to Petitioner, Real Party in Interest, and Privy of Petitioner

## (EPX requester)

Substantial New Questions viewed in light of past submissions and prosecution history

Applies to all later filers



# Comparison of Petitioner Estoppels – Civil and ITC

## IPR/PGR

Civil Action and ITC estoppel- may not request or maintain a proceeding before the court: if final written decision re a claim, and w.r.t. that claim on any ground that ***raised or reasonably could have raised during the IPR/PGR***

Applies to Petitioner, Real Party in Interest, and Privy of Petitioner

## CBM

Limited Estoppel to Civil Action and ITC to preclude an assertion by Petitioner that a claim is invalid on any ground that the petitioner **raised** during the CBM proceeding

Language concerning “or reasonably could have raised” is omitted

AND Only applies to Petitioner, but not Privy or RPI

## (EPX requester)

No formal estoppel, but practical estoppel (and estoppel may be stipulated in some cases)

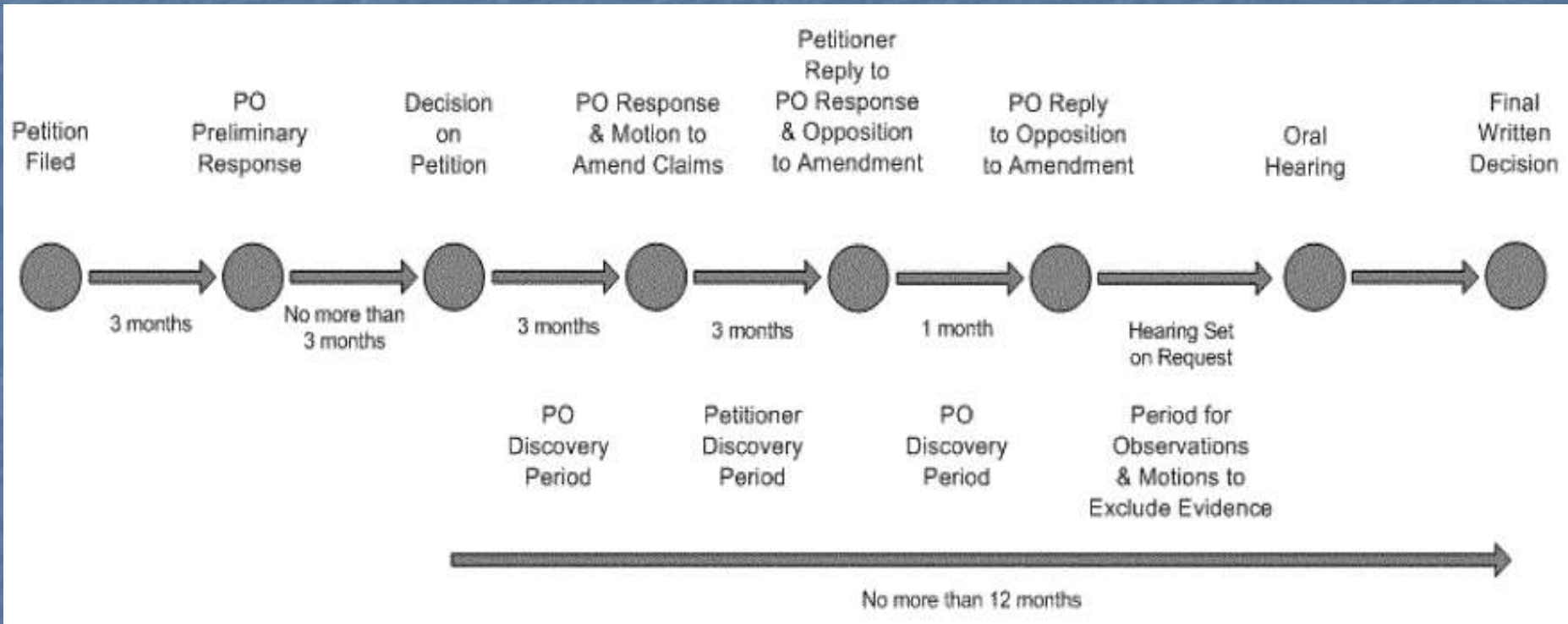
# Patent Owner Estoppel in the Office - 37 CFR § 42.73(d)(3)

- (3) Patent applicant or owner. A patent applicant or owner is **precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:**
  - (i) **A claim that is not patentably distinct from a finally refused or cancelled claim; or**
  - (iii) An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.

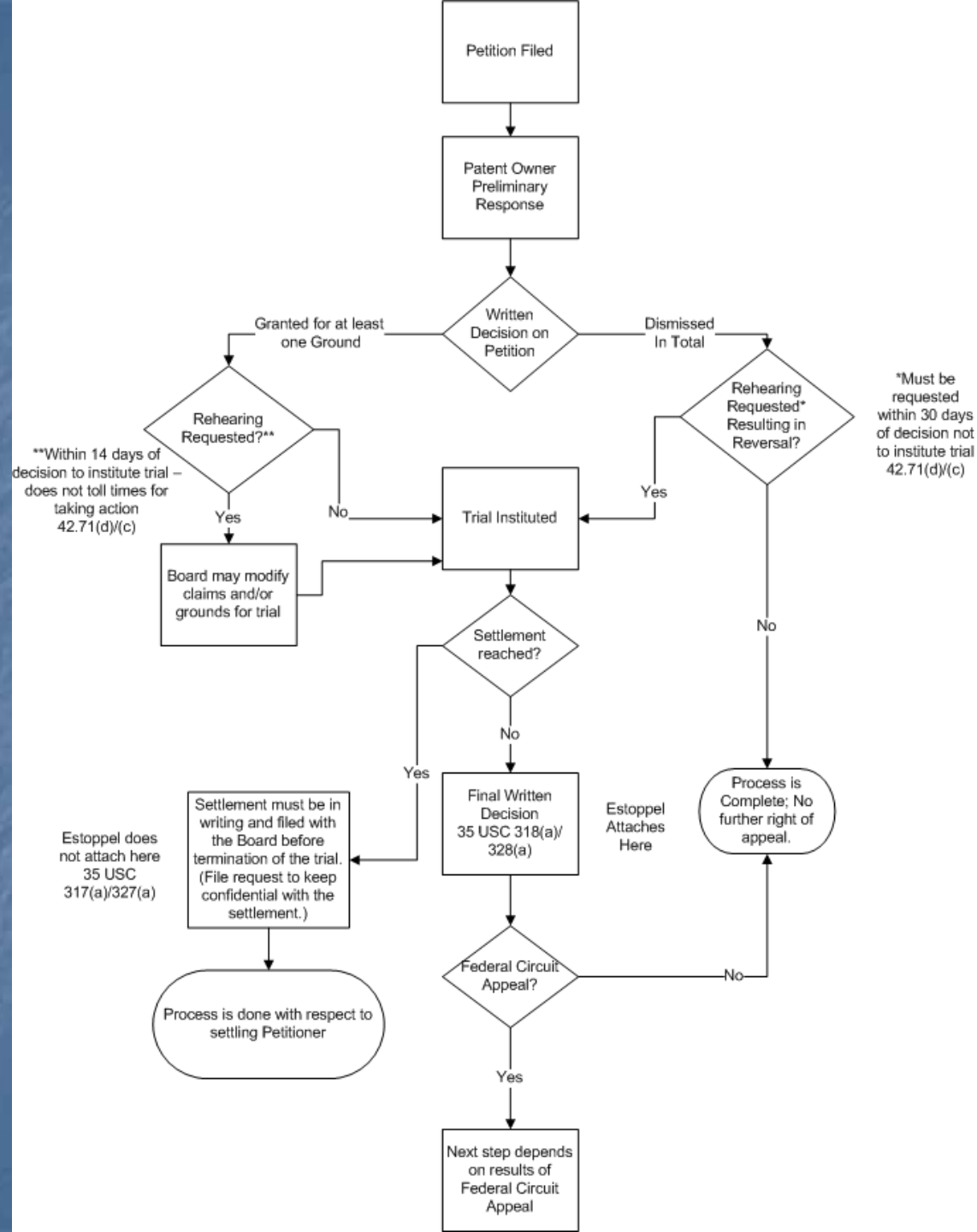
# Trial Practice Overview

- AIA Trial Proceedings all fall under the Umbrella Trial Rules (§§ 42.1-42.80)
  - IPR
    - §§ 42.100-42.123
  - PGR
    - §§ 42.200-42.224
  - CBM
    - §§ 42.300-42.304
  - Derivation
    - §§ 42.400-42.412 (final rules yet to be announced)
- Trials include Petitions and Motion Practice
  - Petitions used instead of Requests
  - A trial is initiated only if the PTAB decides that the petition meets the requisite standards
  - Motion practice and discovery follows





Source: USPTO Office Patent Trial Practice Guide, Fed. Reg. 77, No. 157 (August 14, 2012)



# Amendments

- 35 USC § 326(d)/316(d) and 37 CFR §§ 42.221/42.121
  - PO gets 1 Motion to Amend
    - Must confer with Board, but do not need permission
      - Cancellation of any challenged claim
      - For each challenged claim, propose a “reasonable” number of substitute claims (presumption is 1-for-1 § 42.121(a)(3))
  - Additional Motions to Amend Require Permission of Board
    - By joint request of Petitioner and Patent Owner in settlement, or
    - By request of Patent Owner upon showing of good cause
  - Must be narrowing and cannot introduce new matter



# Petition Requirements

- • Petition must
  - Be accompanied by a fee
    - 35 U.S.C. 312(a)(1); 37 CFR § 42.15 & 42.103
  - Identify all real parties in interest
    - 35 U.S.C. 312(a)(2); 37 CFR § 42.8
  - Identify all claims challenged and grounds on which the challenge to each claim is based
    - 35 U.S.C. 312(a)(3); 37 CFR § 42.104(b)
  - Provide a claim construction and show how the construed claim is unpatentable based on the grounds alleged
    - 37 CFR § 42.104(b)
  - Provide copies of evidence relied upon
    - 35 U.S.C. 312(a)(5); 37 CFR § 42.6(c)
  - Certify that the petitioner is not estopped from proceeding
    - 37 CFR § 42.104(a)

# Preliminary Process to Determine if a Trial will be Instituted

- **Petition** filed by Third Party Challenger
  - Identifies claims challenged
  - Identifies grounds and supporting evidence on a claim-by-claim basis
- Patent Owner Notified and may file a **Preliminary Response**
  - Preliminary Patent Owner Response *may be* filed within 3 months
    - A “full-blown response” not expected
  - Patent Owner can also file a simple statement that it elects not to respond to the petition
- **PTAB decides** whether to Institute a Trial within 3 months of PO Response
  - If not, Petitioner can request rehearing (reconsideration) within 30 days, but the result is not appealable
  - If a trial is instituted, then a 12 month timer starts
    - May be extended 6 more months at discretion of PTAB
      - Expected to be rarely granted

# Trial Instituted

- To institute a trial, the Board will
  - Issue a written decision identifying the claims and grounds (on a claim-by-claim basis) to be considered in the trial where the threshold standards for the proceeding have been met
  - Board expects it will enter a scheduling order with the written decision
    - Initial conference call one month later
  - In PGR, Board may consider if same or substantially the same prior art or arguments were previously presented under 35 U.S.C. 325(d) PGR Statute
  - Board may decide not to institute proceedings if it determines it cannot be done timely (in the required timeframe of 1 to 1.5 years) – 35 USC 316(b)/326(b)
- Motions for rehearing may be made by either party not satisfied with written decision
  - Not appealable
  - Must be made within 14 days (30 days if trial not instituted)
  - Will not toll time periods set forth
  - 37 CFR § 42.71(c) and (d)



# Patent Owner Response and Proposed Amendment in 3 Months from Institution of Trial

## - 35 USC § 316(a)(8); 37 CFR § 42.120

- Patent Owner has 3 months to:
  - file full response addressing any ground of unpatentability not already denied by the Board,
    - Any factual evidence relied upon to support the response must be filed
  - confer with the Board regarding proposed motion to amend, and
  - move to amend
    - Must include the proposed amendment per § 42.121(b), § 42.221(b)
- Patent Owner discovery period per scheduling order

# Petitioner Response and Opposition to Amendment

- Petitioner has 3 months to respond to respond with evidence and challenge amendment
- Petitioner discovery period per scheduling order

# Patent Owner Reply in 1 Month to Opposition

- Reply to Petitioner's Response
- Patent Owner discovery per scheduling order



# General Procedures

- Ex parte communications with Board are prohibited, unless
  - Ministerial communications with staff
  - Conference calls or hearings where opposing counsel declines to participate
  - Informing Board of existence or status of another proceeding
  - Reference to a pending case in support of a general proposition
- Conference call approach similar to interferences
- Need for lead and back-up counsel designations

# Mandatory Notices

- Real Party in Interest or Privy
  - Correctly assigning estoppel and protect PO from multiple petitions from same or interested parties
- Related Matters
  - Judicial and administrative matters
    - Include every application and patent claiming or which may claim the benefit of the priority of the filing date of the party's involved patent or application
    - Ex parte and inter partes reexaminations
- Service Information
  - For efficient communication between parties

# Identification of Real Parties in Interest or Privy

- Protects Patent Owner against multiple petitions by same or related parties
  - Fact-dependent analysis
    - Party that desires review of patent
    - Funds and directs and controls IPR or PGR
    - Exercised control, or could exercise control
- Association alone is not RPI or Privy
  - Example: If Trade Association files a petition, Party A is not a RPI or privy just because it is a member of the Association
  - Example: If Party A is a member of a joint defense group with Party B and B files a petition, Party A is not a RPI or privy solely based on participation in that group
- Look at
  - Party A's relationship to the petitioner
  - Party A's relationship to the petition itself
  - Party A's nature and/or degree of involvement in the filing



# Confidentiality and Protective Orders

- Everything will be publicly available unless a motion to seal is filed and granted by the Board
  - 37 CFR § 42.14
- Confidential Info can be covered by protective order consistent with FRCP 26(c)(1)(G) which provides for trade secret or other confidential research, development, or commercial info
  - 37 CFR § 42.54
- Filings under seal not required to be served per 37 CFR § 42.55

# Discovery

- To develop a fair record and to assess credibility of witnesses
- Each party given discovery periods upon institution of the trial (scheduling order)
- Focused on what parties reasonably need to respond to grounds raised by an opponent
- Discovery Types
  - Mandatory Initial Disclosures - 37 CFR § 42.51(a)
  - Routine Discovery - 37 CFR § 42.51(b)(1)
  - Additional Discovery - 37 CFR § 42.51(b)(2)
  - Compelled Testimony - 37 CFR § 42.52, 35 USC § 24, and Appendix D of Practice Trial Guide
- See 37 CFR § 42.51 to § 42.65

# Routine Discovery

- Routine Discovery
  - Production of any exhibit cited in a paper or testimony
  - Cross-examination of the other sides' declarants
  - Relevant information that is inconsistent with a position advanced during a proceeding (but is not privileged)
- Noncompelled testimony starts with an affidavit by the party presenting the witness
  - Depositions of that witness are allowed for cross-examination
- Costs to be paid by party presenting the witness
  - E.g., Party A presents affidavit of Expert X. A must also arrange to make X available for cross examination
- Translations must be provided for documents produced in discovery under 37 CFR § 42.51 and all other documents relied on in proceedings
- Board authorization not required to conduct routine discovery



# Additional Discovery

- Parties may agree to additional discovery. Where they do not agree, a party may file a motion - 37 CFR § 42.51(b)(2)
  - Must show requested information is in the interests of justice
    - Except PGR also requires that additional discovery is limited to evidence directly related factual assertions advanced by either party in the proceeding (see 37 CFR § 42.224)

# Compelled Testimony

- A party seeking to compel testimony or production of things must file a motion for authorization
  - 37 CFR § 42.52, 35 USC § 24, and Appendix D of Practice Trial Guide

# Strategic Considerations



# IPR/PGR Versus Litigation

## ■ Advantages vs. Litigation

- Lower burden of proof
- Broader claim construction
- Lower cost/Faster/Less discovery
- PTAB, three-member APJ panel
- Intervening rights
- Possible stay of litigation

## ■ Disadvantages vs. Litigation

- Estoppel
- Timing and number limits for petitions
- IPR limited to patents/printed publications
- Patent owner may present new claims
- Determination re institution final, not reviewable

# IPR/PGR

## Patent Owner Concerns

### *Plan to move quickly*

#### ■ Staffing

- In-house, outside or hybrid
- Coordination with litigation counsel

#### ■ Lining up experts

- In-house and/or outside

#### ■ Quick decision re preliminary response

- Do you need all those claims

#### ■ Educate your business clients – factor into 2013 budget

# IPR/PGR

## Patent Owner Opportunities

- Present narrower claims once prior art identified
- Proceedings as vehicle for litigation preparation
  - *E.g., objective evidence of nonobviousness, checking out experts, inventors)*
- Extend estoppel beyond petitioner
  - Applies to petitioner, real party in interest or privy
- Pros & cons of BRI
- Disclosing prior art during prosecution makes PGR, IPR less likely



# IPR/PGR

## Petitioner Concerns

- **Effective implementation of PGR requires good watch process**
  - Current and future products
  - Competitors, especially litigious ones
  - Areas of R&D interest
- **Cost-Benefit may depend on current or imminent infringement risk**
  - Prepared to risk estoppel – what defenses will be left?
  - Patent owner may present new claims
  - Determination re institution final, not reviewable
  - What if patent owner prevails under BRI?
- **Are defenses better in PTO than in court**
  - Submit all evidence – no civil action, only Fed. Cir. Review
- **Estoppel**
  - Greater for PGR (all issues of patentability)
  - Settle to avoid estoppel – live to fight another day

# Options

## Third-Party Published Application or Issued Patent

### Strategies

Earlier

Certainty  
↑  
↓

- Pre-issuance submission of prior art (*ex parte*)
  - PGR
  - IPR
- } Depends on timing, type of invalidity challenge
- Reexamination (*why – cost, no discovery, to avoid estoppel?*)
  - Declaratory Judgment Action (*if jurisdiction*)
  - Wait

Later

# IPR/PGR Scenario

## Competitor's Patent Has Issued

- Are your validity defenses better before PTAB?
- What's left of your defense if patent is confirmed?
- How helpful are intervening rights?
- Do you know art well enough to risk “could have raised” estoppel?
- Can patent owner amend to avoid art but still cover accused product?
- How good is your petition – determination not to institute review is not reviewable and will be damaging
- Be careful with joint defense agreements (*privy*)
- Is cost of litigating invalidity justified?
- Can you afford to wait for litigation?
  - No PGR after 9 months post-issuance, no IPR after 12 months post-service
  - Stays of litigation not automatic, likelihood decreases with delay



# **Example Analyses Demonstrating Complexities of Review, Reexam, and Litigation Options**

## Example of Complexity of Challenger Options in the Case of (1) CBM as Option and (2) Petitioner May Still DJ and no litigation over 1 year

<b>102/103 →</b>	<b>Weak 102/103</b>	<b>Strong 102/103</b>
<b>101/112</b> ↓		
Strong 101/112	CBM PGR (estoppel risk is higher) Litigation (cost)	CBM PGR v. IPR (101/112 v. 102/103 v. estoppel) EPX (efficacy) Litigation (cost)
Weak 101/112	Settle.	CBM IPR v. EPX (estoppel v. efficacy) Litigation v. PGR (estoppel v. cost)

Rough Assumptions: Explores review before reexamination (efficacy assumption). Considers amount of estoppel, available grounds, and cost of typical action to completion. Assumes relatively few claims and highly technical case. Analysis changes with large claim count or with DJ already filed by Petitioner, among other things.

# Example of Complexity of Challenger Options in the Case of (1) CBM as Option and (2) Petitioner May Still DJ and no litigation over 1 year and (3) Not FITF

102/103 →  101/112 ↓	Weak 102/103	Strong 102/103
Strong 101/112	CBM <del>PGR</del> (estoppel risk is higher) Litigation (cost)	CBM <del>PGR v. IPR</del> (101/112 v. 102/103 v. estoppel) EPX (efficacy) Litigation (cost)
Weak 101/112	Settle.	CBM IPR v. EPX (estoppel v. efficacy) Litigation <del>v. PGR</del> (estoppel v. cost)

Rough Assumptions: Explores review before reexamination (efficacy assumption). Considers amount of estoppel, available grounds, and cost of typical action to completion. Assumes relatively few claims and highly technical case. Analysis changes with large claim count or with DJ already filed by Petitioner, among other things.



# Example of Complexity of Challenger Options in the Case of (1) CBM as Option and (2) **Petitioner Filed DJ (not a counterclaim)**

102/103 →  101/112 ↓	Weak 102/103	Strong 102/103
Strong 101/112	CBM <del>PGR</del> (estoppel risk is higher) Litigation (cost)	CBM <del>PGR v. IPR</del> (101/112 v. 102/103 v. estoppel) EPX (efficacy) Litigation (cost)
Weak 101/112	Settle.	CBM <del>IPR v. EPX</del> (estoppel v. efficacy) Litigation <del>v. PGR</del> (estoppel v. cost)

Rough Assumptions: Explores review before reexamination (efficacy assumption). Considers amount of estoppel, available grounds, and cost of typical action to completion. Assumes relatively few claims and highly technical case. Analysis changes with large claim count or with DJ already filed by Petitioner, among other things.

# Disclaimer

This presentation is not intended to be legal advice, but rather it is a general discussion of possible considerations about patent practice which will vary greatly with actual facts and state of the law. The reader is urged to retain competent legal counsel for any actions contemplated or ongoing.