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DANIELS &  
ADRIAN, LLP

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**AIA new contested proceedings**  
Nicolas E. Seckel

Intellectual Property Law

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### Contested proceedings

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- Main proceedings
  - Post-Grant Review (PGR)
  - Inter Partes Review (IPR)
- Other proceedings:
  - Covered Business Method Patent Review (CBM)
  - Derivation Proceeding
- Patent Trial and Appeal Board (PTAB)

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# 1. PGR & IPR

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### Subject patents

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- PGR: patents based on applications filed on or after March 16, 2013 (first-inventor-to-file)
- IPR: all enforceable patents
- Proceedings available since September 16, 2012)

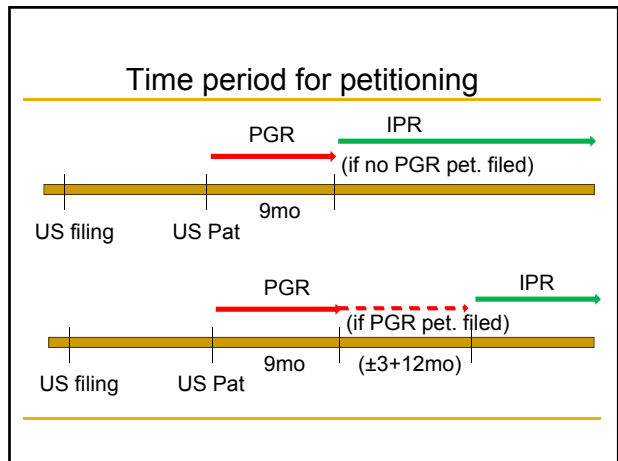
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### Time period for petitioning

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- PGR: within 9 months after issuance
- IPR: after the later of:
  - 9 months after issuance,
  - Termination of any PGR

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## Petitioner

- PGR:
  - petitioner has not filed invalidity action
- IPR:
  - petitioner has not filed invalidity action
  - if infringement complaint by patent owner, petition filed within one year of service
- Both:
  - Must identify real party of interest (including privies)
  - Petitioner not estopped due to previous proceeding (must certify in petition)

## Grounds for review

- PGR:
  - 101 (patent-ineligibility)
  - 102 (anticipation)
  - 103 (obviousness),
  - 112 (lack of written description, lack of enablement) except best mode
  - Not limited to patents and printed publications
- IPR:
  - 102 (anticipation)
  - 103 (obviousness)
  - based on patents or printed publications only
- Both: petition must include evidence

## Patent owner preliminary response

- Explanation why no trial should be instituted
  - Documentary evidence permitted
  - Testimonial evidence permitted "in the interest of justice" (e.g., to demonstrate estoppel)

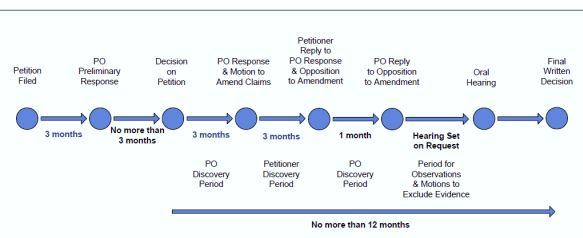
## Evidentiary standard for institution

- PGR: more likely than not that challenged claims are unpatentable
  - greater than 50%
- IPR: reasonable likelihood that challenged claims are unpatentable
  - lower, more flexible standard
- Evaluation:
  - Claim by claim
  - Ground by ground

## Timeline

- Preliminary proceeding
  - Petition, preliminary response by patent owner
- Decision to institute trial
  - Decision refusing to institute trial is not appealable
- Trial
  - Patent owner response, petitioner reply
  - Discovery, motion practice
  - Motion to amend, opposition, reply to opposition
- Trial decision within 12 months of institution
  - 18 months for good cause

## Timeline



## Discovery

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- Mandatory initial disclosures
    - E.g. knowledgeable individuals
  - Routine discovery
    - Documents relied upon, cross-examination of witnesses, inconsistent information
  - Discovery as agreed upon by parties
  - Additional discovery by motion
    - PGR: good cause, IPR: interest of justice (stricter)
  - Scheduling order, protective order
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## Motions

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- Generally, motions must be authorized
  - Petitioner motion to file supplemental information
    - Within one month of institution
  - Patent owner motions to amend
    - One motion without Board authorization
    - Reasonable number of substitute claims ( $\approx 1$ )
    - No enlargement of scope, sufficient support
    - Cancel claims, joint motion to advance settlement
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## Termination

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- Final written decision
    - Request for rehearing within 30 days
  - Settlement
    - Terminates the proceeding for petitioner
    - Board may choose to issue a final decision
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## Appeal

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- Only to the Federal Circuit
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## Petitioner estoppel

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- USPTO: no proceeding with respect to any claim on any ground that was raised or reasonably could have been raised
    - Ex parte reexamination: since identification of real party of interest is not required, requester must certify to the absence of estoppel
  - District Court, ITC: no invalidity assertion on any ground that was raised or reasonably could have been raised
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## Patent owner estoppel

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- USPTO: no action inconsistent with final adverse decision
    - No presentation of claim that is not patentably distinct from finally refused or canceled claim (e.g., in continuation)
    - BUT: estoppel does not extend to any claim that could have been presented (as in proposed rules)
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## 2. CBM

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### Covered Business Method Patent Review

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- Similar to PGR
  - Main differences:
    - Not limited to FITF patents
    - Limited to “business methods” in “financial services,” excluding “technological inventions”
      - Petitioner must prove that patent is eligible for CBM
    - Petitioner must be sued or charged with infringement
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### Definition of Covered Business Method

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- Statutory definition
    - Generally: 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**
    - Exception: the term does not include **technological inventions**
  - Note: CBM available even if patent also has non-CBM claims
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### Definition of Technological Invention

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- Defined by USPTO rule:
    - Claimed subject matter considered as a whole
    - Recites a technological feature that is novel and unobvious over the prior art
    - Solves a technical problem using a technical solution
  - Note: “financial” is not further defined in the rules
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### Examples (USPTO Trial Practice Guide)

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- CBM:
    - Method for hedging risk in the field of commodities trading
    - Method for verifying validity of a credit card transaction
  - No CBM:
    - Novel and non-obvious hedging machine for hedging risk in the field of commodities trading
    - Novel and non-obvious credit card reader for verifying the validity of a credit card transaction
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## 3. Derivation

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## Derivation proceeding

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- Available for FITF applications/patents
  - Published claim in earlier (respondent's) application is the same or substantially the same as petitioner's claim
    - Claims are "patentably indistinct"
  - Petition must be filed within one year of first publication of respondent's claim
    - First publication includes PCT publication in any language designating the US
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## Petition

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- Petition must include corroborated, substantial evidence of
    - Communication of invention to respondent
    - No authorization to file respondent's application
  - PTAB may postpone trial until 3 months after issuance of a patent from earlier application
  - PTAB may refuse to institute if common ownership
    - Not designed to resolve intra-company disputes
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## Termination

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- Cancel/refuse claims
  - Amend inventorship
  - Settlement
    - If not inconsistent with record
    - Copy must be submitted ("business confidential")
  - Arbitration
    - Notice must be provided to PTAB
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## Appeal

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- District Court
  - Federal Circuit
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## Conclusion: still a bargain...

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- USPTO fees:
    - PGR: \$35,800 + \$800 per claim above 20
    - IPR: \$27,200 + \$600 per claim above 20
    - CBM: same as PGR
    - Derivation: \$400
  - Average attorney costs (based on AIPLA 2011 survey):
    - Ex parte reexam request: <\$20K
    - Inter partes reexam: <\$300K
    - Litigation: ±\$3M for \$25M stake
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## Questions, comments?

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Nicolas E. Seckel  
(1) 202-822-1100  
nseckel@whda.com

This presentation is not legal advice

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