

Proposed USPTO Rule Changes America Invents Act



Presented by
Stephen G. Kunin,
Partner

February 29, 2012

1

PROPOSED CHANGES

1. PROSECUTION:

- Third Party Submissions
- Patent Term Adjustment
- Assignee Filing / Oath and Declarations
- Assignments

2. POST GRANT PROCEEDINGS:

- *ex parte* Reexamination
- *inter partes* Reexamination
- Post Grant Review
- Supplemental Examination
- Transitional Program for Covered Business Method Patents
- Derivation Proceedings
- Trial Rules

3. FEES



2

PROSECUTION

THIRD PARTY SUBMISSIONS

Current Rules

- ◆ §1.99 Provides for the submission of prior art by third parties
- ◆ PRIOR ART: Patents or publications
- ◆ TIMING: **Within two months** from the date of publication of the application or prior to the mailing of a notice of allowance, whichever is earlier
- ◆ SUBMISSION: Third party is **precluded from explaining** why the prior art was submitted or what its relevancy to the application might be
 - ◆ A “protest” under §1.291 can be filed with explanations or applicant’s consent but is limited to submissions made before the date of publication, which makes this rule of little value, except in special cases, such as a reissue application
- ◆ USAGE: §1.99, §1.291 and §1.292 (public use proceedings) Rarely used because of the above restrictions



THIRD PARTY SUBMISSIONS

Proposed Rules



ORLON
SPIVAK

- ◆ 37 C.F.R. §1.290 replaces 37 C.F.R. §1.99
- ◆ **§1.290(a):** Patents, published patent applications, or **other printed publications of potential relevance to the examination** of the application
- ◆ **§1.290(b):** **Must** be filed **before** the earlier of
 - (A) the date a **notice of allowance**; or
 - (B) the **later** of
 - (i) **6 months after** the date on which the application for patent is **first published** under section 122, **or**
 - (ii) **the date of the first rejection** under section 132 of any claim by the examiner during examination
- ◆ **§1.290(d):**
 - ◆ Shall **set forth a concise description of the asserted relevance of each listed document** and provide a legible copy of each listed document and translations, if necessary, of all relevant portions of each listed document except for U.S. patents and applications
 - ◆ Signed statement that the submission is not from an individual having a duty of disclosure under 37 C.F.R. §1.56

5

THIRD PARTY SUBMISSIONS

Proposed Rules



- ◆ **§1.290(e):** Specific identification of listed documents
- ◆ **§1.290(f, g):** Fees
 - ◆ \$180 for every ten or fewer documents submitted
 - ◆ A **first** submission less than four documents is free
 - ◆ Subsequent submissions (less than four) are \$180
- ◆ **§1.291:**
 - ◆ Provides for protests in unpublished applications or protests with applicant's consent including the submission of documents and their relevancy
- ◆ **§1.292:**
 - ◆ Public use proceedings under §1.292 are eliminated in favor of post-grant review proceedings and protests



ORLON
SPIVAK

6

THIRD PARTY SUBMISSIONS

PROS: Reformed third party submissions are **slightly more attractive:**

- ◆ Statements concerning the relevance of the references can be brought to the USPTO's attention for examiner use in patent examination
- ◆ Longer window of opportunity to disclose (6 months post publication vs. 2 months)

CONS: The **procedure still benefits the Applicant:**

- ◆ Applicant is free to address the submitted references or wait and see if the Examiner will rely on them
- ◆ If the Examiner relies on them, the Applicant can respond in writing or via a personal interview
- ◆ Applicant can freely amend claims and can add *broader* claims
- ◆ The third party has no further opportunity to intervene and participate in the discussion between the examiner and the applicant during examination
- ◆ While the procedure does not create a formal estoppel against the third party who will be able to rely on the same references during a litigation, the procedure can result in a patent with a very strong presumption of validity relative to these references (Microsoft v. i4i)



7

THIRD PARTY SUBMISSIONS

Practice Tips

◆ **Status Quo:**

- ◆ Most third parties will probably continue to rarely use third party submissions and will instead rely on the new post grant procedures although substantially more expensive:
 - ◆ Post grant review
 - ◆ Inter partes review

◆ **Exceptions:**

- ◆ Multiple prior art references available
 - ◆ Use broader/dominant one for third party submission
 - ◆ Use specific one for post grant procedures
 - ◆ Can hold back best prior art for IPR
- ◆ Small companies with very limited budgets and that cannot afford any post grant proceeding may use a third party submissions as their only option to reduce the chances that competitors will obtain patents with broad protection



8

APPELLATE PTA ADJUSTMENT

Current Rules

- ◆ **Three Types of Delay:** 37 C.F.R. §1.703(b)(4), §1.703(e)
 - ◆ **A Delay:** PTO fails to act in accordance with set timeframes (14-4-4-4)
 - ◆ **B Delay:** PTO fails to issue a patent within three years of filing date
 - ◆ **C Delay:** Delays arising out of a successful appeal
- ◆ **Appellate Application:**
 - ◆ **A Delay:** Awarded if PTO fails to respond to appeal by Examiner's Answer or reopening of prosecution within 4 months after date on which appeal was taken
 - ◆ **B Delay:** Not awarded for time consumed by appellate review as of the date the Notice of Appeal is filed
 - ◆ Even if the USPTO is at fault
 - ◆ **C Delay:** Awarded for time spent in appellate review from NOA to decision if win on appeal



9

APPELLATE PTA ADJUSTMENT

Proposed Rules

- ◆ **Appellate Application:**
 - ◆ **A Delay:** N/A
 - ◆ **B Delay:** Accrues until the Board assumes jurisdiction over the appeal (after all briefs are filed)
 - ◆ Enhances PTA to cover USPTO appeal related delays encountered after filing the Notice of Appeal but before the Board assumes jurisdiction
 - ◆ **C Delay:** Awarded for time spent in appellate review once jurisdiction passes to the Board and if win on appeal



- ◆ **New Applicant Delay:** 37 C.F.R. §1.704(c)(9)
 - ◆ Arises from a failure to file a Brief or RCE within **two months** from filing the Notice of Appeal
 - ◆ One day reduction in PTA for each day after the two months



10

APPELLATE PTA ADJUSTMENT

PROS:

◆ Delay B:

- ◆ No longer punished for time lost due to PTO delays during the process preceding Board review
- ◆ Can accrue extensive PTA while preparing/filing Appeal Brief, awaiting Examiner's Answer, and preparing/filing Reply Brief
- ◆ Will now accrue PTA if you file an Appeal Brief and the Examiner reopens prosecution

CONS:

◆ New Applicant Delay:

- ◆ Be sure to timely file the Appeal Brief or RCE to avoid reducing the client's PTA

PROS V. CONS:

- ◆ Should benefit most applications on appeal given the lengthy appeal process and a high affirmance rate by the Board



11

ASSIGNEE FILING / OATH & DECLARATION

Current Rules

- ◆ §1.42:
 - ◆ In the case of the death of an inventor, the **legal representative** may make the necessary oath or declaration
- ◆ §1.43:
 - ◆ If the inventor is legally incapacitated, the **legal representative** may make the necessary oath or declaration
- ◆ §1.47:
 - ◆ (a) Petition may be made by **signing inventors** on behalf of nonsigning inventor who refuses to sign or cannot be located after a diligent search
 - ◆ (b) Petition may be made by assignee or one with sufficient propriety interest in the matter on behalf of all the nonsigning inventors who refuse to sign or cannot be located after a diligent search
- ◆ §1.55:
 - ◆ Foreign priority claim can be located anywhere in an application for §1.55 compliance but §1.63 requires the foreign priority claim be in the application data sheet or identified in the oath or declaration
- ◆ §1.63:
 - ◆ Applicant must provide family or given name
 - ◆ Applicant must state that he or she is the first inventor
 - ◆ No minimum age for person signing oath or declaration but the person must be competent to sign
 - ◆ Assignment and Oath and Declaration forms are separate



12

ASSIGNEE FILING / OATH & DECLARATION

Proposed Rules

- ◆ **§1.42(a):** Combines §1.42 and §1.43
 - ◆ Allows for the legal representative, **assignee, party to whom the inventor is under an obligation to assign or a party showing sufficient propriety interest** to execute the oath or declaration on behalf of a deceased OR legally incapacitated inventor
- ◆ **§1.42(b):**
 - ◆ Party to whom the inventor is under an obligation to assign and the party showing sufficient propriety interest must file a petition consistent with the current practice
- ◆ **§1.47:**
 - ◆ (a) Allows for **assignee of nonsigning inventor, party to whom the inventor is under an obligation to assign or a party showing sufficient propriety interest** to execute the oath or declaration, or substitute statement accompanied by a petition
 - ◆ (b) Co-inventor may execute the oath or declaration on behalf of the nonsigning inventor, accompanied by a petition
- ◆ **§1.55:**
 - ◆ Amended to **require** a foreign priority claim be identified in an application data sheet or supplemental application data sheet
- ◆ **§1.63:**
 - ◆ Only required to give full name without reference to "family or given name"
 - ◆ Required to identify the application to which the oath or declaration is directed
 - ◆ Applicant must state that they are the original inventor or joint inventors
 - ◆ Removes "age" language and states that person making oath must have reviewed and understood the application, including the claims
 - ◆ Mailing address requirement clarified as address where the inventor "customarily receives mail"
 - ◆ The assignment may include **both** the oath and declaration



13

ASSIGNEE FILING / OATH & DECLARATION

Current Rules

- ◆ **§1.172:**
 - ◆ Allows an assignee to sign a reissue oath and declaration if the application does not seek to enlarge the scope of the claims of the original patent
- ◆ **§1.175:**
 - ◆ (a) (1) Reissue oath or declaration must identify at least one error that is being relied upon as the basis for the reissue
 - ◆ (b) For any error corrected, which is not covered by the previously submitted reissue oath or declaration, a supplemental oath or declaration is required stating that every error arose without any deceptive intention on the part of the applicant
- ◆ **§3.71(a):**
 - ◆ Assignees may, after becoming of record under §3.71(c), conduct prosecution of a national patent application or a reexamination proceeding to the exclusion of either the inventive entity or assignees previously entitled to conduct prosecution



14

ASSIGNEE FILING / OATH & DECLARATION

Proposed Rules

- ◆ **§1.172:**
 - ◆ Authorizes the assignee to sign the reissue oath or declaration even for broadened reissues after September 16, 2012
- ◆ **§1.175:**
 - ◆ (a) (1) Reissue oath or declaration must identify at least one error that is being relied upon as the basis for the reissue (Same as current rules)
 - ◆ (b) Claim broadened in any respect must be identified as a broadened claim
 - ◆ Any claim that contains both a broadening amendment and narrowing amendment is treated as a broadening amendment
 - ◆ (b) Supplemental oath or declaration requirement removed with respect to removing language with respect to deceptive intent
- ◆ **§1.497:**
 - ◆ Amended to conform to the changes in §1.63
- ◆ **§3.71(a):**
 - ◆ Same as the current rules but subjects the rules to the requirements of §§1.31 and 1.33(f)
 - ◆ §1.31(b): Adds that a juristic entity (corporations, non-human entities created by law) must be represented by a patent practitioner
 - ◆ §1.33(f): Added to provide that all papers submitted on behalf of a juristic entity must be signed by a patent practitioner
 - ◆ §1.31(b) and §1.33(f) added because juristic entity attempts to prosecute patent applications *pro se* have increase the backlog by committing more procedural errors and requiring extra assistance from Examiners



15

ASSIGNEE FILING / OATH & DECLARATION

Practice Tips



- ◆ An oath, executed by the inventor, declaration or substitute statement is still required, even though the application can be initially filed on behalf of the inventor(s) by the assignee
 - ◆ Citizenship of inventor no longer required
- ◆ Combine the declaration and assignment into one form to reduce paperwork and the chances of errors but make sure the combined assignment is **filed** with the application
- ◆ Execute the combined assignment/declaration as early as possible after the application is drafted in case the inventor leaves the company or otherwise becomes unavailable
- ◆ While the proposed rules provide for additional assignee filing, full assignee filing is still not harmonized with other systems
 - ◆ However, the rules provide that it is possible for the Director to promulgate final rules that provide full assignee filing comparable to foreign systems
- ◆ Reissue process is much more streamlined and easier to use without procedural delays
- ◆ AIA amendments state that the oath, declaration, or substitute statement must be filed before a notice of allowance but the proposed rules still require that they be filed at the time of application and penalize applicants with high fee for filing later than this time



16

PATENT ASSIGNMENT INFORMATION

Current Rules

- ◆ 37 C.F.R. §3.81:
 - ◆ Application may issue in the name of the assignee where a request for such issuance is submitted with payment of the issue fee
- ◆ 37 C.F.R. §1.215(b):
 - ◆ Assignee information must appear on the ATS or ADS if applicant “wants” the PGPub to contain assignment information
- ◆ 37 C.F.R. §1.27(g):
 - ◆ Notification of loss of entitlement to small entity status required when issue and maintenance fees are due
 - ◆ Rule does not require a reason why the assignee is no longer eligible for small business status or identification of a new assignee that caused the application or issued patent to lose entitlement to small entity status



17

PATENT ASSIGNMENT INFORMATION

Potential Rules

- ◆ 37 C.F.R. §3.81:
 - ◆ **Requires** that the assignee (real party in interest) be identified at the time of payment of the issue fee
- ◆ 37 C.F.R. §1.215(b):
 - ◆ Applicant **must** provide assignee information in the ATS or ADS
- ◆ 37 C.F.R. §1.27(g):
 - ◆ **Must** provide a reason why the assignee is no longer eligible for small business status or identification of a new assignee that caused the application or issued patent to lose entitlement to small entity status
- ◆ New Rules:
 - ◆ 1) Assignee **must** be disclosed at the time of application filing
 - ◆ 2) Discounted maintenance fees are provided in return for verification or update of assignee information when paying the maintenance fee or within limited time from payment



18

PATENT ASSIGNMENT INFORMATION

PROS:

- ◆ Helps identify entities (NPE) who are bringing actions in court
- ◆ Helps identify a patent owner for licensing and business considerations

CONS:

- ◆ Assignee information already attainable through traditional means
 - ◆ Licensing often involves due diligence anyways
- ◆ Leads to questions of state and foreign employment law with respect to ownership status
- ◆ Increased cost, time and risk on applicants and practitioners who will be required to continuously communicate with clients to obtain the latest assignment information
- ◆ Determining the “real party in interest” (NPE) is exceedingly difficult and may be objectionable by clients
- ◆ Penalties / Inequitable Conduct for failing to comply with the proposed rules are uncertain
- ◆ FITF under AIA may put pressure on practitioners if they also have to worry about mandatory assignments

PROS vs. CONS:

- ◆ Creates an onerous burden on every applicant for the benefit of a few



19

POST GRANT PROCEEDINGS



20

EX PARTE REEXAMINATION

Current Rules

CITATION OF PRIOR ART:

- ◆ 37 C.F.R. §1.501(a)(1):
 - ◆ Prior art consisting of patents and printed publications



REQUEST FOR EX PARTE REEXAMINATION:

- ◆ Can be filed anonymously



BENEFITS:

- ◆ No date restrictions on requesting ex parte reexamination
- ◆ Inter Partes Reexamination (IPX):
 - ◆ Can only be requested for patents issued on or after November 29, 1999



21

EX PARTE REEXAMINATION

Proposed Rules

CITATION OF PRIOR ART:

- ◆ 37 C.F.R. §1.501(a):
 - ◆ (1) Prior art consisting of patents and printed publications; AND
 - ◆ (2) Statements of patent owner filed in proceeding before Federal court or the USPTO in which the patent owner took a position on the scope of a claim
 - ◆ Note: This will not apply to pending inter partes reexaminations
- ◆ 37 C.F.R. §1.501(b)(1):
 - ◆ Must provide explanation of pertinence of prior art or statements and how they should be applied with respect to the claims

REQUEST FOR EX PARTE REEXAMINATION:

- ◆ 37 C.F.R. §1.510(b)(2):
 - ◆ Permits the use of patent owner claim construction under §1.501(a)(2) in a request for ex parte reexamination
- ◆ 37 C.F.R. §1.510:
 - ◆ (6) Request must certify that estoppel provisions of IPR and PGR do not bar the request
 - ◆ (7) Can still request anonymously but the request must contain a statement identifying the real party(ies) in interest to the extent necessary to identify potential bars via IPR and PGR



22

EX PARTE REEXAMINATION

Proposed Rules

DETERMINATION OF THE REQUEST:

◆ 37 C.F.R. §1.515:

- ◆ Revised to add that a statement pursuant to §1.501(a)(2) will not be considered in deciding the request

◆ 37 C.F.R. §1.552:

- ◆ Permits the use of a statement pursuant to §1.501(a)(2) to be used during substantive ex parte reexamination to determine the meaning of a patent claim when applying patents or printed publications

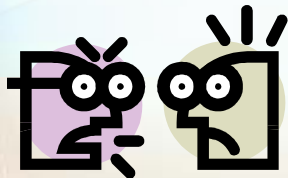


23

EX PARTE REEXAMINATION

Practice Tips

EPR v. IPR:



- ◆ IPR allows for the requester to be involved in substantive reexamination at every stage of the proceedings as opposed to EPR
- ◆ As of September 16, 2012, better to file an IPR unless trying to file anonymously or barred by litigation constraints
- ◆ If filing an ex parte reexam request and want to remain anonymous, be sure to follow the detailed rules located in 37 C.F.R. §1.510(b)(7)



24

INTER PARTES REEXAMINATION

Current Rules

- ◆ **Proceeding:** Inter Partes Reexamination
 - ◆ Performed by the Central Reexamination Unit (CRU)
 - ◆ No patent owner response on the validity of the proceeding
 - ◆ Limited to patents and printed publications
 - ◆ Estoppel exists for claims that were raised or could have been raised during IPR if TPR requester loses
- ◆ **Threshold:** **Reasonable likelihood** that the petitioner would prevail with respect to at least one of the claims*
- ◆ **Timing:** Request at any time after issuance
- ◆ **Amendments:**
 - ◆ May amend once as a matter of right in response to third party request
 - ◆ Any subsequent amendments are at the discretion of the CRU after ACP or RAN



*Was previously SNQ standard but changed upon enactment of the AIA

25

INTER PARTES REVIEW

Proposed Rules

- ◆ **Proceeding:** Inter Partes **Review**
 - ◆ Heard by the Patent Trial and Appeal Board
 - ◆ Patent owner can file a preliminary response challenging the validity of the proceeding
 - ◆ Final PTAB determination will be issued within 1 year after order but is extendable up to 6 months for good cause
- ◆ **Standing:**
 - ◆ Must be filed within one year after service of an infringement complaint to the petitioner or before the petitioner filed a court action alleging invalidity
 - ◆ Cannot be by one estopped from challenging the claims on the grounds identified in the petition
 - ◆ Can't file after DJ action
- ◆ **Threshold:** **Reasonable likelihood** that the petitioner would prevail with respect to at least one of the claims
- ◆ **Timing:**
 - ◆ Cannot be instituted until later of nine months after the grant of a patent or the termination of a post-grant review
- ◆ **Amendments:**
 - ◆ Can file one motion to amend or substitute claims after conferring with the PTAB
 - ◆ Any additional motions to amend may not be filed without PTAB authorization
- ◆ **Supplemental Information:**
 - ◆ Petitioner may request authorization to file relevant supplemental information (typically in reply to PO preliminary response)
 - ◆ Request must be made within one month of date trial is instituted



26

INTER PARTES REVIEW

Proposed Rules

Preliminary Response to Petition:

- ◆ Patent owner can file a preliminary response challenging the validity of the proceeding by setting forth reasons why no IPR should be instituted
- ◆ Must be filed no later than two months after the date of a notice indicating that the request to institute a IPR has been granted a filing date.
 - ◆ A patent owner may expedite, without any adverse inference, the proceeding by filing an election to waive the preliminary patent owner response
- ◆ Can include evidence except testimonial evidence beyond that already of record
 - ◆ Excludes expert witness testimony on patentability
 - ◆ Patent owner can raise concerns regarding the petitioners certification of standing (For example, additional discovery may be granted prior to filing the preliminary response to submit testimonial evidence obtained through discovery)
- ◆ Considered an opposition for purposes of determining page limits (50 pages)
- ◆ Cannot include any amendments with preliminary response
- ◆ Patent owner may file a statutory disclaimer disclaiming one or more claims in the patent such that no IPR will be instituted based on those claims



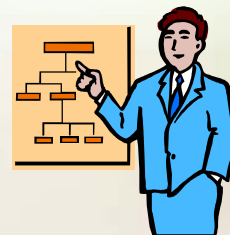
27

INTER PARTES REVIEW

Proposed Rules

Content of the Petition:

- ◆ Ground for Standing:
 - ◆ Petitioner must certify the patent for which review is sought is available for IPR and that the petitioner is not barred or estopped from requesting IPR
- ◆ Identification for Challenge:
 - ◆ Must identify how the challenged claim will be construed
 - ◆ If the claim contains a means-plus-function or step-plus-function, the construction of the claim must identify specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function



28

INTER PARTES REVIEW

Practice Tips

- ◆ IPR can be used for any patent and is not limited to patents based on applications filed on or after 11/29/99
- ◆ Beware the increased fees (\$27,200 for 20 claims) although these fees are still far less costly than litigation costs go up dramatically if challenge more claims
- ◆ Patent Owners can lower their chances of IPR being requested against their patent by obtaining an abundance of claims as this will raise the cost for third part requesters
- ◆ To avoid the Preliminary Response period by the patent owner, file IPX prior to the 1 year anniversary of enactment of the AIA
- ◆ Be sure to meet all of the filing requirements to ensure that a filing date is accorded as the USPTO has put a higher burden on the third party requester
- ◆ For those prospective defendants seeking to utilize a DJ action to secure venue after the enactment of the America Invents Act, doing so will foreclose a later filed inter partes challenge at the USPTO
- ◆ When identifying how claims are to be construed, beware of the new Federal Register Guidelines allowing for non-structural terms associated with functional language to be more easily be construed as invoking 35 U.S.C. §112, sixth paragraph
- ◆ Patent Owners must be ready to act quickly as they only get two months to file a preliminary response as to the validity of a petition and two months to respond on the merits once the IPR is initiated
- ◆ A preliminary response could be advantageous to the patent owner where an *inter partes* review petition is filed close to the expiration of the one year period with respect to service of an infringement complaint to the petitioner to prevent TPR from getting a FD



29

POST GRANT REVIEW

Proposed Rules

- ◆ Proceeding:
 - ◆ Heard by the Patent Trial and Appeal Board
 - ◆ Patent owner can file a preliminary response within 2 months of FD challenging the validity of the proceeding
 - ◆ Final PTAB determination will be issued within 1 year but is extendable up to 6 months for good cause after order
 - ◆ *All grounds of invalidity can be considered except for best mode (OPD?)*
- ◆ Standing:
 - ◆ Must be filed before the petitioner filed a court action alleging invalidity
 - ◆ TPR cannot be estopped from challenging the claims on the grounds identified in the petition
- ◆ Threshold:
 - ◆ More likely than not that at least one of the claims challenged is unpatentable; OR
 - ◆ A novel or unsettled legal question that is important to other patents or patent applications is raised (prosecution laches?)
- ◆ Timing:
 - ◆ Must be filed no later than nine months after the date of the grant of a patent or issuance of a broadened reissue patent
 - ◆ May not request PGR on reissue claim that is identical to or narrower than the original parent unless within the nine month window of grant
- ◆ Amendments:
 - ◆ Can file one motion to amend or substitute claims after conferring with the PTAB
 - ◆ Any additional motions to amend or substitute claims may not be filed without PTAB authorization
- ◆ Supplemental Information:
 - ◆ Petitioner may request authorization to file relevant supplemental information
 - ◆ Request must be made within one month of date trial is instituted



30

POST GRANT REVIEW

Proposed Rules

Preliminary Response to Petition:

- ◆ Patent owner can file a preliminary response within 2 months challenging the validity of the proceeding by setting forth reasons why no PGR should be instituted
- ◆ Must be filed no later than two months after the date of a notice indicating that the request to institute a PGR has been granted a filing date.
 - ◆ A patent owner may expedite, without any adverse inference, the proceeding by filing an election to waive the preliminary patent owner response
- ◆ Can include evidence except testimonial evidence beyond that already of record
 - ◆ Excludes expert witness testimony on patentability
 - ◆ Patent owner can raise concerns regarding the petitioners certification of standing (For example, additional discovery may be granted prior to filing the preliminary response to submit testimonial evidence obtained through discovery)
- ◆ Considered an opposition for purposes of determining page limits (70 pages)
- ◆ Cannot include any amendments
- ◆ Patent owner may file a statutory disclaimer disclaiming one or more claims in the patent such that no PGR will be instituted based on those claims



31

POST GRANT REVIEW

Proposed Rules

Content of the Petition:

- ◆ Ground for Standing:
 - ◆ Petitioner must certify the patent for which review is sought is available for PGR and that the petitioner is not barred or estopped from requesting
- ◆ Identification for Challenge:
 - ◆ Must identify how the challenged claim will be construed
 - ◆ If the claim contains a means-plus-function or step-plus-function, the construction of the claim must identify specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function
 - ◆ Where the grounds for patentability are **not** based on prior art, the petition must identify the specific part of the claim that fails to comply with the statutory grounds raised and state how the subject matter fails to comply with the statute



32

POST GRANT REVIEW

Practice Tips

- ◆ Beware the fees (\$35,800 for 20 claims) but note that these fees are still far less costly than litigation costs go up dramatically for more challenged claims
- ◆ Patent Owners can lower their chances of PGR being requested against their patent by obtaining an abundance of claims as this will raise the cost for third party requesters
- ◆ For reissued patents, you can only file a request on reissues with broadened subject matter unless the request was filed within nine months of the date of the grant of the original patent
- ◆ Be sure to meet all of the filing requirements to ensure that a filing date is accorded as the USPTO has put a higher burden on the third party requester
- ◆ For those prospective defendants seeking to utilize a DJ action to secure venue after the enactment of the America Invents Act, doing so will foreclose a later filed post grant review challenge at the USPTO
- ◆ When identifying how claims are to be construed, beware of the new Federal Register Guidelines allowing for non-structural terms associated with functional language to be more easily be construed as invoking 35 U.S.C. §112, sixth paragraph
- ◆ Patent Owners must be ready to act quickly as they only get two months to file a response as to the validity of a petition and two months to respond on the merits once the PGR is initiated



33

PGR v. IPR

	ESTOPPEL	GROUND	THRESHOLD	TIMING
PGR	Raised or reasonably could have raised. District Court only.	Any ground except for best mode	More likely than not that at least one claim is unpatentable OR An important novel or unsettled legal question is raised	Within nine months from grant of patent or broadening reissue AND Before the petitioner filed a court action alleging invalidity
IPR	Raised or reasonably could have raised. District Court and ITC.	Patents & printed publications	Reasonable likelihood that the petitioner would prevail with respect to at least one of the claims	Later of nine months after the grant of a patent or the termination of a post-grant review AND Within one year after service of an infringement complaint or before the petitioner filed a court action alleging invalidity



34

SUPPLEMENTAL EXAMINATION

Proposed Rules

35 U.S.C. §257:

- ◆ Provides the ability for a patent owner to request a supplemental examination to avoid unenforceability of a patent by consideration, reconsideration or correcting information relevant to the patent
 - ◆ TIMING: Within 3 months of a request it shall be determined if there is a substantial new question of patentability
 - ◆ SNQ: If a SNQ of patentability is found to exist, a slightly modified *ex parte* reexamination is ordered
 - ◆ PRIOR ART: Not limited to patents and printed publications and includes undisclosed material information
 - ◆ A Patent Owner Statement is not permitted
- ◆ Exceptions:
 - ◆ PRIOR ALLEGATIONS: Ineffective against prior allegations made in a civil action (DJ), or set forth in a notice received under 505(j)(2)(B)(iv)(II) of the Federal Food, Drug and Cosmetic act (ANDA) before the supplemental examination request
 - ◆ PATENT ENFORCEMENT ACTIONS: Ineffective in defenses under Patent Enforcement actions under 337(a) actions at ITC or 35 USC 281 unless supplemental examination, and any reexamination are concluded before the date on which the action was brought



35

SUPPLEMENTAL EXAMINATION

Proposed Rules

Basic Filing Requirements:

- ◆ Identification of patent at issue
- ◆ List identifying any other prior or concurrent post-grant USPTO proceedings involving patent at issue
- ◆ A list and copy of each item of information on which supplemental examination is requested (except U.S. Patents and published U.S. patent applications)
- ◆ A summary of each item of information that is over 50 pages long
- ◆ Identification of each issue raised by each item of information
- ◆ Separate detailed explanation for each identified issue, including an explanation of how each item of information is relevant to each aspect of the patent to be examined and how each item of information raises each identified issue
 - ◆ §101 Issue: Explanation discussing support in the specification for each limitation of each claim identified for examination with respect to this issue
 - ◆ §102/103/double patenting: Explanation of how each limitation of each claim identified for examination with respect to this issue is met, or not met, by each item of information. May also include an explanation of how the claims distinguish over the items of information.



36

SUPPLEMENTAL EXAMINATION

PROS:

- ◆ Provides the ability to proactively eliminate potential inequitable conduct allegations
- ◆ Once concluded, Supplemental Examination protects against the unenforceability of a patent

CONS:

- ◆ High Cost: Request = \$5,180, *ex parte* reexamination = \$16,120
 - ◆ Both must be paid at time of filing but reexamination fee will be refunded if it is not ordered
 - ◆ These fees do not appear to be reduced for small entities
 - ◆ Each request can contain only 10 items but multiple requests may be filed at once
 - ◆ Increased costs for documents over 50 pages
- ◆ Request must be made by ALL patent owners which can cause considerable trouble if one patent owner refuses or cannot be located
- ◆ The rules require patent holders to submit documents readily available to the USPTO
- ◆ Interviews are prohibited during the request stage
- ◆ The USPTO will not assign a filing date to a request until the requirements of §1.610(b) are met



37

SUPPLEMENTAL EXAMINATION

Practice Tips

- ◆ Supplemental Examination and reexamination should be concluded prior to litigating the patent to avoid unenforceability of the patent
- ◆ Be sure to meet all the requirements of §1.610(b) to ensure a filing date of the request as a civil action could potentially be made once your request is made public but before a filing date is accorded thereby preventing the supplemental examination and creating the possibility of inequitable conduct
- ◆ The duty of disclosure during reexamination falls under 35 U.S.C. §1.56 rather than 37 C.F.R. §1.555(b) because the proceeding is broader in scope than an *ex parte* reexamination proceeding
- ◆ Supplemental Examination could be a useful procedure when acquiring a portfolio and performing due diligence
- ◆ Less of a burden to file relevant information before the patent issues but easier for future parties who acquire the patent to allege inequitable conduct against the prosecuting practitioner via supplemental examination
- ◆ Reissue or a continuation with an IDS could be a better option than Supplemental Examination:
 - ◆ Much cheaper
 - ◆ Reissue: add dependent claims and see if the USPTO allows the case without amendment thereby removing inequitable conduct issues
 - ◆ Continuation: regardless of double patenting issues, see if the USPTO allows the application
 - ◆ If amendment is required to obtain allowable claims, can then file the Supplemental Examination



38

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

Proposed Rules

- ◆ **Proceeding:**
 - ◆ Transitional PGR heard by the Patent Trial and Appeal Board
 - ◆ Final PTAB determination should be issued within 1 year but is extendable up to 6 months for good cause
 - ◆ Only applies until September 15, 2020
 - ◆ *All grounds of invalidity can be considered except for best mode*
- ◆ **Standing:**
 - ◆ Petitioner must have been sued for infringement or charged with infringement of the patent
 - ◆ Cannot be one who is estopped from challenging the claims on the grounds identified in the petition
- ◆ **Threshold:**
 - ◆ More likely than not that at least one of the claims challenged is unpatentable; OR
 - ◆ A novel or unsettled legal question important to other patents or applications is raised
- ◆ **Timing:**
 - ◆ May be filed at any time except during the period in which the patent would qualify for PGR



39

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

Proposed Rules

Covered Business Method Patent (CBMP):

- ◆ Patent for performing data processing or other operations used in the practice, administration, or management of a financial product or service
 - ◆ Methods for hedging risk in the field of commodities trading
 - ◆ Method for verifying validity of a credit card transaction
 - ◆ Estimated that most will be in Class 705: data processing in finance, business practice, management, or cost/price determination
- ◆ **Exception:** Does not apply for technological inventions which will be determined on a case-by-case basis as to whether (1) the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art, and (2) solves a technical problem using a technical solution
 - ◆ Mere recitation of known technologies:
 - ◆ Computer, software, memory, specialized machines such as an ATM or point of sale device



40

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

Proposed Rules

Content of the Petition:

- ◆ Ground for Standing:
 - ◆ Petitioner must certify the patent for which review is sought is a “covered business method patent”
- ◆ Identification for Challenge:
 - ◆ Must identify how the challenged claim will be construed
 - ◆ If the claim contains a means-plus-function or step-plus-function, the construction of the claim must identify specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function
 - ◆ Where the grounds for patentability are **not** based on prior art, the petition must identify the specific part of the claim that fails to comply with the statutory grounds raised and state how the subject matter fails to comply with the statute



41

TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS

Practice Tips

- ◆ Beware the vague definition of CBMPs as it may leave many “technology” companies at risk when asserting a patent against an alleged infringer in the financial services or products field
- ◆ It will be easier for banks and financial institutions to invalidate CBMPs at the USPTO because the evidentiary standard BRI/PE for invalidating patents is lower than in court
- ◆ It appears that the European standard has been adopted for determining whether an invention is a technological invention
 - ◆ This can be over-limiting for broad claims without technical terms that are actually directed to and read on financial services
 - ◆ Determine whether the patent claims have been asserted against accused infringers’ financial services or products, not whether the patent specifically discloses or claims a financial service or product
 - ◆ The Class 705 definition should suffice, but focus on showing how the patent has been asserted against the petitioner’s accused infringing activities in the field of financial services or products defined by Class 705
 - ◆ This approach will encompass patents for Section 18 treatment not classified in Class 705, but which are being asserted against those entities practicing financial services methods or employing machines or manufactures practicing financial services



42

DERIVATION PROCEEDINGS

Proposed Rules



- ◆ **Proceeding:**
 - ◆ Heard by the Patent Trial and Appeal Board
 - ◆ Any applicant, including a reissue applicant, can petition for a derivation proceeding
- ◆ **Petition/Standing:**
 - ◆ At least one claim that is:
 - ◆ the same or substantially similar to the respondent's claimed invention, and
 - ◆ not patentably distinct from the respondent's claimed invention
 - ◆ Must show that the respondents's invention was derived and filed without petitioner's authorization
 - ◆ Must identify how the challenged claim will be construed
 - ◆ If the claim contains a means-plus-function or step-plus-function, the construction of the claim must identify specific portions of the specification that describe the structure, material, or acts corresponding to each claimed function
- ◆ **Timing:**
 - ◆ Must be filed within one year after the first publication of a claim that is the same or substantially the same as the earlier application's claim
 - ◆ This includes WIPO publications if the claims are presented in a PCT that designates the US
- ◆ **Arbitration:**
 - ◆ Parties may participate in a binding arbitration but the USPTO is not bound by the result and may independently determine patentability



43

DERIVATION PROCEEDINGS

Practice Tips

- ◆ Be sure to meet all of the filing requirements to ensure that a filing date is accorded
- ◆ When identifying how claims are to be construed, beware of the new Federal Register Guidelines allowing for non-structural terms associated with functional language to be more easily be construed as invoking 35 U.S.C. §112, sixth paragraph
- ◆ If the respondent has a WIPO publication designating the U.S., the true inventor may have to file before the respondent has filed a U.S. bypass continuation application or national stage entry
- ◆ Note that the rules do not address portions of the AIA referring to the director's authority to defer action until a relevant patent is granted OR the director's authority to correct inventorship pursuant to a determination of derivation
- ◆ The start of the one year petition deadline is triggered by publication of the respondent's claim. Thus, if the published claim[s] is not materially changed during prosecution, then the petitioner must be careful to present a "copied" claim within the one year period (from publication of the application). If the published claim is materially changed during prosecution, then the petitioner must be careful to present a "copied" claim within the one year period (from issuance of the patent)



44

PATENT TRIAL & APPEAL BOARD



CURRENT LAW:

- ◆ Central Reexamination Unit (CRU) for Inter Partes Reexam and EPR
- ◆ Board of Patent Appeals and Interferences (BPAI)

PROPOSED RULES:

- ◆ Replaces the BPAI with a Patent Trial and Appeal Board (PTAB)
- ◆ Reviews:
 - ◆ Appeals of applicant
 - ◆ Appeals of reexaminations
- ◆ Conducts:
 - ◆ Derivation proceedings
 - ◆ Inter Partes Review and Post-Grant Review
- ◆ Panel: At least a three member panel of Administrative Patent Judges



45

TRIAL RULES FOR POST-GRANT PROCEEDINGS

Proposed Rules

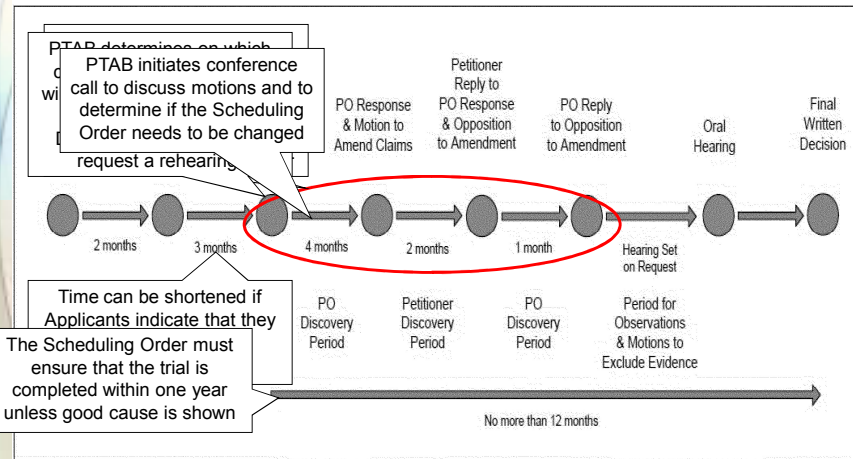
- ◆ Similar to the current interference rules
- ◆ Heavily controlled by PTAB:
 - ◆ Required early disclosure of parties intended strategies and motions in a "Notice of Basis for Relief (NBR)," from which the PTAB will:
 1. Narrow the issues to only challenged claims for which the threshold requirements are met, and
 2. Identify grounds for proceeding on claim by claim basis
- ◆ Any claim or issue not authorized is not part of the trial



46

TRIAL RULES FOR POST-GRANT PROCEEDINGS

Proposed Rules



Timeline applies to IPR, PGR and TPCBM and is only a representative example of a SO

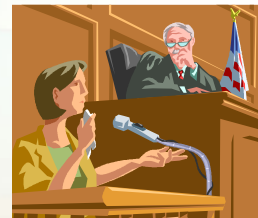
47

TRIAL RULES FOR POST-GRANT PROCEEDINGS

Proposed Rules

Discovery:

- ◆ Direct testimony typically by affidavit but can be by deposition where compelled
- ◆ Can produce exhibits and cross-examine declarants by deposition
- ◆ Parties have a duty to disclose "noncumulative information inconsistent with a position advanced by the patent owner or petitioner during the proceeding"
 - ◆ Must provide details as to relevance and what information is pertinent to the claims
- ◆ Additional discovery of evidence uniquely in the possession of an opponent and relates to an issue raised by an opponent
 - ◆ IPR/Derivations: Must show in the "interest of justice"
 - ◆ PGR/CBM: Must show good cause



48

TRIAL RULES FOR POST-GRANT PROCEEDINGS

Proposed Rules



Misconduct:

- ◆ Misrepresentation of fact
- ◆ Misleading or frivolous argument
- ◆ Abuse of discovery or process
- ◆ Failure to comply with an applicable rule or order
- ◆ Actions that harass, cause unnecessary delays or unnecessary increase in costs

Sanctions for Misconduct:

- ◆ Attorney fees
- ◆ Order precluding the filing of papers presenting or contesting issues
- ◆ Order barring discovery or excluding evidence
- ◆ Order requiring terminal disclaimer
- ◆ Sanction of adverse judgment in trial
- ◆ Dismissal of a petition



49

TRIAL RULES FOR POST-GRANT PROCEEDINGS

Practice Tips

- ◆ A party's motions in the NBR cannot be expanded or corrected unless the correction would be in the "interests of justice"
 - ◆ Fully consider and plan all strategies and defenses before submitting the NBR and the initial conference call
- ◆ Beware of estoppel considerations based on the initial mandatory disclosure of information identifying the real parties in interest
 - ◆ Settlements can prevent estoppel from applying to a practitioner
 - ◆ Settlement agreement may be sealed upon request such that public access is only given for good cause
- ◆ Beware that sanctions do not appear to be limited to willful misbehavior and that actions that would not result in a sanction in district court could result in a sanction in a post grant proceeding
- ◆ Be sure any petition meets all of the particular proceeding requirements to ensure a filing date



50

FEES

USPTO FEE SETTING

- ◆ **America Invents Act (AIA)**
grants the USPTO fee
setting authority to revise
fees set by Congress
- ◆ **Fees must be set only to**
“recover” the aggregate
estimated costs to the
USPTO for processing,
activities, services and
materials relating to
patent, and administrative
costs



USPTO FEE SETTING

Proposed Changes

To lessen the effect of this increase, the USPTO is proposing:

1. Less costs upfront before receiving the Examiner's Answer
2. A \$0 issue fee when the examiner withdraws a final rejection before the applicant pays the filing of an appeal fee

Fee Structure - Significant Changes			
Fee Category	Current Fee	Proposed Fee	Change
Request for Continued Examination (RCE)	\$200	\$275	37.5%
Notice of Appeal *	\$500	\$1,200	140%
Filing a brief in support of an appeal	\$400	\$800	100%
Filing an appeal	\$4	\$4,300	107,500%
Supplemental Examination	\$5,180/\$518,130	\$5,800/\$518,000	12%
Combined Pre-grant Publication and Issue	\$2,049	\$2,640	29%
Maintenance - 1st Stage	\$1,139	\$1,880	65%
Maintenance - 2nd Stage	\$2,570	\$3,000	17%
Maintenance - 3rd Stage	\$4,749	\$7,000	47%

* The Office is also processing a \$3 issue fee when the examiner withdraws final rejection before the applicant pays the filing of an appeal fee.

SPYAK

53

USPTO FEE SETTING

USPTO GOALS:

- Reducing the backlog and reducing pendency
 - By 2015: First action within 10 months and 20 month total pendency
- Realigning the fee structure and adding processing options so that applicants can make more informed decisions
- Improving the financial sustainability and information technology infrastructure of the USPTO (reserve fund)

EFFECTS:

- 2013: Overall 10% increase in fee collections (which include the 15% surcharge)
- 2014: Estimated to exceed 2013 level by 5%
- Chilling effect on requesting post grant procedures
- USPTO has the ability to provide incentives and disincentives to encourage certain applicant behavior
- Higher RCE and Appeal fees can penalize the applicant for poor a examination by the USPTO
- Higher Notice of Appeal fees will penalize applicants for USPTO delays
- Any surplus money collected by the USPTO will be subject to fee diversion

ORLON
SPYAK

54

COMMENT DEADLINES

DEADLINE	PROPOSED CHANGE
January 23, 2012	Complete Patent Assignment Information
January 27, 2012	Revision of Patent Term Adjustment Related to Appellate Review
March 5, 2012	Preissuance Submissions by Third Parties
March 5, 2012	Ex Parte Reexamination
March 5, 2012	OED/Statute of Limitation Provisions for Office of Disciplinary Proceedings
March 6, 2012	Assignee Filing / Inventor's Oath or Declaration
March 26, 2012	Supplemental Examination
April 9, 2012	Practice Guide for Proposed Trial Rules and Trials before the Patent Trial and Appeal Board
April 10, 2012	Post Grant Review, Inter Partes Review, Transitional Program for Business Methods, Derivation



55

EFFECTIVE DATES

EFFECTIVE DATE	RULE CHANGE
3/16/13	Derivation Proceeding Establishment
9/16/12	Inventor's Oath or Declaration
9/16/12	Post-Grant Review Proceedings (Date of Enactment for new Inter Partes Review "reasonable likelihood" standard)
9/16/12	Patent Trial and Appeal Board
9/16/12	Preissuance Submissions by Third Parties
9/16/12	Transitional Program for Covered Business Method Patents
9/16/12	Supplemental Examination



56

FUTURE PRACTICE CHANGE ISSUES RESULTING FROM THE AIA

1. **Use of Trade Secret protection and the expansion of prior user rights (no more secret commercial use bar)**
2. **First to publish to gain grace period v. foreign absolute novelty**
3. **Recordkeeping of pre-filing disclosures for grace period and derivation proceedings**
4. **Value of filing a Continuation-in-Part after March 18, 2013 (FITF)**
5. **Problems with provisional applications when filing the corresponding nonprovisional applications after March 18, 2013 (FITF)**



57

FUTURE PRACTICE CHANGE ISSUES RESULTING FROM THE AIA

6. **PGR timing and estoppel restrictions**
7. **9 months Deadzone for non-FITF patents (IPR)**
8. **Amending the AIA so that derivation proceedings will be based on a 12 month period after publication of the deriver's application**
9. **Supplemental Examination vs. RCE to consider prior art after paying the issue fee**
 - **PTO to consider changes regarding IDS costs**
10. **Filing applications under the old law or the new law based on the elimination of the Hilmer Doctrine (FTI less prior art available)**



58

THANK YOU

Questions?



Stephen Kunin
Attorney at Law
SKunin@oblon.com
703.413.3000