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This Article discusses litigation strategy in view of the new post-grant patent procedures created by the Leahy-Smith America Invents Act (AIA). The AIA provides for post-grant review by the Patent Trial and Appeal Board (PTAB), inter partes review, transitional post-grant review and supplemental examination. These newly created procedures allow third parties to challenge patents and patent owners to strengthen their portfolios. The US Patent and Trademark Office (USPTO) will issue regulations detailing these procedures throughout 2012.

The Leahy-Smith America Invents Act (AIA) creates new procedures for addressing patent invalidity disputes and potential inequitable conduct issues. These procedures offer new opportunities for third parties to challenge patents and for patent owners to strengthen their portfolios. Maximizing the benefits of these procedures while reducing their risks requires careful attention to the details of each procedure and their interplay with concurrent or future patent litigation.

This Article:

- Highlights key features of the new post-grant procedures.
- Describes the impact of these new procedures on patent litigation.
- Identifies key strategic considerations for patent challengers and patent owners to consider.

For general information on the AIA, see Practice Note, Leahy-Smith America Invents Act: Overview (http://us.practicallaw.com/6-508-1601).

NEW USPTO PROCEDURES CREATED BY THE AIA

While the AIA leaves the existing ex parte reexamination procedures untouched, it phases out inter partes reexamination and provides for:

- Post-grant review.
- Inter partes review.
- Transitional post-grant review for covered business method patents.
- Supplemental examination.

The US Patent and Trademark Office (USPTO) will be issuing regulations setting out the details of each of these new procedures during 2012.

Post-grant Review

Availability

Post-grant review, together with the new inter partes review, will replace existing inter partes reexamination, which will not be available after September 16, 2012. After that date, a third party may challenge a patent’s validity by a post-grant review if both:

- The challenged claims of the patent have an effective filing date of March 16, 2013 or later.
- The petitioner files the post-grant review petition within nine months after the issue, or reissue, date of the patent.

If the third-party petitioner cannot satisfy these criteria, it must use the inter partes review process (see Inter Partes Review) or ex parte reexamination. Therefore, patentees who wish to avoid post-grant review should file patent applications before March 16, 2013.

Standard for USPTO Acceptance of Petitions

In addition to meeting the timing requirements, the third-party petitioner must show that it is more likely than not that at least one of the claims challenged in the petition is unpatentable (35 U.S.C. § 324(a) (AIA § 6)).
Inter Partes Review

Availability

inter partes review is unavailable until after the later of:

- Nine months from the patent’s issue, or reissue, date.
- The date of termination of a post-grant review if one has been instituted.

(35 U.S.C. § 311(c) (AIA § 6).)

inter partes review is unavailable where there is litigation concerning the patent, and either:

- More than one year has passed since the petitioner (or someone in privity with the petitioner) or the real party in interest was served with the patent infringement complaint (35 U.S.C. § 315(b) (AIA § 6)).
- The petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent before filing the petition for inter partes review (35 U.S.C. § 315(a)(1) (AIA § 6)).

Standard for USPTO Acceptance of Petitions

If the timing limitations are satisfied, the USPTO may institute an inter partes review if the third-party petitioner demonstrates a reasonable likelihood of prevailing on at least one claim challenged in the petition (35 U.S.C. § 314(a) (AIA § 6)).

Bases for Invalidity

An inter partes review may only be brought on the ground that the claim is invalid as anticipated or obvious under Sections 102 or 103 of the Patent Act. Anticipation or obviousness must be based solely on prior art consisting of patents or printed publications (35 U.S.C. § 311(b) (AIA § 6)).

Procedure

Anticipated USPTO regulations will provide more details of how inter partes review will be implemented. However, as with post-grant review, the AIA provides high-level guidance of the procedure for inter partes review. In particular, the PTAB:

- Will conduct all inter partes reviews. This is different from inter partes reexaminations, which were conducted by the Central Reexamination Unit, with appeals going to the Board of Patent Appeals and Interferences.
- Must issue a final determination on all inter partes reviews within one year. The USPTO may extend this period up to six months for good cause.

(35 U.S.C. §§ 316(a)(11) and 318(a) (AIA § 6).)

The AIA specifies that discovery will be allowed in inter partes reviews. In contrast to post-grant review, inter partes review discovery includes:

- The depositions of witnesses submitting affidavits or declarations.
- What is otherwise necessary in the interest of justice.

(35 U.S.C. § 316(a)(5) (AIA § 6).)
Estoppel Effect
The estoppel effect for inter partes review is the same as that for post-grant review for a given patent claim. The estoppel:
- Is triggered by the final written decision of the PTAB (35 U.S.C. § 318(a) (AIA § 6)).
- Extends to any grounds that the petitioner raised or reasonably could have raised in the review (35 U.S.C. § 315(e) (AIA § 6)).

Depending on the USPTO’s anticipated regulations, this may be different from what parties are used to in inter partes reexamination, where estoppel is triggered by any claim finally determined to be valid and patentable (35 U.S.C. § 315(c) (2011)). As with post-grant review, the estoppel effect applies to other proceedings in the USPTO, as well as civil actions and proceedings before the ITC (35 U.S.C. § 315(e) (AIA § 6)).

Supplemental Examination
Availability
The supplemental examination procedure is effective as of September 16, 2012 and is available for any patent, regardless of issue date.

Standard for Accepting a Request
A petitioner may request, at any time after the patent issues, a supplemental examination to consider, reconsider or correct information believed to be relevant to the patent (35 U.S.C. § 257(a) (AIA § 12)). Unlike earlier reexamination procedures, a supplemental examination request is not limited to prior art patents and printed publications. It can be based on any information believed relevant to the patent.

If the USPTO determines that a substantial new question of patentability exists, it will initiate an ex parte reexamination that is not limited to patents and printed publications.

Procedure
The USPTO must:
- Conduct the supplemental examination within three months of a supplemental examination request.
- Conclude the examination by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability.

(35 U.S.C. § 257(a) (AIA § 12).)

Effect
A patent may not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered or was incorrect during the prior examination if the information was considered, reconsidered or corrected during supplemental examination of the patent (35 U.S.C. § 257(c)(1) (AIA § 12)). Thus, the supplemental examination procedure creates a safe harbor effect for inequitable conduct allegations.

The safe harbor is, however, unavailable in two situations:
- For an allegation made with particularity in a civil action or an abbreviated new drug application notice letter sent under the Hatch-Waxman Act before the date of the supplemental examination request.
- In an action commenced before the completion of the supplemental examination and any ensuing reexamination.

(35 U.S.C. § 257(c)(2) (AIA § 12).)

In addition, if the USPTO becomes aware during the course of a supplemental examination or related reexamination that a material fraud may have been committed, the USPTO must confidentially refer the matter to the US Attorney General for any further action in the US Attorney General’s discretion (35 U.S.C. § 257(e) (AIA § 12)).
IMPACT OF NEW PATENT PROCEEDINGS ON PATENT LITIGATION

Procedural Considerations
The new patent proceedings will have several strategic implications for patent litigation, including:
- Stays of the litigation.
- Discovery.
- Estoppel.

For a summary of these key aspects of post-grant and inter partes review and ex parte reexamination, see Box, Key Procedural Considerations.

Stay of Litigation
Any civil action challenging the validity of a patent filed by a petitioner after filing a petition for post-grant or inter partes review is automatically stayed unless the patent owner either:
- Moves the court to lift the stay.
- Files a claim or counterclaim alleging the petitioner or real party in interest infringes the patent.

(35 U.S.C. §§ 315(a)(2) and 325(a)(2) (AIA § 6).)

The AIA does not explicitly provide a standard for issuing stays in other circumstances (for example where a patent infringement action was filed before the filing of a post-grant or inter partes review) except for the transitional program for certain business method patents (see Stays of Co-pending Litigation).

Petitioners and patent owners should assess the likelihood that a court will be more receptive to a request to stay a patent infringement action under the new post-grant or inter partes review compared to the existing reexamination procedures.

The caselaw concerning stays will develop over time but courts initially may be inclined to apply analyses similar to those applied in the context of inter partes and ex parte reexaminations. Therefore, it is likely that litigants who wish to pursue claims in district court will do so in jurisdictions that are historically less likely to grant stays pending reexaminations and more likely to move the case along quickly towards trial. Conversely, parties preferring to have the USPTO rule on potential invalidity arguments will likely be well served by filing the USPTO procedure quickly to minimize the amount of judicial investment before moving for a stay.

Notably, the AIA creates an added incentive for a patent owner to seek a preliminary injunction against an alleged infringement shortly after patent issuance, since a court may not stay its consideration of a preliminary injunction motion on the basis that a petition for post-grant review has been filed or instituted (35 U.S.C. § 325(b) (AIA § 6)).

As with other aspects of the AIA, this provision will reward careful advance planning, including:
- Analyzing the pros and cons of filing an early preliminary injunction motion.
- Preparing the appropriate papers in advance of the three-month deadline.

Discovery Issues
A party considering whether to challenge a patent using one of the new procedures should consider:
- The scope of discovery available in district court compared with a post-grant or inter partes review. While the details of the discovery process for post-grant and inter partes review must await issuance of USPTO regulations, the breadth of discovery and discovery mechanisms may not be as robust in the USPTO as in district court.
- The need for depositions, documents, and other discovery, and the availability of the necessary discovery under the new procedures. This could be particularly important given the expansion of prior art that may be available for a validity challenge under the AIA. Patent challengers therefore should carefully analyze the evidence needed and any barriers to obtaining it before deciding to commence a post-grant or inter partes review, bearing in mind that:
  - the new procedures may present an appealing avenue for a challenge where little or no discovery is needed, for example where there is a strong anticipatory reference under Section 102 of the Patent Act or a written description defense under Section 112 that can be presented based on facial deficiencies in the specification; and
  - a challenger might be better served by pursuing a declaratory judgment action in federal court where broad ranging discovery may be necessary, for example to challenge a broad patent claim that might be undermined by experiments demonstrating that the teachings of the patent failed to enable the full scope of the claims.

In addition, a party considering using one of the new procedures should consider the potential impact of any differences in the scope of discovery available in inter partes review and post-grant review. For example:
- Post-grant review discovery is limited to evidence directly related to factual assertions made by either party. This may limit discovery into information that may be relevant to the overall issues in dispute but determined not sufficiently related to facts in dispute.
- Inter partes review limits certain discovery to what is necessary in the interests of justice. This standard could make the scope of discovery difficult to predict in advance, at least before the USPTO issues regulations providing further guidance.

Estoppel
Post-grant review carries a greater potential likelihood for estoppel than inter partes review. Since post-grant review
### KEY PROCEDURAL CONSIDERATIONS

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<th>USPTO Procedure</th>
<th>Discovery Available</th>
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<tr>
<td>Post-grant Review</td>
<td>Yes, &quot;discovery shall be limited to evidence directly related to factual assertions advanced by either party in the proceeding.&quot;</td>
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<td></td>
<td>September 16, 2012, for patent claims with an effective filing date of March 16, 2013 or later. Petitioner must file within first nine months after the issue date of the patent.</td>
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<tr>
<td>Inter Partes Review</td>
<td>Yes, discovery will include depositions of witnesses submitting affidavits or declarations and &quot;what is otherwise necessary in the interests of justice.&quot;</td>
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<tr>
<td></td>
<td>September 16, 2012, for any patent that issued at least nine months before the request is filed (so long as the requester was not served with a complaint for infringement of that patent over a year before).</td>
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<tr>
<td>Ex Parte Reexamination</td>
<td>No.</td>
<td>Available anytime, and available now.</td>
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<td></td>
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<td>No statutory estoppel effect.</td>
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extends to challenges under Sections 101 and 112 (see *Grounds for Invalidation*), there are more opportunities to find that the petitioner either raised or reasonably could have raised a ground during post-grant review, triggering the estoppel effect (35 U.S.C. § 325(e)(1) (AIA § 6)). Therefore, a petitioner considering a narrowly focused post-grant review, should be mindful that it may be estopped from raising other potential challenges to the patent in a later proceeding if it could have reasonably raised those challenges in the post-grant review.

### Claim Construction Issues

The AIA does not specify the claim construction standard to be applied in the new USPTO proceedings. In the original examination of patent applications, the USPTO applies the broadest reasonable construction of pending claims in light of, and consistent with, the patent's specification. The USPTO currently applies this standard to reexaminations.

If the regulations for the new procedures require the USPTO to continue using this standard, potential patent challengers should carefully consider the possible issues that they may raise when challenging validity. For example, if the broadest reasonable construction results in a broader claim scope:

- Additional references might qualify as anticipatory prior art under Section 102 of the Patent Act.
- The full scope of the invention defined by the claims may not be enabled by the patent specification as required under Section 112.

### Equitable Considerations

**Intervening Rights**

Intervening rights may occur where the scope of issued claims changes, for example as a result of a reexamination proceeding, and an infringer based its originally noninfringing conduct on the original claims. In this situation, a court may allow the infringer to:

- Sell inventory produced before the grant of the reexamined patent.
- Continue the infringing activity in a manner limited as to amount, type or geography.
- Continue the infringing activity unconditionally.

(35 U.S.C. § 252 (2011)).

The AIA provides that intervening rights may exist for any proposed amended or new claim determined to be patentable and incorporated into a patent following *inter partes* and post-grant reviews (35 U.S.C. §§ 318(c) and 328(c) (AIA § 6)). Intervening rights therefore can arise if the scope of a claim changes during post-grant or inter partes review under certain circumstances. A patentee defending its patent in a post-grant or inter partes review therefore should consider the potential effect of intervening rights if it changes the meaning of patent terms during reexamination. As the Federal Circuit recently ruled in *Marine Polymer Techs., Inc. v. Hemcon, Inc.*, the meaning can change due to claim construction arguments asserted and adopted in a reexamination proceeding (659 F.3d 1084, 1092 (Fed. Cir. 2011), en banc review granted January 20, 2012).

At the time of going to press, the *en banc* review of the *Marine Polymer* case had not yet occurred. Any intervening rights analysis should include a review of the Federal Circuit's most recent opinions on that issue.

**Materiality and Inequitable Conduct**

Parties considering using the new AIA procedures should also consider the potential impact on future inequitable conduct allegations. Under standards announced earlier this year in *Therasense, Inc. v. Becton Dickinson & Co.*, an inequitable
conduct determination requires a specific intent to deceive the USPTO (649 F.3d 1276 (Fed. Cir. 2011)). This means that the accused infringer must prove that the patent owner:

- Knew of the withheld reference.
- Knew that it was material.
- Made a deliberate decision to withhold it.

An undisclosed reference is material if the USPTO would not have allowed a claim had it been aware of the undisclosed prior art (Therasense, Inc., at 1291).

This materiality standard may affect inequitable conduct allegations a patent challenger contemplates asserting in an infringement action filed after a post-grant or inter partes review. For example, a post-grant review that succeeds in invalidating some but not all claims may be used to prove the materiality of a reference that was not cited in the original prosecution of a patent.

However, the supplemental examination procedure offers a significant opportunity for a patent owner to prevent prior art references or other information from being used as the basis for a later inequitable conduct allegation (see Supplemental Examination). Patent owners may wish to seek supplemental examination of patents for prior art references or other information cited in post-grant or inter partes review to reduce the risk of later charges of inequitable conduct should that information be used by the PTAB to invalidate a patent.

Willful Infringement
A previous post-grant or inter partes review may also adversely affect the potential infringer’s defense against willful infringement in a later patent infringement action. For example, if a potential infringer raises an invalidity challenge in a post-grant or inter partes review and the USPTO rejects that challenge, the potential infringer should expect the patent owner to argue that the USPTO rejection of the potential infringer’s challenge, coupled with the potential infringer’s infringing conduct, proves willful infringement.

Separation of Invalidity and Infringement
Post-grant and inter partes review separate invalidity issues from infringement issues, which could also present timing advantages in some cases for example, where invalidity is determined before any determination of infringement. However, there may be trade-offs in a subsequent infringement action that are outweighed by the potential benefit of trying invalidity issues together with infringement.

In some cases, litigants attempt to argue the scope of the claims differently for infringement than they do for validity. This often appears with a patentee arguing that the asserted claim scope is broad for determining infringement, but narrower for determining invalidity. Accused infringers may attempt to argue the converse.

Depending on the records concerning the new USPTO proceedings that will be included in the prosecution history of the patent, the parties should be vigilant about how they argue their validity positions to the USPTO in light of future potential infringement claims. The potential advantage of a speedy resolution of invalidity issues therefore should be carefully weighed against the risks of estoppel and possible disadvantages in a later infringement action if the post-grant review is unsuccessful.

The post-grant and inter partes review processes may be particularly appealing to parties who would benefit from an early ruling on patent invalidity, but for whom a declaratory judgment is unavailable. For example, a party may:

- Have a product design alternative that it believes avoids a patent but would prefer not to use unless necessary.
- Wish to remove uncertainty concerning a patent to create a clear development path for a new product design.

The new procedures may offer more robust options for clarifying the patent landscape in these situations.

Burden of Proof
Post-grant and inter partes review may provide other advantages to a potential challenger. The preponderance of the evidence burden of proof standard in these procedures is lower than the clear and convincing evidence standard applicable in district court.

In addition, depending on the regulations that the USPTO may issue, the PTAB may use the broadest reasonable construction rule of claim construction.

These standards may in some circumstances make claims more vulnerable to validity challenges.
Advantages and Disadvantages of Post-grant and Inter Partes Review Procedure

A potential patent challenger evaluating the new AIA procedures should carefully consider the pros and cons of the available options based on the circumstances. For example, a potential challenger should consider:

- Whether the potential attack on the patent will involve defenses, such as under Sections 101 or 112, that cannot be the basis for an *inter partes* review.
- Whether the risks of a broader potential estoppel effect of post-grant review outweigh the advantages the post-grant review process may provide.
- The type and scope of discovery needed and any differences between the two procedures. However, the full extent of these differences will not be known until the USPTO issues additional regulations.
- The timing of the new procedures.

Differences in Scope

One potential advantage of *inter partes* review over post-grant review is that the proceeding's narrower scope and the narrower scope of estoppel may present the opportunity to challenge a patent based on prior art, without a risk of being estopped from bringing other defenses, such as under Sections 101 or 112, in a later proceeding.

A potential challenger, however, should carefully analyze and fully understand defenses that it still may rely on in later litigation should the challenge not succeed. Therefore, careful preparation before commencing a post-grant or *inter partes* review is important in ensuring the best outcome.

Timing Considerations

Post-grant review will be available only for nine months following issuance, or reissuance, of a patent. In contrast, *inter partes* review will be available only after nine months have passed since the issuance, or reissuance, of a patent, or after termination of a post-grant review if one has been commenced.

Therefore, if a party desires to challenge a patent promptly after issuance, or reissuance, post-grant review may be preferable to *inter partes* review. The procedures contemplate the possibility of an *inter partes* review after completion of post-grant review, but the estoppel effect of post-grant review may present a practical hurdle to successive post-grant and *inter partes* reviews.

While the details of any final regulations are uncertain, it appears likely that co-pending litigation may be possible in certain circumstances with many of the new procedures. As discussed above, since *ex parte* reexamination remains an option under the AIA, it is conceivable that courts will determine whether a litigation should be stayed pending the outcome of a USPTO procedure along the guidelines that courts have previously employed with the prior reexamination procedures. The exception, of course, is that under the new procedures a party that first files for either post-grant review or *inter partes* review and then files a civil action seeking declaratory judgment of invalidity on those same patents will have that subsequently-filed civil action automatically stayed at the patentee’s option.

PATENT OWNER’S STRATEGIC CONSIDERATIONS

The patent owner will need to respond promptly to patent challenges before the USPTO and consider the use of supplemental examination in appropriate circumstances.

Responding to Patent Challenges

The fast pace of post-grant and *inter partes* review proceedings will put a premium on a well-developed strategy and plan at the outset or, when possible, in advance of a proceeding where a post-grant challenge can be predicted. Maximizing the chances for success requires:

- Understanding at an early stage the important legal issues.
- Identifying the discovery, including the documents and witnesses, that will likely be needed.
- Anticipating the arguments and evidence likely to be presented by the opposing side.
- Identifying the mechanisms for maximizing the estoppel effect should the patent owner successfully defend a challenge to its patent before the PTAB.

Patent owners who expect to face a post-grant or *inter partes* review petition should also consider the impact of these petitions on both pending and potential patent infringement lawsuits, including the possibility of a stay of the litigation pending completion of the post-grant or *inter partes* review (see Stay of Litigation). Therefore, to avoid unintentionally surrendering claim scope or defenses parties must:

- Have a complete understanding of infringement issues.
  - As discussed above, depending on the level of detail from the proceedings included in the prosecution history of the ultimately reissued patent, both the patentee and challenger should fully consider the implications of statements made during the USPTO proceedings on future infringement allegations/defenses.

- Avoid inadvertently creating intervening rights during the course of a post-grant or *inter partes* review proceeding (see Intervening Rights). There is a risk this could happen, for example, where there is a clear disclaimer that changes the scope of the claims during the course of the post-grant or inter-partes review (see Marine Polymer, at 1092-1094, en banc review granted January 20, 2012).

In addition, the patent owner should have a complete understanding of the invalidity issues that may arise in the future and not be subject to estoppel, to ensure that its position on these issues is not compromised during proceedings before the PTAB.
Use of Supplemental Examination Procedure
Timing and preparation are key for optimal use of the new supplemental examination procedure. Failure to act promptly could result in the loss of the inequitable conduct safe harbor benefit or cause delays in the filing of a patent infringement action. This is a particularly important consideration if the supplemental examination process were to result in one or more claims being found invalid. In addition, patentees should consider any potential laches or statute of limitations arguments that could be raised if the filing of a lawsuit is delayed pending completion of a supplemental examination proceeding.