

# The Limited Monopoly™

## Playing Defense - Post-Grant Review Under the AIA

by John Hammond, PE and Robert Gunderman, PE

### Two New Defenses, and an Old One Modified

In some respects, filing a patent application and obtaining a patent to protect an invention might be considered “playing offense” – proactively pursuing the right to exclude others from making, using, and selling your invention. Given that premise, it follows that attempting to block others from obtaining a patent or keeping one in force could be considered “playing defense.”

Under the new patent reform law, a.k.a. the “America Invents Act,” any third party (an individual, business, or other entity) now has two significant additional ways of playing defense: third party submissions of prior art and post-grant review. Both of these provisions of the AIA are effective September 16, 2012. Additionally, the previous statutes on *inter partes* reexamination have been revised to provide for *inter partes* review, effective concurrently with the above.

Under the AIA, new statute 35 U.S.C. §122(e) provides an opportunity for a third party to submit certain prior art information to the USPTO for entry into the record and consideration by the patent examiner during prosecution of a patent application. Additionally, post-grant review is implemented under new statutes 35 U.S.C. §§ 321-329, which provide an additional opportunity for a third party to challenge a newly issued patent within the USPTO, and attempt to have one or more of the claims found unpatentable and thus canceled. Both of these topics are substantial in scope; thus this month we will cover post-grant review (PGR) in detail, and defer summaries of third party prior art submissions and *inter partes* review to the next two months.

### The Intent of Post Grant Review (PGR)

There has been a perception in recent years that the USPTO has been issuing too many “bad patents.” Given the huge backlog of pending applications, most agree that the patent examining corps is understaffed, and under great pressure to act on applications on a specific timetable. On any one application, an examiner is given a limited time to study the specification and drawings, comprehend the essence of the

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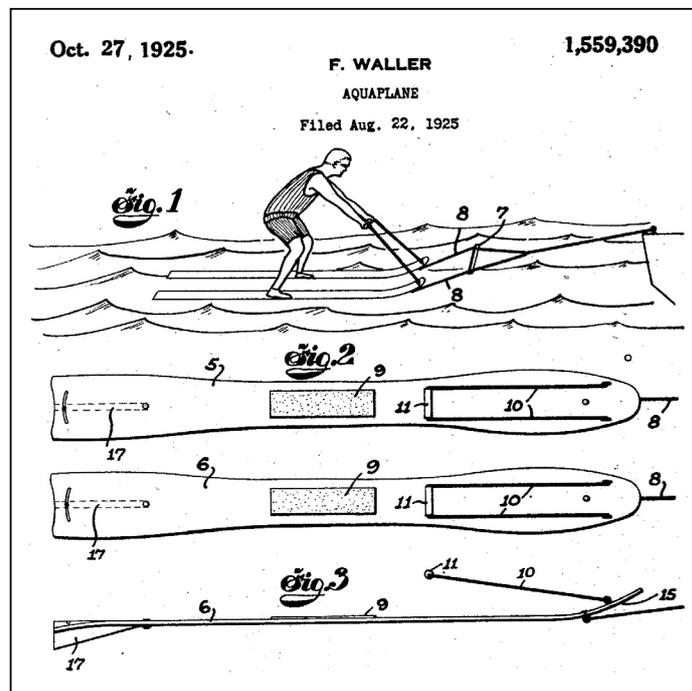
invention as claimed, and then search for prior art that may be the basis for properly rejecting the claims as unpatentable. Under such circumstances, and without enough time to do a more thorough search, an examiner may miss a relevant piece of prior art that would have been the basis for a rejection, and instead allow the claims. Hence a “bad patent” is issued by the USPTO.

Whether the perception of too many “bad patents” being issued was justified or not, Congress was duly persuaded when drafting the AIA. Accordingly, the provisions of post-grant review were included in the AIA as a new section of patent law. The purpose of this section was not to prevent bad patents from issuing (which the new statute on third party prior art submissions addresses), but rather to provide an additional opportunity for a third party to request that the USPTO reconsider a newly issued patent in view of new information, and cancel any claims that ought not to have been issued. This opportunity is intended to “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”<sup>1</sup>

### The Statute

If the third party’s request for PGR is granted, a trial of the patent is conducted, and the Office must ultimately issue a ruling that either all of

the claims of the patent are valid, or that one or more of them are not valid and must be canceled. More specifically, key provisions of the post-grant review statutes are as follows:



- Who may initiate PGR: "...a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent."
- Scope: A petitioner in a post-grant review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under the statutory requirements for patentability, i.e., utility, novelty, non-obviousness, and proper written description<sup>2</sup>.
- Deadline to act: A petition for PGR must be filed on or before the date that is 9 months from the date of the grant (issue) of the patent.
- PGR petition requirements: The petition must be accompanied by a fee payable to the USPTO, and must identify "in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." The grounds may include "copies of patents and printed publications that the petitioner relies upon" and "affidavits or declarations of supporting evidence and opinions, if the petitioner relies on other factual evidence or on expert opinions."
- Notification of the patent owner: In addition to the filing of the PGR in the USPTO, the petitioner must serve all of the documents on the patent owner at the time of filing. The patent owner in turn has the right to file a response to the petition, with arguments as to why it should not be granted.
- Threshold: The PGR petition may not be granted unless the USPTO determines that "...the information presented in the petition [if] not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable," or that "the petition raises a novel or unsettled legal question that is important to other patents or patent applications."
- PGR shall be conducted in the Office by the Patent Trial and Appeal Board.

There are many other provisions of the PGR statutes that are beyond the scope of this brief summary. The entire text of the statutes may be found in Chapter 32 of the AIA, which can be accessed online<sup>3</sup>.

## The Rules

Whenever any new federal laws are enacted, a particular government department or agency is charged with issuing rules for the implementation and administration of them<sup>4</sup>. Of course, the USPTO, and the Director in particular, is charged with issuing the rules for implementation of the AIA. As part of the rule making process, there is a 60 day period during which the public can comment on any given proposed rule. As of the date of writing this column, we are at the end of the period for submitting comments on the proposed rules for post-grant review, with the final rules to be published on August 16th. The proposed rules are published in the *Federal Register*<sup>1,5</sup>, and are available online<sup>6</sup>, as will be the final rules when they are published.

Since the final PGR rules are not published as of this writing, there is some uncertainty on exactly what they will be. However, the proposed rules provide a fairly accurate indication of the final rules to be implemented. A couple of comments on the proposed rules are as follows:

- The fee for filing the petition for PGR is \$35,800 for challenging 1-20 claims, and increases for each additional block of ten claims; above 60 claims, the fee increases by \$35,800 per block of ten claims. Very expensive compared to patent filing and prosecution fees... but still very low compared to the cost of litigation in court.
- The proceeding is conducted as a trial before a panel of three administrative judges of the Patent Trial and Appeal Board. Related rules of evidence, discovery, testimony, petitions, and motions apply. The proceeding is considerably more complex than patent prosecution, which is conducted before a single patent examiner.

## Overall Strategy Required

Although post-grant review provides a new option for "playing defense," if you want to oppose a newly issued patent, you should not proceed without considering the additional post-grant options of *inter partes* review and *ex parte* reexamination conducted within the Office, as well as litigation in the courts. There are highly complex issues to be considered relating to the timing of commencement and conclusion of any actions, estoppel, the venue for proceedings, and the threshold required for initiating any action, to name a few. Obviously, you should also not proceed without retaining qualified patent counsel. This applies as well if you are a patent owner, and you receive the unwelcome news that a third party has petitioned for a post-grant review of your patent.

1. *Federal Register*, Vol. 77, No.28, p. 7060, Feb. 10, 2012.
2. 35 USC §§ 101, 102, 103, and 112, respectively.
3. [www.govtrack.us/congress/bills/112/hr/1249/text](http://www.govtrack.us/congress/bills/112/hr/1249/text)
4. See The Limited Monopoly™ March 2012
5. *Federal Register*, Vol. 77, No.27, p. 6879, Feb. 9, 2012.
6. [www.uspto.gov/aia\\_implementation/77fr7060nprm.pdf](http://www.uspto.gov/aia_implementation/77fr7060nprm.pdf)

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*Note: This short article is intended only to provide cursory background information, and is not intended to be legal advice. No client relationship with the authors is in any way established by this article.*

The illustration is from United States Patent 1,559,390 to Fred Waller, issued on October 27, 1925, the first patent for water skis. Waller was a prolific inventor that marketed his water skis as "Dolphin Akwa-Skees." But Waller did not invent the water ski. Ralph Wilford Samuelson did in the summer of 1922 on Lake Pepin, a wide portion of the Mississippi River between Minnesota and Wisconsin. Samuelson was 18 years old at the time, and experimented with boards (called aquaplaning), snow skis, wooden barrel staves, and pine boards with steam bent tips. On July 2, 1922 his experiments paid off and he was skiing behind a 24 foot boat powered by a 24 horsepower inboard motor. It took years before the truth came out and the rightful inventor of water skiing was honored by The American Water Ski Association in 1966, a full 44 years later. Samuelson never patented his invention and never profited from it, he was just having fun. If the Patent Office Examiner knew about Samuelson, would there be a Waller patent? What if there was post-grant review at the time?