

THE ABA SECTION OF
Intellectual Property Law



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The logo for McAndrews Held & Malloy Ltd features a green infinity symbol above the company name. The name 'mcandrews' is in a bold, lowercase font, and 'McANDREWS HELD & MALLOY LTD' is in a smaller, uppercase font below it.

Charting A New Course For *Inter Partes* Reexamination

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What IPR promised

- Speedy, non-litigation way to resolve validity issues
- Simplify district court cases – grant of stay pending reexamination
- Reduce cost of infringement litigation

What it delivered

- Delay
 - Long pendency time in Patent and Trademark Office
 - In the CRU
 - “Average” of 36.2 months for decided cases
 - Longer-pending cases not yet decided
 - At the Board
 - Currently 11.8 months
 - Total *average* pendency rising to about 4 years
 - Not one *inter partes* reexam appeal has been heard in the Federal Circuit

What's wrong?

- Low threshold for SNQ
- Serial requests by a single requester (an inter partes request followed by multiple ex parte requests)
- Examiners go fishing – grounds not in request
- The endless circuit
 - opportunity for requester to comment on each paper filed by owner and Examiner

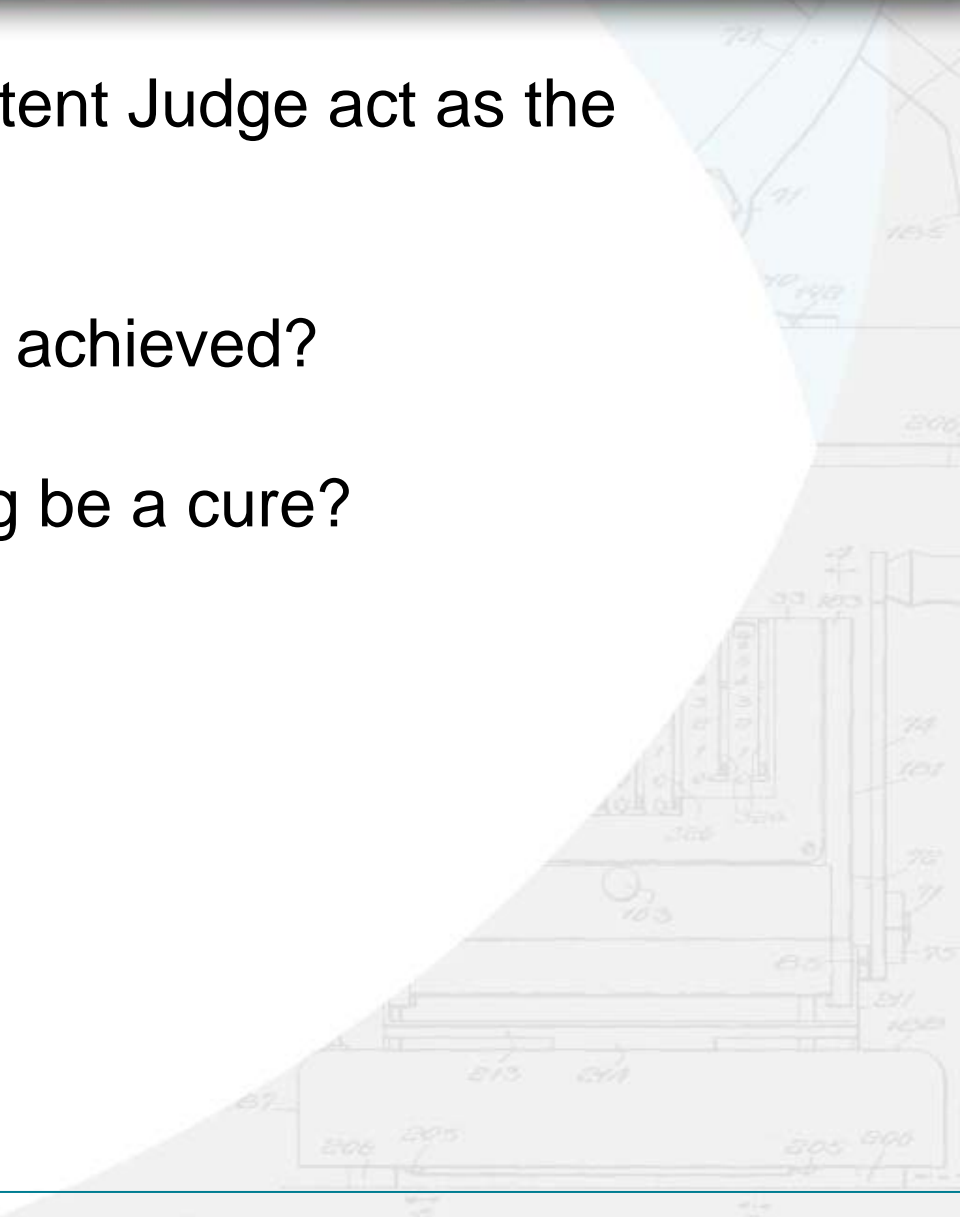


Results?

- Issues focused very late in the process
- Process takes way too long



A few questions . . .

- Can an Administrative Patent Judge act as the “primary examiner”?
 - Can “special dispatch” be achieved?
 - Can a trial-like proceeding be a cure?
- 

Two possible approaches

- Existing statute + rewritten rules
- S.515 – “*inter partes* review”

One Possible Solution Existing Law

- All proceedings at the Board of Patent Appeals and Interferences
- Two phases
 - Phase 1 (“trial”) - Single Administrative Patent Judge
 - Phase 2 (appeal) – Panel of three Administrative Patent Judges

Step 1 – Request

- Form
 - One or more proposed rejections
- Content
 - A showing of unpatentability
 - (Optionally) motion to deprive the owner of a claimed benefit date
- Initial showing – for request and motion
 - Prior art patents or publications
 - Expert declarations explaining references
 - Evidence and argument sufficient to support a determination that the claims are unpatentable

Step 2 – Order

- Standard— substantial showing of unpatentability
 - (a more strict application of SNQ)
- Form – first rejection
 - Proposed rejections not adopted in order dismissed (No review, but no estoppel)
- Effect of order granting request – initial finding that the claims are unpatentable

Step 2 – Order (cont'd)

- Scheduling
 - Time 1
 - Owner motions
 - Owner opposition to Requester motion on benefit
 - Time 2
 - Requester oppositions to Owner motions
 - Requester reply to Owner opposition on benefit.
 - Time 3
 - Patent owner reply to Requester motions
 - Time 4
 - Requester sur-reply, limited to arguments of Owner
 - Total elapsed time to decision ripe for appeal – one year

Step 3 – Patent owner motions

- Reconsider order on evidence of record
- Reconsider order in light of additional evidence
 - e.g., secondary considerations, expert opinions, etc.
- Amend claims
 - Showing of support for amendment
 - Showing why amendment makes claims patentable
- Amend specification to claim benefit of earlier application
- Amend specification to correct inaccuracies

Apply Federal Rules of Evidence

- Foundation – basis for admissibility
- Authentication
- Relevance
- Cross examination?

Decision on motions

- Oral hearing on motions?
- Single Administrative Patent Judge enters decision on motions

Appeal

- Parties brief the issues
 - (opening, response, reply)
- Oral hearing before panel of three APJs
- Panel enters final judgment

Why two stages?

- **35 U.S.C. 134 Appeal to the Board of Patent Appeals and Interferences.**

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(b) patent owner.— A patent owner in any reexamination proceeding may appeal from the final rejection of any claim by the *primary examiner* to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(c) third party.— A third-party requester in an inter partes proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the *primary examiner* favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.

Complying with current law

- Single APJ assumes the role of primary examiner
- Appeal is to a panel of three APJs

Patent Reform - S.515

- Petition to institute “inter partes review”
- Basis - 35 U.S.C. § 311(b)
 - §§ 102 and 103
 - Patents and publications
- Timing - 35 U.S.C. § 311(c)
 - After the later of
 - 9 months from grant
 - Termination of post grant review proceeding

- Petition - 35 U.S.C. § 312(a)(3)
 - Identify each claim
 - State the ground for each challenge
 - Identify evidence
 - Copies of Patents and publications
 - Affidavits or declarations
- Owner – preliminary response

Patent Reform – S.515

- Standard - 35 U.S.C. § 314(a)
 - “Reasonable likelihood that petitioner would prevail”
- Time For Determination - 35 U.S.C. § 314(b)
 - 3 months from either
 - Filing of preliminary response by owner
 - Expiration of time for filing preliminary response
- Written notice to petitioner and owner

Patent Reform – S.515

- 35 U.S.C. § 315(a) - Petition denied if:
 - Petitioner filed civil action to challenge patent OR
 - Owner filed suit against petitioner AND over 3 months elapsed from time for petitioner to respond

- Estoppel - 35 U.S.C. § 315(b)
 - Petitioner can't:
 - Request or maintain any PTO proceeding
 - Assert invalidity in court or in ITC
 - On any ground raised or could have been raised in IPR *in which a final decision was entered*

Patent Reform – S.515

- Multiple PTO proceedings - 35 U.S.C. § 315(d)
 - Director's discretion
- Proceedings before PTAB - § 316(c)
 - (This is the re-named Board of Patent Appeals and Interferences)

- 35 U.S.C. § 316(a) - Director to prescribe by regulation:
 - Standard for instituting
 - Discovery standards and procedures
 - Deposition of affiants/declarants
 - Interest of justice
 - Protective orders
 - Motion to cancel or substitute claims
 - Oral hearing
- Preponderance of evidence - 35 U.S.C. § 316(e)

- Settlement
 - Termination on joint request - 35 U.S.C. § 317(a)
 - Filing of agreements - 35 U.S.C. § 317(b)
- Final Written Decision - 35 U.S.C. § 318
 - **ONE YEAR pendency** – institution to final decision 35 U.S.C. § 316(a)(12)
 - Extension up to 6 months – good cause
- Appeals as provided in §§ 141 – 144 - 35 U.S.C. § 319

- Implementation

- Effective date – one year after enactment
- Limitation on number of proceedings first 4 years
- Apply to requests for inter partes reexamination filed:
 - After enactment
 - Before effective date
- No changes for existing inter partes reexamination proceedings

What are the prospects?

- Two options:
 - Inter partes reexamination could be streamlined under current law
 - S.515 could fundamentally change (and re-name) what we now know as inter partes reexamination
- The catch? Sufficiency of resources at the Board
 - Ex parte appeals on the rise
 - No additional bandwidth currently available

Questions?



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