



# AMERICA INVENTS ACT

## IMPLEMENTATION

# Administrative Patent Trials

## Before The Patent Trial and Appeal Board

University-Based Start-ups Innovation Ecosystem,  
National Council for Entrepreneurial Tech Transfer  
(NCET2) Webinar

November 14, 2012

Joni Y. Chang

Administrative Patent Judge

[Joni.Chang@uspto.gov](mailto:Joni.Chang@uspto.gov)

# Overview

- Overview of AIA Trial Proceeding Structure
- Discussion of Proceeding-Specific Rules
  - *Inter Partes* Review (IPR)
  - Post-Grant Review (PGR)
  - Transitional Program for Covered Business Method Patents (CBM)
  - Derivation Proceeding
- Discussion of Umbrella Rules and Practice Guide

# AIA Trial Proceedings

*Inter Partes* Review  
§§ 42.100 – 42.123

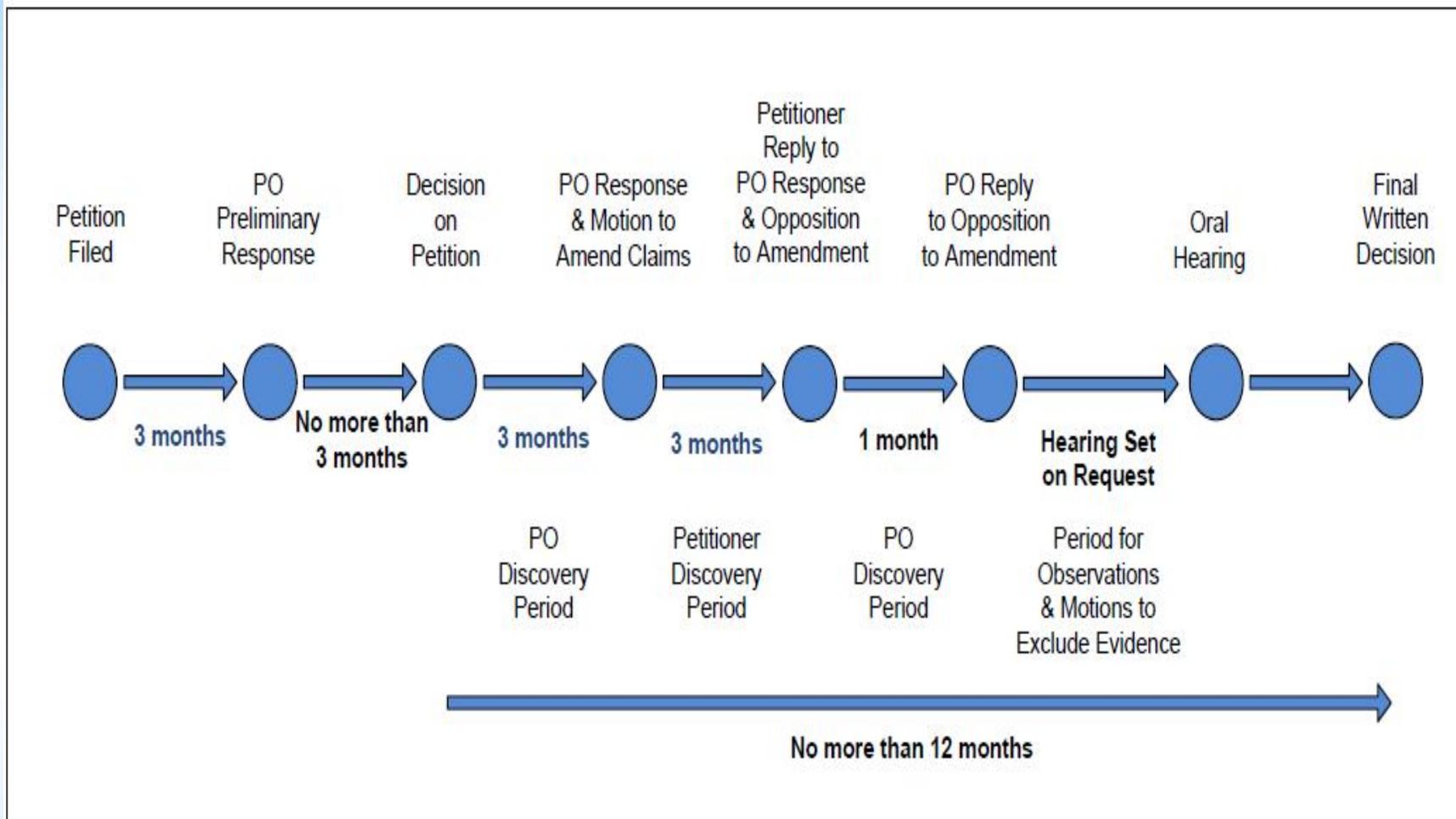
Post-Grant Review  
§§ 42.200 – 42.224

Umbrella Trial Rules  
§§ 42.1 – 42.80

Covered Business  
Method Patent Review  
§§ 42.300 – 42.304

Derivation Proceeding  
Proposed §§ 42.400 –  
42.412

# AIA Trial Proceedings



# Major Differences between IPR, PGR, and CBM

## IPR

All patents are eligible.

Petitioner has not filed an invalidity action and petition is filed no more than one year after service of infringement complaint for the patent.

Only §§ 102 and 103 grounds based on patents or printed publication are permitted.

## PGR

Only FITF patents are eligible.

Petitioner has not filed an invalidity action.

Only §§ 101, 102, 103, and 112, except best mode, grounds are permitted.

## CBM

Both FTI & FITF patents are eligible, but must be a covered business method patent.

Petitioner must be sued or charged w/ infringement.

Only §§ 101, 102, 103, and 112, except best mode, grounds are permitted.

# Threshold Standards for Institution

## IPR

Petition must demonstrate a **reasonable likelihood** that petitioner would prevail as to at least one of the claims challenged.

## PGR/CBM

Petition must demonstrate that it is **more likely than not** that at least one of the claims challenged is unpatentable.

PGR/CBM: Greater than 50% chance

IPR: May encompass a 50/50 chance

# Administrative Patent Trials

- In general, a person who is not the patent owner may file an IPR/PGR/CBM petition in the following time periods:

First-to-Invent  
Patents

CBM  
After issuance

IPR  
> 9 months  
from issue date

First-Inventor-  
to-File  
Patents

PGR  
 $\leq$  9 months  
from issue date

IPR or CBM  
> 9 months  
from issue date

# *Inter Partes* Review

- All patents are eligible.
- Not the patent owner and has not previously filed a civil action challenging the validity of a claim.
- Request to cancel, as unpatentable based only on § 102 or 103 prior art consisting of patents or printed publications.
- Filed after the later of: 1) 9 months after the grant of a patent or issuance of a reissue of a patent; or 2) the date of termination of any post grant review of the patent. 35 U.S.C. 311(c); § 42.102(a).

# *Inter Partes Review*

- Petition requirement:
  - Fee
  - Real parties in interest
  - Claims challenged and grounds
  - Claim construction and show how claim is unpatentable
  - Evidence
  - Certify not estopped

# *Inter Partes Review*

Patent owner preliminary response

- Provide reasons why no IPR should be instituted.
- Due **3 months** from petition docketing date.
- **Testimonial evidence where interests of justice so require, e.g., to demonstrate estoppel.**

# *Inter Partes Review*

## Threshold and Institution

- Reasonable likelihood that petitioner would prevail as to at least one of the claims challenged.
- Board will institute the trial on: 1) claim-by-claim basis; and 2) ground-by-ground basis.
- **A party may request rehearing. § 42.71(c) & (d).**
- Completed within one year from institution, except the time may be extended up to six months for good cause.

# *Inter Partes Review*

## Patent owner response

- Addressing any ground for unpatentability not already denied by the Board.
- File, through affidavits or declarations, any additional factual evidence and expert opinions.
- **3 months from institution.**

# *Inter Partes Review*

## Motion to Amend

- **Authorization is not required to file the initial motion to amend, but conferring with the Board is required.**
- May cancel any challenged claim and/or propose a reasonable number of substitute claims.
- **Additional motion may be authorized for good cause, e.g., where supplemental information is belatedly submitted.**
- May be limited to prevent abuse and to aid in efficient administration and timely completion of the proceeding.

# Post-Grant Review

- Most aspects of PGR and IPR are effectively the same.
- Some differences, such as:
  - With limited exceptions, only those patents issuing from applications subject to first-inventor-to-file provisions are eligible.
  - PGR allows challenges based on §§ 101, 102, 103, and 112, except best mode.
  - PGR may only be requested on or prior to the date that is 9 months after the grant of a patent or issuance of a reissue patent.
  - Petition must demonstrate that it is more likely than not (*i.e.*, a higher threshold than IPR) that at least one of the claims challenged in the petition is unpatentable.

# Covered Business Methods

- Employ the PGR standards and procedures subject to certain exceptions.
- Differences between a CBM and a PGR include:
  - Cannot file CBM petition during time a PGR petition could be filed, *i.e.*, 9 months after issuance of a patent.
  - Petitioner must be sued or charged with infringement.
  - Petitioner has burden of establishing that patent is eligible for CBM review.
  - Prior Art is limited when challenging a first-to-invent patent.

# Covered Business Methods

## Eligible patents:

- Both first-to-invent and first-inventor-to-file patents are eligible.
- Must be a covered business method patent.
  - Generally defined in the AIA as a method or corresponding apparatus for performing data processing or other operations for financial product or service.
  - The definition excludes patents for technological inventions.

# Derivation

- Only a patent applicant may file.
- Must be filed within 1 year of the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application's claim to the invention.
- Must have a claim that is the same or substantially the same as a respondent's claim, and the same or substantially the same as the invention disclosed to the respondent.
- Must set forth basis for finding that an inventor named in an earlier application or patent derived the claimed invention.

# Derivation

- **Must certify that the inventor from whom the invention was derived did not authorize the filing of the earliest application claiming such invention.**
- Must provide substantial evidence, including one affidavit, in support of the petition to show how the invention was communicated to the respondent
- Not likely to be instituted, even if standard is met, until a patent with the claimed invention issues.

# Umbrella Rules

- Real parties in interest have to be identified.
- Practice Guide provides factors that may be considered in determining whether a party constitutes a real party in interest or privy.
- Both petitioner and patent owner must provide a certain information necessary to conduct the proceeding including related proceedings, lead and backup counsel, and contact information (email addresses and phone numbers).

# Umbrella Rules

## Practice Before the Board in the Trial Proceedings

- **Lead counsel must be a registered practitioner.**
- The Board may recognize counsel pro hac vice upon a showing of good cause, subject to the Office's Code of Professional Responsibility and any other conditions as the Board may impose.
  - ***E.g., counsel is an experienced litigation attorney and has a familiarity with subject matter at issue.***
- Similarly, the Board may revoke pro hac vice status, taking into account various factors, including incompetence, unwillingness to abide by the Office's Code of Professional Responsibility, and incivility.

# Umbrella Rules

## Petition Fees

Proposed fee escalation in block increments of 10 claims has not been adopted in the final rule.

- Rather, the final rule establishes a flat fee for each additional challenged claim after 20.

### IPR

\$ 27,200

\$ 600  
for each additional  
claim > 20.

### PGR/CBM

\$ 35,800

\$ 800  
for each additional  
claim > 20.

### Derivation

\$ 400

# Umbrella Rules

- Proposed page limits have been increased by 10 pages. The final rule provides the following (§ 42.24):

## IPR

**60 pages**

For a petition, preliminary response, and PO response

## PGR/CBM

**80 pages**

For a petition, preliminary response, and PO response

## Derivation

**60 pages**

For a petition and opposition to petition

- For claim charts, single spacing is permitted. § 42.6(a)(2)(iii).
- Statement of material facts in a petition or motion is optional. § 42.22(c).

# Umbrella Rules

Testimony and document production is permitted

- AIA authorizes the Office to set standards and procedures for the taking of discovery.
- **Discovery rules allow parties to agree to discovery between themselves.**
- The final rules provide for **mandatory initial disclosures**, routine discovery, and additional discovery.

# Umbrella Rules

## Mandatory initial disclosures

- Parties may agree to mandatory discovery requiring initial disclosures. Otherwise, a party may seek such discovery by motion.
- For example, parties may agree to disclose: the name and contact information of each individual likely to have discoverable information along with the subjects of that information or information regarding secondary indicia of non-obviousness.

Routine discovery includes documents cited, cross-examination for submitted testimony, and information inconsistent with positions advanced during the proceeding.

# Umbrella Rules

## Additional discovery

- **The parties may agree to additional discovery between themselves or** a party must request any discovery beyond routine discovery.
- A party seeking additional discovery in IPR must demonstrate that the additional discovery is in the interests of justice.
- A party seeking additional discovery in PGR and CBM will be subject to the lower good cause standard.

# Umbrella Rules

## Settlement

- A settlement terminates the proceeding with respect to the petitioner and the Board may terminate the proceeding or issue a final written decision.

Final decision where a trial is instituted and not dismissed:

- The Board will issue a final written decision that addresses the patentability of any claim challenged and any new claim added.

# Umbrella Rules

## Petitioner Estoppels After Final Written Decision

- A petitioner may not request or maintain a proceeding before the **USPTO** with respect to any claim on any ground raised or reasonably could have been raised before the USPTO.
- A petitioner may not assert in **district court or the ITC** that a claim is invalid on any ground petitioner raised, and in IPR/PGR, any ground that reasonably could have been raised in the trial before the USPTO.

# Umbrella Rules

## Patent Owner Estoppel

- A patent owner is precluded from taking action inconsistent with the adverse judgment including obtaining in any patent:
  - A claim that is patentably indistinct from a finally refused or canceled claim.
  - An amendment of a specification or drawing that was denied during the trial, but this provision does not apply to an application or patent that has a different written description.
- The proposed estoppel provision as to claims that could have been presented was not adopted in the final rule.

# Umbrella Rules

- **Request for rehearing**
  - **Must be filed within 14 days of the entry of a non-final decision or a decision to institute a trial or within 30 days of the entry of a final decision or a decision not to institute a trial.**
- A party dissatisfied with the final written decision in an IPR/PGR/CBM may appeal to the Federal Circuit.



# AMERICA INVENTS ACT

## IMPLEMENTATION

**Thank You!**