

Client Alert

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Five Things You Should Know About Post-Grant Review

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We are now entering an era where an increasing number of issued patents are eligible for post-grant review.¹ As with the wildly popular *inter partes* review, post-grant review offers the ability to challenge issued patents in a trial-like procedure before the Patent Trial and Appeal Board (“Board”) and obtain a final written decision within about 18 months. Post-grant review expands on *inter partes* review by enlarging the available grounds for challenge to all statutory bases for unpatentability found in the Patent Act, but limits those challenges to a nine-month window after the patent grant date. This article summarizes the most important differences between *inter partes* review and post-grant review.

1) Eligibility For Post-Grant Review

A patent’s eligibility for post-grant review turns on whether it qualifies as a first-inventor-to-file (FITF) patent under the America Invents Act (AIA).² The FITF provisions apply to “any application for a patent, and to any patent issuing thereon, that contains or contained at any time ... a claim to a claimed invention that has an effective filing date ... that is on or after March 16, 2013,” or a priority claim to any such application.³ Where an application is filed on or after March 16, 2013, and has no priority claim, the patent issuing from that application is a FITF patent eligible for post-grant review. If there is a pre-March 16, 2013, priority claim, then the question arises whether that priority claim is effective to avoid the FITF designation. If at any time during the prosecution of the post-March 16, 2013 application, the patent owner presented one or more claims that were not entitled to benefit of the priority claim, then the case is FITF and eligible for post-grant review.

At this early stage of the FITF regime, there are two categories of patents most likely to be eligible for post-grant review. The first are patents issued from track 1 (expedited) patent applications filed after March 16, 2013. The second are patents issuing from a chain of continuing applications where specific broader claims are sought to cover existing products. Because the pre-March 16, 2013 priority claim in a broadening continuation patent would likely be challenged, this category of patents may be subject to attack in post-grant review. The strict nature of the test for FITF may catch some patent owners off guard when their newly issued continuation patents are subject to post-grant review.

2) Time Limits for Filing Post-Grant Review

A petition for post-grant review must be filed within nine months of the patent grant date. After the nine-

¹ Post-grant review is one of the post-grant mechanisms for challenging patents before the Patent Trial and Appeal Board (“Board”) of the United States Patent and Trademark Office (“USPTO”).

² Section 6(f) of the AIA provides that “the amendments made by subsection (d) [Post-Grant Review Statutes § 321-329] ... shall apply only to patents described in section 3(n)(1).”

³ Section 3(n)(1) of the AIA.

month window has closed, the only way to challenge the patent is through *inter partes* review. During the nine-month window, any patent eligible for post-grant review cannot be challenged via *inter partes* review.⁴ Where a post-grant review has been instituted, anyone seeking to file an *inter partes* review must wait until the post-grant review has concluded with a final written decision before filing their petition.⁵

Patent owners may decide to wait nine months before seeking to enforce their newly issued patent to decrease the chances their patent will be subject to post-grant review. But waiting to sue needs to be weighed against the need for a quick remedy to stop infringing sales. Any tactical decision to wait would likely reduce the chance a court would grant a preliminary injunction. Further, if the putative infringer were to proactively file a post-grant review prior to a lawsuit, it would increase the chances that a court would stay the litigation in view of the post-grant review.

Patent challengers may face a tactical choice of immediately filing a post-grant review or waiting nine months to file an *inter partes* review. Because the estoppel effect of post-grant review extends to all statutory bases for invalidity, avoiding the post-grant review process may be desirable for some patent challengers who wish to preserve some invalidity arguments for court. Where litigation is underway, however, this waiting strategy could backfire by reducing the likelihood a court would stay the litigation in view of the Board proceeding. In most cases, patent challengers will simply file a post-grant review given the lower standard of proof for invalidity in the USPTO.

3) Scope of Invalidity Arguments in Post-Grant Review

Post-grant review includes consideration of “any ground that could be raised under paragraph (2) or (3) of section 282(b),”⁶ which essentially allows challenges under any statutory ground for unpatentability. The limitation on scope therefore excludes only those defenses specified in § 282(b)(1), which include noninfringement, absence of liability for infringement, and unenforceability. This stands in stark contrast to *inter partes* review, which is limited to §§ 102 and 103 grounds based on patents and printed publications. According to the Board, § 321(b) also excludes non-statutory bases for invalidity, including obviousness-type double patenting.⁷

Where a patent is shown to be eligible for post-grant review, the substantive patent law governing the patent becomes the FITF provisions of the AIA. In general, the FITF provisions greatly expand the amount of prior art available and make “swearing behind” prior art impossible. For example, under the FITF system a public use outside the United States is prior art. Further, foreign patents are counted as prior art for purposes of both anticipation and obviousness as of their foreign filing date. A patent owner who incorrectly thinks its patent’s priority claim avoids FITF provisions may be surprised when a post-grant review challenges the patent with a greatly expanded pool of prior art.

4) The Threshold Standard for Institution of Post-Grant Review

The threshold standard for institution for post-grant review is whether the information presented in the petition, if unrebutted, would demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable.⁸ Alternatively, post-grant review may be instituted upon “a showing that the petition raises a novel or unsettled legal question that is important to other patents or

⁴ If the patent does not qualify as a FITF patent, then an *inter partes* review may be filed within the nine-month window.

⁵ 35 U.S.C. § 311(c)(2).

⁶ 35 U.S.C. § 321(b).

⁷ See *Apple v. Sightsound*, CBM2013-00021 (Oct. 8, 2013 decision denying institution).

⁸ 35 U.S.C. § 324(a).

patent applications.”⁹ The standard for institution of a post-grant review is different from that for *inter partes* review. In *inter partes* review, the standard is whether “the information presented in the petition ... and any [optional preliminary patent owner] response ... shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”¹⁰ In either case, the Board “may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”¹¹

Those seeking to file a petition for post-grant review should take into account that the Board’s initial viewpoint is that the threshold standard for institution is higher than what is required for *inter partes* review.¹² The official institution rate for *inter partes* review is only 74 percent, and this includes partial institutions where the proceeding goes forward against less than every requested claim. Unofficial statistics suggest that the rate for full institution in recent months has been on the order of 40 percent. Our analysis of denials in *inter partes* review suggests they often involve petitions with an inadequate discussion of motivation for combining references and where the invalidity argument is presented in a way that was not well received by the Office. With the elevated threshold standard for institution, petitioners for post-grant review should ensure that they adequately explain the basis for its proposed grounds for unpatentability and include the best prior art available.

5) Proactive Steps to Prepare for Post-Grant Review

The nine-month post-issuance deadline for filing a post-grant review places a premium on being prepared before a competitor’s regular or broadening reissue patent is granted. If there is a potential for a lawsuit the day the patent is granted, being ready to immediately file a post-grant review will maximize the potential for a stay of litigation and minimize the likelihood of a preliminary injunction. However, monitoring published applications is not always sufficient to give advanced notice of a patent grant. Patent applications are not publicly accessible until the first publication occurs, and although most continuation applications are eligible for publication upon filing, the USPTO often takes several months before actually making those applications publicly available. Consequently, a continuation application may issue as patent before any information from the file history becomes available. Moreover, commercially important patents are often filed under the Patent Office’s Track 1 program for expedited examination. Track 1 cases have an average pendency of roughly nine months. These applications are often granted as patents before any information about the file history becomes available.

Although there is probably no one-size-fits-all strategy, the first line of defense is to routinely monitor patent grants and published applications. The continuity data of relevant published applications should also be monitored. The existence of an unpublished continuation application will be noted as an inactive link to a specific application number in the continuity data section in the USPTO’s image file wrapper for the parent application or patent. Where a competitor is pursuing continuation applications, one can search for prior art based on the disclosure of the published parent application’s specification and general knowledge of what kind of claims might be problematic.

⁹ 35 U.S.C. § 324(b).

¹⁰ 35 U.S.C. § 314(a).

¹¹ 35 U.S.C. § 325(d).

¹² According to Chief Judge James Donald Smith, “the ‘reasonable likelihood’ standard is lower than the ‘more likely than not’ standard. The reasonable likelihood standard allows for the exercise of discretion but encompasses a 50/50 chance whereas the ‘more likely than not’ standard requires greater than a 50% chance of prevailing.” See Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials, available at http://www.uspto.gov/aia_implementation/smith-blog-extravaganza.jsp#heading-1.

Compiling prior art relevant to commercial products that could become the target of competitors' patents can be useful to be ready in the event a competitor is granted a problematic claim. Because all statutory bases for invalidity under the FITF system can be considered in a post-grant review proceeding, the sources of potential prior art should not be limited. Where competitors are thought to be pursuing claims to cover existing products, knowledge regarding the use and sales of those products in the United States or abroad should be gathered. Where the case can be made that the targeted commercial products were merely practicing the prior art, it will be helpful to have all the necessary information to prove the existence of that prior art in hand when the patent issues.

Developing relationships or even retaining potential experts to work on a post-grant review should be considered. Lining up experts will simplify the preparation of a post-grant review petition. Issues such as where any testing will be conducted and compensation of the expert can be worked out in advance. The expert could also help identify prior art to be used in the post-grant review. The expert's understanding of the disclosure could help prepare unpatentability grounds based on inadequate written description or enablement.

In sum, patent owners and challengers should be aware of the eligibility criteria, the time limit for filing, scope of arguments and threshold institution standard for post-grant review. Knowledge of these aspects is necessary to effectively plan and prepare for a post-grant review within the nine-month window for filing.

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