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The New World of Patent Post-Grant Proceedings: Positioning Your Company to Win

The phone rings. When you answer, your boss is on the line. She tells you that your company has been served with a complaint of patent infringement. She's concerned about a possible lengthy trial and the accompanying large expenses. Your boss asks for strategies for dealing with the issue. What do you say?

Did your answer include using patent post-grant proceedings at the United States Patent and Trademark Office (USPTO)? More and more companies are choosing to use post-grant proceedings, especially *Inter Partes* Review, as a weapon in their arsenal against patent infringement claims. A general understanding of these proceedings is a necessary component of doing business in our technology-driven economy, whether you are defending against an infringement complaint or enforcing your ever-more valuable patent assets.

Basics of Patent Post-Grant Proceedings

In late 2012, the USPTO, authorized by the America Invents Act, implemented new patent litigation alternatives, including Post Grant Review (“PGR”), Covered Business Method Patents Review (“CBMP”), and *Inter Partes* Review (“IPR”). These proceedings are adjudicated by panels composed of three administrative judges. The judges are selected from a pool of several hundred members of the USPTO Patent Trial and Appeal Board (“the Board”). The proceedings have some similarities to aspects of litigation, including trial-like elements such as discovery, depositions and a final oral hearing. However, discovery is extremely limited, live witnesses at the oral hearing are rare, and motions for extensions of time, additional discovery, or additional briefing to the Board are unlikely to be granted. If a proceeding is instituted,

a relatively short timeline is set for conclusion – typically one year, but no longer than 18 months.

IPR was created, in part, to reduce the number of court-filed patent cases and to speed up the finality of patent validity decisions. The rules governing IPR reflect those goals by creating restrictions for parties involved in litigation of the patent.¹ For example, there is a one-year time restriction to filing a petition for IPR if you are either (a) sued for infringement or (b) if you instigate litigation to invalidate the patent at issue in civil court. The time restriction may also apply to you depending on your company's relationship with a party who has been sued for infringement or who has tried to invalidate the patent in civil court.² Examples of pertinent relationships include co-defendants, subsidiaries/parents, suppliers/customers and funders/petitioners.



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Party joinder is available after the one-year time restriction if the joinder does not conflict with the interests of a speedy and just proceeding. Filing for joinder later in the proceedings (more than one month after institution of the IPR) may result in the denial of the request for joinder.³ Issue joinder may also be restricted. Therefore, you may not be able to use joinder to fix errors by filing a new petition after the one-year time limit has expired.

Rising Popularity of IPR

Since their implementation a little over two years ago, these proceedings, particularly IPR, have become popular tools for invalidating patent claims before or after the initiation of a lawsuit in federal court. The rate of IPR petitions filed has steadily increased, reaching an average of six per day in December 2014. As of January 1, 2015, a total of 2,299 requests for IPR have been filed.⁴ Those filing the requests are also notable. IPR has been utilized as an invalidation tool by such companies as Apple, Samsung, Google, Medtronic, Microsoft and Ford.⁵

The shorter timeframe and lower cost when compared to civil litigation makes IPR attractive to many. Plus, a stay of concurrent litigation may be available, especially if an IPR request has been granted. The current rate of granted stay requests is 82 percent. The results of IPR proceedings also make IPR attractive to many patent challengers. According to a recent study, the Board has granted 84 percent of requests for IPR. Strikingly, of those IPRs that have reached a final decision on the merits, more than 77 percent of the time all claims under review have been invalidated or disclaimed.⁶ This rate of claim invalidation makes IPR a significant weapon for patent challengers.

Pitfalls of Patent Post-Grant Proceedings


Patent post-grant proceedings are, however, procedurally complicated. They are administrative proceedings, and thus, subject to different procedural rules, standards of review, and pleading standards, than those applied in traditional patent litigation. For example, to institute an IPR, the requester must show a reasonable likelihood that they will prevail with respect to at least one of the challenged claims.⁷ Further, for non-expired patents, the claim construction standard of review is the same as that applied during patent prosecution – i.e., the broadest reasonable construction of the terms of the claim – which substantially differs from the standard used in litigation.⁸

The rules of procedure are geared toward facilitating the Board's statutory mandate for speed and efficiency. Length limitations of briefs are strict, discovery is extremely limited, and the Board must give permission before any motion may be filed. Early indications are that the Board will strictly adhere to its procedural rules regarding IPR, and reject requests and filings that fail to comply with its rules. For example, the Board has denied requests for IPR on purely procedural grounds, such as poor drafting of the request. In light of these procedural hurdles, it is important to retain counsel familiar with post-grant proceedings.

Post-grant proceedings are not without risks or consequences. For example, prior art references used in an IPR that reaches a final determination cannot be used by the requester in later civil litigation of the same patent.⁹ Unlike civil litigation, challenged patent claims may be amended during the proceedings (though with some

difficulty). Additionally, if the USPTO holds the challenged claims valid, this may have an impact on concurrent civil litigation.

Since these patent post-grant proceedings are still relatively new, procedures and interpretations by the Board continue to change as cases make their way through the USPTO and the Federal Circuit Court of Appeals. Although the Board has begun to issue informative opinions, at the time of this writing, it has not issued precedential opinions regarding many key issues surrounding IPR.

In light of the continuing gains in popularity of patent post-grant proceedings, it is important to take the time to prepare for the use of, and defense against, this new patent invalidity strategy. 

1. See 35 U.S.C. §§ 312(a)(2), 315(a)(1), 315(b); USPTO Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756 (Aug. 14, 2012) (codified at 37 CFR Part 42); Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 Fed. Reg. 48,612 (Aug. 14, 2012) (codified at 37 CFR Parts 1, 42, 90); and Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680 (Aug. 14, 2012) (codified at 37 CFR Part 42).
2. Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012) (codified at 37 CFR Part 42).
3. *Id.* at 48,690.
4. Available from the USPTO at http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_1_1_2015.pdf.
5. Michelle Carniaux and Michael E. Sander, "PTAB Warriors: The Top 10 Petitioners for Inter Partes and Covered Business Method Review," Published July 3, 2014, available at <http://interpartesreviewblog.com/ptab-warriors-top-10-petitioners-inter-partes-covered-business-method-review/>.
6. Brian J. Love and Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U Chi L. Rev Dialogue 93 (2014) [Essay].
7. 35 U.S.C. § 314(a).
8. Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012) (codified at 37 CFR Part 42).
9. *Id.* at 48,683.