

PATENT REFORM ACT 2011: SUMMARY OF POST-GRANT REVIEW PROCEEDINGS

By Azy Kokabi and Chandran Iyers

Pending legislation in the 112th Congress would introduce post-grant review procedures, which are patent revocation proceedings, into U.S. Patent law. The Senate has a new bill which would add Chapter 32 to Title 35 of the United States Code. Chapter 32 of the Senate bill, S. 23, was introduced on January 25, 2011. This memorandum addresses Sections 321-329 of the Senate bill.

Section 321(a) and (b), entitled Post-Grant Review read, in part, as follows:

Subject to the provision of this chapter, a person who is not the patent owner may file with the Office a petition to institute a post-grant review for a patent...A petition in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claims).

Section 321 states that a third party may request a post-grant review proceeding to invalidate a patent based on grounds for conditions of patentability, including novelty, obviousness or for invalidity based on failure to comply with any requirement set forth under 35 U.S.C. § 112, first paragraph (written description and enablement). The conditions for patentability based on novelty and obviousness are proposed to be uniquely changing, including establishing a first to file system.

A limitation to the proceedings is that the proposed legislation requires that the petition be filed within 9 months of the issuance of the patent or reissue patent, which differs from the Senate's previous version of the bill (S. 515 of the 111th Congress), requiring that the petition be filed within 12 months from issuance.

Section 322 states that the requirements in the petition requesting a post-grant review include the following:

- (1) fee established by the Director;
- (2) identification of the real parties in interest;
- (3) basis for cancellation for each claim, including evidence supporting such basis; and
- (4) copies of the petition, including evidence to the patent owner or designated representative of the patent owner.

Whether a post-grant review proceeding will be initiated is based upon whether the petition demonstrates that it is "more likely than not" that at least one claim of the challenged patent is unpatentable. See section §324. Section 324 also states that the Director may authorize post-grant review if the petition "raises a novel or unsettled legal question that is important to other patents or patent applications." The patent owner gets an opportunity to file a preliminary response within two months of the petition filing date, setting forth reasons why the proceeding should not be instituted and may also

move to amend the patent by canceling the challenged claims, or proposing a **reasonable number** of substitute claims, without enlarging the scope of the claims or introducing new matter. See sections 326(a)(9), and 326(d)(1), (d)(3). Section 324 further states that the Director shall make the determination of whether or not to institute a post-grant review proceeding no later than three months after receiving a preliminary response, or if none is filed, the expiration of the time for filing the preliminary response by the patent owner. The decision whether to initiate post-grant review or not must be in writing and made available to the public. It is not appealable. See section 324(d)-(e).

With respect to the relationship to other proceedings, a post-grant review may not be instituted if a civil action challenging the validity of the patent is filed. See section 325(a). Further, if a civil action alleging infringement of a patent is filed within 3 months of the grant, the court may not stay its consideration on the basis that a post-grant review has been filed or instituted. See section 325(b). If multiple petitions for post-grant review are filed for the same patent, the Director may either consolidate the proceedings into a single post-grant review or, if the “same or substantially the same” arguments are made, then the Director may refuse to initiate a second post-grant review proceedings. See section 325(c)-(d).

With respect to the estoppel provisions, the proposed legislation states that a petitioner may not request a proceeding before the Patent Office with respect to any ground that petitioner “raised or could have raised” during post grant review. However, in a civil action or ITC proceeding, the petitioner is only estopped from raising arguments that the petitioner **actually raised** during post grant review. See Section 325(e)(1).

The proposed legislation gives the Director discretion to prescribe the procedure for conducting the post-grant review procedure, including setting forth the procedure for discovery, which is limited to evidence **directly related** to factual assertions advanced by either party (section 326(a)(5)). Congress intended the post-grant review proceedings to be conducted quickly, providing in section 326(a)(11) that the final determination of the proceeding shall be made no later than one year after the date on which the Director notices the institution of the proceeding, although it may be extended by no more than six additional months for good cause. See section 326(a)(11). Other regulations prescribed in the new legislation requires that the Director

- (1) prescribe sanctions for abuse of discretion (section 326(a)(6))
- (2) provide for protective orders governing the exchange and submission of confidential information (section 326(a)(7)) and
- (3) ensure that any information submitted by the patent owner in support of an amendment is made available in the prosecution history of the patent (section 326(a)(1));

- (4) grant an oral hearing if one of the parties requests it; See section 326(a)(10); and
- (5) establish that the petitioner has the burden of providing unpatentability by the lower ***preponderance of evidence*** standard. See section 326(e).

Pursuant to section 327, a post-grant review can be terminated upon the joint request of the petitioner and patent owner as long as there is no decision on the merits of the proceeding. If post-grant review is terminated, the petitioner is not estopped under section 325(e). Additionally, any agreement or understanding between the patent owner and a petitioner should be in writing and should be filed in the Office before the termination of the post-grant review. The agreement/understanding can, however, be kept separate from the file of the post-grant review, and made available only to the Federal Government upon written request or to any other person upon a showing of good cause.

Section 328 requires the Patent Trial and Appeal Board to issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added. Along with the final decision, the Director should also issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim determined to be patentable, and incorporating any new or amended claim determined to be patentable in the patent.

Section 329 provides a party the right to appeal the Patent Trial and Appeal Board's decision to the Court of Appeals for the Federal Circuit.