

New Energy Symposium Cleantech IP Forum

Litigation Issues and Validity Challenges
Under The American Invents Act

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REMOVAL OF “DECEPTIVE INTENT” REQUIREMENT – Sec. 20

- Provisions effective September 16, 2012
 - **Reissue - 251**
 - **Correction of Inventorship - 116(c), 256(a)**
 - **Retroactive Foreign Filing License - 184, 185**
 - **Action for Infringement of a Patent Containing an Invalid Claim - 288**
 - **Disclaimer - 253**

§288 & INEQUITABLE CONDUCT DOCTRINE

- **§ 288** - Whenever, ~~without deceptive intention~~, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid.
- The remaining patent claims **may** nonetheless be unenforceable based upon the inequitable conduct of an “unclean litigant.” *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 814-15 (1945).

PRIOR COMMERCIAL USE DEFENSE

AIA Section 5, 35 U.S.C. 273

- Effective date: 09/16/2011
- Expansion of the prior commercial use defense by amending 35 USC 273 for patents issued on or after 09/16/11, to provide a prior commercial use defense that includes processes, machines, manufactures and compositions of matter used in manufacturing and commercial processes.

PRE-AIA: prior use of the patented technology was **not** an independent defense to patent infringement except for patents directed to **methods** of conducting business.

PRIOR COMMERCIAL USE DEFENSE

AIA Section 5, 35 U.S.C. 273

- To qualify for the defense:
 - The prior use must be good faith commercial use in the US;
 - Commercial use must be in connection with an internal commercial use or an actual arm's length sale or transfer;
 - The commercial use must have occurred **at least one year** before the earlier of either the
 - (1) effective filing date of the claimed invention, or
 - (2) the date on which the claimed invention was disclosed to the public.

PRIOR COMMERCIAL USE DEFENSE

AIA Section 5, 35 U.S.C. 273

- Alleged infringer carries burden of proof.
- High standard to use the defense – proof of prior commercial use by **clear and convincing standard**.
- Thus, commercial use of subject matter covered by patent more than a year before the patent was filed → defense may completely eliminate patent infringement liability.
- If the defense is unreasonably asserted, alleged infringer may be liable for patent holder's attorneys' fees.

BEST MODE

AIA Section 15

- Effective Date: 09/16/2011
- Applies to any lawsuit filed on or after 09/16/2011
- Failure to disclose best mode is no longer a ground for invalidity or unenforceability.
- Impact of the change is only in patent validity or infringement proceedings; does not change patent examination practices.
- Best mode still applies during prosecution before the USPTO, thus it is still required to disclose best mode in patent application under 112.

ADVICE OF COUNSEL

AIA Section 17, 35 U.S.C. 298

- Effective date: 09/16/2012
- Amendment to add a new section – 35 U.S.C. 298.
“Failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to court or jury, may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.”
- Codification of *In re Seagate Technology LLC* (Fed. Cir. 2007) (en banc), as it relates to willfulness in patent infringement.

JOINDER OF PARTIES

AIA Section 19, 35 U.S.C. 299

- Effective date: 09/16/2011
- Amendment to add a new section – 35 U.S.C. 299 – imposing new limits on joinder of accused infringers as parties in one action.

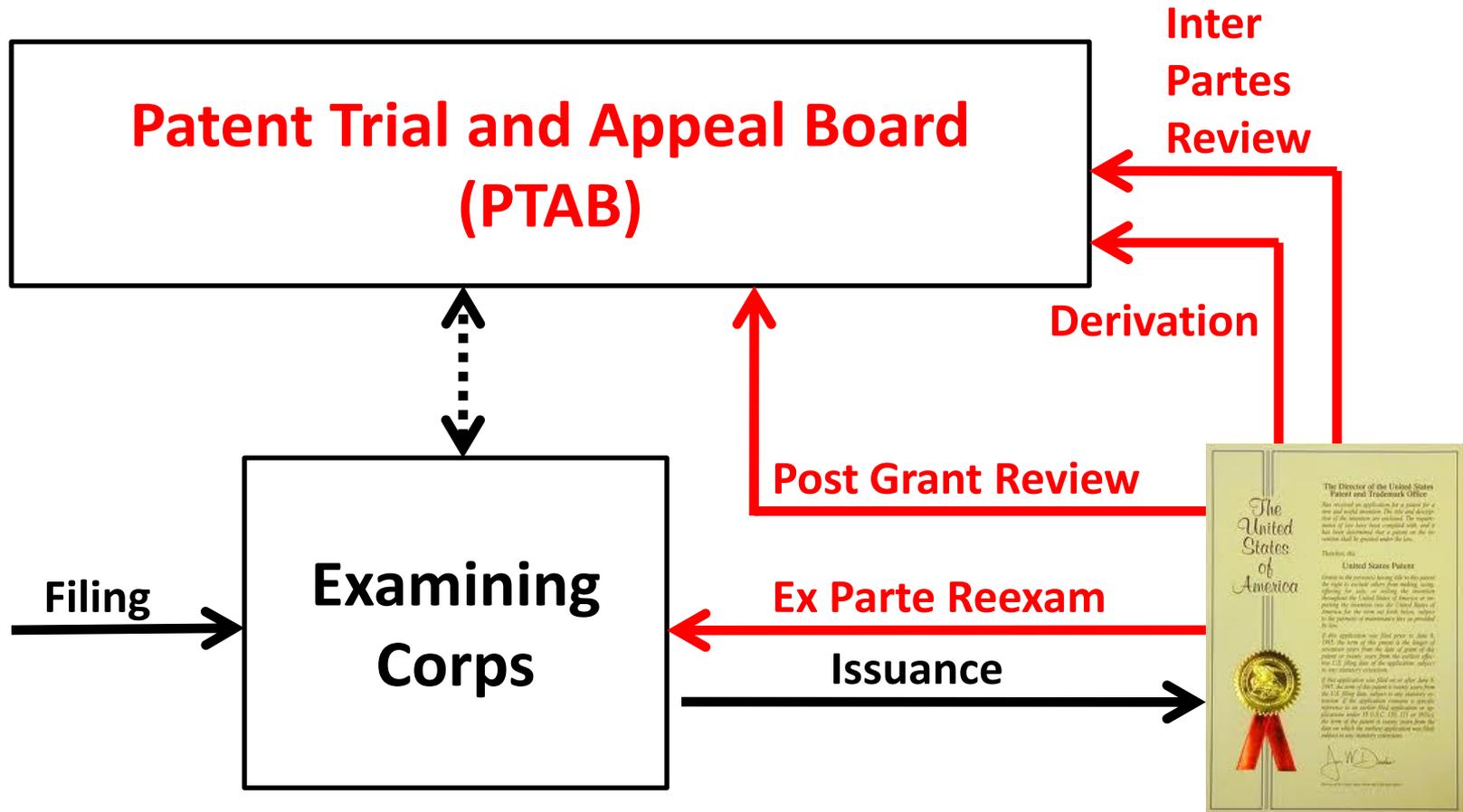
PRE-AIA: Patentees frequently filed a single lawsuit against many different defendants, whose only connection is that they are all accused of infringing the same patent. Defendants often made completely different products and had no relation to each other.

JOINDER OF PARTIES

AIA Section 19, 35 U.S.C. 299

- AIA imposes new requirements for joinder and consolidation.
- Standard as set forth in FRCP 20(a)(2) – multiple defendants can be joined in one action only if “(A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and (B) any question of law or fact common to all defendants will arise in the action.”

THIRD-PARTY CHALLENGES: NEW



PATENT TRIAL AND APPEAL BOARD (PTAB)

- A panel of three “administrative patent judges” will conduct all inter partes and post grant reviews
- Decisions by PTAB can only be appealed to the Federal Circuit
 - Questions of fact are reviewed on a “substantial evidence standard” – not *de novo*
 - Questions of law are still reviewed *de novo*
- Parties can request discovery
 - Witnesses who have submitted affidavits or declarations can be deposed
- Both parties have a right to present an oral argument

OVERVIEW OF NEW PTO/PTAB PROCEEDINGS

Proceeding	Threshold	Prior Art	Estoppel?
Third party pre-issuance submissions	N/A	Patents/printed pubs	N/A
Post-grant review (9 month window) by 3rd Party	More likely than not that at least 1 claim unpatentable	Any ground	Raised or could have raised
Inter partes review (after P.G.R.) by 3rd Party	Reasonable likelihood that petitioner would prevail on at least 1 claim	Patents/printed pubs	Raised or could have raised
Ex parte reexam (unchanged)	Substantial new question of patentability	Patents/printed pubs	None (although courts may differ)
Supplemental Examination by Patent Owner	Substantial new question of patentability	Any information	N/A
Derivation Proceedings	Claimed invention derived from another	N/A	N/A

INTER PARTES REEXAM

- Provisions effective September 16, 2011
- Threshold has changed to **“a reasonable likelihood that the requester will prevail with respect to at least 1 of the claims challenged in the request.”**
 - Replaces SNQP standard – 90% pass rate
 - This new threshold is applicable to all *inter partes* reexamination requests filed on or after September 16, 2011.

INTER PARTES REVIEW

- Provisions effective September 16, 2012
- Petition requirements:
 - Can be filed any date **after 9 months** after grant of patent
 - **Seeks to cancel claims based on 102, 103 using patents or printed publications only**
 - Threshold: **a reasonable likelihood** that petitioner will prevail on at least one claim challenged – same as new inter partes reexam

INTER PARTES REVIEW

- Who may file:
 - 3rd Party who has not previously filed a civil action challenging the validity of a claim of the patent
 - Petition must be filed **within 1 year** of service of complaint alleging infringement
 - Review instituted by PTAB and completed **within one year**, which may be extended up to six months for good cause

INTER PARTES REVIEW

- Estoppel provisions 315(e)
 - **Petitioner, the real party in interest or privy of the petitioner**, after a final written decision by the Board in an Inter Partes Review of a claim of a patent, may not:
 - request or maintain a proceeding **before the Office** with respect to that claim on any ground that the petitioner **raised or reasonably could have raised** during the Inter Partes Review that resulted in the written decision; or
 - assert in either a **civil action** arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner **raised or reasonably could have raised** during the Inter Partes Review

INTER PARTES REVIEW

Advantages

- Lower burden of proof than litigation
- Lower cost than litigation
- Filing time not limited once past 9 months of patent issuance, except if sued (one year)
- Final determination within 1-1½ years
- Claims may be amended

Disadvantages

- Requires higher threshold than current ex parte reexamination procedures (RLP v. SNQP)
- Fewer grounds than Post Grant Review (patents or publications only)
- Must identify the real parties in interest
- Estoppel on arguments raised or reasonably could have raised
- Claims may be amended

POST GRANT REVIEW

- Petition requirements:
 - Must be filed **within 9 months** after grant of patent
 - Seeks to cancel claims based on **any ground** that could be raised under paragraph (2) or (3) of 282(b), relating to invalidity:
 - **Prior Art**
 - **Utility and patent eligibility**
 - **Enablement, written description, definiteness**
 - Threshold: **more likely than not** that petitioner will prevail on at least one claim challenged or **raises novel question** that is important to other patents or publications

POST GRANT REVIEW

- Who may file
 - 3rd Party who has not previously filed a civil action challenging the validity of a claim of the patent
- Review instituted by PTAB and completed **within one year**, which may be extended up to six months for good cause

POST GRANT REVIEW

- Estoppel provisions 325(e)
 - **Petitioner, the real party in interest or privy of the petitioner**, after a final written decision by the Board in a Post Grant Review of a claim of a patent, may not:
 - request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised **or reasonably could have raised** during the Post Grant Review that resulted in the written decision
 - assert in either a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised **or reasonably could have raised** during the Post Grant Review

POST GRANT REVIEW

Advantages

- Broader applicability than reexamination or inter partes review
- Lower burden of proof than litigation
- Lower cost
- Final determination within 1-1½ years
- Claims may be amended

Disadvantages

- Requires quick and early action: frontload case
- Must identify real parties in interest
- Estoppel effect on petitioner: raised or reasonably could have raised
- Higher threshold than ex parte reexam: more likely than not
- Claims may be amended

	<u>Inter Partes Reexam</u>	<u>Post-Grant Review</u>	<u>Inter Partes Review</u>
When?	After grant (until Sept. 16, 2012, being replaced)	No more than 9 months after grant (Sept. 16, 2012, but of a patent with an effective filing date of the claimed invention on or after March 16, 2013)	After 9 months from grant (Sept. 16, 2012, replaces inter partes reexam)
Threshold Showing	“Reasonable likelihood that the petitioner would prevail” (as of Sept. 16/11)	“More likely than not that at least 1 of the claims challenged in the petition is unpatentable” or important novel/unsettled legal question	Reasonable likelihood of success
Estoppel	Issues raised or could have been raised: district court	Issues raised or reasonably could have been raised by the petitioner : PTO, district court, and ITC	Issues raised or reasonably could have been raised by the petitioner : PTO, district court, and ITC
Before Whom?	CRU	PTAB	PTAB
Speed within PTO	Many Years	1 to 1½ years	1 to 1½ years
Appeal	Both parties can appeal to Board and then Federal Circuit	Both parties can appeal to Federal Circuit	Both parties can appeal to Federal Circuit

THIRD PARTY SUBMISSION OF PRIOR ART IN A PATENT APPLICATION

AIA Section 8, 35 U.S.C. 122

- Under the new provision, 122(e), when citing prior art to challenge another's patent application during the prosecution, one is permitted to also provide an explanation as to the relevance of the cited art.

Timing: Under 35 U.S.C. 122(e), submissions may be made by
(1) the later of (i) 6 months after the date of publication or
(ii) the date of a first Office action on the merits
rejecting any claims, or
(2) before the date of a notice of allowance, if earlier.

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