

Intellectual Property and Technology Law Update

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Patent Holders Beware in America Invents Act Review Proceedings

The impact of the new post-grant review provisions of the America Invents Act (“AIA”) are beginning to be felt. The U.S. Patent and Trademark Office (“USPTO”) recently issued an opinion invalidating key claims of a patent in an AIA proceeding, despite entry of a settlement between the parties in which the accused infringer withdrew its claims of invalidity. The USPTO Board refused to terminate the proceeding due to its “advanced stage.” Patent owners should beware that the new post-grant review proceedings appear to be heavily favoring petitioners and should consider settlement early should one of their patents be accepted for review by the board.

CoreLogic, Inc. had sued Interthinx Inc. in district court, alleging infringement of a patent on a computerized method of appraising real estate, and Interthinx initiated an AIA business method patent review challenging the validity of the patent. The matter had been fully briefed and was awaiting a hearing before the board. At that late stage, both sides had made their arguments, giving the board sufficient information to analyze the merits of the challenge. Once the parties reached a settlement, they asked to have the review terminated. However, instead of terminating the proceeding the board dismissed the accused infringer from the proceeding, continued its review of the asserted patent and reached its decision to invalidate several key claims of the patent.

It is important to note that while the board's rules allow parties to agree to settle any issue in an *inter partes* review or business method patent review, the rules also state that “the board is not a party to the settlement and may independently determine any question of jurisdiction, patentability or office practice.”

There have been other times when the board has terminated the petitioner, but not the patent owner, once a settlement has been reached. In each of those cases, the proceedings were nearly complete. Thus, a question remains as to how early in the proceedings a settlement must be reached before the board will decide to end the review completely.

By continuing to review patents even after a settlement, it is apparent that the board is clearly communicating that not only are the petitioner and the patent owner parties to the proceeding, but there is also a third party — the public interest.

Patent owners wanting to settle with an accused infringer in an AIA review proceeding to avoid the threat of having their patents declared invalid would be well-advised to enter into that settlement early on in the proceedings. Waiting until the proceedings are in full swing may negate the ability to reach a settlement. Considering a settlement is important for patent owners since the board has so far shown a strong inclination to invalidate the patents it decides to review under the Covered Business Method review procedure of the AIA. So far, only a few final decisions have been released under the new review provisions, but all of them have invalidated the claims.

In addition, estoppel does not attach to the petitioner if the board terminates them from the proceeding but continues the review. That means the petitioner is free to raise any of the invalidity arguments it raised in the review later on in litigation.

For more information, please contact the Intellectual Property and Technology Practice Group at Lane Powell: IPGroup@lanepowell.com

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