



SUPPLEMENTAL EXAMINATION, *INTER PARTES* TRANSITION RULES, AND POST-GRANT PROCEEDINGS

On August 14, 2012, the U.S. Patent and Trademark Office (USPTO) issued rules implementing provisions of the Leahy-Smith America Invents Act (AIA) relating to supplemental examination and post-grant proceedings (*inter partes* review, post-grant review, and transitional program for covered business method patents) effective September 16, 2012. As of that date *inter partes* review will replace *inter partes* reexaminations. After passage of the AIA, the USPTO issued final rules relating to changing the standard of *inter partes* reexaminations effective September 16, 2011 for the transitional period until the implementation of *inter partes* review.

SUMMARY

Proceeding	Applicability	Legal Standard	Grounds	Additional Information
<i>Ex partes</i> reexamination	Available for any patent	Substantial new question of patentability	Patents, published applications or printed publications	No changes – Available as before AIA
Supplemental Examination	Any patent filed on, before or after September 16, 2012 Available starting September 16, 2012	Substantial new question of patentability	Any information	No interviews or opportunity to amend the claims If substantial new question raised, reexamination will be ordered
<i>Inter partes</i> reexamination	Patents issuing from applications filed on or after November 29, 1999	Substantial new question of patentability (if before Sept. 16, 2011) Reasonable likelihood that the requester would prevail with respect to at least one of the claims challenged in the request (if after September 16, 2011)	Patents, published applications or printed publications	Sunsets September 15, 2012
<i>Inter partes</i> review	Any patent filed on, before or after September 16, 2012 Available starting September 16, 2012	Reasonable likelihood that the requester would prevail with respect to at least one of the claims	Patents, published applications or printed publications	Estoppel on any grounds of invalidity that was raised or could have been raised
Post-grant review	Claims having an effective date on or after March 16, 2013	More likely than not that at least one claim is unpatentable	Any invalidity grounds	Estoppel on any grounds of invalidity that was raised or could have been raised

Transitional Program for Covered Business Methods	Any covered business method patents filed on, before or after September 16, 2012 Available starting September 16, 2012		Any invalidity grounds including broadened AIA § 18(a)(1)(c) definition of prior art	Cannot be filed unless sued for infringement or charged with infringement A covered business method patent “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” Sunsets September 16, 2020
Derivation Proceedings	Claims having an effective date on or after March 16, 2013	Claimed invention derived from another	N/A	

PATENT TRIAL AND APPEAL BOARD

The AIA replaces the Patent Board of Appeals and Interferences with the Patent Trial and Appeal Board (PTAB). The PTAB is responsible for:

- appeals by a patent applicant from final refusals of an Examiner to allow an application;
- reviewing of adverse decision in an *ex parte* reexamination proceeding;
- conducting derivation proceeding; and
- conducting post-grant proceedings (*inter partes* review, post-grant review and the transitional program for covered business methods).

Final decisions from the PTAB concerning the final refusal of a claim in a patent application are appealable to the United States Court of Appeals for the Federal Circuit (Federal Circuit) or the United States District Court, Eastern District of Virginia (EDVA). The PTAB’s final decisions from reexamination or post-grant proceedings are appealable only to the Federal Circuit. In a derivation proceeding, where the losing party filed a Notice of Appeal to the Federal Circuit, the adverse party may request further proceedings to be conducted in the EDVA.

SUPPLEMENTAL EXAMINATION

The AIA established supplemental examination proceedings for “the Office to consider, reconsider, or correct information to be relevant to the patent.” Supplemental examination can be used to cure allegations of misconduct, but not if those allegations were previously raised as defenses in an Abbreviated New Drug Application (ANDA) Notice or litigations. Supplemental examination is available for any patent issued on, before or after September 16, 2012.

The USPTO recently published rules implementing these proceedings effective September 16, 2012. 77 Fed. Reg. 48828 (August 14, 2012). The rules limit each supplemental examination to no more than twelve different items of information. Within three months of the filing of a request, supplemental examination has to be conducted culminating in the issuance of “a certificate [to] indicate whether the information in the request raises a substantial new question of patentability.” If the information contained in the request does not raise a substantial new question of patentability, the supplemental examination proceeding terminates. However, if a substantial new question of patentability is raised, then the USPTO Director is required to order *ex parte* reexamination. Such reexamination will proceed under the established rules for *ex parte* reexamination with the exception that the patentee cannot file a statement in response to the USPTO’s determination of a substantial new question of patentability.

In addition to formality requirements such as a showing of patent ownership, the rules require a request for supplemental examination to contain:

- (1) “a list of each item of information that is requested to be considered, reconsidered, or corrected;”
- (2) identification of the claim(s) on which supplemental reexamination is requested;
- (3) “a separate explanation of the relevance and manner of applying each item of information to each claim of the patent;”
- (4) a summary of submitted documents over 50 pages in lengths; and
- (5) the fee for processing and treating a request for supplemental examination, for an *ex parte* reexamination ordered as a result of supplemental examination and processing fees for documents in excess of 20 pages.

The translations of the relevant portions of non-English language documents are to be provided. If the USPTO Director determines that *ex parte* reexamination is unnecessary, the fee will be refunded. Only complete submissions will be entitled to a filing date, within three months of which the PTO “will determine whether a substantial new question of patentability affecting any claimed of the patent is raised by any of the times of information presented in the request.” Supplemental examination is to be carried out without interviews or amendments to the patent.

INTER PARTES TRANSITION

The AIA changed the standard for requesting *inter partes* reexamination to “a reasonable likelihood that the requester would prevail with respect to at least one of the claims challenged in the request” for all requests filed on or after the Act’s enactment date of September 16, 2011. A year after the passage of the Act, *inter partes* review replaces *inter partes* reexaminations. *Inter partes* reexamination was only available for patents issuing from applications filed on or after November 29, 1999.

Consistent with the statutory requirements, the USPTO published rules on September 23, 2011 revising the standard for granting *inter partes* reexamination requests from the substantial new question of patentability (SNQ) to the reasonable likelihood standard. 76 Fed. Reg. 59055 (September 23, 2011). These rules are applicable for the duration of *inter partes* reexaminations initiated between September 16, 2011 and September 16, 2012.

POST GRANT PROCEEDINGS

The AIA establishes the following new trial proceedings, which are to be conducted by the PTAB: (1) *inter partes* review, (2) post-grant review, (3) transitional program for business methods and (4) derivation proceedings. On August 14, 2012, the USPTO published final rules governing practice in front of the PTAB, *inter partes* review, post grant review and the transitional program for business methods as well as the Office Patent Trial Practice Guide.

Inter Partes Review

Inter partes review replaces *inter partes* reexamination effective September 16, 2012. *Inter partes* review is available for any patent filed on, before or after September 16, 2012. However, the Director of the USPTO has the authority to limit the number of *inter partes* reviews during the first four years.

A petition for *inter partes* review can be filed either (1) by the date that is nine months after grant of a patent or issuance of a reissue patent or (2) by the termination of post-grant review where such review was initiated. *Inter partes* review cannot be initiated when the petitioner is challenging the validity of the patent in court, when the review is requested more than one year after being served a complaint alleging patent infringement, or when the petitioner is estopped from challenging the claims on the grounds identified in the petition. Furthermore, *inter partes* review can only be based on patents, published applications or printed publications.

A petition for *inter partes* review has to specify: the specific statutory grounds under Section 102 (anticipation) or 103 (obviousness) on which the challenge to a patent claim is based; how the claim is to be construed; and how the claim is invalid under Section 102 or 103. Only when the petition raises “a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable” will *inter partes* review be instituted. An *inter partes* review culminates in a final determination no more than one year after institution of the proceeding (extendable by six months for good cause). A brief overview of *inter partes* reviews is shown below.

A final written determination in an *inter partes* review prevents (estops) the petitioner from subsequently asserting any ground of invalidity that was raised or could have been reasonably raised in the *inter partes* review in other Patent Office proceedings, civil actions or proceedings in front of the International Trade Commission.

Post-Grant Review

Post-Grant review is a proceeding that allows a validity challenge to an issued patent on any invalidity grounds within the first nine months after issuance of the patent. Post-grant review is only available for patents having an effective date on or after March 16, 2013, i.e. patents that are filed under the first-to-file rules. Similar to *inter partes* reviews, the Director of the USPTO has the authority to limit the number of post-grant reviews during the first four years.

A petition for post-grant review must be filed no later than nine months after the issue date of a patent “or of the issuance of a reissue patent.” Similar to *inter partes* review, a petition for post-grant review cannot be filed when the petitioner has challenged the validity of the patent in court or when the petitioner is estopped from challenging the validity of the claims. Only when the petition “demonstrate[s] that it is more likely than not that at least one claim challenged in the petition is unpatentable” will post-grant review be instituted. A post-grant review will result in a final determination no more than one year after institution of the proceeding (extendable by six months for good cause).

Like *inter partes* reviews, a final written decision in a post-grant review estops the petitioner from subsequently asserting any ground of invalidity that was raised or could have been reasonably raised in the post-grant review in other Patent Office proceedings, civil actions or proceedings in front of the International Trade Commission.

Transitional Program for Covered Business Methods

The transitional program for covered business method patents allows for post-grant review of certain patents but only if such review is filed between September 16, 2012 and September 16, 2020. The transitional program is applicable to covered business method patents filed on, before or after September 16, 2012. For first-to-invent covered business method patents, the transitional program is available even during the first nine months after the patent is granted.

The AIA defines a covered business method patent as a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” The Office’s definition for covered business methods was published under a separate rule.

Covered business method patents are only subject to the transitional program when the patent owner of such a patent sues for patent infringement or makes a charge of patent infringement for a patent. The USPTO’s rules define a charge for infringement to be “a real and substantial controversy regarding infringement” of the patent.

In such a situation, the accused infringer may petition the USPTO for proceeding under the transitional program. The petition must demonstrate that the patent is a covered business method and may include any grounds for invalidity except that grounds of invalidity raised under § 102 or § 103 are limited to 102(a) prior art that discloses the invention more than one year prior to the application for patent or art that would have been available under 102(a) had it been publically disclosed. If the Office proceeds with the petition, a decision will be issued no more than one year after filing (extendable by six months for good cause). The proceeding conducted under the transitional rules follows many of the rules for post-grant review. A more detailed overview of the proceedings is shown below.

Derivation Proceedings

As a result of the change from first-to-invent to first-to-file, the AIA established derivation proceedings. The new derivation proceedings will determine whether an inventor named in an earlier filed application derived a claimed invention from an inventor of a later filed application. Derivation proceedings are available only for claims having an effective date on or after March 16, 2013. The AIA provides for derivation proceedings in two situations: (1) issued patents, in which case a civil action has to be filed; and (2) a pending application, in which case a derivation proceeding is filed in front of the Patent Trial and Appeal Board.

Civil actions for a derivation proceeding can only be filed within one year of the issuance of a patent that “claims the same invention and has earlier an effective filing date” and “was derived from the inventor of the invention claimed in the patent owned by the person seeking relief.”

For a derivation proceeding to arise for a pending application, an application having a later filing date must publish and contain a “claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention.” Within a year of the publication date, the Applicant must petition for a derivation proceeding. Institution of a derivation proceeding is at the USPTO Director’s discretion and the Director’s decision is final and non-appealable. Once instituted, derivation proceedings are expected to last a year. The USPTO has not yet issued the final rules for derivation proceedings; they will be published separately.

General Procedure for Inter Partes Review, Post-Grant Review and Transitional Program for Covered Business Methods

The AIA mandates that the *inter-partes* review, post grant review and reviews under the transitional program for covered business methods are to be completed within a year after initiation (extendable by six months for good cause). See above. These proceedings are trial-like proceedings conducted in front of the PTAB, which include the opportunity for limited discovery and patent owner amendments to the claims.

The USPTO requires the lead counsel in such a proceeding to be a registered practitioner, but gives the PTAB discretion to allow *pro hac vice* admission of non-patent attorneys as secondary counsel.

All of these proceedings follow a similar timeline and similar procedures. The filing of a petition for a post-grant proceeding (*inter partes* review, post-grant review and the transitional program for covered business methods) with the USPTO is the preliminary step. In response to the petition, the patent owner can file a preliminary response no more than three months after the petition’s filing. The PTAB then determines whether the petition meets the threshold standards and subsequently initiates the proceeding. The steps involved in post-grant proceedings once initiated are briefly discussed below and are also illustrated in the Figure shown below.

Overview of <i>Inter Partes</i> Review, Post Grant Review and Covered Business Method Patents Review Proceedings (Based on Office Patent Trial Practice Guide, 77 Fed. Reg. 48768-69)			
	Description		Total Time since decision on petition to initiate review
	<ul style="list-style-type: none"> Decision on Petition for Post-Grant Review (no more than three months after preliminary response) 		
	<ul style="list-style-type: none"> Status Conference: the PTAB expects to initiate conference call within about one month to discuss scheduling order and any motions that parties anticipate to file 	About 1 month	
Due Date 1	<ul style="list-style-type: none"> Patent Owner post-institution response to petition Patent Owner post-institution motion to amend patent to overcome grounds of patentability raised in petition 	3 months	3 months
Due Date 2	<ul style="list-style-type: none"> Petitioner reply to patent owner response Petitioner opposition to patent owner amendment 	3 months	6 months
Due Date 3	<ul style="list-style-type: none"> Patent owner reply to petitioner opposition 	1 month	7 months
Due Date 4	<ul style="list-style-type: none"> Petitioner motion for observation regarding cross examination of reply witnesses Motion to exclude Request for oral argument 	3 weeks	7.75 months
Due Date 5	<ul style="list-style-type: none"> Patent owner response to observation Opposition to motion to exclude 	2 weeks	8.25 months
Due Date 6	<ul style="list-style-type: none"> Reply to motion to exclude 	1 week	8.5 months
Due Date 7	<ul style="list-style-type: none"> Oral Argument 	Set on Request	
	<ul style="list-style-type: none"> Final Decision 		12-18 months

Schematically, the time-line for these proceeding is shown on the following page.



PTO Summary Timeline for *Inter Partes* Review, Post-grant Review and Covered Business Method Review

PO = Patent Owner



Practice Guide for Proposed Trial Rules, 77 Fed. Reg. 6869 (Feb. 9, 2012) (available online at http://www.uspto.gov/aia_implementation/practice-guide_for_ptr.pdf)