

# FINNEGAN



## April 2010

### Patent Reform Continues to Focus on Post-Grant Challenges

Congress's long-running efforts toward a compromise on patent reform legislation took another turn last month. On March 4, the Senate Judiciary Committee released an amendment to that legislation. The amendment replaces the bill approved by the Committee on April 2, 2009, without requiring any further Committee action.

The amendment largely retains many of the provisions that have been a part of reform since its inception. They include, for example, "first inventor to file" legislation aimed at harmonizing U.S. laws with the patent laws of all other countries. The amendment also continues to address major issues relating to litigation, including damages reform and venue limitations, and focus on significant changes to post-grant challenges. This article summarizes "supplemental examination," a new procedure first provided for in this amendment, and significant changes to the "post-grant review" provisions that have been a part of patent reform for quite some time.

#### **Supplemental Examination**

The supplemental examination procedure responds to calls for inequitable conduct reform. Under this procedure, a patentee can request examination of a patent "to consider, reconsider, or correct information believed to be relevant to the patent." Within three months of that request, the Director of the U.S. Patent and Trademark Office (USPTO) will issue a certificate indicating whether the information raises "a substantial new question of patentability." If so, the Director will order patent reexamination.

The effect of supplemental examination is that a patent will not be held unenforceable on the basis of conduct relating to the information considered during the examination. The proposed

legislation provides exceptions to this inequitable conduct shield. For example, the shield will not apply to allegations of inequitable conduct pled prior to a supplemental examination request. The shield also will not apply to an inequitable conduct defense in a district court or ITC action unless the supplemental examination and any Director-ordered reexamination are concluded prior to the date the action is brought. To get the benefit of supplemental examination, therefore, a patentee should request supplemental examination and await its conclusion and any subsequent reexamination's conclusion, prior to filing an infringement action.

Supplemental examination practice would take effect one year after enactment of patent reform legislation and apply to any patent, including those issuing before enactment. Supplemental examination, therefore, may be an effective tool to bar an inequitable conduct allegation if the USPTO considers potentially material prior art and finds it does not raise a new question of patentability.

### **Changes to Post-Grant Review**

Our February 2010 issue of "Full Disclosure" described a post-grant review procedure proposed in the April 2009 legislation. (For that article, [click here](#).) That procedure provided for an administrative proceeding at the USPTO to challenge a patent's validity. The March 4, 2010, amendment includes several significant changes to the procedure.

For example, the proposed standard to institute a post-grant review has changed. Prior legislation required a grantable petition to raise *a substantial new question of patentability* of at least one claim, like the current reexamination proceedings. The current proposal appears to raise the post-grant review standard, requiring the petition to demonstrate that it is *more likely than not that at least one claim is unpatentable*. Alternatively, the proposal permits post-grant review if the petition raises a novel or unsettled legal question important to other patents or applications.

The legislative amendment also alters the proposed estoppels caused by a post-grant review. For example, a post-grant review petitioner may not request or maintain another USPTO proceeding with respect to a patent claim on any ground the petitioner *raised or reasonably could have raised* during the post-grant review. This estoppel may significantly limit the ability of a petitioner to file later reexamination requests, for example. The amendment retains a less-stringent estoppel that would apply to a later civil action, specifically that post-grant review would bar a petitioner from raising in a later civil action any invalidity ground *raised* in the post-grant review. Since this estoppel does not apply to grounds that *could have been raised*, a petitioner may want to include only certain grounds of invalidity in the petition, preserving perhaps stronger

validity challenges for a later civil action.

The proposed amendment also expounds on the effect of a post-grant review on other pending actions. For example, a post-grant review may not be instituted or maintained if (a) the petitioner filed a civil action challenging the patent's validity or (b) the post-grant review is requested more than three months after a petitioner is required to respond to an infringement action. In addition, a court may not stay a preliminary injunction motion based on a post-grant review request if the infringement action is filed within three months of a patent's issuance.

As proposed, the post-grant review provisions take effect one year after enactment of patent reform legislation and apply only to patents issued after enactment. In a change that will undoubtedly initially affect the amount of post-grant reviews, the proposed legislation provides authority to the Director to limit the number of post-grant reviews during the first four years after the provisions take effect. So, for the five years following patent reform's enactment, we may see a limited number of reviews as the USPTO prepares for post-grant review.