

# Drafting to Avoid the Order for Reexam / Review

**Tim Bianchi, MSEE, JD**

Schwegman, Lundberg & Woessner, P.A.

2011 Midwest IP Institute

# Overview

- Why Reexam? Why Post Grant Review?
- Old Reexamination Practice
- Patent Reform – Post-Grant Review & *Inter Partes* Review
- Strategic Considerations Concerning PGR and *Inter Partes* Review
- Claim Drafting Hypotheticals for avoiding the Order for Reexam / Review and Concerning Damages
- Discussion & Questions

# Why You Might Care about Reexam/Review

- Cost to defend reexam/review
- Chance of loss of rights for technical failure
- Delay in getting damages
- Stay in litigation
- Loss of litigation and fees
- “Twilight Zone” of Licensing
- Intervening Rights
- *Therasense*

# Why Reexam?

- *Ex Parte* Reexam Statute - 1981
- *Inter Partes* Reexam Statute – AIPA of 1999
- CRU – born 2005
- *KSR v. Teleflex* – (S.Ct. 2007)
- Stays
- 85% of patents are amended in reexam

# Why PGR?

- Harmonization
- Trolls + EDTX Rocket Docket
- Opportunity to review patentability on grounds not accepted in reexam and before resorting to litigation
- To improve patent quality

# Former Reexam Practice

Before Patent Reform

# Former Reexamination Practice

- Common Aspects of *Ex Parte* Reexamination and *Inter Partes* Reexamination
  - Conducted by the Central Reexamination Unit
  - Conducted with “Special Dispatch”
  - Largely limited to 102 and 103 rejections, unless claims are amended
  - Limited to printed publications and patents
    - Declaration evidence liberally employed
  - No broadening of claims
  - No termination at request of parties (except will terminate upon final judgment of invalidity)

# Differences in *Ex Parte*/*Inter Partes*

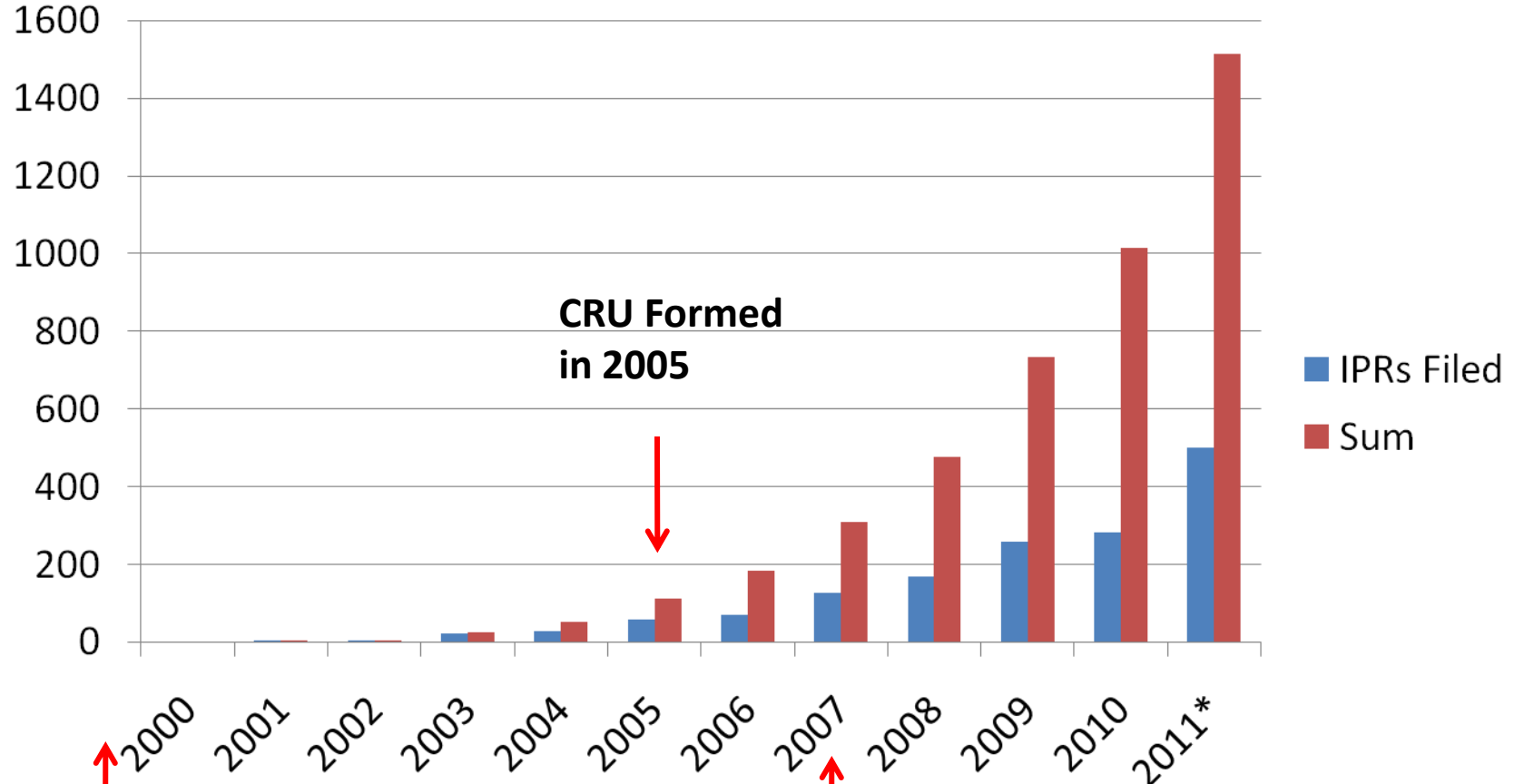
## ***Ex Parte* Reexam**

- PO can interview the matter
- 3PR files request and is largely done
- PO can appeal
- No formal estoppel

## ***Inter Partes* Reexam**

- No right of interview
- 3PR can respond throughout
- Both parties can appeal
- Estoppel to anything raised or that could have been raised
  - After final determination of validity/patentability & certificate issuance

# IPR Requests Over last Decade



**AIPA of 1999**  
9/23/2011

**KSR Decision**  
April 30, 2007

Tim Bianchi - Midwest IP Institute 2011

\*Estimated 500 based on 271 filings by mid-2011

# More on *Ex Parte/Inter Partes*

## ***Ex Parte* Reexam**

- One way to perform preemptive reexam by Patent Owner
- Patent Owners benefit from a right to interview

## ***Inter Partes* Reexam**

- Not available to the Patent Owner
- 3PRs benefit from being able to participate all the way through the proceeding
- Post-*KSR* has become very popular tool of patent correction (even with estoppel provisions)

# Old Schema

- *Inter partes* reexamination, *ex parte* reexamination, and litigation can occur at any time relative to each other
- Ability to stay litigation within the discretion of the court and depends on:
  - whether a reexamination is ordered
  - when the reexamination is filed in the course of the litigation
  - whether it will simplify issues for trial
  - whether it will prejudice the nonmoving party

# Post-Grant Review and *Inter Partes* Review

Patent Reform

# New Schema with PGR

- Post-Grant Review can be petitioned within 9 months of grant
  - Must be petitioned by Petitioner (PR) before a DJ is filed by PR or petition is denied
  - DJ after PGR may result in automatic stay pending PGR
- *Inter partes* reexamination morphs into *inter partes* review and must follow any filed PGR (or 9 months if no PGR filed)
- PGR and IPReview will be decided by a 3 ALJ panel of the Patent Trial and Appeals Board (“PTAB” not “BPAI”)
- *Ex parte* reexamination can occur at any time

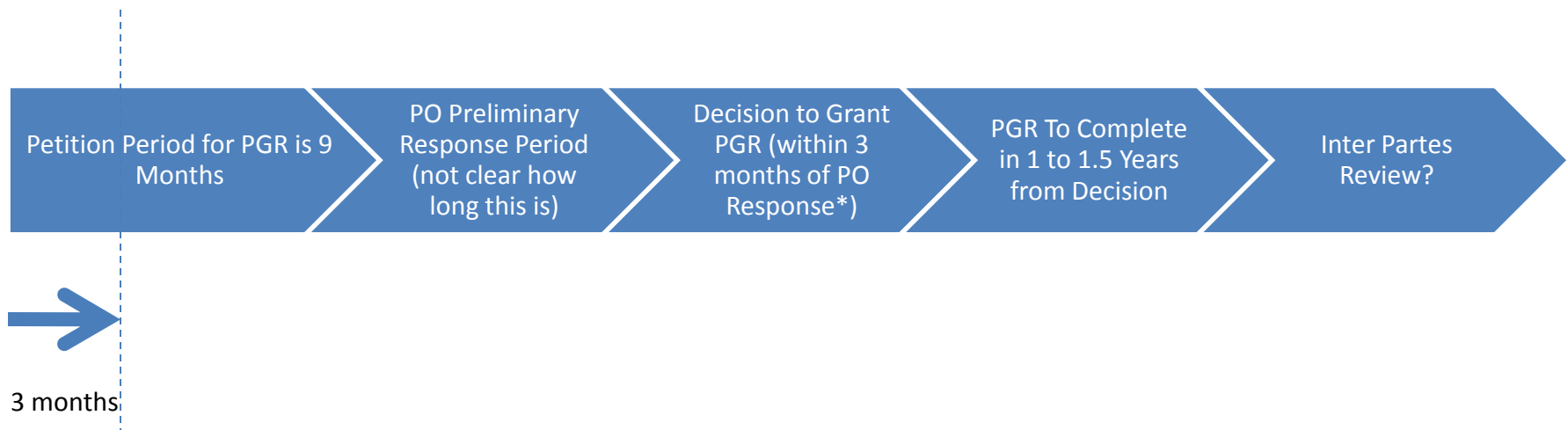
# To Initiate a Proceeding

Post-Grant Review	Inter Partes Review	Ex Parte Reexam
More likely than not that at least 1 of the claims challenged is unpatentable OR Petition raises a novel or unsettled legal question important to other patents/applications	Director determines that there is a reasonable likelihood that Petitioner will prevail w.r.t. at least 1 claim challenged	Substantial New Question of Patentability
Must be Petitioned within 9 months of Issue of the Patent	Must wait until later of 9 months after Issue or completion of ordered PGR  AND must be less than one year after served with infringement complaint	No timing limitations

# Order & Timing

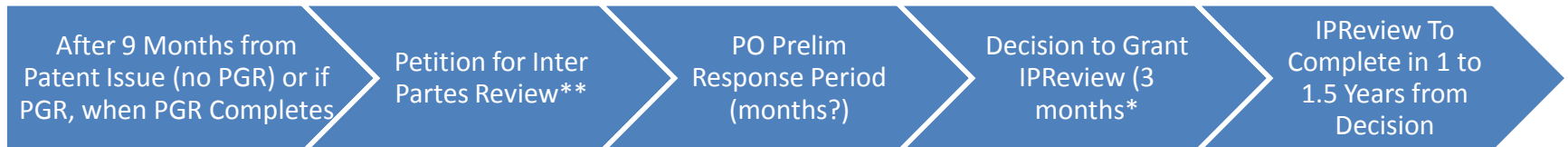
- Options:
  - PGR
    - Don't file for DJ before filing for PGR or PGR will be denied
    - Filing DJ action on or after PGR Petition filing date will automatically stay DJ action\*
  - OR Skip PGR, wait 9 months and IPReview
    - Must IPReview within 1 year of Litigation or lose the right to IPReview (Similar DJ provisions)
  - Can EPR any time (but may result in merger with other proceeding)
    - (\*In House-passed version for Senate approval)

# PGR Timeline



If PO sues alleging infringement within 3 months of patent grant, a court cannot stay its decision for Preliminary Injunction on the basis of a PGR filing or institution. Stay is lifted if PO sues alleging infringement (can be counterclaim) or moves to lift stay.

# IPReview Timeline



\*\* no IPReview if greater than 1 year from when Petitioner+Privy or RPI is served with complaint alleging infringement of the patent

# Estoppel

Post-Grant Review	Inter Partes Review	Ex Parte Reexam
<p>Estoppel in the Office: -if final written decision re a claim, and w.r.t. that claim on any ground <i>Petitioner raised or reasonably could have raised</i> during the PGR</p> <p>Estoppel in Civil Actions: -(same)</p>	<p>Estoppel in the Office and in Civil actions is essentially the same standard as for PGR, but pertains to issues in the IPReview instead of the PGR)</p>	<p>None</p>

# Bases of Review in PGR

Possible Bases of Unpatentability  
in Post-Grant Review (Patent Invalidation)

Bases of  
Unpatentability  
Available in  
Reexam/IP Review

# Scope of Estoppel in PGR v. Reexam

Bases of Unpatentability “Made or Could Have Been Made” in the Post-Grant Review (Patent Invalidation)

Bases of Unpatentability  
“Made or Could Have  
Been Made” in Reexam /  
IP Review

# Amendments

- 35 USC 326(d)/316(d)
  - PO gets 1 motion to amend by
    - Cancellation of any challenged claim
    - For each challenged claim, propose a reasonable number of substitute claims
  - Additional Motions to Amend
    - Only by joint request of PR and PO in settlement
    - By request of PO upon showing of good cause/(rules of director for IPReview)
  - Must be narrowing and cannot introduce new matter

# Rules Promulgation for PGR

- Director must make rules – Sec. 326/316
  - Discovery of relevant evidence related to factual assertions advanced by either party in the proceeding
  - Sanctions for discovery abuse
  - Providing for protective orders
  - PO response rules
  - PO amendment rules to cancel a challenged claim or propose a reasonable number of substitute claims
  - Providing either party right to an oral hearing
  - Requiring the PGR to be done 1 year after decision to conduct PGR
    - Extendable up to 6 months and adjustable for joinder
  - The Patent Trial and Appeal Board (PTAB) shall conduct each PGR

# Supplemental Examination

- Patent Owner may request supplemental examination after grant
  - To consider, reconsider, or correct information believed to be relevant to the patent
    - Not a generally a basis for unenforceability
      - Must conclude supplemental examination & reexam before infringement action
  - If SNQP (substantial question of patentability) raised, then basically *ex parte* reexamination is ordered (No Patent Owner's Statement)

# Business Method & Sec. 18

- Provides a transitional PGR-like option to challenge “covered business method patents”
  - No 9 month rule; has 8 year sunset
  - Petitioner or its Privy or RPI must be sued for patent infringement or charged with patent infringement of that patent
  - Definition of “covered business method patent”
    - 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 the term does not include patents for technological inventions

Strategic Considerations Concerning  
Post Grant Review and *Inter Partes*  
Review

# PGR Considerations

- Can I afford motion practice?
- Do I want/need claims cancelled quickly?
- Do I have grounds for unpatentability relating to more than printed publications and 102/103 rejections?
  - Examples: 102 Offer of sale grounds or 112 grounds?
- Would I rather present in front of the PTAB instead of the CRU (EPR) or a jury (litigation)?
  - Is the evidence best presented to a 3 ALJ panel?
- Will the PGR challenge the patent claims of interest and any narrower claims that could be presented by amendment?
  - Alternatively, are future damages not a concern?
- Will PGR challenge claims in issuing continuation during ongoing parallel litigation with related patent? (constrain continuation threat)

# *Inter Partes* Review

- Same, except it can only be based on printed publications and patents, and mainly only challenged on 102/103 grounds

# You May Not Want PGR or IPReview if .

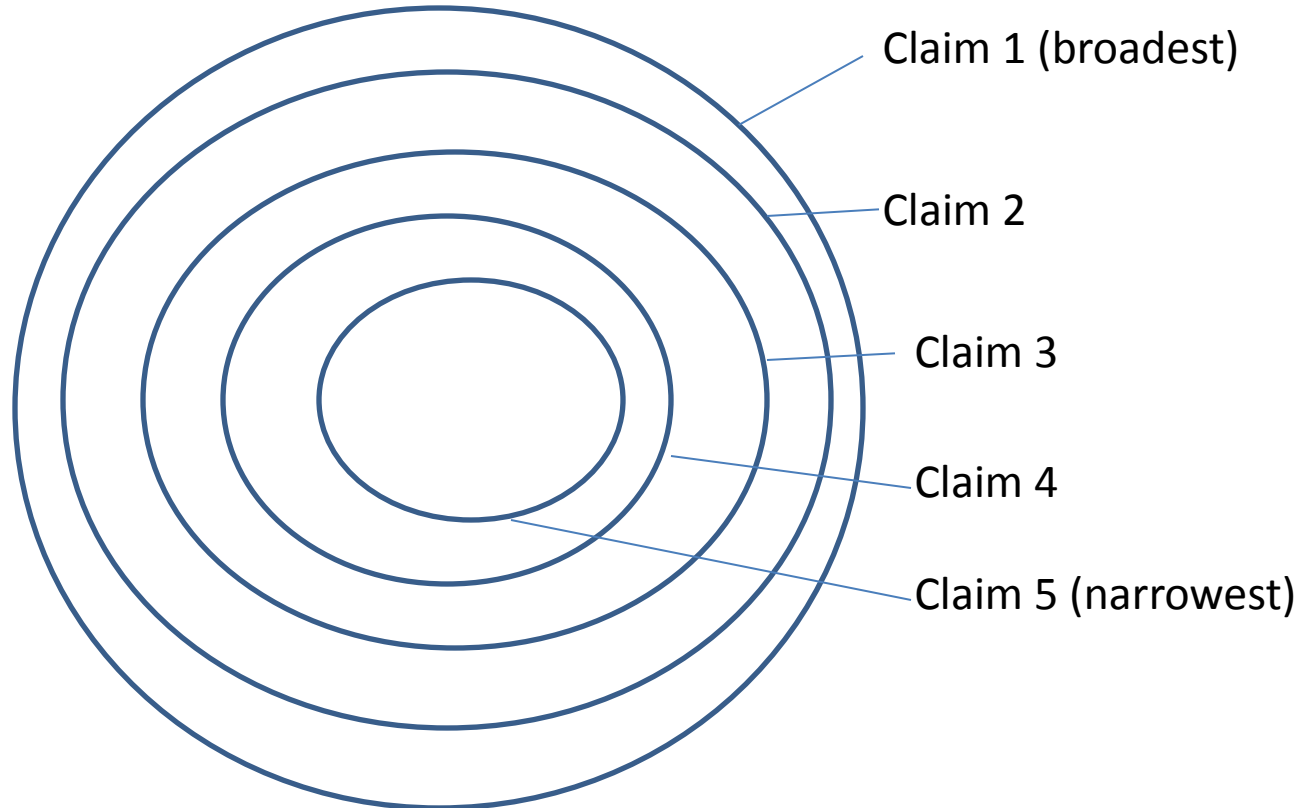
• •

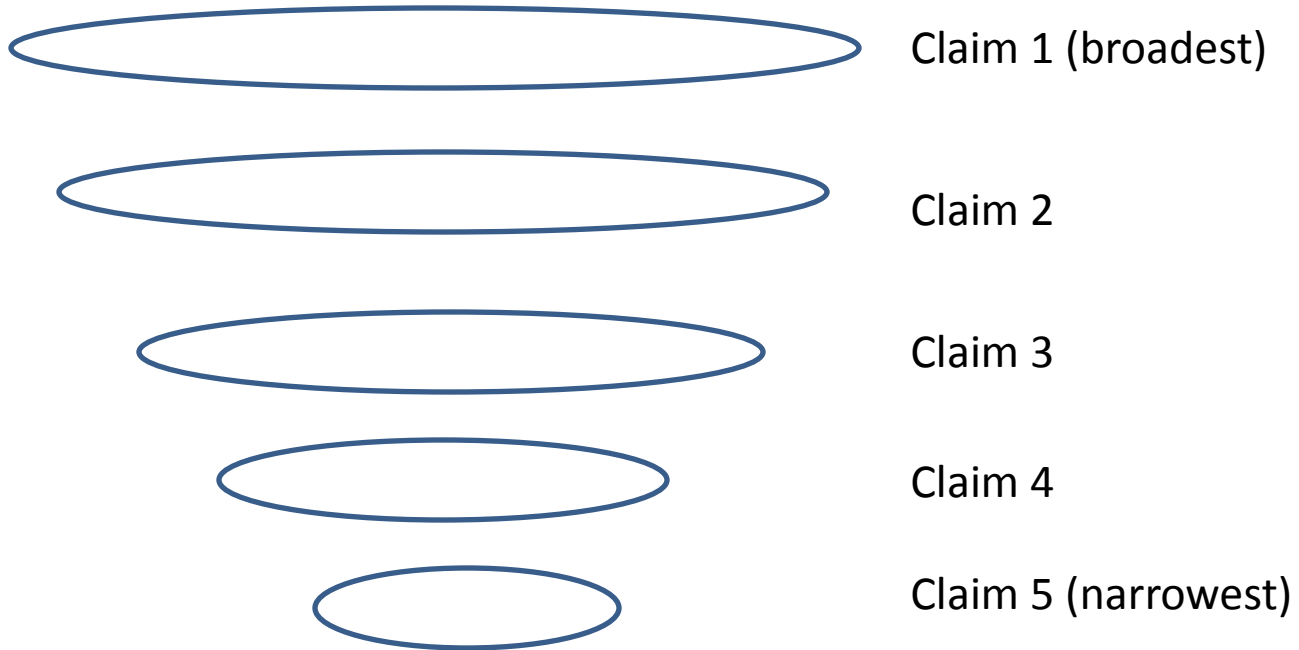
- You don't want the PO to know you care about the patent
  - Might signal that you are an infringer
- You are unsure if you can prevail on cancellation of the relevant claims
- You are unsure if you can prevail on the cancellation of narrower claims added by amendment
- You believe that the patent claims are so defective that past damages are very likely lost by PO
- You don't want to incur the cost of a motion practice
  - May want to EPR
- Not enough time to prepare a PGR Petition or IPReview

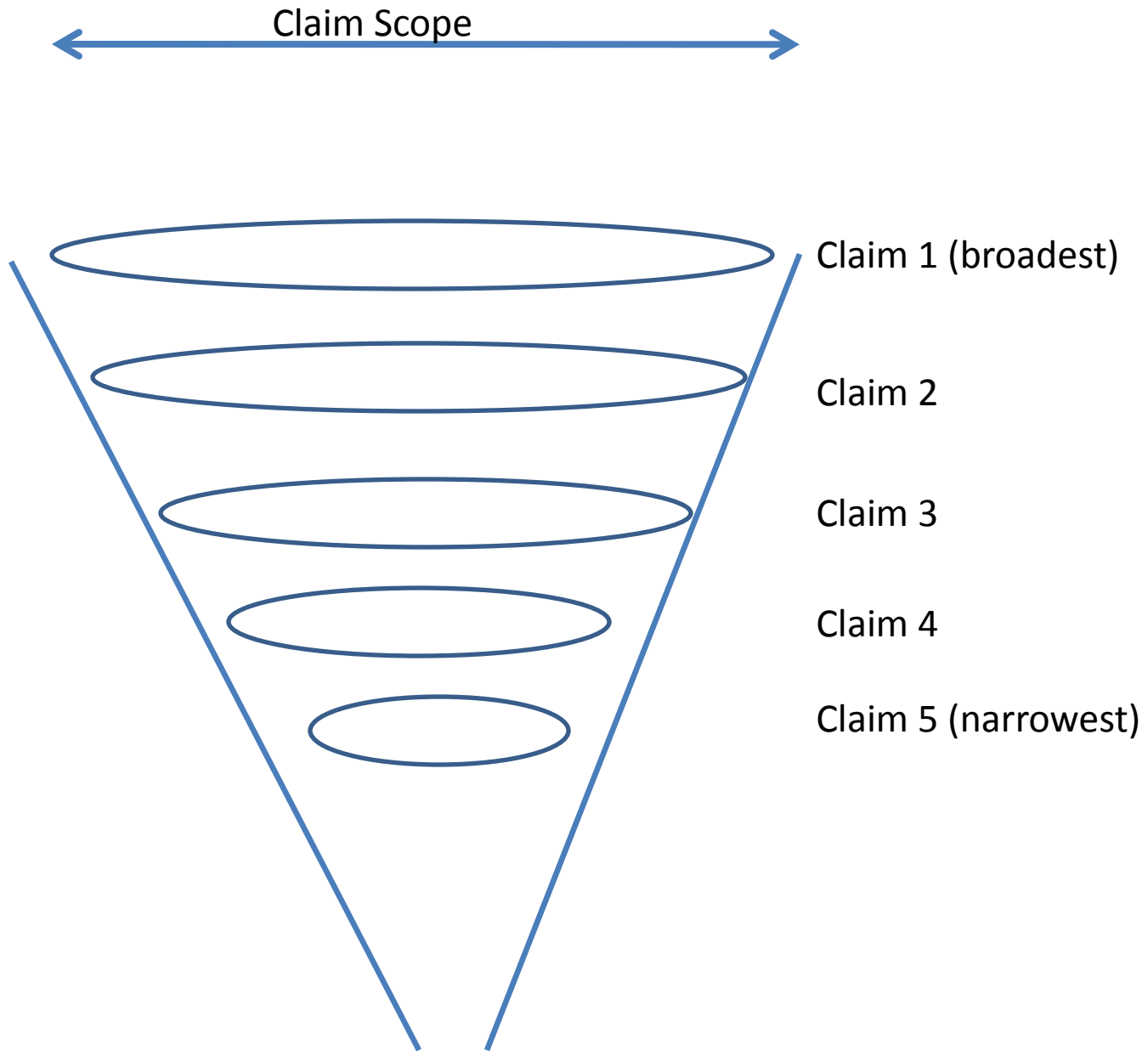
# *Ex Parte* Reexamination

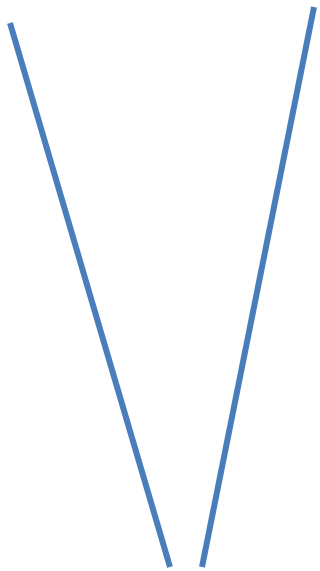
- You may want to EPR if:
  - Preemptive reexam by PO
  - You missed the timing requirements for PGR and IPReview
  - Cost of PGR and IPReview is too high
  - You prefer the CRU over the PTAB
  - You want to remain anonymous
  - You cannot justify the possible estoppel associated with PGR/IPReview

# Drafting Hypotheticals

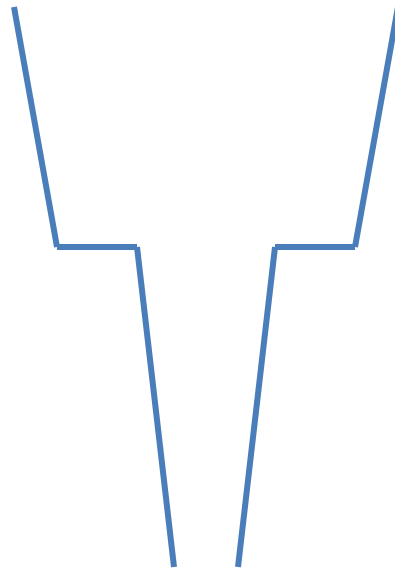




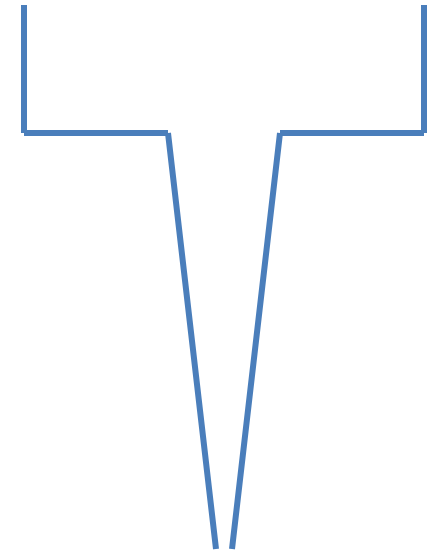




Progressively narrower



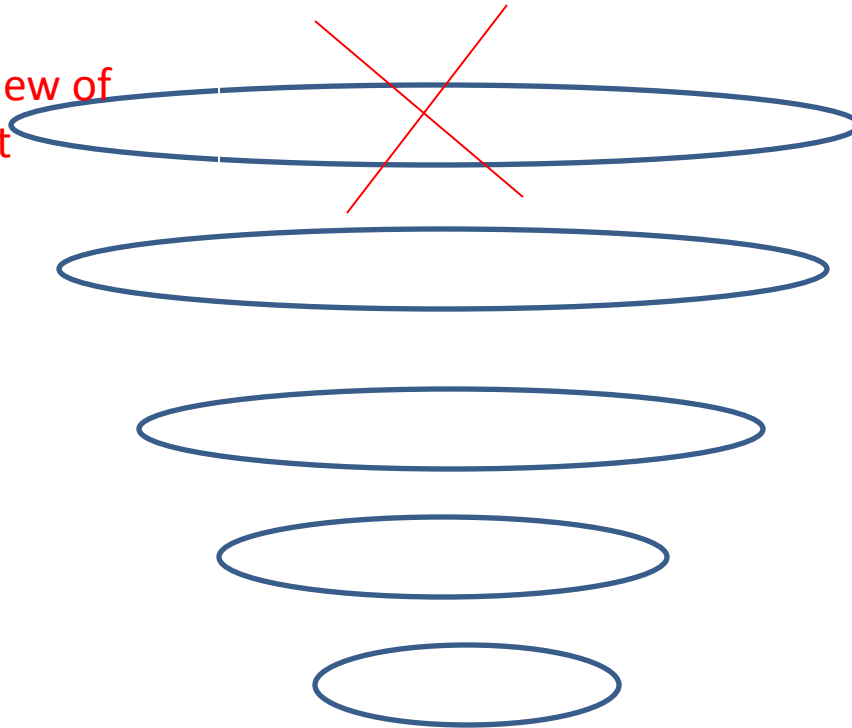
Progressively narrower with abrupt step in middle of dependent claim chain



Abruptly narrower claim 2 of dependent claim chain



Claim 1 invalid in view of  
new found prior art



Claim 1 (broadest)

Claim 2

Claims 2-5  
survive

Claim 3

Claim 4

Claim 5 (narrowest)



Claim 1 (broadest)



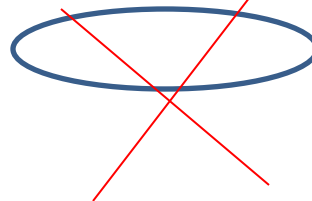
Claim 2



Claim 3

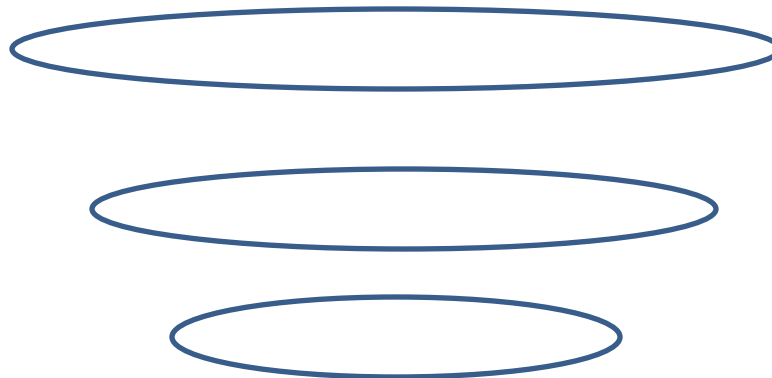


Claim 4



Claim 5 (narrowest)

Claims 5 and narrower have no commercial use as they are too narrow



Claim 1 (broadest)

Claim 2

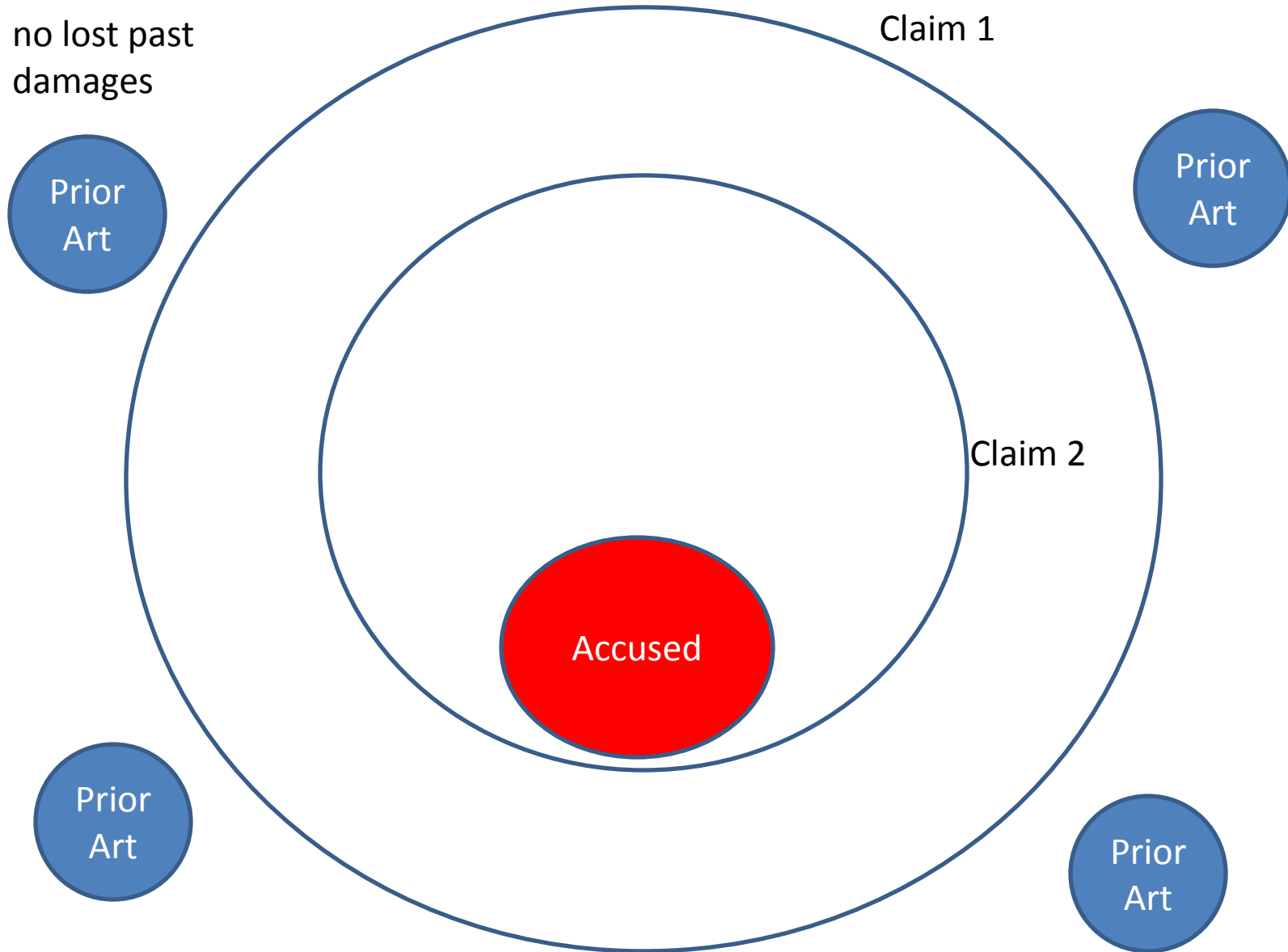
Claims 2-4 are  
commercially  
relevant

Claim 3

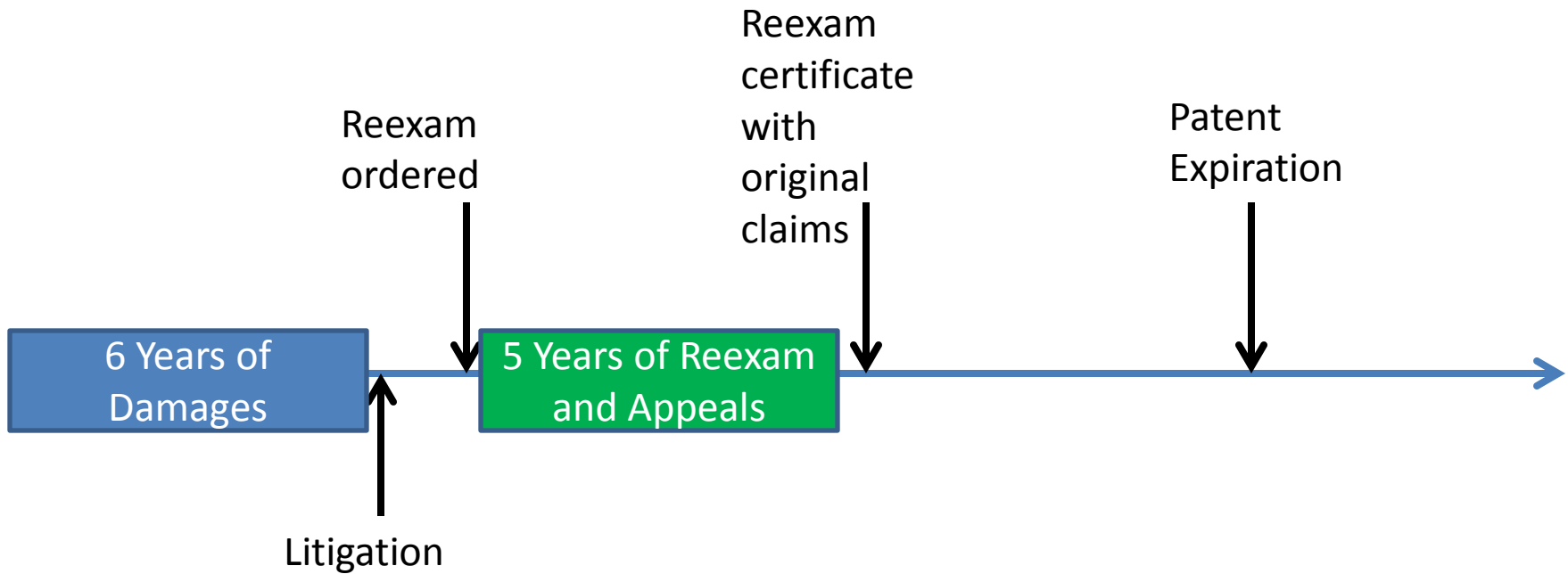
Claim 4

Claim 5 (narrowest)

“Ideal” Situation –  
no lost past  
damages



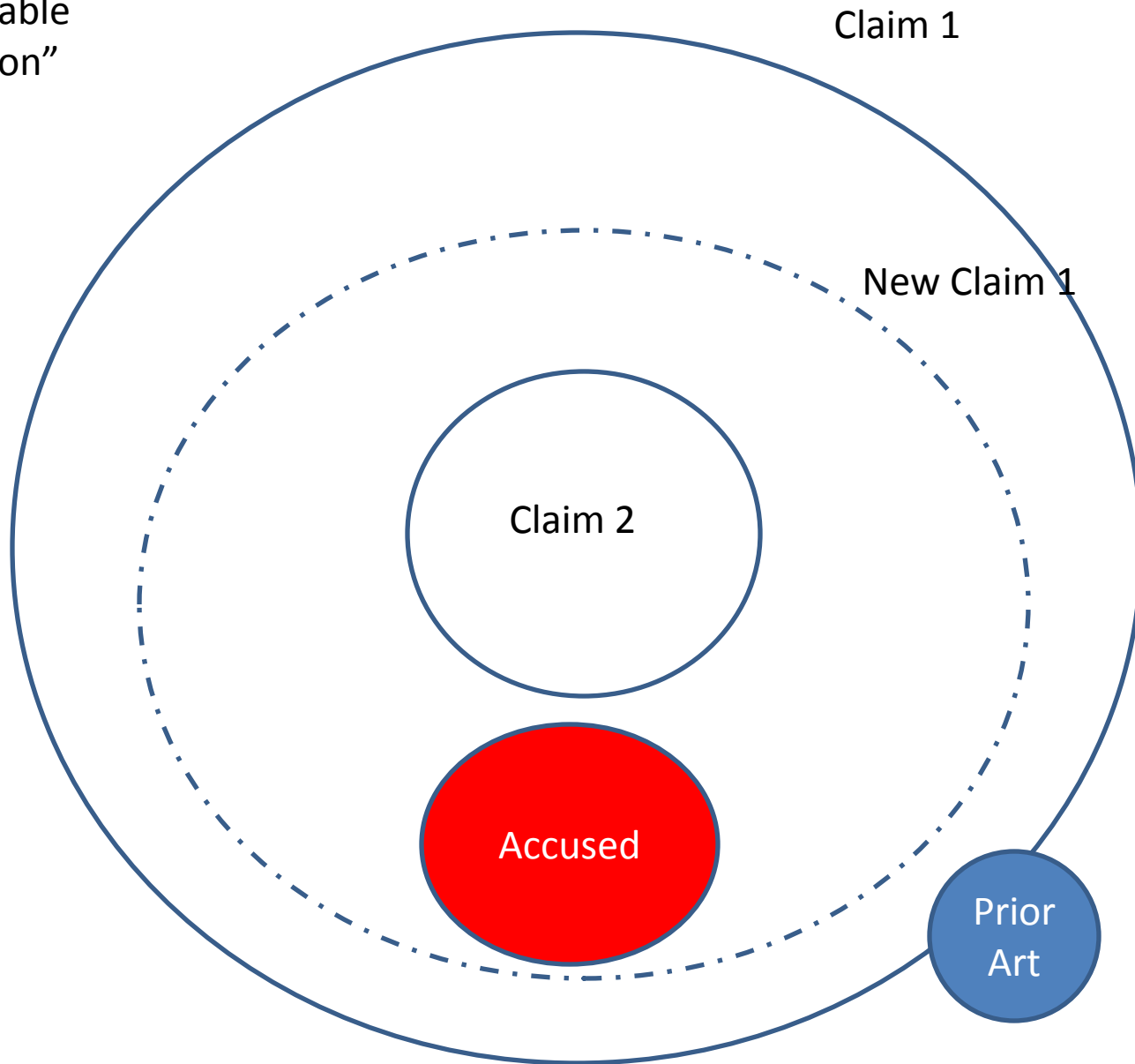
# Past Damages with No Amendments



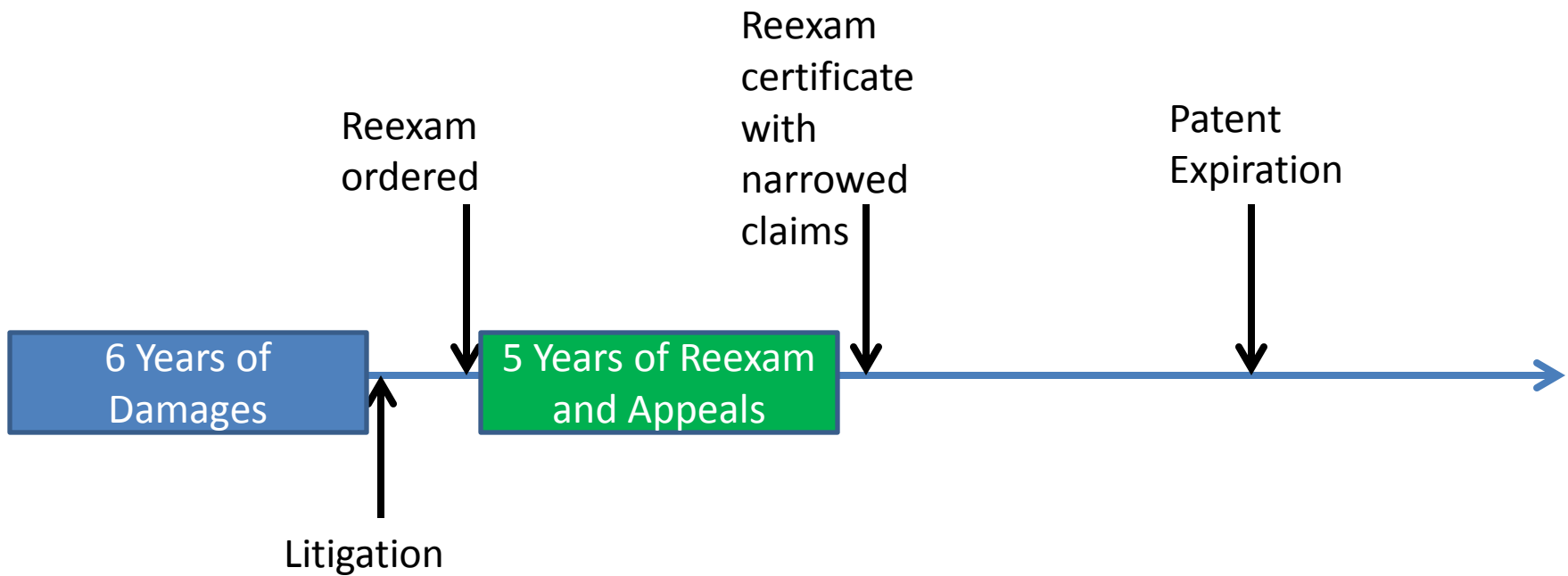
---

Potential Damages

“Workable Situation”



# “Past Damages” with Substantive Amendments



-----  
Potential Damages if no original dependent claim infringed (subject to intervening rights)

---

Potential Damages if original dependent claim infringed

# Drafting to Avoid the Order

- Good prior art search
- Dependent claims are the friends of past damages
- Thorough examination
- Reduction of claim defects and ambiguity
- “Right-sized” claims and relevant claims

# Possible Ramifications of Ordered Reexam/Review

- Cost to defend reexam/review
- Chance of loss of rights for technical failure
- Delay in getting damages
- Stay in litigation
- Loss of litigation and fees
- “Twilight Zone” of Licensing
- Intervening Rights
- *Therasense*

- Tim Bianchi
- [www.ReexamLink.com](http://www.ReexamLink.com)
- (612) 373-6912