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SPECIAL POST-GRANT PROCEEDINGS ISSUE

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The PTAB in 2014: Highlights from the Second Year of Post-Issuance Proceedings

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Two years ago, the Leahy-Smith America Invents Act ("AIA") introduced new administrative proceedings allowing third parties to challenge the validity of issued patent claims in the United States Patent and Trademark Office ("PTO"). These new "post-issuance proceedings" include inter partes review, covered business method patent review, and post-grant review. Post-issuance proceedings are administered by the PTO's Patent Trial and Appeal Board ("PTAB").

The new post-issuance proceedings have been enormously popular since their inception in 2012. According to PTO statistics, over 2000 petitions for inter partes review and over 250 petitions for covered business method review have been filed since those proceedings became available two years ago. During fiscal year 2014 alone,[1] 1,310 petitions for inter partes review, 177 petitions for covered business method review, and two petitions for post-grant review were filed. In the current fiscal year,[2] as of January 15, 2015, 504 petitions for inter partes review, 52 petitions for covered business method review, and one petition for post-grant review have been filed.

This article explores some of the issues that emerged in 2014 with regard to the new post-issuance proceedings. For example, the Federal Circuit addressed the issue of whether the PTAB's decision to grant or deny a petition for inter partes review is appealable in three companion orders issued on April 24, 2014. The Federal Circuit also heard oral argument in the appeal of the PTAB's final decision on patentability in the very first inter partes review proceeding instituted under the AIA. In the area of covered business method review, the PTAB began to apply the Supreme Court's 2014 decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*[3] to determine whether challenged claims are directed to a patent-ineligible abstract idea. The PTAB also received the first two petitions for post-grant review in 2014, with the floodgates expected to open as thousands of patents eligible for post-grant review begin to issue in 2015 and beyond.

I. Inter Partes Review

Inter partes review ("IPR") provides an opportunity to challenge an issued patent as anticipated and/or obvious under 35 U.S.C. §§ 102 and/or 103 based upon prior art patents or printed publications. Any party other than the patentee may file a petition requesting that the PTAB institute an IPR.[4] If a party is served with a complaint for patent infringement, the party may request inter partes review of the patent(s)-in-suit within one year after being served with the complaint.[5] An IPR petition will be time-barred

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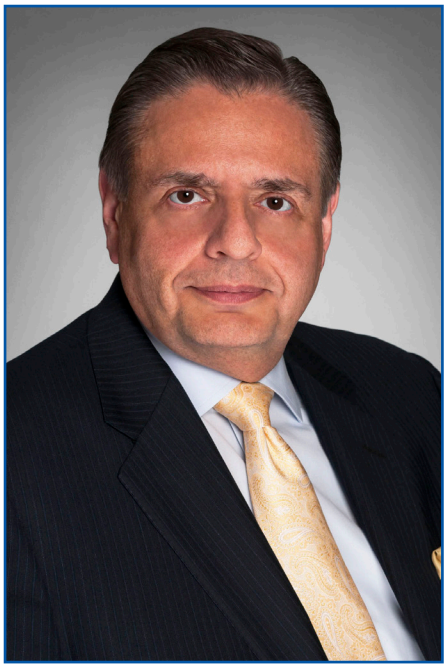
PRESIDENT'S CORNER

Few changes in patent law and practice have had as profound an effect on the practice of patent law as the institution of post-issuance proceedings under the America Invents Act (AIA). Recent statistics suggest that litigation in federal courts is down significantly from this time last year, while the number of post-issuance proceedings that have been instituted under the AIA has skyrocketed. This issue of the Bulletin is devoted to various aspects of these proceedings.

This issue include articles highlighting recent developments in post-issuance practice, comparing validity challenges in the USPTO, the EPO, and federal courts, discussing the possibility of potentially inconsistent results emanating from federal courts and the PTO in Hatch-Waxman litigation, commenting on the interplay between declaratory judgment actions and covered business method (CBM) petitions, and offering a Canadian perspective on post-issuance proceedings. As always, our articles will present a comprehensive and informative exchange of ideas.

Of course, this issue will not be the first NYIPLA activity to focus on post-issuance proceedings. On December 11, 2014, the Association presented a program featuring Lead Administrative Patent Judge Michael Tierney of the Patent Trial and Appeal Board (PTAB), and we also sponsored a roundtable including law firm and corporate representatives as well as Lead Administrative Patent Judges Thomas L. Giannetti and Grace K. Obermann. Finally on this subject, as announced in my column in the previous issue, the Association will be presenting at the Judges Dinner its Outstanding Public Service Award to Chief Administrative Patent Judge James D. Smith of the PTAB.



In addition to programs and publications directed to post-issuance proceedings and the PTAB, the Association continues its tradition of presenting a diverse range of programs. On February 12, 2015, the NYIPLA in conjunction with the NJIPLA hosted a seminar on intellectual property protection in China, which was extremely well attended and well received. The Young Lawyers Committee sponsored a happy hour on February 24, and the Law Firm Management Committee sponsored a program on March 10 relating to creating and managing alternative fee arrangements in intellectual property cases, a subject that is becoming particularly relevant to the practice of many of our members.

In what may be a first for the Association, a delegation of officers went to Washington, D.C., on February 10th and 11th to meet with members of the staffs of influential senators and congresspeople on the subject of patent reform legislation. The Legislative Action Committee, working with our government relations consultant, American Continental Group, has been working to express the Association's position as an organization of experienced practitioners who represent large companies, small companies, technology companies, pharmaceutical companies, individuals, universities, plaintiffs, and defendants. It is our hope to explain to Congress the practical consequences and effects of proposed patent reform legislation. More information on patent reform legislation is and will become available on our website, www.nyipla.org. For now, it is safe to say that the insight that we have gained into the workings of our national legislature is fascinating and informative.

By the time this issue reaches your hands, the Judges Dinner and its associated events will already have happened. I will summarize the festivities in the next issue.

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after the one-year period has expired. A party will also be barred from filing an IPR petition if the party previously filed a civil action challenging the validity of the patent at issue.[6]

A petition for IPR must include an identification of the real parties in interest, the claims being challenged, an explanation of the grounds of unpatentability for those claims, copies of the evidence relied upon with an explanation of the relevance of that evidence and payment of a fee.[7] The petition may include testimonial evidence such as expert declarations. The patent owner may file a preliminary response.[8] The patent owner may not include testimonial evidence in its preliminary response, but may file such evidence later in the proceedings, if IPR is initiated.[9]

The PTAB will institute an IPR proceeding if the petition demonstrates a reasonable likelihood that the petitioner would prevail on at least one of the challenged claims.[10] In its decision to institute IPR, the PTAB may narrow the issues and may choose to institute IPR as to some or all of the challenged claims.[11] If IPR is instituted, the PTAB will issue a scheduling order.[12] Typically, an IPR scheduling order will provide the patent owner three months to perform (limited) discovery and to respond to the grounds of unpatentability. After discovery, the parties typically appear at an oral hearing before a panel of three administrative patent law judges.[13] The schedule may permit a short period for the filing of motions prior to the oral hearing. After the oral hearing, the PTAB will prepare a final written decision on the patentability of the challenged claims. A final decision on patentability will typically issue within 16-18 months after the IPR petition is filed. It should be noted that upon the issuance of a final decision, estoppel will apply for the party who requested IPR. That is, after a final decision, the requesting party will be estopped from making any argument that it raised or reasonably could have raised during the IPR proceeding.[14] This estoppel applies in proceedings before the PTO, civil actions and proceedings before the International Trade Commission.

Alternatively, the PTAB may deny the petition to institute IPR if the petition fails to demonstrate a reasonable likelihood that the petitioner would prevail on at least one of the challenged claims. The Federal Circuit addressed the question of whether the PTAB's decision to grant or deny a petition to institute IPR is appealable in three cases in 2014.

A. The Federal Circuit Held That Only a "Final Written Decision" on Patentability May Be Appealed

On April 24, 2014, the Federal Circuit issued orders dismissing appeals of the PTAB's decisions on the institution of IPR proceedings in the following cases: (1) *St. Jude Medical v. Volcano Corp.*; (2) *In re Dominion Dealer Solutions*; and (3) *In re Procter & Gamble*.[15] In *St. Jude Medical* and *In re Dominion Dealer*, the Federal Circuit held that the PTAB's decision *not* to institute IPR is not appealable. In *In re Procter & Gamble*, the Federal Circuit held that a decision *to* institute IPR is also not appealable, at least in the absence of a "final decision" on the patentability of the claims at issue.[16]

St. Jude Medical began as a patent infringement suit filed in the United States District Court for the District of Delaware. St. Jude sued Volcano for infringement of five patents on July 27, 2010.[17] Volcano filed an answer on September 20, 2010, asserting a counterclaim for infringement of its U.S. Patent No. 7,134,994 ("the '994 patent").[18] On October 22, 2012, the district court dismissed all claims relating to the '994 patent upon stipulation of the parties.[19]

On April 30, 2013, St. Jude filed a petition for IPR of the '994 patent in the PTAB.[20] The PTAB denied St. Jude's petition for IPR because it was not filed within the one-year period set forth in 35 U.S.C. § 315(b), which provides:

> (b) PATENT OWNER'S ACTION – An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

The PTAB held that Volcano's counterclaim alleging infringement of the '994 patent was "a complaint alleging infringement of the patent" within the meaning of section 315(b) and thus triggered the one-year time limit for St. Jude to file an IPR petition.[21] St. Jude's IPR petition was time-barred because it was filed more than one year after the assertion of its counterclaim of infringement of the '994 patent. In its decision, the PTAB relied upon the legislative history of section 315(b), noting:

> The legislative history of 35 U.S.C. § 315(b) indicates that Congress intended *inter partes* reviews to "provid[e] quick and cost effective alternatives to litigation." H.R. Rep. No. 112-98 at 48 (2011). The legislative history indicates also that 35 U.S.C. § 315(b) was intended to set a "deadline for allowing an accused infringer to seek inter partes review after he has been sued for infringement." 157 Cong. Rec. S5429 (daily ed. Sep. 8, 2011) (statement of Sen. Kyl). The deadline helps to ensure that *inter partes* review is not used as a "tool[] for harassment" by "repeated litigation and administrative attacks." H.R. Rep. No. 112-98 at 48 (2011). Allowing such attacks would "frustrate the purpose of the section as providing quick and cost effective alternatives to litigation." *Id.*

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> Nothing in the legislative history indicates that Congress intended to apply the § 315(b) time limit to some, rather than all, accused infringers. Construing "complaint" in § 315(b) restrictively, to exclude counterclaims that present allegations of infringement, would have just that effect. It would leave a patent open to serial attack, even after years of patent infringement litigation, in the event that the accused infringer is accused of infringement only via a counterclaim. That interpretation would frustrate Congressional intent, and would lead to unjustified discrimination among otherwise similarly-situated accused infringers.[22]

St. Jude appealed to the Federal Circuit the Board's decision not to institute the IPR. Both Volcano and the Director of the PTO moved to dismiss St. Jude's appeal.[23] The Federal Circuit dismissed the appeal, applying 35 U.S.C. § 314(d). The Federal Circuit held that it may not hear appeals from the Director's denial of a petition for IPR, and an appeal to the Federal Circuit of a decision on IPR lacks jurisdiction *unless the Board institutes trial*.

The Federal Circuit noted:

> Chapter 31 authorizes appeals to this court only from "the final written decision of the [Board] under section 318(a)." [35 U.S.C.] § 319. Likewise, section 141(c) in relevant part authorizes appeal only by "a party to an *inter partes* review . . . . who is dissatisfied with the final written decision of the [Board] under section 318(a)." *Id.* § 141(c). What St. Jude now challenges, however, is the Director's non-institution decision under section 314(a) & (b). That is not a "final written decision" of the Board under section 318(a), and the statutory provisions addressing *inter partes* review contain no authorization to appeal a non-institution decision to this court . . . . The statute thus establishes a two-step procedure for *inter partes* review: the Director's decision whether to institute a proceeding, followed (if the proceeding is instituted) by the Board's conduct of the proceeding and decision with respect to patentability. The statute provides for an appeal to this court only of the Board's decision at the second step, not the Director's decision at the first step.
>
> In fact, the statute goes beyond merely omitting, and underscoring through its structure the omission of, a right to appeal the non-institution decision. It contains a broadly worded bar on appeal. Under the title, "No Appeal," Section 314(d) declares that "[t]he determination by the Director whether to institute an inter partes review under this section shall be final and non-appealable." *Id.* § 314(d). That declaration may well preclude all review by any route, which we need not decide. It certainly bars an appeal of the non-institution decision here.[24]

In re Dominion Dealer also began as a patent infringement suit filed in United States District Court. AutoAlert, Inc. sued Dominion Dealer Solutions in the United States District Court for the Central District of California on October 1, 2012,[25] alleging infringement of five patents directed to systems and methods for alerting a car dealership when a new lease or sale opportunity seems a good fit for a past customer. Dominion timely filed petitions for IPR of the five patents owned by AutoAlert.[26] The California district court stayed the infringement case pursuant to section 315(a)(2).[27]

The PTAB denied Dominion's petition to institute IPR, citing 35 U.S.C. § 314(a).[28] The Board explained that none of Dominion's petitions showed "a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged."[29] Dominion filed a request for rehearing, arguing that unrebutted evidence demonstrated a reasonable likelihood that the challenged claims are invalid. The PTAB denied rehearing.[30]

Dominion then filed suit in the United States District Court for the Eastern District of Virginia in October 2013 challenging the PTAB's decision under the Administrative Procedure Act ("APA").[31] The Eastern District of Virginia dismissed the action for lack of jurisdiction, concluding that an APA action constituted an "appeal" and was therefore precluded by section 314(d)'s statement that institution decisions are "nonappealable." The district court further noted that "[i]t is entirely logical . . . for Congress to reserve the right of appeal for those petitioners who were able to obtain IPR, and to bar judicial review for those petitioners who were unable to satisfy the comparatively low threshold of 'reasonable likelihood' in their petitions."[32]

Dominion also filed a petition for a writ of mandamus in the Federal Circuit in November, 2013, challenging the Director's non-institution decision. The Federal Circuit denied mandamus in an order issued April 24, 2014. The Federal Circuit held:

> In another Order issued today, we dismiss an appeal by a patent challenger seeking review of the Director's decision not to institute an *inter partes* review. *See* Order Dismissing Appeal, *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, No. 2014-1183 (Fed. Cir. Apr. 24, 2014). We explain that such a challenger may not appeal the non-institution decision to this court. We conclude that such an appeal is precluded by the statutory provisions addressing *inter partes* review, including section 314(d)'s broad declaration that the Director's decision "whether to institute an inter partes review under this section shall be final and non-appealable," and by our jurisdictional statute. *See St. Jude*, slip op. at 5-6.

> Those conclusions require denial of Dominion's petition for mandamus relief. At a minimum, given our conclusions about the statutory scheme, Dominion has no "clear and indisputable" right to challenge a non-institution decision directly in this court, including by way of mandamus. That is all we need to decide.[33]

In re Procter & Gamble began as a patent infringement suit filed in the United States District Court for the Southern District of Ohio. Procter & Gamble Co. ("P&G") sued Team Technologies, Inc. for infringement of U.S. Patent Nos. 5,891,453, 5,894,017, and 7,122,199, directed to systems or methods for whitening teeth.[34] Clio USA, Inc. ("Clio") filed a declaratory judgment action against P&G in the United States District Court for the District of New Jersey, alleging that the same patents are invalid, unenforceable, and/or not infringed.[35] P&G then amended its complaint in the Ohio action to add Clio as a defendant.[36] Team Technologies and Clio moved for a stay of the Ohio action or a transfer to the District of New Jersey.[37]

The Ohio district court denied both motions.[38] Two days later, Clio filed a motion in the United States District Court for the District of New Jersey to dismiss its declaratory judgment action without prejudice, under Fed. R. Civ. P. 41(a)(1)(B).[39] The New Jersey district court granted Clio's motion to dismiss.[40] In July 2013, Clio timely petitioned the Director to institute inter partes reviews of the three patents under 35 U.S.C. §§ 311-319.[41] P&G responded to Clio's petitions and argued that Clio's earlier declaratory judgment action involving the same three patents barred the institution of inter partes reviews under section 315(a)(1), which states:

> An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

The PTAB granted all three IPR petitions and instituted IPR.[42] The PTAB explained that, because Clio's declaratory judgment action was dismissed without prejudice, "[i]n the context of § 315(a)(1), the action never existed."[43] P&G filed a request for rehearing, which was denied. In February 2014, P&G filed a petition for a writ of mandamus in the Federal Circuit.

The Federal Circuit held that P&G's mandamus petition is not a proper vehicle for challenging the institution of an IPR.[44] Specifically, the Court held:

> Our analysis in *St. Jude* and *Dominion*, in which we reject requests for immediate review of the Director's decision not to institute an *inter partes* review, applies equally to the Director's decision to institute such a review. In particular, what we explained in *St. Jude* about chapter 31 generally, section 314(d) particularly, and our jurisdictional statute requires that we may not hear an appeal from the Director's decision to institute an *inter partes* review. Nor is there a clear and indisputable right to this court's immediate review of a decision to institute an *inter partes* review, as would be needed for mandamus relief, just as *Dominion* holds that there is no such right with respect to a non-institution decision. Moreover, this is not one of the rare situations in which irremediable interim harm can justify mandamus, which is unavailable simply to relieve P&G of the burden of going through the *inter partes* review."
>
> It is a separate question whether section 314(d) means that the decision to institute the review is unchallengeable later—if the Board reaches a decision under section 318(a) and an appeal is taken under section 319. Perhaps section 314(d)'s broad language precludes all judicial review of the institution decision, even in an eventual section 319 appeal. We need not decide that question, which can be addressed in a section 319 appeal. Nor need we address whether an immediate challenge could be brought in district court.[45]

B. The Federal Circuit Heard the Appeal of a Final Decision in the First IPR Instituted Under the AIA

In 2014, the Federal Circuit heard the appeal of a "final decision" on patentability in the first IPR instituted under the AIA, *In re Cuozzo Speed Technologies, LLC*. Cuozzo filed suit against Garmin for patent infringement in the United States District Court for the District of New Jersey in June 2012. Garmin filed an IPR petition on September 16, 2012, challenging claims 1-20 of Cuozzo's U.S. Patent No. 6,778,074 ("the '074 patent") directed to a speed limit indicator for a motor vehicle.[46] Garmin alleged that claims 1-20 of the '074 patent were invalid as anticipated and obvious.[47] On January 9, 2013, the PTAB granted review as to claims 10, 14, and 17 and denied Garmin's petition for IPR as to the remaining challenged claims.[48] Cuozzo filed a motion to amend the patent with substituted claims.[49] The PTAB issued a final decision on November 13, 2013, holding that claims 10, 14, and 17 are unpatentable as obvious in view of a combination of references.[50] The PTAB denied Cuozzo's motion to amend, finding that its substitute claims (1) did not satisfy the written description requirement under section 112, ¶1, and (2) impermissibly enlarged the scope of the original claims because they were broad enough to cover a structure not encompassed by the original claims.[51] Cuozzo appealed the PTAB's final decision to the Federal Circuit.

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The issues raised in the appeal included, *inter alia*, (1) whether the broadest reasonable interpretation ("BRI") claim construction standard applies to IPR and (2) whether the PTAB's decision to institute an IPR can be challenged on appeal after a "final decision" on patentability. The Federal Circuit held oral argument on November 3, 2014.

During oral argument, Judge Newman questioned the rationale behind using different claim construction standards at the PTAB and in district court. She noted:

> We hope, I think all of us do, that these proceedings in the office will be a useful substitute – easier, cheaper and quicker than litigation. So after the patent is issued, why should the result be different in the office than in the court, based on how the claims are construed?[52]

In response, the PTO Solicitor argued that the principal difference between IPR trials and trials in district courts is that patentees can amend their claims. Judge Newman stated that it is "not so easy" for a patentee to amend the claims. Cuozzo's attorney added that out of hundreds of decisions under the new proceedings, the PTAB has so far granted only one motion to amend, which does not justify the use of the BRI standard in adjudicatory proceedings like inter partes review.

Judge Clevenger said that the AIA appears to give the PTO broad discretion to set its own rules and asked where the statute prohibits the PTO from selecting the method of claim construction that it will use. Cuozzo's attorney admitted that there is "no negative restriction on the PTO in that regard."

The Court also addressed the question of whether the PTAB's decision to institute reviews under the AIA can be appealed after final decision. Cuozzo's attorney acknowledged the Federal Circuit's rulings in April 2014 that decisions to institute reviews are not immediately appealable. However, Cuozzo argued that once a review proceeds to a final decision, patent owners should be free to argue that the Board erred and the review should never have been instituted. The PTO Solicitor stated the PTO's position that all institution decisions are final and not appealable. Judge Dyk asked: "So no matter how far the PTO departs from the statute in initiating the proceeding, there's no way that can ever be reviewed?" Judge Newman stated that the purpose of the AIA review system is to resolve disputes about patent validity more efficiently, but "what you're telling us goes in exactly the opposite direction." The Solicitor responded that allowing patent owners to challenge the initial decision to review the patent would harm the process because "if they were to win on that, then this entire year would have been for naught" and "[t]his question is so important to the functioning of our proceedings."

The Federal Circuit issued an opinion on February 4, 2015, affirming the final determination of the PTAB. The Federal Circuit held, *inter alia*, that section 314(d) prohibits review of decisions as to whether to institute IPR even after a final decision, just as it precludes interlocutory review of such decisions.[53] The Federal Circuit also held that the BRI claim construction standard applies in the IPR context.[54] The Federal Circuit found that Congress "implicitly adopted the broadest reasonable interpretation standard in enacting the AIA."[55] The Court noted that "[e]ven if we were to conclude that Congress did not adopt the broadest reasonable interpretation standard in enacting the AIA, section 316 provides authority to the PTO to conduct rulemaking."[56] The Federal Circuit found that the adoption of the BRI claim construction standard falls within the PTO's rulemaking authority.

Judge Newman dissented, noting that the majority "holds that the PTAB, in conducting its adversarial proceedings, need not and should not apply the same legal and evidentiary standards as would apply in the district court."[57] Judge Newman stated that "the procedure whereby claims are given their broadest reasonable interpretation instead of their correct construction defeats the purpose of Inter Partes Review as a surrogate for district court litigation."[58] Judge Newman also disagreed with the majority's holding that institution decisions are not appealable, stating that the "purpose of the 'nonappealable' provision apparently is to bar interlocutory proceedings and harassing filings by those seeking to immobilize the patent or exhaust the patentee," not to preclude all appellate review of the PTAB's decisions on institution.[59] Judge Newman concluded that the "statute requires thoughtful adjustment to the legislative purpose, not heavy-handed foreclosure of all review of anything related to the [institution of] the petition."[60]

II. Covered Business Method Review

Covered business method ("CBM") review is available for patents that claim a method, apparatus, or operation used in the practice, administration or management of a financial product or service.[61] CBM review is not available for patents on "technological inventions," i.e., patents claiming a technological feature that solves a technical problem using a technical solution.[62] To be eligible for CBM review, a petitioner must show that it has been sued for infringement of a CBM patent or that suit has been threatened.[63] If the petitioner has standing to seek a declaratory judgment of non-infringement, he or she has standing to request CBM review.[64]

The PTAB will institute CBM review if the petitioner shows that it is "more likely than not" that at least one challenged claim is unpatentable.[65] Unlike IPR, a petition for CBM can rely upon any statutory ground of invalidity, including anticipation under section 102,

obviousness under section 103, patent-ineligible subject matter under section 101 and indefiniteness, lack of written description, and lack of enablement under section 112.[66] Similar to IPR, if a CBM review is instituted, the PTAB will issue a scheduling order setting a period for (limited) discovery, a time for the patentee to respond to the grounds of unpatentability, a date for oral hearing, and a period of time for the filing of motions prior to the oral hearing. After the oral hearing, the PTAB will prepare a final written decision on the patentability of the challenged claims. A CBM is statutorily required to be completed within one year of institution; however, that time may be extended up to six months for cause. The estoppel provisions for CBM review are less extensive than for IPR. Specifically, *in a subsequent PTO proceeding*, the petitioner may not raise any ground which was raised or reasonably could have been raised in the CBM review. However, *in a subsequent civil action or proceeding before the International Trade Commission*, the petitioner is estopped from raising only those arguments that were *actually raised* during the CBM review.[67]

A. PTAB Applied the Supreme Court's *Alice* Analysis in Covered Business Method Reviews

In 2014, as attorneys grappled with the Supreme Court's decision in *Alice*, the PTAB also faced the question of how to apply the *Alice* analysis in the context of covered business method review. In September 2014, two PTAB panels issued decisions in CBM reviews that illustrate different approaches to the question of what constitutes patentable subject matter under section 101. *See salesforce.com, Inc. v. VirtualAgility, Inc.* (CBM2013-00024) and *PNC Bank N. A. v. Secure Axcess LLC* (CBM2014-00100).

In *salesforce.com*, salesforce.com filed a petition for covered business method review of U.S. Patent No. 8,095,413 ("the '413 patent") entitled, "Processing Management Information," directed to a method and apparatus for managing collaborative activity, such as project management or customer relationship management, by using models that represent various entities and relationships in a collaborative endeavor.[68] The PTAB panel held all of the claims invalid as directed to a patent-ineligible abstract idea, applying the Supreme Court's decision in *Alice*.[69] In step one of the *Alice* analysis, the inquiry is: "Are the claims directed to an abstract idea?"[70] In applying this first prong of the analysis, the panel cited extensively to the specification (including summary of the invention) and concluded that the claimed invention was directed to an abstract idea. The panel stated:

> Therefore, given this disclosure, we find that the challenged claims are directed to an abstract idea, the creation and use of models to aid in processing management information by organizing and making the information readily accessible by the collaborators of the project. The model, as described by the specification is a disembodied concept that is not tied to a specific algorithm or specialized computer.[71]

The panel found that the disclosure in the specification made it fairly self-evident that the concept was an abstract idea.[72] The panel did not specifically analyze the claim language to link it to the abstract idea it found in the specification. Nor did the panel state that this concept was similar to the fundamental economic practices of *Alice* and *Bilski*.

In step two of the *Alice* analysis, the inquiry is, "Do the claims add any inventive concept to the abstract idea of managing collaborative activity?" The patent owner pointed to a "processor," "storage device," and six processor operations recited in claim 1 and argued that those elements add inventive concept. The panel rejected the patent owner's arguments, deeming those elements insufficient to limit the claims or make them less abstract because (1) "the claims do not recite a specialized algorithm"; (2) some of the recited processor operations are "actually . . . carried out by the user, albeit, via the processor"; and (3) "simply executing an abstract concept on a computer does not render a computer 'specialized.'"[73] The panel pointed to the apparent breadth of the claims, noting:

> Moreover, the claims are not limited to a particular type of collaborative activity, or to a particular industry or business. Rather, the claims are directed to any activity involving two or more people working together and sharing data arranged in a hierarchical fashion.[74]

The panel invalidated all the '413 claims for reciting non-statutory subject matter and held that "the claims essentially would preempt the sharing of a database used for a collaborative activity, provided that the data is organized in ranked groupings according to subject matter or purpose."[75]

Interestingly, a different PTAB panel took a slightly different approach in applying the *Alice* test and reached the opposite conclusion regarding patent eligibility of another business software patent. In *PNC Bank N.A. v. Secure Axcess LLC* (CBM2014-00100), PNC Bank filed a petition for covered business method review of U.S. Patent No. 7,631,191 ("the '191 patent") entitled, "System and Method for Authenticating a Web Page," directed to a computer-implemented method for authenticating webpages by inserting an authenticity stamp into a webpage to confirm it originates from a trusted source.[76]

Claim 1 of the '191 patent reads:

> 1. A method comprising:
>
> transforming, at an authentication host computer, received data by inserting an

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> authenticity key to create formatted data; and
>
> returning, from the authentication host computer, the formatted data to enable the authenticity key to be retrieved from the formatted data and to locate a preferences file, wherein an authenticity stamp is retrieved from the preferences file.

The petitioner challenged claim 1 of the '191 patent as merely computerizing a centuries-old practice of placing a stamp or trusted seal on a paper document to indicate the authenticity of the document.[77] However, the panel held that claim 1 was not directed to an abstract idea. The panel found that it was "a computer-implemented method to transform data in a particular manner" that involves multiple "physical steps."[78]

In contrast to the '413 panel, the '191 panel focused on the claim language itself rather than the specification. The '191 panel noted that the petitioner did not adequately tie the claim language to the purported abstract concept of placing a trusted stamp or seal on a document. The panel further noted that the claim does not recite placing the stamp, much less doing so on a paper document.[79]

The '191 panel found that the purported "abstract idea" was distinguishable from the patent-ineligible abstract concepts identified in *Alice* and *Bilski*. Specifically, the panel noted a lack of "sufficient persuasive evidentiary support" from the petitioner to show that the placing of a trusted stamp or seal on a document was "a fundamental economic practice" or a "building block of the modern economy."[80] The panel was not convinced that the claimed method was limited to data gathering or could be "performed in the human mind."[81] The panel found that the claim did not recite the trusted seal concept and, in any event, that concept was not an abstract idea. Having found the claim was not directed to an abstract idea, there was no need to analyze the second step in the *Alice* framework.

The panel decided that claim 1 at least met the "transformation" prong of the machine-or-transformation test because: (1) the claim language recites "transforming" one thing ("received data") "to create" something else ("formatted data") and (2) the claim further recites a particular manner of transforming that data ("by inserting an authenticity key").[82]

We will likely see more consistency in the PTAB's analytical approach as the PTO's understanding of the *Alice* decision continues to evolve. In the meantime, without knowing which analytical approach will be persuasive to a particular PTAB panel, it would be prudent for petitioners to present arguments and supporting evidence on all factors relevant to their section 101 position. Relevant factors include: (1) whether the claim language recites concrete, physical steps or whether the claim language is more closely tied to an abstract concept that can be performed by the human mind; (2) whether the claim recites "a specific algorithm or specialized computer" rather than generic computer components and routine operations; (3) whether the claimed invention resembles concepts found to be patent ineligible in prior cases, such as the concept of hedging risk in *Bilski* or the concept of intermediate settlement in *Alice*, or anything that could be characterized as "a fundamental economic practice" or "a building block of the modern economy"; (4) whether the claim passes either prong of the machine-or-transformation test; and (5) whether the claim is so broad that it covers an entire category or a wide range of human activities.

III. Post-Grant Review

Post-grant review ("PGR") applies generally (with a few exceptions) to patents issued from applications filed on or after March 16, 2013. A petition for PGR must be filed within 9 months of the issue date of the challenged patent.[83] The petitioner must establish that (1) at least one claim is more likely than not to be found unpatentable or (2) the petition raises novel or unsettled legal questions that are important to other patents or patent applications.[84] In contrast to an IPR petition, which is limited to assertions of anticipation or obviousness based upon patents and printed publications, a petition for PGR can assert any prior art and any invalidity grounds that could have been raised in court, other than failure to disclose best mode. For example, a petitioner can assert invalidity based upon anticipation under section 102, obviousness under section 103, patent-ineligible subject matter under section 101, and indefiniteness, written description, and enablement under section 112. It is expected that the number of petitions for PGR will increase exponentially over the next few years, as thousands of patents eligible for post-grant review begin to issue.

A. First Post-Grant Review Proceeding Ended in Settlement

The first petition for post-grant review was filed by LaRose Industries, LLC on August 5, 2014.[85] LaRose's petition challenged U.S. Patent No. 8,684,420 ("the '420 patent"), which issued on April 1, 2014 to Choon's Design, Inc.[86] The '420 patent is directed to "a method and device for creating a linked wearable item from elastic bands" including "a Brunnian link formed from a closed loop doubled over itself to capture another closed loop to form a chain." The commercial embodiment of the '420 patent is a popular toy called the Rainbow Loom, which is used to make rubber band bracelets. LaRose sells a competing product called Cra-Z-Loom.

The '420 patent issued from an application filed on July 26, 2013, which claimed priority (through two continuations) from a provisional application filed on November 5, 2010.[87] LaRose petitioned for review of claims 1-7 and 9-16 of the '420 patent, arguing that each of the claims is unpatentable under AIA 35 U.S.C. §§ 102, 103, and/or 112.[88] The prior art upon which LaRose relied for its anticipation and obviousness arguments included art published in May 2012 (after the filing date of U.S. Pat. App. Ser. No. 13/938,717, the parent of the application that issued as the '420 patent) and the sale of a FunLoom kit by Zenacon beginning on June 14, 2013. LaRose further argued that the claims lack written description support, lack enablement, and are indefinite under 35 U.S.C. § 112.[89]

A preliminary question arose as to whether the '420 patent qualifies for PGR because, although it was filed after March 16, 2013, it was filed as a continuation of an application which had been filed prior to the enactment of the AIA. LaRose asserted that the '420 patent is eligible for PGR because the '420 patent is not entitled to the priority date of the pre-AIA parent application. According to LaRose, the earliest effective filing date of the '420 patent is July 10, 2013 – post-AIA – because there was a break in the chain of priority. Specifically, LaRose asserted that the application for the '420 patent was filed with new claims that were not supported by the originally filed disclosure of the pre-AIA parent application.[90]

The patent owner, Choon's Design, filed a preliminary response on November 5, 2014.[91] Choon's Design requested that the PTAB deny LaRose's petition for PGR for lack of standing or, in the alternative, if PGR is instituted, reject LaRose's claim constructions. Choon's Design argued that LaRose cannot establish standing for PGR because the effective filing date of the '420 patent is prior to March 16, 2013 (i.e., November 5, 2010, the filing date of the provisional application). Choon's Design disputed LaRose's contention that the claims of the '420 patent introduce "new matter" and break the chain of priority. Choon's Design asserted that LaRose's contention is based upon "unduly narrow claim constructions of terms in these claims that read out the very preferred embodiments they seek to describe." Choon's Design urged that the PTAB must give the claim terms their broadest reasonable interpretation consistent with the specification.[92]

On January 5, 2015, the PTAB terminated the proceeding after Choon's Design and LaRose reached a settlement.[93] Although it was not required to terminate the PGR, the PTAB decided to terminate because the proceeding was still in its early stages. Indeed, the PTAB had not yet issued a decision on institution. As a result of the settlement, the PTAB did not decide whether the patent was eligible for PGR. This issue will likely be addressed in the context of a future PGR proceeding.

B. Second Post-Grant Review Proceeding Also Ended in Settlement

On September 2, 2014, the second petition for PGR under the AIA was filed by Accord Healthcare, Inc., challenging U.S. Patent No. 8,598,219 ("the '219 patent").[94] The '219 patent issued on December 3, 2013 to Helsinn Healthcare SA and Roche Palo Alto LLC. The '219 patent is directed to single-use formulations of palonosetron, sold under the trade name Aloxi®. Palonosetron is used to treat or prevent nausea and vomiting that may occur as a side effect of chemotherapy. The claimed formulations contain: (1) 0.25 mg of palonosetron hydrochloride; (2) 0.005 mg/mL to 1.0 mg/mL EDTA (ethylenediaminetetraacetic or edetic acid); and (3) 10 mg/mL to 80 mg/mL mannitol. The claims additionally recite that the formulations are stable for 18 or 24 months at room temperature.

The application that matured into the '219 patent was filed on May 23, 2013. The application data sheet identified the application as a continuation-in-part application as well as an "AIA" application.[95] Accord petitioned for review of claims 1-5 and 8, arguing that the claims are unpatentable under 35 U.S.C. § 112 for lack of written description, lack of enablement, and indefiniteness.[96]

With regard to written description, Accord argued that the specification fails to provide any indication that the inventors possessed in their minds "an actual formulation that has the stated goal of 24-month stability" as of the filing date of the patent.[97] Accord asserted that the specification does not disclose any formulation capable of obtaining an 18- or 24-month stability at room temperature.[98] Accord characterized the disclosure in the specification as merely an "invitation to try and achieve a product" that is stable at 18 or 24 months when stored at room temperature.[99]

Accord further argued that the specification does not enable or show that the inventors were in possession of claimed subject matter outside a pH range of about 4.0 to 6.0.[100] Specifically, Accord alleged that the specification lacks "direction or guidance" as to how to arrive at a formulation that is storage stable at room temperature at 18 or 24 months without reference to

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the pH of the formulation.[101] Accord pointed out that Examples 1-5 demonstrate that a pH of about 5.0 is of particular importance, and that the patentees' arguments in related applications make clear that a pH of about 4.0 to 6.0 is essential to the recited formulations. Accord argued that, because the claims of the '219 patent fail to recite a pH range, the claims omit essential matter and thus are not enabled.[102]

Accord also argued that the failure of the claims of the '219 patent to include a pH limitation render the claims indefinite under 35 U.S.C. § 112(b) for failure to particularly point out and distinctly claim the inventive subject matter.[103] In support of its argument, Accord noted that both the '219 patent specification and the prosecution history of the related applications disclose a pH in the range of about 4.0 to 6.0.[104]

On November 24, 2014, the PTAB approved a settlement between Accord and Helsinn and terminated the proceeding.[105] In its order, the PTAB stated that termination is appropriate, given the early stage of the proceeding.[106] In determining whether to terminate a proceeding, the PTAB typically assesses the progress of a proceeding in addition to the impact on other proceedings. As of the settlement date, Helsinn and Roche's preliminary response was not yet due and PGR had not yet been instituted, so the proceeding was still deemed "preliminary."

IV. Conclusion

As we enter the third full year of post-issuance proceedings under the AIA, the PTAB continues to be an extremely popular forum for addressing patent validity disputes. Issues to watch for in 2015 include the PTAB's application of the *Alice* decision in CBM proceedings as the case law continues to evolve. It is also anticipated that the floodgates will open on PGR proceedings in 2015, as the first wave of patent applications filed under the AIA begin to issue. If last year was any indication, 2015 promises to be another very active year in the PTAB.

(Endnotes)

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1 Fiscal year 2014 began on October 1, 2013 and ended on September 30, 2014.
2 Fiscal year 2015 began on October 1, 2014.
3 134 S. Ct. 2347 (Jun. 19, 2014).
4 37 C.F.R. § 42.101.
5 37 C.F.R. § 42.101(b).
6 37 C.F.R. § 42.101(a).
7 37 C.F.R. §§ 42.8(b)(1), 42.103, 42.104.
8 37 C.F.R. § 42.107(a).
9 37 C.F.R. § 42.107(c).
10 37 C.F.R. § 42.108(c).
11 37 C.F.R. § 42.108(b).
12 37 C.F.R. § 42.25.
13 37 C.F.R. § 42.70.
14 35 U.S.C. § 315(e)(2).
15 *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp. & Michelle K. Lee*, 749 F.3d 1373 (Fed. Cir. 2014); *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379 (Fed. Cir. 2014); *In re Procter & Gamble Co.*, 749 F.3d 1376 (Fed. Cir. 2014).
16 An IPR proceeds in two phases. In the first phase, the PTO determines whether to institute the IPR. In the second phase, the PTAB conducts the IPR proceeding and issues a final decision. *St. Jude Med.*, 749 F.3d at 1375-76.
17 *St. Jude Med.*, 749 F.3d at 1375.
18 *Id.*
19 *Id.*
20 *Id.*; IPR2013-00258, Paper 1 (Petition, filed Apr. 30, 2013).
21 *St. Jude Med.*,749 F.3d at 1375-76.
22 IPR2013-00258, Paper 29 at 3 (Decision, filed Oct. 16, 2013).
23 *St. Jude Med.*, 749 F.3d at 1375-76.
24 *Id.* (internal case citation omitted).
25 *In re Dominion Dealer Solutions*, 749 F.3d at 1380.
26 IPR2013-00220, -00222, -00223, -00224 and -00225.
27 *In re Dominion Dealer Solutions*, 749 F.3d at 1380.
28 *Id.*
29 *Id.*
30 *Id.*
31 *Id.* at 1380-81.
32 *Dominion Dealer Solutions, LLC v. Michelle K. Lee*, No. 13-cv-699, 2014 WL 1572061, at *6 (E.D. Va. Apr. 18, 2014).
33 *In re Dominion Dealer Solutions*, 749 F.3d at 1381.
34 *In re Procter & Gamble*, 749 F.3d at 1377.
35 *Id.*
36 *Id.* at 1378.
37 *Id.*
38 *Id.*
39 *Id.*
40 *Id.*
41 *Id.*
42 *Id.*
43 *Id.*
44 *Id.*
45 *Id.* at 1378-79.
46 IPR2012-00001, Paper 1 (Petition, filed Sep. 16, 2012).
47 *Id.*
48 IPR2012-00001, Paper 15 (Decision to Initiate Trial, filed Jan. 9, 2013).
49 IPR2012-00001, Paper 32 (Patent Owner Motion to Amend, filed Mar. 11, 2013).
50 IPR2012-00001, Paper 59 (Final Written Decision, filed Nov. 13, 2013).
51 *Id.*
52 The audio for the oral argument is available at http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2014-1301.mp3 (as of Feb. 27, 2015).
53 *In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 U.S. App. LEXIS 1699, at *6-8 (Fed. Cir. Feb. 4, 2015).
54 *Id.* at *14-15.
55 *Id.* at *21.

[56] *Id*.
[57] *Id*. at *34 (Newman, J., dissenting).
[58] *Id*. at *47-48.
[59] *Id*. at *49.
[60] *Id*. at *50.
[61] CBM review will be available until September 16, 2020, at which time the CBM provision in the AIA will sunset. 37 C.F.R. § 42.300(d).
[62] 37 C.F.R. § 42.301(a).
[63] 37 C.F.R. § 42.302(a).
[64] *Id*.
[65] 35 U.S.C. § 324(a).
[66] Pub. L. 112-29, 125 Stat. 284, 329, Section 18(a)(1) (2011).
[67] *Id*.
[68] CBM2013-00024, Paper 4 (Petition, filed May 24, 2013). Representative claim 1 states:

> 1. A system for supporting management of a collaborative activity by persons involved therein, the persons not being specialists in information technology, the system being implemented using a processor and a storage device accessible to the processor, and the system comprising:
> a representation of a model of the collaborative activity in the storage device, the model of the collaborative activity including model entities, the model entities providing access to information concerning the collaborative activity, being organized into a plurality of hierarchies having a plurality of types, and a given model entity being capable of simultaneously belonging to a hierarchy having one of the types and a hierarchy having another of the types; and
> said processor being configured to provide a graphical user interface to a person of the persons for providing outputs to the person and responding to inputs from the person by performing operations on a model entity as limited by a type of access which the person has to the model entity, the operations including controlling access to the model entity, creating, modifying, and/or deleting the model entity, assigning the model entity to a location in a hierarchy, accessing and/or modifying the information concerning the collaborative activity via the model entity, viewing model entities as ordered by a hierarchy to which the entities belong, and viewing model entities as ordered by a value in the information concerning the collaborative activity to which the entities give access.

[69] CBM2013-00024, Paper 47, at 18 (Final Written Decision, filed Sep. 16, 2014) (citing *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (June 19, 2014)).
[70] *See id*. (citing *Alice*, 134 S. Ct. at 2355).
[71] *Id*. at 22 (internal citation omitted).
[72] *Id*.
[73] *Id*. at 23-24.
[74] *Id*. at 25.
[75] *Id*.
[76] CBM2014-00100, Paper 3 (Petition, filed Mar. 28, 2014).
[77] *Id*.
[78] CBM2014-00100, Paper 10 at 20 (Institution Decision, filed Sep. 9, 2014).
[79] *Id*. at 21.
[80] *Id*. (citing *Alice*, 134 S. Ct. at 2356).
[81] *Id*. at 22.
[82] *Id*. at 22-23.
[83] 37 C.F.R. § 42.202(a).
[84] 37 C.F.R. § 42.208.
[85] PGR2014-00008, Paper 1 (Petition, filed Aug. 5, 2014).
[86] *Id*.
[87] *Id*. at 24 (the provisional has U.S. Patent Application Serial No. 61/410,399).
[88] *Id*. at 4.
[89] *Id*. at 45-49.
[90] *Id*. at 23-24.
[91] PGR2014-00008, Paper 6 (Patent Owner's Preliminary Response, filed Nov. 5, 2014).
[92] *Id*. at 1-2.
[93] PGR2014-00008, Paper 10 (Judgment – Termination of Proceeding, filed Jan. 5, 2015).
[94] PGR2014-00010, Paper 1 (Petition, filed Sep. 2, 2014).
[95] The '219 patent is a continuation-in-part of U.S. Patent Application No. 13/087,012, filed on April 14, 2011 (now U.S. Patent No. 8,518,981), which is a continuation of U.S. Patent Application No. 11/186,311, filed on July 21, 2005 (now U.S. Patent No. 7,947,724), which is a continuation of U.S. Patent Application No. PCT/EP2004/000888, filed on Jan. 30, 2004, which claims priority from U.S. Provisional Patent Application No. 60/444,351, filed on Jan. 30, 2003.
[96] PGR2014-00010, Paper 1 at 4.
[97] PGR2014-00010, Paper 1 at 27.
[98] *Id*. at 28.
[99] *Id*. at 29.
[100] *Id*. at 31.
[101] *Id*. at 32.
[102] *Id*. at 33-36.
[103] *Id*. at 36.
[104] *Id*. at 46-48.
[105] PGR2014-00010, Paper 10 (Judgment – Termination of the Proceeding, filed Nov. 24, 2014).
[106] *Id*. at 2.

An Integrated Strategy for Challenging Validity in the USPTO and EPO

By Larry Coury and Jayson L. Cohen[1]

I. Introduction

This article discusses the various options available to challenge the validity of patents in the United States Patent and Trademark Office (USPTO) (including Post-Grant Review (PGR) and Inter Partes Review (IPR)) and similar European Patent Office (EPO) proceedings. As practitioners adjudicate more of the recently available USPTO proceedings and, in particular, become more comfortable with the associated procedures, it will become increasingly important for them to develop an integrated strategy to achieve a client's goals in challenging patents—one that utilizes USPTO proceedings, proceedings in foreign patent offices, and U.S. federal and foreign court proceedings. Notably, the use of patent office proceedings need not be limited to post-grant proceedings, like PGR and IPR, because several pre-grant procedures also provide opportunities to challenge the scope and validity of pending claims before issuance, both in the USPTO and the EPO. This article focuses on the available options for challenging validity in the USPTO and EPO and the interplay between these patent office proceedings and proceedings in U.S. and foreign courts.

II. Choosing When and Where to Challenge Validity

Patent challengers must first consider when, where, and which type of validity challenge to use against a patent or pending application. A challenger may raise invalidity issues before or after grant, but must consider the risks of creating a statutory estoppel if certain proceedings are used and the challenge fails. And even beyond possible statutory estoppel, positions taken in an early challenge to a patent or patent application may have future ramifications for the challenger, including the potential for other legal or equitable estoppels.

A challenger may institute a proceeding in the USPTO, EPO, U.S. federal courts, or European national courts. The choice of which type of proceeding to use is largely governed by when and where the challenge will be made and the (often global) legal and business strategies developed by the challenger with respect to the technology and IP at issue. The decision of "when" to challenge validity often will depend on the issues that can be raised pre-grant and post-grant and the possible statutory estoppel that arises from the use of certain USPTO procedures. Additionally, U.S. and European counterpart patent applications and patents may be more advanced or less advanced in their prosecution relative to one another, which may also influence where, when, and which type of validity challenge is made.

If a challenge is launched pre-grant, the challenger may submit Third-Party Observations (TPOs) in the EPO, Third-Party Submissions (TPSs) in the USPTO,[2] or a Protest in the USPTO. Each proceeding allows challenges to the sufficiency of disclosure, novelty, and nonobviousness, but the statutory bases and rules governing these challenges differ. Details of these challenges are described below.

If a challenge is launched post-grant in the USPTO, a patent challenger may challenge the validity by filing, for example, a petition to institute a PGR or IPR. (A patent holder may also request a review of allowed claims via ex parte reexamination,[3] reissue,[4] or supplemental examination.[5]) Petitions to institute either a PGR or IPR are barred, however, if the petitioner has already filed a declaratory civil action in U.S. federal court in which the validity of the patent has been challenged.[6] In addition, PGR petitions are barred unless filed within nine months of the issuance of the patent,[7] and IPR petitions are barred if the petitioner was served with an infringement complaint asserting the patent more than one year prior to filing the IPR petition.[8] In the EPO, a patent challenger may challenge validity post-grant by filing an Opposition.[9] Like a PGR, an Opposition must be filed within nine months of issuance of the patent.[10]

Challenging the validity of a patent post-grant via PGR and IPR proceedings has associated risks. If the patent challenger later asserts invalidity in U.S. federal court or the International Trade Commission (ITC) against the U.S. patent that survived its instituted PGR or IPR, the challenger is estopped by statute from raising any argument that was raised or that reasonably could have been raised during the PGR or IPR.[11] The possibility of statutory estoppel could therefore influence the timing of a post-grant validity challenge in the USPTO. While an early validity challenge in the USPTO may provide certainty about some aspects of validity before the challenger institutes any U.S. federal court action, a challenger may have only one chance to use the USPTO's post-grant proceedings and thus is often best served by a USPTO challenge, if made, that is thorough and complete. In contrast, however, no statutory estoppel arises in European courts based on prior proceedings in the EPO, so a challenge to patent validity in a European national court may rely on the same prior art and prior art combinations that have already been considered by the EPO and rejected there during Opposition proceedings.

The decision of "where" to challenge validity will often be controlled by the status of prosecution in various jurisdictions as well as the markets where the potential challenger seeks freedom to operate. In addition, the decision of where to file will be influenced by the particular grounds for invalidity that may be

asserted in the USPTO and EPO. As a consequence, a patent challenger may choose to challenge some aspects of validity in the patent offices and others in court, subject to any statutory estoppel that is created by PGR and IPR proceedings in the USPTO. For example, a challenger may choose to challenge a European patent application in a patent family on enablement (i.e., sufficiency) grounds in a TPO to prevent the application's issuance. The TPO also may serve other purposes, for example, as a test case for a contemplated future enablement challenge to a pending counterpart U.S. application or as a means to better assess the probability of success in a U.S. or European litigation.

III. Choosing the Type of Validity Challenge

A. EPO Challenges

As a pre-grant challenge in the EPO, a TPO may raise validity arguments based on many grounds, including novelty[12] and inventive step.[13] Because these challenges can be filed anonymously and the identity of the challenger is, at least in theory, unknown, an argument that was raised, or that could have been raised, in a TPO does not estop the patent challenger from raising the same argument later in an Opposition proceeding or a national court.

Certain post-grant grounds to challenge the validity in the EPO may be raised exclusively in TPOs, as opposed to other EPO proceedings such as Oppositions. These include challenges directed to clarity of the claims,[14] the sufficiency of disclosure,[15] and the allowability of amendments.[16] Because certain grounds for invalidity may not be raised in later Opposition proceedings, it is imperative that a European patent challenger raise these issues in pre-grant TPOs if desired.

TPOs and Oppositions have differences and similarities. Unlike TPOs, post-grant Oppositions in the EPO may raise validity arguments based on a limited set of grounds, including novelty and inventive step, and not based on clarity, support of the claims by the description, or the allowability of amendments.[17] Moreover, certain additional EPO patentability challenges to a European patent may only be raised in Opposition proceedings (and not in TPOs), namely those directed to industrial applicability,[18] patentable subject matter,[19] and exceptions to patentable subject matter.[20] Like TPOs, Oppositions may be filed anonymously, so any arguments or grounds for invalidity raised during Opposition proceedings also do not estop the patent challenger from raising the same arguments later in invalidity proceedings in national courts.

B. USPTO Challenges

For pre-grant challenges in the USPTO, a TPS may rely upon "any patent, published patent application, or other printed publication of potential relevance."[21] Submission of a TPS is subject to somewhat complex timing restrictions. First, a TPS must be submitted before the later of six months after the date of publication or the date of a first Office Action on the merits that rejects any claim.[22] Second, it must be submitted before the date of a Notice of Allowance, if such an allowance occurs before the first Office Action that rejects any claim.[23]

Protests, by contrast, are not limited to validity challenges based on patents and printed applications, but rather may be based on "any facts or information adverse to patentability"[24] and may include allegations of inequitable conduct.[25] Protests must be filed prior to the date of publication or prior to the mailing of a Notice of Allowance, whichever occurs first.[26] In general, a challenger may file only one Protest, but the USPTO may accept one or more subsequent Protests if the challenger can explain why the issues raised in the subsequent Protests are significantly different from those raised earlier and why the significantly different issues were not presented earlier.[27]

For post-grant procedures in the USPTO, PGRs allow challenges to validity based on essentially any ground, e.g., lack of patentable subject matter, lack of novelty, obviousness, failure to comply with section 112 (written description, enablement, definiteness), or any ground for reissuance.[28] IPRs allow challenges to validity based "only on a ground that could be raised under section 102 (lack of novelty) or 103 (obviousness) and only on the basis of prior art consisting of patents or printed publications."[29] In addition, PGRs must be filed within nine months after grant of the patent,[30] and IPRs can only be filed nine or more months after a patent grant or after a PGR has been terminated.[31]

In short, challenges to validity may be raised pre-grant or post-grant, may be raised in the EPO or USPTO, and may also be raised in U.S. federal courts or European national courts. Among other factors, the decision of when and where to challenge validity will be influenced by the statutory bases for the putative challenge and the risks of creating an estoppel. The choice of the specific types of invalidity challenge to assert will, in turn, be limited by the decision of when and where to challenge validity.

IV. Differing Burdens of Proof and Claim Construction Regimes

Proceedings in the U.S. and Europe may be subject to differing burdens of proof for invalidity and differing standards for determining the scope of the claims. Unlike U.S. proceedings, where differing legal standards for the burden of proof and the scope of the claims may affect the invalidity analysis, European proceedings are typically not decided on such grounds.

To prove invalidity in the USPTO, a challenger must show that a claim is invalid by a preponderance of the evidence.[32] By contrast, in U.S. federal court, a challenger must prove invalidity by clear and convincing evidence.[33] The differing legal standards, in part, arise because an issued patent enjoys a presumption of

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validity after the USPTO allows it to issue.[34] As a result, in principle, it may be easier to invalidate a patent in a USPTO proceeding than in U.S. federal court because the burden of proof is lower.

Similarly, it may be easier to invalidate a patent in a USPTO proceeding because invalidity determinations there use a potentially broader claim scope than in U.S. federal court. The USPTO uses the "broadest reasonable interpretation" (BRI) in interpreting claim terms.[35] A U.S. federal court, in contrast, uses the claim construction framework set forth in *Philips v. AWH Corp*.[36] That framework begins with the ordinary and customary meaning of a claim term to a person of ordinary skill in the art at the time of invention in the context of the patent's claims, specification, and file history.[37] The application of the BRI to a claim potentially results in a broader claim construction than construction of the same claim under a *Philips* analysis. Compared to a U.S. federal court invalidity challenge, therefore, a prior art invalidity analysis in the USPTO may encompass additional prior art or the claim may require a broader disclosure under section 112 to enable the full scope of the claims. If that is the case, a claim that may not be successfully invalidated in a U.S. federal court might be invalidated in the USPTO in a PGR or IPR, or the claim may be narrowed if the claim may be amended successfully in the USPTO proceeding, because of the differing standards for interpreting claims.

V. Comparison of Procedures for Challenging Validity

Pre-grant and post-grant proceedings in patent offices and courts may be used to challenge different patentability requirements at different times and in different fora.

A. Sufficiency of Disclosure Challenges

For example, one way to challenge enablement (i.e., sufficiency of disclosure) pre-issuance is to use a TPO in the EPO, because such a challenge is generally not available in other fora pre-issuance. In addition, when such a challenge is made pre-issuance in the EPO, it does not prohibit the challenger from raising similar arguments post-issuance and in other fora. Indeed, TPOs may be used pre-issuance in the EPO to challenge clarity (a European requirement of patentability that most closely resembles the definiteness requirement in the U.S.) and sufficiency of disclosure (a European requirement of patentability that most closely resembles the enablement requirement in the U.S.) without compromising additional challenges to sufficiency in Oppositions, European national courts, the USPTO, or U.S. federal courts. Other patent office proceedings do not allow enablement challenges or allow enablement challenges subject to possible statutory estoppel. Pre-issuance challenges based on enablement are available in the U.S. only by filing a Protest, but restrictions on the timing and number of Protests limit their usefulness. Post-issuance PGRs that allow challenges grounded in 35 U.S.C. § 112 may be subject to statutory estoppel, as discussed herein. Moreover, in contrast to TPOs and PGRs, TPSs and IPRs in the USPTO cannot be used to challenge the sufficiency requirements of 35 U.S.C. § 112 because the challenges to validity allowed in these proceedings must rely only on patents and printed publications.

B. Prior Art Challenges

In addition to sufficiency requirements, challenges asserting lack of novelty and obviousness may be lodged in both the EPO and USPTO. Novelty is governed by essentially the same legal standards in both the EPO and USPTO. Nonobviousness under U.S. law resembles the inventive step requirement in the EPO, although an obviousness analysis typically combines multiple prior art references to determine whether the U.S. claimed invention as a whole would have been obvious, while an inventive step analysis usually identifies a single piece of prior art as the closest prior art, and then determines whether a European patent claim provides an inventive step over that closest prior art.

Some USPTO procedures for challenging lack of novelty or obviousness that rely on prior art patents and printed publications may create estoppels that prohibit certain additional challenges based on prior art patents and printed publications in subsequent proceedings. The filing of a pre-issuance TPS or Protest in the U.S. does not create a statutory estoppel, but a post-grant validity challenge raised in an IPR or PGR may create a statutory estoppel that limits the prior art defenses that may be raised in a subsequent U.S. federal court case or ITC investigation.

In the EPO, by contrast, as mentioned above, there is no statutory estoppel that results from pre-issuance TPOs and post-grant Opposition proceedings. As a result, later validity challenges based on the same art as considered in a TPO or Opposition, or other allowed bases to challenge invalidity that were raised in a TPO or Opposition, may be raised again in subsequent national court proceedings in Europe.

VI. Other Considerations

Challenges to validity in the USPTO and EPO may have several other potential advantages over challenges in U.S. federal or European national courts. For example, the administrative patent judges in the USPTO may have a technical background and thus a better appreciation for invalidity arguments that require a thorough understanding of scientific principles. Similarly, the examiners in the EPO, and particularly in the Opposition Division, have technical training and may have a better appreciation for invalidity arguments based on complex science. Therefore, a patent challenger potentially may have a better chance of

invalidation in the patent offices if the invalidity arguments require technical sophistication or specific technical knowledge. In other cases, a bench or jury trial may be more attractive.

In addition, challenges in the patent offices will almost always have a lower cost than litigation in U.S. federal courts or European national courts. In the U.S. federal courts, discovery is relatively extensive and expensive, but may also allow the development of a more complete record. Moreover, in Europe, it may be necessary to file invalidity actions in national courts in multiple countries because European national patents, including those originating as a European patent, must be invalidated on a country-by-country basis under the current patent statutory regime, which similarly raises the cost of court litigation.

Patent challengers are not limited to a single forum when challenging validity. In both the U.S. and in Europe, simultaneous multiple proceedings in courts and in the patent offices are possible and common. Although beyond the scope of this article, it is important to consider the strategic reasons for and effects of such a challenge in multiple fora, such as (i) the likelihood of a stay of a U.S. federal court proceeding and its value and desirability or (ii) whether a patent office decision has the potential to be persuasive to a court and, if so, whether this is a desired result.

Finally, it is important to remember that post-issuance challenges to validity can be reviewed. Even if a validity challenge in an IPR estops the challenger from pursuing additional validity challenges in U.S. federal court, any finding on the merits by the USPTO may be appealed and reviewed by the Federal Circuit and possibly the Supreme Court. Similarly, any validity finding of the Opposition Division of the EPO may be reviewed by the Technical Board of Appeal. Moreover, rehearings and reviews by expanded panels or boards are also possible in both the U.S. and in Europe.

VII. Conclusion

In sum, this article suggests that the myriad of pre- and post-grant patent office and court invalidity proceedings in the U.S. and Europe, as well as other non-U.S. jurisdictions of interest to the challenger, should be viewed as part of an overall strategy for challenging the validity of a patent family that is unique in each case. Instead of overemphasizing the dangers of a potential estoppel in U.S. federal court based on USPTO challenges to patent validity, in many cases a patent challenger may be advised to evaluate and assert the best invalidity arguments in the most appropriate fora with due consideration for the appropriate timing of such an invalidity challenge as part of its broader strategy for challenging the patent.

(Endnotes)

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[2] Although we refer in this article to a TPS as one type of validity challenge, it is more accurately a procedure to submit a publication of "potential relevance" for possible consideration by the USPTO during examination of a patent. 35 U.S.C. § 122(e)(1).

[3] 35 U.S.C. § 301 *et seq*.

[4] 35 U.S.C. § 251.

[5] 35 U.S.C. § 257.

[6] 35 U.S.C. § 315(a)(1).

[7] 35 U.S.C. § 321(c).

[8] 35 U.S.C. § 315(b).

[9] EPC Article 100.

[10] *See* http://www.epo.org/applying/European/oppositions.html.

[11] 35 U.S.C. §§ 315(e), 325(e).

[12] EPC Article 54.

[13] EPC Article 56.

[14] EPC Article 84.

[15] EPC Article 83.

[16] EPC Articles 76(1) and 123(2).

[17] *See* Guidelines for Examination in the European Patent Office, D-III, 5.

[18] EPC Articles 52(1) and 57.

[19] EPC Article 52(1)-(3).

[20] EPC Article 53.

[21] 35 U.S.C. § 122(e)(1).

[22] 35 U.S.C. § 122(e)(1)(B).

[23] 35 U.S.C. § 122(e)(1)(A).

[24] MPEP § 1901.02.

[25] 37 C.F.R. § 1.291(e).

[26] 37 C.F.R. § 1.291(b).

[27] 37 C.F.R. § 1.291(c)(5).

[28] 35 U.S.C. § 321(b).

[29] 35 U.S.C. § 311(b).

[30] 35 U.S.C. § 321(c).

[31] 35 U.S.C. § 311(c).

[32] MPEP § 706.

[33] *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1292 (Fed. Cir. 2011) (en banc).

[34] 35 U.S.C. § 282; *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2245-49 (2010).

[35] MPEP § 2111.

[36] 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

[37] *Id*. at 1312-17.

Post-Grant Patent Review – The Canadian Perspective

By A. Chandimal Nicholas[1]

I. Introduction

In fields in which there is a race to the next innovation, competitors often wish to clear a path to market by challenging the competition's patents. This is true in the United States and Europe, and no less so in Canada. The patent challenge frequently entails costly and time-consuming proceedings before a court to invalidate the patent, complete with discovery, the examination of live witnesses, often including experts, and the expenses typically associated with litigation. The stakes are often very high as court challenges to impeach patents are usually initiated after the competitor has already entered the market or is poised to do so.

In the United States, the America Invents Act recently introduced more comprehensive inter partes review and post-grant review proceedings which are heard before the U.S. Patent and Trademark Office ("USPTO") rather than the court. An analogous proceeding is available in Europe.

In Canada, a similar proceeding—referred to as re-examination—also is available. In the words of the Federal Court of Canada, the proceeding is "designed to offer an inexpensive and simplified means for third parties as well as patentees to put prior art that had not previously been considered before the [Re-examination] Board."[2] The Canadian process is similar to ex parte reexamination in the United States but differs in some important respects from that and other procedures in the United States and Europe. The owners of Canadian patents and prospective challengers should be aware of these differences to understand the limitations of Canadian re-examination proceedings and maximize their efficacy.

II. Quasi-Judicial Procedures in the United States and Europe

A brief review of the procedures available in the United States and Europe is useful for purposes of comparison to the Canadian re-examination procedure.

A. Options Available in the United States of America

In the United States, post-grant procedures are available to challenge issued patents including post-grant review, inter partes review, and ex parte reexamination.

Post-grant review[3] allows a person to file a petition to challenge any patent filed on or after March 16, 2013, within nine months of the grant of the patent, on the basis of novelty, obviousness, written description, enablement, or indefiniteness.[4] If the petitioner convinces the Patent Trial and Appeal Board (PTAB) "that it is more likely than not that at least one of the claims challenged in the petition is unpatentable" or shows that "the petition raises a novel or unsettled legal question that is important to other patents or patent applications," then a proceeding is instituted.[5] The patentee may make submissions rebutting grounds raised by the petition. If a proceeding is instituted, the parties may make further submissions. Discovery is permitted and either party may request an oral hearing.[6] The decision as to whether to institute proceedings is not appealable,[7] but any party to the proceeding can appeal the final written decision of the PTAB.[8]

Inter partes review[9] provides an alternative opportunity for a person who is not the owner of the patent at issue to challenge any claim of a granted patent, nine months after grant (or after any post-grant reviews have been completed).[10] The challenge is limited to invalidity on the grounds of obviousness or anticipation.[11] A review is instituted if the person challenging the patent "shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged."[12] If proceedings are instituted, the parties may make additional submissions. Discovery is permitted and either party may request an oral hearing.[13] The decision whether to institute proceedings is not appealable,[14] but any party to the proceeding can appeal the final written decision of the PTAB.[15]

Any person, at any time, can request an ex parte reexamination of any claim of a patent on the basis that the prior art cited (patents or printed publications) bears on the patentability of the claim(s) at issue.[16] The request must explain the relevance of the cited prior art and how it applies to the claim or claims at issue.[17] If the USPTO determines that the request raises a substantial new question of patentability affecting a claim at issue,[18] a reexamination is ordered.[19] The patentee may file submissions on the new questions raised and may propose new claims or amendments to the patent. The requesting person is served with the patentee's statement and may serve and file responding submissions.[20] The requesting person's participation in the process ends at this point. The reexamination is conducted using the same procedure as in a notice of rejection, where only the patentee is a party to the process and has a right of appeal.[21]

B. European Union – Oppositions Without Discovery

In Europe, a person can challenge a patent in a proceeding, referred to as an opposition, which is similar to post-grant review in the United States. A person can oppose a granted patent up to nine months after the patent has been granted.[22] Both the opponent and the patentee are parties to the opposition proceeding.[23] Grounds that may be raised in the opposition include that the patent claims are not novel, are obvious, are not susceptible of industrial application, are not patentable inventions, do not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art, and contain subject matter that extends beyond the content of the application as filed.[24]

The opponent and the patentee can make submissions and may also request an oral hearing.[25] No discovery is available in this proceeding.

III. Patent Challenge Options Available to Third Parties in Canada

A person in Canada can challenge the validity of patent claims prior to[26] and after the grant of the patent.

A. Post-Grant Re-examination

Initiating a re-examination in Canada is virtually identical to the procedure for initiating an ex parte reexamination in the United States. In Canada, any person may at any time request a re-examination of any claim or claims of an issued patent.[27] Subsequent involvement, however, is limited. This process provides the requestor more flexibility compared to the post-grant review and inter partes review in the United States and the opposition procedure in Europe.

The requestor is permitted to state only why the prior art submission, which can include publications such as patents, applications for patents that are open to public inspection, and printed publications,[28] is pertinent and how it applies to the claim or claims at issue.[29]

The grounds of validity that can be raised are effectively limited to obviousness, anticipation, or double patenting. These grounds are similar to those available under inter partes review in the United States. Other grounds of invalidity such as utility, insufficiency of disclosure, indefiniteness or overbroad claiming and non-patentable subject matter, cannot be raised in re-examination. By contrast, these are permitted grounds for post-grant reviews in the United States and oppositions in Europe.

B. The Re-examination Board – the Decision Maker

In response to a request for re-examination, the Canadian Intellectual Property Office forms a re-examination board ("Board") to review the request. The Board consists of no fewer than three members, at least two of whom are employees of the Canadian Intellectual Property Office.[30] The Board does not include the examiner who had examined the patent in the first instance.[31] Similar to the reviews available in the United States, the Board will determine if the request for re-examination raises a substantial new question of patentability affecting any claim of the patent at issue.[32]

If the Board decides to review, it will confirm that the claims are patentable, cancel some or all of the claims at issue that are determined to be unpatentable, or propose amendments or new claims that are determined to be patentable.[33] If some but not all claims are cancelled, the patent is deemed to have been issued from the date of grant in the corrected form. If all claims are cancelled, the patent is deemed never to have been issued.[34]

C. The Patent Challenger is Excluded from the Proceeding

The third party who requests a re-examination cannot participate as a party during the re-examination. This is a significant difference from post-grant review and inter partes review in the United States and oppositions in Europe. A third-party requestor's limited participation in Canada is also different from ex parte reexamination in the United States, because a third-party requestor cannot make submissions responding to the patentee's submissions in Canada.

After a Canadian proceeding is initiated, the only parties are the Board and the patentee.[35] The Board is required to notify the third-party requestor if it determines that no substantial new question has been raised affecting the patentability of the claims at issue.[36] However, by rule, the Board is required to notify the patentee only if it determines that a substantial new question has been raised.[37] The patentee has three months from the date of notice to respond to the allegation and questions raised by the of the third-party request.[38] However, unlike in ex parte reexamination in the United States, the third-party requestor cannot submit a reply responding to the patentee's response.

The limited role the third-party requestor plays in Canada has been described by the Federal Court of Canada as follows:

> For all practical purposes, the role of third parties in the re-examination process is

cont. on page 18

cont. from page 17

> analogous to their role in the original process. In particular the rights of the requestor under subsection 48.1(1) are analogous to a third party's rights under s. 34.1 [of the] *Patent Act* to file prior art with respect to a pending application.[39]

In other words, because a third party has no standing as a party during the prosecution of the patent, the third party has no standing as a party in the re-examination process that it initiated.

Notwithstanding the court's findings and the fact that the Board is not required to inform the third-party requestor about details regarding any decision or step taken in the process, "[t]he requestor is routinely copied on correspondence from the re-examination board to the patentee to indicate that the re-examination process is ongoing."[40] This informal practice recognizes that the third-party requestor, while not a party to the proceeding, has a vested interest in the outcome of the re-examination.[41]

For a third-party requestor, the lack of standing would appear to be a significant drawback because it cannot participate in the process beyond initiation. This drawback, however, can be mitigated by astute counsel who must ensure that the request for re-examination anticipates all potential arguments and questions and provides a thorough analysis that will assist or be adopted by the decision maker at any stage of the process. Counsel for the requestor must also ensure that all relevant prior art is cited, as there is no opportunity to amend or add to the list later. If a third-party requestor wants to have an effect on the decision, it must make a complete and persuasive impact by putting its best foot forward at the time it requests re-examination.

D. Prejudice to Patentees

The fact that a third-party requestor has no standing but is routinely informed regarding the progress of the re-examination, at first blush, seems to be a benefit to the patentee. In fact, excluding the requestor from the re-examination process can potentially be detrimental to patentees. This was illustrated in *Genencor International, Inc. v. Canada (Commissioner of Patents)*. The patentee argued in *Genencor* that the rules of natural justice and procedural fairness were breached because the third-party requestor made submissions beyond the initial request for re-examination. Although the Board is not permitted to rely on any additional submissions of the third-party requestor, the Board in *Genencor* accepted the additional submissions and placed them in the file in accordance with the Patent Rules.[42] The Board, however, failed to inform the patentee that these submissions were made or to provide the patentee an opportunity to respond. The court rejected the patentee's argument that the Board's conduct breached the rules of natural justice and procedural fairness because, on the evidence, the Board did not in fact consider the supplementary submissions made by the third-party requestor to be relevant to the proceedings. The additional submissions were not read by the Board members and did not influence or form any part of the Board's decision.[43]

Although the facts determined that the patentee was not harmed, the *Genencor* case illustrates a certain lack of transparency in the current process in Canada. A patentee in the re-examination process cannot know for certain, and will not be notified, if the third-party requestor is receiving notices from the Board, if the third party is making submissions, or if any such submission is being read or relied on in any way. It is at least possible that a submission of a third party may, in some way, influence the decision of the Board, but the patentee is deprived of an opportunity to address that submission.

E. Rights of Appeal or Review

Given its limited participation at the first instance, not surprisingly, a third-party requestor does not have standing at the appeal stage. If the Board rejects the patent claims, that decision can be appealed by the patentee to the Federal Court of Canada.[44] The third-party requestor, not considered a party to the re-examination process, also has no right of appeal should the Board uphold the patent claims. If a patentee initiates an appeal, the Federal Court of Appeal has determined that a third-party requestor cannot be a respondent.[45] In addition, the Federal Court has denied intervenor status to a third-party requestor in an appeal brought by a patentee.[46]

Similarly, judicial review of a decision to uphold the challenged patent claims is not an option for a third party. The Federal Court has held that a third party lacks standing to bring an application for judicial review and that judicial review is inappropriate because there are adequate alternative avenues provided in the Patent Act and Patent Rules (namely the pre-grant and re-examination procedures).[47]

The patentee also faces a steep uphill battle to convince an appellate court to overturn a decision of the Board to invalidate a patent or patent claims. The Federal Court has acknowledged the Board's "considerable expertise in relation to [its] mandates" and adopted a more deferential standard of review.[48] This means that if the Board, as a result of the re-

examination, invalidates a patent or any of its claims, the decision will only be overturned if it is unreasonable, i.e., does not fall within a range of possible acceptable outcomes. Such findings are rare.

F. Costs

As noted by the Federal Court, the re-examination process is meant to be an inexpensive opportunity for a third party to challenge the validity of a patent.[49] The cost to the third-party requestor will be limited because it has no standing in the process and will incur no costs after it has prepared submissions and initiated re-examination. The cost to the patentee will be also be lower compared to post-grant review and inter partes review in the United States and oppositions in Europe as the patentee will not have to bear the costs associated with procedural, adversarial steps such as an oral hearing.

IV. Conclusion

The re-examination process in Canada differs from the procedures available in the United States and Europe. While rights of participation are relatively limited, it remains an inexpensive and simplified means to challenge the validity and scope of a competitor's patent.

(Endnotes)

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[2] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, [2009] 1 F.C.R. 361 (Can.), 2008 FC 608 ¶ 39 (quoting ¶ 25 of the submissions of the Attorney General).

[3] 35 U.S.C. Ch. 32.

[4] *Id*. §§ 282(b)(2) and (3), *Id*. §§ 321(b) and (c), and http://www.uspto.gov/aia_implementation/faqs_post_ grant_review.jsp.

[5] 35 U.S.C. §§ 324 (a) and (b).

[6] *Id*. §§ 326 (3), (5), (8), and (10) and http://www.uspto.gov/aia_implementation/ faqs_post_grant_review.jsp.

[7] 35 U.S.C. § 324 (e).

[8] *Id*. § 329.

[9] *Id*. Ch. 31.

[10] *Id*. §§ 311 (a) and (c).

[11] *Id*. §§ 102, 103 and 311 (b).

[12] *Id*. § 314.

[13] *Id*. §§ 316 (3), (5), (8), and (10) and http://www.uspto.gov/aia_implementation/ faqs_inter_partes_review.jsp.

[14] 35 U.S.C. § 314 (d).

[15] *Id*. § 319.

[16] *Id*. §§ 301 and 302.

[17] *Id*. § 302.

[18] *Id*. § 303.

[19] *Id*. § 304.

[20] *Id*.

[21] *Id*. §§ 305, 306, 132 and 133.

[22] European Patent Convention Art. 99.

[23] *Id*. Art. 100(3).

[24] *Id*. Art. 52, 57 and 100.

[25] *Id*. Art. 116.

[26] During the examination process, a third party may submit published prior art to the patent examiner. The prior art should be accompanied by an explanation as to why the prior art submitted is relevant to the application at issue. For example, the submission would explain why a specific prior art reference would anticipate the alleged invention (novelty) or why there is no inventive step required for the skilled person to achieve the differences between the alleged invention and the prior art submitted (obviousness). The Canadian Intellectual Property Office will not communicate with a third party to confirm receipt of the submission or advise if the submission was relied upon.

[27] Patent Act, R.S.C. 1985, c. P-4 (Can.) (Post Oct. 1/96) § 48.1.

[28] *Id*. § 48.1(1).

[29] *Id*. § 48.1(2).

[30] *Id*. § 48.2(1).

[31] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, [2009] 1 FCR 361 (Can.), 2008 FC 608 ¶ 27 (citing the affidavit of Murray Wilson, chairman of the re-examination board).

[32] Patent Act, R.S.C. 1985, c. P-4 (Can.) (Post Oct 1/96) § 48.2(2).

[33] *Id*. § 48.4(1).

[34] *Id*. § 48.4(3).

[35] *Novozymes A/S v. Genencor Int'l, Inc*., 2007 F.C.A. 129 (Can.).

[36] Patent Act, R.S.C. 1985, c. P-4 (Can.) (Post Oct. 1/96) § 48.2(3).

[37] *Id*. § 48.2(4).

[38] *Id*. § 48.2(5).

[39] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, [2009] 1 FCR 361 (Can.), 2008 FC 608 ¶ 39 (quoting ¶ 26 of the submissions of the Attorney General).

[40] *Id*. ¶ 25 (citing the affidavit of Murray Wilson, chairman of the re-examination board).

[41] *Id*. ¶¶ 55-60.

[42] Patent Act, R.S.C. 1985, c. P-4 (Can.) (Post Oct. 1/96) § 10.

[43] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, [2009] 1 FCR 361 (Can.), 2008 FC 608 ¶¶ 55 -60.

[44] Patent Act, R.S.C. 1985, c. P-4 (Can.) (Post Oct. 1/96) § 48.5.

[45] *Novozymes v. Genencor Int'l, Inc*., 2007 F.C.A. 129 (Can.).

[46] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, 2007 FC 843 (Can.).

[47] *Pharmascience Inc. v. Canada*, 1998 CanLII 8797 (Can.) ¶¶ 9(2), (3).

[48] *Genencor Int'l, Inc. v. Canada (Commissioner of Patents)*, [2009] 1 FCR 361 (Can.), 2008 FC 608 ¶¶ 38, 41.

[49] *Id*. ¶ 4.

Nineteen Hundred and Twenty-two

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SEGMENT I

11:30 a.m. - 12:00 p.m.	Registration
12:00 p.m. - 12:40 p.m.	Lunch
12:40 p.m. - 1:05 p.m.	Keynote Speaker
1:05 p.m. - 2:00 p.m.	*CLE Panel Presentation:* **How IP Lawyers and IP Legislators Can Learn From Each Other**

SEGMENT II*

2:15 p.m. - 3:15 p.m.	*CLE Workshop:* **The Shape of the Future: 3D Printing and Intellectual Property Rights**
3:15 p.m. - 3:30 p.m.	Break
3:30 p.m. - 4:30 p.m.	Committee Meetings
4:30 p.m. - 5:30 p.m.	Annual Meeting of Members

SEGMENT III

5:30 p.m. - 6:00 p.m.	Board Meeting
5:30 p.m. - 6:30 p.m.	Cocktail Reception
6:30 p.m. - 9:00 p.m.	Awards Dinner

** Segment II Free registration for NYIPLA Members*

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Inconsistent Judgments From Federal Courts and PTO in Hatch-Waxman Litigation: Can A Generic Manufacturer That Was Unable to Invalidate a Patent in District Court Try Again in a Post-Grant Proceeding, and Will a Different Outcome Absolve the Defendant of the District Court Judgment?

By Cynthia Lambert Hardman and Daniel P. Margolis, Ph.D.[1]

It's been lambasted as a "do-over" and a "second bite at the apple": after a district court has already upheld a patent's validity, a patent challenger can take a second shot at invalidating the patent by bringing a post-grant proceeding in the Patent and Trademark Office ("PTO").[1] This strategy can result in inconsistent judgments, with the district court upholding validity while the PTO invalidates the patent. However, whether the patent challenger can use a subsequent PTO invalidation to absolve itself of the prior district court judgment may depend on the type of relief awarded in the district court and the relative timing of the judgments.

Recent case law demonstrates that patent challengers should be able to use a later PTO invalidity decision to wipe away an earlier district court injunction. However, whether they can use it to wipe away an earlier damages award (which typically does not arise in Hatch-Waxman cases) depends on the relative timing of the district court and PTO final judgments, with a key consideration being whether and when the district court judgment is actually "final."

With the rise in concurrent post-grant proceedings and district court Hatch-Waxman cases on the same patent, the prospect of inconsistent judgments is real and growing, and litigants should be cognizant of the effect of PTO decisions on district court judgments when planning their litigation strategy. Below, we review the essential case law.

I. A Prior District Court Judgment of No Invalidity Does Not Preclude a Later Invalidity Challenge in the PTO

A district court's judgment upholding a patent's validity will not prevent the PTO from instituting a post-grant challenge on that same patent, opening the way to the "do-over" or "second bite."[2] For example, in *Interthinx, Inc. v. CoreLogic Solutions, LLC*, CBM2012-000007, the Patent Trial and Appeal Board ("PTAB") reasoned that because the PTAB and district courts apply different standards of proof, and because the PTAB had not participated in the prior court proceeding, res judicata and collateral estoppel did not prevent the PTAB from independently deciding the patentability of a patent previously litigated in district court.[3]

Similarly, the Federal Circuit will take a second look at a patent it has previously reviewed. That is, even after it has already affirmed a district court's finding of no invalidity, the Federal Circuit can and will revisit the issue of validity of that patent in the context of an appeal from a PTO post-grant proceeding, and may ultimately find invalid the very same patent it previously found not invalid.[4]

Given that a party that lost in the district court can challenge validity again via a post-grant proceeding, litigants must understand the effect of a PTO decision on a prior district court judgment. Two different outcomes, and the reasons for them, are reviewed below.

II. A Later PTO Invalidity Determination Absolves a Defendant of an Earlier District Court Judgment

In some scenarios, litigants have used the PTO's later finding of invalidity to avoid an earlier district court judgment (damages and/or injunction) based on the same patent. This is exemplified in *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013), and *ePlus, Inc. v. Lawson Software, Inc.*, 760 F.3d 1350 (Fed. Cir. 2014).

In *Fresenius*, the district court initially entered final judgment in 2007, finding that Fresenius infringed and had not proven invalidity of three patents.[5] It awarded Baxter more than $14 million in infringement damages, entered a permanent injunction, and awarded ongoing post-verdict royalties.[6]

The Federal Circuit affirmed that Fresenius had not proven invalidity of one of the patents (U.S. Patent 5,247,434, "the '434 patent"), but reversed as to the other two patents, finding them invalid.[7] The Federal Circuit accordingly vacated the injunction and royalty award and remanded for further consideration of these remedies in light of the reversal on two of the three patents underlying the district court's original

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judgment.[8] On remand, the district court revised the royalty award and entered final judgment in March 2012.[9] Both parties appealed this modified judgment.

Meanwhile, during pendency of the original district court case, Fresenius had requested ex parte reexamination of the '434 patent. The examiner rejected all of the claims, and the Board of Patent Appeals and Interferences affirmed.[10] Baxter appealed, and in May 2012, the Federal Circuit affirmed.[11] The PTO canceled the claims in April 2013.[12]

By the time the Federal Circuit addressed the March 2012 modified district court judgment, it had already affirmed the invalidity of the '434 claims, and the PTO had already canceled them. Thus, the Federal Circuit examined the effect of the cancellation on the appeal of the modified district court judgment.[13]

The court first stated that under either the reissue or reexamination statutes, if the PTO cancels a claim, any pending litigation in which the claims are asserted becomes moot.[14] Baxter, however, argued that the district court's original 2007 judgment was final and binding on the parties, and that res judicata prevented Fresenius from reopening that judgment to take advantage of the subsequent invalidation.[15]

Although the Federal Circuit agreed with this as a general proposition, it disagreed that the district court's 2007 judgment was "final."[16] According to the Federal Circuit, a judgment is "final" when it leaves nothing for the district court to do but execute it.[17] The Federal Circuit characterized the district court's 2007 final judgment as final only for purposes of appeal, noting that the remand left several aspects of the judgment unresolved, including ongoing royalties and injunctive relief.[18]

Accordingly, the Federal Circuit ruled that because the PTO had canceled Baxter's claims prior to Baxter obtaining a final judgment, Baxter no longer had a viable cause of action.[19] With the district court litigation mooted, Fresenius was absolved of paying damages.

In *ePlus, Inc. v. Lawson Software, Inc.*, only an injunction (not damages) was at issue. The district court held that the two asserted patents were not invalid, and a jury found that Lawson infringed.[20] The Federal Circuit affirmed the infringement verdict as to only one of the patent claims at issue, and remanded to the district court to modify the injunction accordingly.[21]

On remand, in a June 2013 decision, the district court modified the injunction.[22] Two months later, the district court found Lawson in contempt for violating the original injunction.[23] Lawson appealed both decisions.

Meanwhile, the patent underlying the modified injunction had been undergoing reexamination.[24] The examiner had rejected the relevant claim, and the Board of Patent Appeals and Interferences affirmed.[25] ePlus appealed, and the Federal Circuit affirmed.[26] The PTO canceled the claim in April 2014.[27]

Thus, by the time the Federal Circuit addressed Lawson's appeal of the modified injunction, the relevant claim had been canceled, compelling the Federal Circuit to vacate the injunction and set aside the contempt sanctions.[28]

Fresenius and *ePlus* demonstrate that a patent challenger may avoid a prior district court judgment in a situation in which the relevant patent is later invalidated. In both cases, the original district court judgment had been appealed, and the Federal Circuit had remanded with instructions to modify the relief. By the time the appeals on the modified judgments reached the Federal Circuit, the patents had been invalidated by the PTO in decisions that the Federal Circuit had affirmed. Accordingly, the patent challengers were able to use the fact of invalidation to absolve themselves of the district courts' modified judgments, since those judgments were not considered "final" as of the time the patents were invalidated.

III. A Later PTO Invalidity Determination Did Not Absolve a Defendant of an Earlier District Court Judgment

The opposite result occurred in a case involving Versata Software, Inc. and SAP America, Inc. – even though the patent was later invalidated, SAP was not absolved of the district court's judgment awarding patentee Versata infringement damages.

In *Versata Software, Inc. v. SAP America, Inc.*, Versata had sued SAP for infringement. A jury found SAP liable, awarding Versata damages of over $300 million.[29] SAP appealed. While the appeal was pending, SAP petitioned the PTO to invalidate the patent.[30]

The Federal Circuit beat the PTO to a decision, but by just a few weeks. The Federal Circuit issued its opinion on May 1, 2013, affirming on infringement and the damages award. It found, however, that certain language in the district court's permanent injunction was overbroad. It therefore vacated language enjoining use and sales of SAP's products and remanded with instructions for the district court to limit the injunction to enjoin use and sales of only the infringing functionality (as opposed to the products as a whole).[31]

Approximately six weeks after the Federal Circuit's opinion, and before its mandate had issued, the PTAB issued a final decision ordering cancellation of the claims underlying the injunction.[32] In view of this June 11, 2013 PTAB decision, SAP immediately requested that the Federal Circuit stay the appeal pending resolution of the PTO proceedings.[33] Without any substantive comment, the Federal Circuit denied the stay, and its mandate issued shortly thereafter.[34]

Back in the district court, Versata filed a motion stating that it abandoned and waived any right to injunctive relief, and asked the court to vacate the injunction.[35] The district court obliged that same day.[36] SAP also filed a motion that day for relief from the judgment in view of the PTO's invalidation of the patent.[37] The district court denied SAP's motion, stating that unlike in *Fresenius*, where the district court judgment was not yet final, the judgment here was final, and therefore SAP could not avail itself of the PTO's decision.[38] On appeal, the Federal Circuit summarily affirmed the denials of the stay and of relief from the district court's final judgment.[39]

In sum, in *Versata v. SAP*, the Federal Circuit affirmed on liability and validity, and remanded only so that the district court could narrow certain language in the injunction. On remand, the patentee then waived its right to injunctive relief. Thus, the district court had nothing left to do but enter judgment consistent with the Federal Circuit's affirmance, leaving SAP with a final district court judgment it was unable to avoid even though the PTO had subsequently invalidated the patent.

IV. Practical Considerations

Clearly, the possibility of an ANDA filer bringing a post-grant challenge should be on the radar of all Hatch-Waxman litigants.[40] Filing a post-grant challenge may be a particularly attractive strategy for second ANDA filers, who may have the benefit of seeing how the first-filer's invalidity arguments are faring in the district court. Indeed, in one of the first inter partes review ("IPR") petitions filed in the pharmaceutical space, Apotex Inc. appeared to adopt this strategy. Patent owner Alcon had originally sued Teva Pharmaceuticals USA, Inc., the first filer, and the district court held that Teva had not proven invalidity.[41] The PTO instituted an IPR filed by Apotex, a later ANDA filer, based on the same prior art Teva had unsuccessfully asserted in its district court case.[42] The IPR ultimately settled without a final written decision on the merits, but this situation illustrates that a second filer may be able to chart a path to success in the PTO, even when the first filer has already lost on invalidity in the district court on the same prior art.

Where a PTO challenge is filed, parties should think about the anticipated order of final decisions from the courts (both the district court and Federal Circuit) and the PTO. As illustrated above, the relative timing can dictate whether the defendant will be stuck with the district court's judgment. Timing was the difference between Fresenius benefiting from the intervening PTO invalidation and SAP not benefiting. As these two cases show, a final damages award will not be reopened to allow a party to take advantage of a later finding of invalidity (*Versata*), but a party can be absolved of a non-final award (*Fresenius*).[43]

The timing considerations so crucial to *Fresenius* and *Versata* are most relevant where damages are at issue. Of course, damages issues typically do not arise in Hatch-Waxman cases, so *ePlus* is more directly applicable to those cases. In *ePlus*, the Federal Circuit did not invoke the concept of finality in vacating the district court's injunction.[44] Instead, the court reasoned that an injunction must be set aside when the legal basis for it has ceased to exist.[45] Even the dissent agreed with this point, noting that once the Federal Circuit has affirmed the PTO's cancellation of the patent claims underlying an injunction that bars infringement, the decision to prospectively vacate that injunction "comes easily."[46]

While *ePlus* suggests that a generic challenger seeking to undo an injunction would be able to take advantage of a final PTO decision of invalidity no matter what stage the district court litigation is in, the generic challenger will need to take extra steps to make use of the decision. For example, in most Hatch-Waxman cases, a 30-month stay of approval of the ANDA is put into place.[47] To shorten the stay, the generic challenger needs a district court decision or an appellate court decision based on an appeal from the district court holding that the patent is invalid or not infringed.[48] Accordingly, the generic challenger would likely have to file a motion for summary judgment of invalidity based on the PTO decision, and then wait for the district court to grant that motion, before the 30-month stay can be lifted.

While it remains to be seen how post-grant proceedings will affect Hatch-Waxman litigation strategies, existing case law demonstrates that litigants must be cognizant of the interplay between court and PTO decisions and the resultant effects on the ultimate outcome for brand and generic litigants.

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(Endnotes)

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The information contained in this article reflects the opinion(s) of the authors and is not an official opinion of Goodwin Procter LLP.

[1] Vanessa Blum, "What's So Special About Patent Law, Judge Asks," The Recorder (Jun. 19, 2014); *Invista N. Am. S.a.r.l. v. M&G USA Corp.*, No. 11-cv-1007-SLR (D. Del. Jan. 14, 2015) (discussed in more detail in n.43, *infra*).

[2] Note, however, that a petition for inter partes review must be filed within one year of the petitioner being served with a complaint for infringement, and neither a petition for inter partes review nor post-grant review can be filed if the petitioner has already filed a civil action challenging the validity of the patent. 35 U.S.C. §§ 315, 325.

[3] *Interthinx, Inc. v. CoreLogic Solutions, LLC*, CBM2012-00007, Paper 58 at 5-7 (Final Written Decision, filed Jan. 30, 2014); *see also* Manual of Patent Examining Procedure § 2286 (discussing interplay of reexamination and concurrent court proceedings) and § 2659 (discussing application of res judicata and collateral estoppel in reexamination).

[4] *See, e.g., In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1365 (Fed. Cir. 2012).

[5] *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1332-33 (Fed. Cir. 2013).

[6] *Id.* at 1333.

[7] *Id.*

[8] *Id.*

[9] *Id.* at 1334. By the time the Court entered judgment, an injunction was no longer at issue because the underlying patent had expired.

[10] *Id.* at 1334-35.

[11] *Id.* at 1335.

[12] Ex Parte Reexamination Certificate, U.S. Patent No. 5,247,434 C1 (P.T.O. Apr. 30, 2013).

[13] *Fresenius*, 721 F.3d at 1336.

[14] *Id.* at 1340.

[15] *Id.*

[16] *Id.* at 1341.

[17] *Id.*

[18] *Id.*

[19] *Id.* at 1347.

[20] *ePlus, Inc. v. Lawson Software, Inc.*, 760 F.3d 1350, 1352 (Fed. Cir. 2014).

[21] *Id.* at 1353.

[22] *Id.* at 1354.

[23] *Id.* at 1354-55.

[24] USPTO Reexamination No. 90/008,104.

[25] Decision on Appeal, USPTO Reexamination No. 90/008,104 (May 18, 2011).

[26] *In re ePlus, Inc.*, 540 F. App'x 998 (Fed. Cir. 2013) (per curiam).

[27] *ePlus,* 760 F.3d at 1355.

[28] *Id.* at 1357.

[29] *Versata Software, Inc. v. SAP Am., Inc.*, 717 F.3d 1255, 1260 (Fed. Cir. 2013).

[30] The petition is Covered Business Method Review, CBM2012-00001 (filed Sep. 9, 2012). Covered business method review is a post-grant procedure applicable to certain patents relating to financial products and services. *See* Section 18 of the Leahy-Smith America Invents Act.

[31] *ePlus,* 760 F.3d at 1269.

[32] CBM2012-00001, Paper 70 at 34 (Final Written Decision, filed Jun. 11, 2013).

[33] Motion of Appellants SAP AG and SAP America, Inc. to Stay Appeal at 10, No. 2012-1029 (Fed. Cir. Jun. 17, 2013).

[34] *Versata Software, Inc. v. SAP Am., Inc.*, No. 2012-1029, -1049 (Fed. Cir. Jul. 5, 2013) (Order denying motion to stay appeal).

[35] Versata's Motion to Dismiss Its Remaining Claims for Injunctive and Equitable Relief on Grounds of Mootness, *Versata Software, Inc. v. SAP Am., Inc.*, No. 2:07-cv-153-RSP (E.D. Tex. Jan. 21, 2014) (D.I. 595).

[36] *Versata Software, Inc. v. SAP Am., Inc.*, No. 2:07-cv-153 (E.D. Tex. Jan. 21, 2014) (Order granting Versata's Motion to Dismiss Its Remaining Claims for Injunctive and Equitable Relief on Grounds of Mootness).

[37] Motion of SAP America, Inc. and SAP AG for Relief from Judgment Under Fed. R. Civ. P. 59(e) or 60(b) or For a Stay, *Versata Software, Inc. v. SAP Am., Inc.*, No. 2:07-cv-153 (E.D. Tex. Jan. 21, 2014) (D.I. 598).

[38] *Versata Software, Inc. v. SAP Am., Inc.*, No. 2:07-cv-153, 2014 WL 1600327 (E.D. Tex. Apr. 21, 2014). Although the Court recognized that the PTAB decision was not "final," this fact did not appear to influence the decision. *Id.* ("The proceedings before the PTAB are not even final at this time, but this Court does not believe that later finality will change the calculus.").

[39] *Versata Computer Indus. Solutions, Inc. v. SAP AG.*, 564 F. App'x 600, 601 (Fed. Cir. Jun. 18, 2014).

[40] Note that if the PTO proceeding finishes first, estoppel will apply. 35 U.S.C. §§ 315, 325.

[41] *Alcon, Inc. v. Teva Pharm. USA, Inc.*, 664 F. Supp. 2d 443, 471 (D. Del. 2009).

[42] IPR2013-00012 Paper 43 (Institution Decision, filed Mar. 19, 2013).

[43] Timing issues can also become pertinent in bifurcated cases. For example, in *Invista N. Am. S.a.r.l. v. M&G USA Corp.*, No. 11-cv-1007-SLR (D. Del. Jan. 14, 2015), Judge Robinson followed her usual practice of bifurcating liability and damages/willfulness. Following the liability trial, she issued a final

judgment of infringement and no invalidity. Defendants appealed, and contemporaneously requested ex parte reexamination of the patent-in-suit. The Federal Circuit affirmed the district court on infringement and no invalidity. Meanwhile, in the reexamination, the PTO had issued a non-final office action rejecting all claims. Defendants moved to stay further proceedings in the district court and for relief from the infringement and no invalidity judgment pending completion of the reexamination. Judge Robinson denied the motions and lamented that her standard practice of bifurcation had unintentionally provided defendants with the ability to take "another bite at the apple" by seeking relief from the liability judgment and seeking to postpone the damages/willfulness trial pending completion of the reexamination. *Id*. at 2.

[44] To the contrary, the Federal Circuit did rely upon principles of finality in vacating the contempt sanctions, and left unanswered the question of whether such sanctions would survive had the injunction been final at the time they were imposed. *ePlus*, 760 F.3d at 1359.

[45] *Id*. at 1355.

[46] *Id*. at 1361 (O'Malley, J., dissenting).

[47] *See* 21 U.S.C. § 355(j)(5)(B)(iiii).

[48] *See* 21 U.S.C. § 355(j)(5)(B)(iiii)(I)(aa), (II)(aa)(A).

Moving UP ▲ & Moving ON ➤➤➤

➤ Keith McWha, formerly of McCarter and English, LLP, has joined Lerner, David, Littenberg, Krumholz & Mentlik LLP as a Partner.

➤ Eric H. Yecies of Holland & Knight LLP has been promoted to partner in its Intellectual Property Group.

➤ Douglas Gilbert, formerly of Tarter Krinsky & Drogin LLP, has joined Abelman Frayne & Schwab as a Partner.

➤ Steven I. Weisburd and Richard LaCava, formerly of Dickstein Shapiro LLP, have joined Arent Fox as partners in its Intellectual Property practice.

➤ Vishal Gupta and Siew Chong, formerly of Fitzpatrick, Cella, Harper & Scinto, have joined Steptoe & Johnson LLP as partner and associate, respectively, in the firm's Intellectual Property Practice.

➤ Paul E. Torchia of Gibson, Dunn & Crutcher LLP has been promoted to partner in its Intellectual Property practice.

The Bulletin's Moving Up and Moving On feature is for the Association's members. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to the Bulletin editors: Mary Richardson (mary.e.w.richardson@gmail.com) or Robert Greenfeld (rgreenfeld@steptoe.com).

Reissue Proceedings: Another Twist in the Tale of AIA Post-Grant Review

By Kenneth R. Adamo, David W. Higer, Eugene Goryunov, and Rajat Khanna[1]

Picture this: a petitioner files a petition requesting inter partes review ("IPR") of a patent that the U.S. Patent and Trademark Office ("Patent Office") is concurrently examining in a reissue proceeding under 35 U.S.C. § 251. What happens if the reissue proceeding concludes while the IPR is still pending? Patent Trial and Appeal Board ("Board") decisions to date reflect that the IPR proceeding will be terminated.

By statute, a reissued patent is intellectual property separate and distinct from the original patent, which must be surrendered when the reissue proceeding is concluded.[2] The original patent ceases to exist when it is surrendered, thus leaving nothing to be reviewed in an IPR. This outcome leads to questions for both the patent owner and petitioner. For example, are reissue proceedings pro-patent owner or pro-petitioner? Can reissue proceedings offer petitioners an advantage in a patent dispute? The answer is yes on all counts, particularly as the interplay among these different post-grant review proceedings and their impact on district court litigation presents several strategic choices to patent owners and petitioners alike.

I. Statutory Framework Terminating IPR on Reissuance of Challenged Patent

Reissue of a patent is governed by 35 U.S.C. § 251(a), which states in relevant part:

> Whenever any patent is, through error, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, **the Director shall, on the surrender of such patent . . . reissue the patent for the invention disclosed in the original patent** . . . .

(emphasis added). Section 252 states that "surrender" of the original patent takes effect "upon the issue of the reissued patent."

II. Impact of a Reissue on a Pending IPR Proceeding

The Board has relied on Sections 251 and 252 to deny petitions requesting IPR. For example, in *Apex Med. Corp. v. ResMed Ltd.*, the petitioner filed an IPR petition challenging an original patent. Two weeks later, the Patent Office reissued the challenged patent.[3] The Board took notice of the original patent's reissue and declined to institute an IPR trial, finding that the challenged patent ceased to exist upon reissue.[4]

The Board explained that, under Section 252, reissue results in the surrender of the original patent. The reissued patent and the original patent are distinct intellectual property, and because the petition before the Board challenged a patent that no longer existed, the Board reasoned it had no authority to institute an IPR trial.[5]

III. Petitioners Winning By Losing

The outcome in *Apex* presents a mixed bag of lessons for patent owners and petitioners. On one hand, the Patent Office decided not to institute a proposed IPR proceeding based on the reissue. The patent owner thus no longer had to prevail in the instant IPR, and the reissue proceeding may have strengthened the patent, limiting available prior art for any future IPR.

On the other hand, the reissue proceedings may have narrowed the patent's scope, providing intervening rights under 35 U.S.C. § 252 and giving the petitioner a stronger non-infringement position in district court litigation. Reissue proceedings also do not foreclose a petitioner's ability to file a new petition requesting IPR of the reissued patent. The America Invents Act prohibits filing a petition more than one year after the "date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the [challenged] patent."[6] Because the reissued patent is a new piece of intellectual property,[7] the one-year-to-file clock does not start to run until the petitioner is served with a complaint asserting the new, reissued patent.

For example, in *Eizo Corp. v. Barco N.V.*, more than one year after the patent owner served its complaint accusing the petitioner of patent infringement, the Patent Office reissued the asserted patent.[8] The patent owner subsequently served the petitioner with an amended complaint asserting infringement of the reissued patent.[9] More than one year after service of the initial complaint but less than one year after service of the amended complaint, the petitioner filed a petition requesting IPR of the reissued patent.[10] The patent owner argued that the Board should dismiss the petition as untimely because the petitioner filed it more than one year after service of a complaint asserting the patent.[11] The Board disagreed, reasoning the one-year-to-file clock started running only after service of the amended complaint asserting the *reissued* patent.[12] In reaching its conclusion, the Board emphasized that the original patent and reissued patent were distinct intellectual property.

IV. Conclusion

The interplay among various post-grant review proceedings at the Patent Office and litigation in the district court presents several strategic choices to both patent owners and petitioners.[13] Practitioners would be well advised to consider the impact a reissue proceeding may have on a pending IPR proceeding and maneuver accordingly.

(Endnotes)




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This article reflects only the present considerations and views of the authors, which should not be attributed to Kirkland & Ellis LLP, or to any of its or their former or present clients.

[2] 35 U.S.C. §§ 251, 252.

[3] IPR2013-00513, Paper 11 at 3 (P.T.A.B. Feb. 20, 2014).

[4] *Id*. at 2.

[5] *Id*. at 3–4.

[6] 35 U.S.C. § 315(b).

[7] *See* 35 U.S.C. §§ 251, 252; IPR2013-00513, Paper 11 (Feb. 20, 2014).

[8] IPR2014-00358, Paper 11 at 9 (P.T.A.B. Jul. 23, 2014).

[9] *Id*. at 10.

[10] *Id*. at 9–10.

[11] *Id*. Under 35 U.S.C. § 315(b) a petition for IPR must be filed within one year after the petitioner is served with a complaint alleging infringement of the patent.

[12] IPR2014-00358, Paper 11 at 9–10.

[13] *See, e.g. Parallel Proceedings: Stays of Parallel Related Patent Office Proceedings in View of a Later-Filed Inter Partes Review*, The Patent Lawyer 25–29 (Apr. 2014), discussing how the Board manages parallel proceedings before the Patent Office.

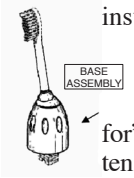
Notable Trademark Trial and Appeal Board Decisions

By Stephen J. Quigley[*]

(Unless noted, all decisions are precedential.)

Insufficient Evidence of Acquired Distinctiveness

The refusal to register the design of a base assembly for an electric toothbrush was affirmed because there was insufficient evidence of acquired distinctiveness.



Although sales of the product were "not insubstantial," there was limited evidence of advertising expenditures and an absence of "look-for" advertising. Because of these shortcomings, the ten years of continuous and exclusive use was not sufficient by itself to show secondary meaning in a product design.

In re Koninklijke Philips Electronics N.V., 112 U.S.P.Q.2d 1177 (T.T.A.B. 2014).

Laches Defense to Infringement and Dilution

The defense of laches requires a showing of undue or unreasonable delay by a party in asserting its rights, and prejudice to the opposing party resulting from the delay. Citing 15 U.S.C. § 1072, the Board held that laches is calculated from a date "no earlier than the date the involved mark was published for opposition (if there was actual knowledge), and no later than the issue date of the registration (when Plaintiff is put on constructive notice)."

A delay of three years and two months was sufficiently long to bar the petitioner's dilution claim. On the other hand, laches will not bar an infringement claim when "confusion is inevitable." In denying cross-motions for summary judgment, the Board advised the petitioner that it "will have to put in evidence of confusion that shows confusion to be inevitable, which is an increment higher than that required for a finding of likelihood of confusion."

Ava Ruha Corp. d/b/a Mother's Mkt. & Kitchen v. Mother's Nutritional Center, Inc., 113 U.S.P.Q.2d 1575 (T.T.A.B. 2015).

Princess Kate's Name Not Registrable

PRINCESS KATE and ROYAL KATE cannot be registered because these marks falsely suggest a connection with Catherine, the Duchess of Cambridge. Section 2(c) bars registration of the name of a living individual without that person's consent.

The applicant argued that the marks are not close approximations of Kate Middleton's name or identity because she is not a princess and has never used either PRINCESS or ROYAL in connection with her name. The Board disagreed, stating that the proper test is whether the mark "clearly identifies a specific person."

In re Nieves & Nieves LLC, 113 U.S.P.Q.2d 1629; 113 U.S.P.Q.2d 1639 (T.T.A.B. 2015).

Use of Third-Party Registrations in an Office Action Response

The Board considered evidence of numerous third-party registrations for identical or similar trademarks owned by different entities for vehicles and recreational vehicle trailers in ruling that TERRAIN for "recreational vehicles, namely, towable trailers" is not likely to cause confusion with TERRAIN for "motor land vehicles, namely, trucks."

The third-party registrations indicated that "businesses in these two industries believe that their respective goods are distinct enough that confusion between even identical marks is unlikely." The Board added that the registrations "suggest that consumers are aware that [the goods] are offered by different companies under the same or similar marks."

In re Thor Tech, Inc., 113 U.S.P.Q.2d 1546 (T.T.A.B. 2015).

Cancellation of a Madrid Registration for Abandonment

To cancel a Section 66(a) registration on the ground of abandonment for non-use, the petitioner must show:

1) three or more consecutive years of non-use beginning no earlier than the date on which the registration issued; or

2) if the period of non-use following issuance of the registration is less than three years, that the mark is not in use and there is an intent not to resume use.

The Board applied the same reasoning that it has used to determine if a Section 44(e) registration should be abandoned, i.e., the period of non-use that constitutes prima facie evidence of abandonment begins with the issuance of the registration.

Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d 1925 (T.T.A.B. 2014).

(Endnotes)

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HISTORIAN'S CORNER

As Time Goes By – Inn Like Linn

Some of our members may not be familiar with the American Inns of Court (Inns) movement, nor the fact that local Inns devoted to intellectual property are active in many parts of the country, including our own. The movement was initiated by Chief Justice Warren Burger in 1977 after he returned from a visit to England where he had learned about the English Inns of Court.

In a nutshell, the Inns have the admirable objective of fostering civility, excellence and professionalism via mentoring among law students, new and experienced practitioners, and judges. While many of the general Inns hold meetings at members' law firms, the IP Inns typically hold their gatherings at federal courthouses, which are ideal settings for honing legal practice skills.

The inspiration for having a network of IP Inns came from the Honorable Richard Linn, Senior Circuit Judge for the U.S. Court of Appeals for the Federal Circuit. He inspired what is now called the "Linn Inn Alliance" among IP Inns. The Alliance serves to facilitate the exchange of program information and materials among the IP Inns, and also serves to welcome members to visit the various IP Inns.

Within the NYIPLA's geographic reach, there exists the John C. Lifland Inn, which meets in Morristown, NJ and the Conner Inn, which meets in Manhattan. Last month the Conner Inn held an excellent program at the Thurgood Marshall United States Courthouse in honor of the 225th anniversary of the Southern District of New York. The program included a re-enactment of a satirical play by Lawrence Langner entitled "The Famous Case of National Kink Safety Pin Co. vs International Bump Co., et al. Or How Many Angels Can Dance on the Head of a (Safety) Pin?" It also included a panel discussion of significant trademark, copyright and patent cases that the S.D.N.Y. ruled upon during its illustrious history to date.

Mr. Langner's safety-pin play was first performed at our Association's 3rd Annual Dinner in honor of the Federal Judiciary at the Waldorf-Astoria on February 18, 1924. Back then, the Waldorf-Astoria was located on the spot where the Empire State Building now stands.

If all goes well, a new IP Inn will be launched in Connecticut next Fall. It will be called the "Arterton Inn," after the Honorable. Janet Bond Arterton, District Court Judge for the District of Connecticut. Presumably the new Inn will include students from Yale Law School and UConn School of Law, as well as Quinnipiac University School of Law, which recently was ranked 4th among the nation's law schools for value and quality of education by Super Lawyers magazine. See you at the Inns!

With kind regards,

Dale Carlson

Dale Carlson, a retired partner at Wiggin and Dana, is "distinguished practitioner-in-residence" at Quinnipiac University School of Law, NYIPLA historian, and a Past President. His email is dlcarlson007@gmail.com.

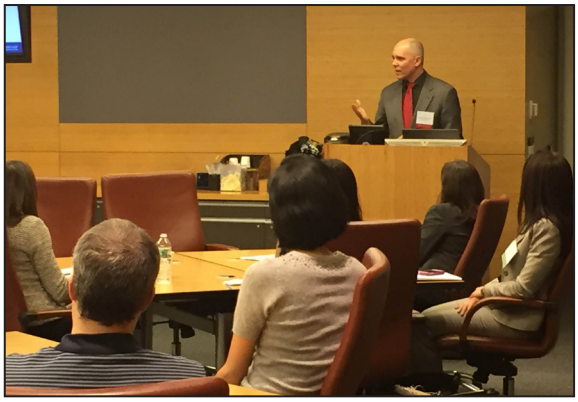
CLE PROGRAMS

Understanding the FTC's Updated Guides in Digital Advertising

By Ryan Klarberg

On January 7, 2015, following the Trademark Committee's meeting at Pryor Cashman LLP, Robert J. deBrauwere, a Partner in Pryor Cashman LLP's Intellectual Property and Digital Media Practice Groups, and Co-Chair of the firm's Digital Media Practice Group, gave a CLE presentation entitled, "Understanding the FTC's Updated Guides in Digital Advertising." Mr. deBrauwere provided practical information to help attendees understand the legal issues surrounding both the growing use of endorsements and testimonials in advertising as well as "native" advertising.

Mr. deBrauwere educated attendees on the FTC's updated guides concerning proper disclosures for endorsements and testimonials, providing practical examples of how to make effective disclosures in digital advertising in compliance with the FTC's guides, including disclosures on popular social media networks such as Facebook, Twitter and Instagram. Mr. deBrauwere concluded his presentation with a discussion regarding "native" advertising, which is an increasingly prevalent form of digital advertising in which marketers advertise in a way that matches the form and function of the platform on which it appears. He emphasized



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the importance of understanding the law surrounding "native" advertising because marketers have learned that consumers are more likely to click on the non-disruptive "native" advertisements that are designed to look like the articles/postings with which they appear.

For further information regarding Mr. deBrauwere's presentation on "Understanding the FTC's Updated Guides in Digital Advertising," he can be contacted directly at rdebrauwere@pryorcashman.com.

PTAB Trials: Tips and Strategies

On January 29, 2015, the Patent Litigation Committee of the NYIPLA hosted an event entitled, "PTAB Trials: Tips and Strategies." Guest speakers included the Honorable Thomas Giannetti and the Honorable Grace Obermann, Lead Administrative Patent Judges of the Patent Trial and Appeal Board (PTAB) of the U.S. Patent & Trademark Office, as well as Laura Sheridan, patent counsel at Google, Inc., and Mathias Samuel, a principal of Fish & Richardson P.C. The event was very timely, coming just shy of the 2½-year anniversary of the first IPR/CBMR proceedings filed with the PTAB.

The event focused on the PTAB's progress in administering inter partes review and covered business method review trials and the speakers' understanding of key statutory provisions and rules governing the PTAB. Kenneth Adamo of Kirkland & Ellis LLP moderated the event, eliciting comments from the attendees and the speakers on the various lessons learned by both the PTAB and the patent bar. The event produced an energetic exchange of information that will certainly help practitioners navigate the PTAB's rules and procedures.

Intellectual Property Protection in China from A-Z

By Jon Chiodo

On Thursday, February 12, 2015, the NYIPLA and the NJIPLA jointly hosted a one-day CLE seminar at the Hotel Woodbridge at Metropark, in Iselin, NJ. The program included four panels, a luncheon keynote speaker, and a networking function at the conclusion of the event. The seminar focused on intellectual property protection with an eye towards Chinese practice. Panel I was an introductory panel designed to familiarize attendees with an overview of IP in China. Panel II was directed to enforcement challenges and successes in China. Panel III was aimed at stopping and protecting against Chinese infringements at the U.S. border. Finally, Panel IV discussed strategies for working with China in the years ahead and considerations regarding China's place as a competitor or partner. The keynote speaker was the Honorable Randall Rader, former Chief Judge of the United States Court of Appeals for the Federal Circuit.

Panel I – Overview of Intellectual Property in China

Panel I included USPTO attorneys, practicing attorneys and directors in China, and an American IP attorney practicing in China. The panel was moderated by Mark Cohen, Senior Counsel at the USPTO and a member of the USPTO's China Team. Duncan Willson, an attorney advisor for the USPTO, gave an overview of trademark prosecution and opposition in China. Heather Lin, Senior Partner at NTD Patent & Trademark Agency, gave an overview of patent prosecution in China. Alan Zhiyong Fan, Deputy Director of IP Rights for Huawei Technologies, presented on the strategies and difficulties in managing an IP portfolio from the Chinese company perspective. Ben Wang, Head of Patents for Unilever China, concluded the panel by providing his perspective on being an American IP attorney practicing in China.

The panel focused on providing an overview of the day-to-day practice in China, including providing practice tips and guidance for securing IP rights and developing a robust portfolio in China. Duncan Willson provided an overview of trademark prosecution practice in China, giving insight into the requirements and formalities that are required when filing in China. His talk provided valuable insight into the unpredictability of Chinese prosecution and opposition, and gave tips related to ensuring the acquisition of such knowledge before filing. Heather Lin provided a similar discussion of patent prosecution in China, giving noteworthy statistics as to the increased number of filings in China and discussing nuances such as patentable subject matter, novelty and inventiveness in the Chinese Patent Office.

Alan Fan focused his presentation on the nuances of developing and managing an IP portfolio from the Chinese corporate perspective, focusing on the strategies that Huawei Technologies incorporates when conducting its research and developing IP protection. Mr. Fan's talk included a number of hot policy issues being discussed in China, including topics such as damages, annuities and foreign backlog. Ben Wang concluded the first panel by sharing his story as an American IP attorney, who was relocated to China to help manage and develop IP protection for an international company. By the conclusion of the first

panel's presentations, the attendees had a nice overview of what challenges exist in filing and developing an IP portfolio in China, giving attendees insight that they may not have had as U.S.-based practitioners.

Panel II – Enforcement Challenges and Successes in China

The second panel focused on the ability to enforce IP rights in China and the difficulties associated with such enforcement. The panel was moderated by Lisa Wang, founder of Wang IP Law and current Treasurer of the NJIPLA. Speakers, who included three U.S.-based speakers and one Chinese litigator, gave presentations on their insight and understanding of IP enforcement in China. Matthew Bassiur, Vice President of Pfizer Global Security, provided a discussion of joint initiatives on IP enforcement. Dean Garner, Assistant General Counsel–Patents from Johnson & Johnson, provided his perspective as a U.S. attorney enforcing patents in China. Alex Yip, Senior IP Corporate Counsel from Alcatel-Lucent USA, Inc., discussed negotiation strategies with Chinese companies. Finally, Tim Smith, an executive from Rouse, discussed the emerging IP litigation trends in China.

Matthew Bassiur's presentation provided a disturbing picture of counterfeit medicines and their threat to patient health and safety. His presentation focused on the widespread availability of counterfeit medicines throughout the world and the steps being taken to stop these medicines from being distributed. He discussed the procedures required for seizing counterfeit medicines and the severe sentences that are now being imposed on the manufacturers. Dean Garner discussed his own personal experiences in bringing a patent infringement challenge in China, focusing on the difficulties that occurred even before a suit was brought. He discussed alternative strategies to consider when going after infringers.

Alex Yip discussed various negotiation strategies and logistics to consider when dealing with a Chinese company. Some of the initial considerations included whether to have face-to-face meetings, visa requirements, and the importance of a technically competent translator. He also discussed various antitrust challenges and investigations that take place in China. Finally, Tim Smith presented on his experiences litigating patents in China and sought to challenge the preconceived impressions that many may have about Chinese enforcement. He noted the steps that China has taken, including increased transparency and establishing IP courts.

Keynote Speaker – the Honorable Randall Rader

The Honorable Randall Rader, former Chief Judge of the Federal Circuit Court of Appeals (ret.), delivered an insightful and entertaining keynote presentation focusing on the importance of dealing with and respecting IP in and from China. His discussion was lively and demonstrated his belief that U.S. practitioners and companies should be willing and able to work with Chinese entities going forward.

Panel III – Chinese Infringements at Home

The third panel was directed to enforcing IP rights at the U.S. border. The panel included the Honorable F. Scott Kieff, Commissioner of the ITC, Mark Abate, a partner with Goodwin Procter LLP, and Dax Terrill, an Attorney Advisor for the IP Rights Branch at the U.S. Customs and Border Protection. The panel was moderated by Alexander Hadjis, Chair of Cadwalader Wickersham & Taft LLP's International Trade Commission Patent Litigation Practice.

The panel began by introducing the various potential forums for IP rights enforcement, including the U.S. District Court, the U.S. ITC, and Customs and Border Protection. Mark Abate began by discussing recent developments at the ITC and giving an overview of the requirements to begin an ITC investigation. He also discussed the difficulty in obtaining a general exclusion order, but stressed the impact and usefulness if a general exclusion order can be obtained. Commissioner Kieff gave a behind-the-scenes look at ITC proceedings and

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the role of the Commissioners in protecting rights. He also discussed current efforts to improve the ITC, including maintaining speed of resolution even with increased dockets, a new ADR program, and a rapid resolution pilot program. Dax Terrill gave an overview of the administration and enforcement of an exclusion order and some of the difficulties in determining whether products fall within the scope of the order.

Panel IV – China: Competitor or Partner? Strategies for the Years Ahead

The final panel of the day was moderated by Peter Thurlow, a partner at Jones Day. The panel included Mark Cohen, Senior Counsel at the USPTO, Dick Thurston, former Senior Vice President and General Counsel at Taiwan Semiconductor Manufacturing Co., and David Kappos, a partner at Cravath, Swaine & Moore LLP. The panel format was a roundtable discussion about working with China and Chinese entities going forward. The panel discussed issues such as IP valuation and the importance of understanding its value in China, as well as the importance of working together across borders to achieve success.

The day-long CLE event concluded with a networking reception, allowing participants and attendees to interact with each other in a more social setting. The CLE provided 6.5 CLE credits in NY and NJ and was seen as a tremendous success not only by the NJIPLA and NYIPLA but also by the attendees and participants. With this successful event, we can anticipate more joint efforts between the NYIPLA and the NJIPLA in the future.

Young Lawyers Committee Happy Hour

By Jonathan Auerbach

On February 24, 2015, the Young Lawyers Committee hosted a happy hour at Faces & Names in Midtown Manhattan. Over twenty young lawyers from New York, Connecticut, and New Jersey attended this well-received event. Attendees represented a diverse range of IP practices, and the evening was full of lively discussion about the practice of IP law and about upcoming NYIPLA events. Committee Co-Chairs Jonathan Auerbach, Michael Bullerman, and Gary Yen thank all participants for attending. We look forward to reconnecting at the next happy hour!

Young Lawyers Roundtable: IP Transactional Practice

By Isaac Chao

On March 5, 2015, the NYIPLA Young Lawyers Committee continued its series of Young Lawyers Roundtables by hosting an engaging discussion about IP Transactional Practice at Fox Horan & Camerini LLP. Claudine K. Meredith-Goujon, Counsel at Paul, Weiss, Rifkind, Wharton & Garrison LLP, and Andrew C. Chien of Cadwalader, Wickersham & Taft LLP led the participants at the roundtable discussion. The evening included advice regarding common IP concerns of stakeholders in M&A and financing transactions, as well as a broad discussion of how trademarks and patents fit into the context of transactional practice. The participants enjoyed the conversational nature of the roundtable format and appreciated learning more about this exciting area of intellectual property law.

Keeping It Profitable: Creating and Managing Alternative Fee Agreements in IP Cases

By Scott Stimpson

On March 10, the Law Firm Management Committee held a CLE breakfast and presentation entitled, "Keeping It Profitable: Creating and Managing Alternative Fee Agreements in IP Cases." The presentation was hosted by Thomson Reuters and included a four-person panel that addressed various aspects and perspectives of Alternative Fee Agreements ("AFAs"). Marla Butler of Robins Kaplan LLP began with an overview of AFAs, including common types, functions, and various benefits of AFAs. Scott Stimpson of Sills Cummis & Gross P.C. followed with the law firm perspective on AFAs and addressed how law firms can manage AFAs to better ensure profitability. Next, the in-house counsel perspective was presented by Pfizer Consumer Healthcare in-house counsel Jeff Gold, who explained the advantages of using AFAs and some of the concerns of clients. Jim Batson of Bentham IMF rounded out the presentation with a discussion on funding options and their relationship to AFAs. At the conclusion of the presentations, there were numerous questions and discussions with the audience. The presentation was well attended.

Minutes of December 17, 2014

Meeting of The Board of Directors of The New York Intellectual Property Law Association

The Board meeting was held at the offices of Amster, Rothstein & Ebenstein LLP. President Anthony Lo Cicero called the meeting to order at 12:25 p.m. In attendance were:

Dorothy Auth	Charles Hoffmann
Garrett Brown	Denise Loring
Kevin Ecker	Peter Thurlow
Walter Hanley	Richard Parke
Annemarie Hassett	Stephen Quigley

Jessica Copeland, Raymond Farrell and Jeanna Wacker participated by telephone. Matthew McFarlane and Wanli Wu were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The Board approved the Minutes of the November 19, 2014 Board meeting.

Treasurer Kevin Ecker reported that the Association continues to be in sound financial condition. Excess funds currently in checking accounts were moved to savings accounts, which have the same interest rate as our CD accounts. As CDs mature, funds will be transferred into savings accounts to maximize liquidity.

Kevin Ecker reported that the Association received applications from four new members, including one corporate member and one student. The Board approved admission of the new members to the Association.

President Lo Cicero reported on behalf of Matthew McFarlane on the activities of the Amicus Brief Committee. The Committee would like to file a brief before the U.S. Supreme Court on behalf of the petitioner in *Kimble v. Marvel Enterprises, Inc*. The brief would be due on February 2, 2015. The Committee is also considering filing a brief in support of the petitioner in *Commil USA, LLC v. Cisco Systems, Inc*., which would be due on January 26. The Committee will prepare proposals for the Board's consideration. The Committee is monitoring a number of other cases and will consider whether to recommend filing briefs, as appropriate.

Richard Parke reported on proposed topics and panelists for the Day of the Dinner luncheon. President Lo Cicero reported that he is awaiting final confirmation of the speaker for the Judges Dinner.

The Board discussed the issue of statements made by Association members at public meetings or other fora regarding IP-related policy issues. The sense of the Board is that unless a position has been approved by the Board in advance of the meeting, the Association member should state that the opinions are personal and not those of the Association.

Denise Loring and Annemarie Hassett reported on activities of the Legislative Action Committee. American Continental Group Advocacy ("ACG") has brought to our attention a letter submitted to members of Congress relating to patent reform legislation. The letter was prepared by a diverse group of stakeholders that may have interests in common with the NYIPLA. The ACG asked whether the Association would be interested in meeting and possibly collaborating with this group. The Board approved contact with the group. Any public actions in coordination with the group will require prior Board approval.

Annemarie Hassett proposed formation of a new Media Committee. The committee would work with other committees and with the ACG, our public policy consultant, to disseminate information about Association activities. A working group consisting of Annemarie Hassett, Stephen Quigley and Denise Loring was formed to investigate the proposal and make recommendations to the Board.

Board members reported on upcoming Association-sponsored programs.

Charlie Hoffmann reported that the program at Rensselaer Polytechnic Institute (RPI) is confirmed for April 15, 2015. Judge Gajarsa will participate. Walter Hanley reported that there will be a patent litigation program on PTAB trials, tips and strategies, on January 29, 2015.

Dorothy Auth reported on discussions with Mindy Bickel and others at the PTO regarding the Women's Entrepreneurship Symposium to be held by the PTO in NYC on March 28, 2015, the Saturday following the Judges Dinner. The organizers are looking for speakers for the day-long meeting. Acting PTO Commissioner Michele Lee is expected to participate.

Dorothy Auth also reported on a joint program with the NJIPLA on all aspects of Chinese IP. The meeting, which will take place on February 12 in Metropark, Iselin, NJ, will be a full-day meeting. Judge Rader, former PTO Commissioner David Kappos, and the ITC Commissioner are expected to participate.

Richard Parke reported on the luncheon presentation the previous week by Judge Wexler about World War II veteran judges.

The meeting adjourned at 2:12 p.m.

The next Board meeting will take place on January 14, 2015 at 12:00 p.m.

Minutes of January 14, 2015

Meeting of The Board of Directors of The New York Intellectual Property Law Association

The Board meeting was held at the offices of Amster, Rothstein & Ebenstein LLP. President Anthony Lo Cicero called the meeting to order at 12:25 p.m. In attendance were:

Dorothy Auth	Matthew McFarlane
Walter Hanley	Peter Thurlow
Annemarie Hassett	Stephen Quigley
Charles Hoffmann	Jeanna Wacker
Denise Loring	

Kevin Ecker and Jessica Copeland participated by telephone. Garrett Brown, Raymond Farrell, Richard Parke and Wanli Wu were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The Board approved the Minutes of the December 17, 2014 Board meeting.

Treasurer Kevin Ecker reported that the Association continues to be in sound financial condition. There were some additional expenses over last year, in particular the fees from the Association's new public policy consultant, American Continental Group Advocacy (ACG), and some expenses in connection with the March 2015 Judges Dinner. It is expected that income from the Judges Dinner will start coming in over the next week.

Kevin Ecker reported on the new membership applications, which included a good mix of student and senior level applicants. Total Association membership is up over the same period last year. Annemarie Hassett suggested that the Association track student membership to determine whether students continue their memberships upon graduation from law school. The Board approved admission of the new members to the Association.

Matthew McFarlane reported on the activities of the Amicus Brief Committee. The Board (with Walter Hanley recused) approved the Committee's continuing work on filing a brief before the U.S. Supreme Court on behalf of the petitioner in *Kimble v. Marvel Enterprises, Inc*. The brief is due on February 2, 2015. The Board (with Denise Loring recused) also approved the Committee's continuing consideration of a brief in support of the petitioner in *Commil USA, LLC v. Cisco Systems, Inc*., which would be due on January 27. The Committee will circulate any drafts/proposals for the Board's consideration in advance of the due dates. The Committee is monitoring a number of other cases and will consider whether to recommend filing briefs, as appropriate.

Denise Loring and Annemarie Hassett reported on activities of the Legislative Action Committee (LAC). The Association's public policy advisor, ACG, has proposed a series of meetings on February 10 and 11, 2015 in Washington, D.C., with legislators and their staff and an introductory meeting with a group of stakeholders active in the patent reform legislation debate. The Board approved attendance at the meeting by Association representatives. The Board discussed a draft issue paper prepared by the LAC on patent reform legislation currently being considered by Congress. Mses. Hassett and Loring reported that the draft has been circulated to Association committees for their input. The Board agreed to provide any comments to the draft by Sunday, January 22. Mses. Hassett and Loring acknowledged the excellent work of Brian Doyle, Michael Kasdan and Robert Rando in preparing a draft of the issue paper.

Annemarie Hassett reported on the proposal of the working group (Annemarie Hassett, Stephen Quigley and Denise Loring) for the composition and responsibilities of a new Media Committee. The Board requested that the working group prepare a full report on the proposal.

Stephen Quigley reported on the Publication Committee's proposal to change the name of the NYIPLA Bulletin. The Board requested that the Committee consider potential names and report back to the Board.

Board members reported on upcoming Association-sponsored programs.

President Lo Cicero reported on a Conner Inn presentation on February 26, marking the 225th Anniversary of the District Court for the Southern District of New York. The program will include performance of a patent trial called, "The Safety Pin." He will inquire whether NYIPLA members who are not members of the Conner Inn may attend the program.

Kevin Ecker reported that Frank Sedlarcik is stepping down as Co-Chair of the Corporate Committee. Kevin acknowledged his excellent work on the Committee. Frank will be replaced by Tulloss Delk of IBM.

The meeting adjourned at 2:13 p.m.

The next Board meeting (with Committee Chairs) will take place on February 11, 2015 at 5:30 p.m. at The Union League Club.

Diverse Careers in IP Law and Strategies for Achieving Success

➤ MONDAY, APRIL 13, 2015 ◄

Quinnipiac University School of Law, 370 Bassett Road, North Haven, Connecticut 06473

The Rapidly Changing Patent Law Landscape: What Entrepreneurs, Investors, Inventors, Lawyers and Judges Need To Know

Hosted by the New York Intellectual Property Law Association in conjunction with Rensselaer Polytechnic Institute and Intellectual Property and Innovation American Inn of Court

➤ WEDNESDAY, APRIL 15, 2015 ◄

Hilton Garden Inn Troy, 235 Hoosick Street, Troy, New York 12180

Intellectual Property – the Asset Every Company from Startup to Google Needs to Protect, Promote, and to Prosper: What You Need to Know about IP from the Perspective of IP Lawyers, Policymakers/Advocates

Hosted by the NYIPLA, Accelerate, LIFT, and LISTnet

➤ THURSDAY, APRIL 23, 2015 ◄

LaunchPad Huntington, 315 Main Street, 2nd Floor, Huntington, New York 11743

NYIPLA Annual Meeting

➤ TUESDAY, MAY 19, 2015 ◄

The Princeton Club, 15 West 43rd Street, New York, New York 10036

Hot Topics in Trademark CLE Seminar

➤ TUESDAY, JULY 14, 2015 ◄

The Princeton Club, 15 West 43rd Street, New York, New York 10036

Global Intellectual Property Protection Strategy and WIPO Services

Hosted by the New York Intellectual Property Law Association and World Intellectual Property Organization

➤ THURSDAY, SEPTEMBER 17, 2015 ◄

One-Day Patent CLE Seminar

➤ FRIDAY, NOVEMBER 6, 2015 ◄

The Princeton Club, 15 West 43rd Street, New York, New York 10036

Last	First	Company	Membership Type	State
Angurala	Vikram	Florida Coastal School of Law	Student	Massachusetts
Buckley	Timothy	Powley & Gibson, P.C.	Active 3-	New York
Cordero	Alexandra	Benjamin N. Cardozo School of Law	Student	New York
Daniel	Ugooma	American University Washington College of Law	Student	Washington, DC
Emert	Aryn	Cowan, Liebowitz & Latman, P.C.	Active 3+	New York
Fraulo	Paul	Brooklyn Law School	Student	New York
Fues	Eric	Finnegan, Henderson, Farabow, Garrett & Dunner, LLP	Active 3+	District of Columbia
Garg	Nidhi	IBM Corporation	Corporate	New York
Glover	Charles		Active 3+	Connecticut
Hazan	Brooke	Kenyon & Kenyon LLP	Active 3+	New York
Hild	Harry	Tutunjian & Bitetto, P.C.	Active 3+	New York
Horowitz	Corey	Network-1	Corporate	New York
Hsu	Rebecca	Seton Hall Law School	Student	New Jersey
Huang	Cindy	Carter, DeLuca, Farrell & Schmidt LLP	Active 3+	New York
Imm	Vannoroth	Benjamin N. Cardozo School Law School	Student	New York
Lower	Robert	IdeaConnection	Corporate	New York
Martone	Patricia	Law Office of Patricia A. Martone, P.C.	Active 3+	New York
Odubekun	Babatunde	Maurice A. Deane School of Law at Hofstra University	Student	New Jersey
Pelletier	Monique	Quinnipiac University School of Law	Student	Connecticut
Perrella	Lauren	Rutgers School of Law - Camden	Student	New Jersey
Pisano	Joel	Connell Foley LLP	Active 3+	New Jersey
Purkayastha	Swagata	The George Washington University Law School	Student	Washington, D.C.
Reardon	Katherine	Fish & Richardson, P.C.	Active 3+	New York
Russell	Mark	Vedder Price PC	Active 3+	New York
Stein	Emily	Baker Botts LLP	Active 3-	New York
Uthaman	Smitha	Vedder Price P.C.	Active 3-	New York
Zhang	Xiaoying (Snow)	University of Pittsburgh School of Law	Student	Pennsylvania

The New York Intellectual Property Law Association, Inc.

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