PATENT LAW UPDATE

JANUARY 2015 >> Post-Grant Review • USPTO Statistics • Free Patentability Search

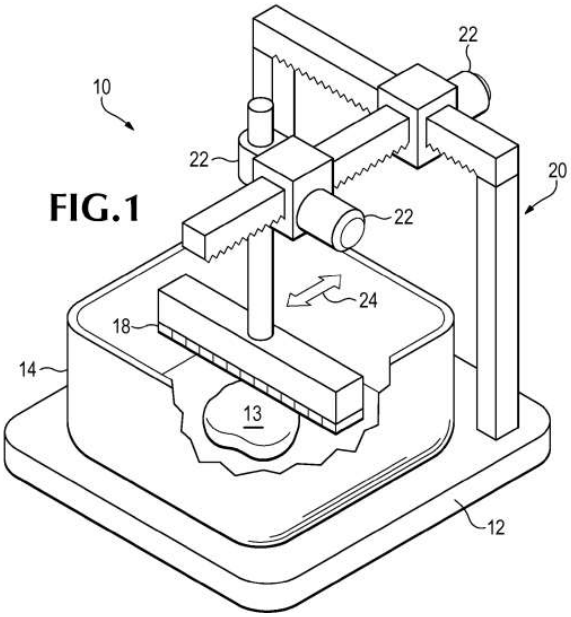

FIG.1

Newsletter courtesy of **Timothy E. Siegel Patent Law, PLLC**, specializing in Patent Procurement and Patent Infringement Defense Counseling for Electrical, Electronic, Optical, Medical, Software and Mechanical Devices.

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What is Post-Grant Review?

The Leahy-Smith America Invents Act (AIA) introduced the process of post-grant review (PGR), which permits competitors to challenge the patentability of any or all of a newly-issued patent's claims on any grounds, before the Patent Trial and Appeal Board (PTAB) of the United States Patent And Trademark Office (USPTO). The challenge may state that the patent is blocked by an earlier printed publication, or that the invention was in public use or on sale before the effective filing date. A challenger can even argue that the patent is invalid because the claims are simply unclear, not adequately supported by the specification or pertain to non-statutory subject matter, such as an abstract idea. But PGR is only available for patents with an effective filing date after March 15, 2013, and must be filed within nine months of patent issuance. After those nine months are up, a competitor can challenge a patent before the PTAB only on the basis that it is blocked by prior publications. Accordingly, there is now an added incentive to carefully watch the patents obtained by competitors. Although PGR is expensive, it could be cheaper than having to shut down a product line or give up on a new product that had been under development. It is certainly less expensive than litigation, and has a much faster timeline: Twelve to eighteen months. It is also important to understand that a patent that we obtain could be subject to a PGR, from a (villainous) competitor. You can fight back, if a competitor does launch a PGR, but I would hate for any of my clients to be caught unawares, without even knowing that a PGR is a possibility.

How frequently does it occur?

So far, PGRs have been rare, with only three requests being filed since the process became available in March of 2013. To put that number in perspective, PGR is just one of four post-grant proceedings available under the AIA, with the other three being inter partes review, covered business method proceedings, and derivation proceedings. A total of 2,328 petitions across the other three categories were filed in that same period of time, March of 2013 through December of 2014. However, due to the lengthy patent application process and our proximity to the qualifying date of March 16, 2013, it is reasonable to expect the number of PGRs to increase as more patents issue with eligible effective dates. *(Continued on Page 2.)*

What is Post-Grant Review? *(continued)*

What if my patent gets challenged with a PGR?

When a competitor files a PGR petition against a patent, the patent owner is notified and has the right to file a preliminary response within three months. At the end of the three-month response period, the Patent Trial and Appeal Board determines if the challenged claims are "more likely than not" unpatentable – this decision is "final and nonappealable." Once a PGR is implemented, the patent owner can respond and/or make one amendment to the patent to cancel and/or add new claims. The Board then issues a final decision between twelve and eighteen months from the review's institution. This final decision *is* appealable through the United States Court of Appeals for the Federal Circuit. It is also worth noting that the patent owners in each of the three reviews had filed infringement suits against the same competitors that later filed the petitions for PGR.

How do I request a PGR of a competitor's patent?

Filing a PGR petition requires awareness of competitors' newly-issued patents. The petition also costs $12,000 to file, with an additional $18,000 fee if the review is instituted, with both fees being limited to action against twenty challenged claims. Both parties can submit examples of prior art, printed publications, public use or availability, and violations of statutory grounds to support their argument. As an example, the second PGR petition used the patent owner's own declaration made during prosecution to challenge two claims within the patent for the chemotherapy-related antiemetic Aloxi – and before the Board even decided to institute a review, the parties reached a settlement that resulted in the termination of the patent. PGR proceedings become public record.

Conclusion

In summary, there is now an added incentive to keep an eye on competitors' patent issuances. It would be unfortunate if a competitor were to obtain and keep a patent that could have been challenged in the nine-month window, but was not.

USPTO Statistics

Although the patent application process is long and arduous, the latest Performance and Accountability Report from the USPTO offers some hope for the future. In January 2009, the backlog of unexamined patent applications stood at a staggering **750,596** – however, at the close of Fiscal Year (FY) 2014 (October 1, 2013 – September 30, 2014), that backlog has been slashed by **19.3%**, to **605,646**, which is impressive considering that the number of new patent filings has actually increased by an average of **4.9%** each year since 2010.

The USPTO has also cut down the total pendency time for applications, from **35.3 months** during FY 2010 to **27.4 months** by the end of FY 2014 – a **22.3% decrease**, or an average decrease of **6.1% or 2 months** per year. With the current trend, the agency should cut the total pendency time down to **18.8 months** by FY 2020; by 2028, it should drop to less than a year: **11.4 months**.

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