

Patent reexamination under the Leahy-Smith America Invents Act

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On 16 September 2011, US President Barack Obama signed into law The Leahy-Smith America Invents Act (AIA), a sweeping revision of the US patent system. Perhaps one of the most important revisions to US practice will be that of post-allowance and post-issuance review, such as supplemental examination, post-grant review and review of the validity of business method patents.

Additionally, changes are in effect for *inter partes* reexamination. Compared to the new post-issuance review process, which can be submitted under almost any standard, e.g., novelty, inventive step or obviousness, utility, indefiniteness or lack of enablement (though no longer for ‘best mode’), the new *inter partes* review is restricted to grounds of novelty or obviousness, and must be based upon printed patents and publications, but there will be a much wider latitude than previously permitted with regard to participation and procedure. Presently, a third party can file either an *ex parte* or *inter partes* request for reexamination only if it can be shown by the requester that a “substantial new question (SNQ) of patentability” is raised for at least one of the claims of a patent. While the Leahy-Smith Act does not include a revision of the SNQ standard for granting an *ex parte* request for reexamination, effective 16 September 2011, for *inter partes* review, the SNQ standard, and in fact, almost the whole present practice, has changed. The new basis for instituting an *inter partes* review is whether the information presented by the requester “establishes that there is a reasonable likelihood that the Requester will prevail” with respect to at least one challenge of the claim, or claims, in the patent. Such streamlining of the old process to obtain a more reasonable post-issuance review will, it is believed, make it possible for anyone to address the quality of US patents, thereby raising the bar to issue a much higher quality and more successful patent, the building block of economic and innovative growth.

The decision whether to grant a new *inter partes* review, as of 16 September 2012, will be made by an administrative judge of the new Patent Trial and Appeal Board (PTAB) (presently the Board of Patent Appeals and Interferences). Certain other changes to *inter partes* review are almost opposite of the present proceeding. At this time, a patent owner cannot file any paper directed to the merits of a request for *inter partes* reexamination before a determination is made as to whether the proceeding will be instituted, but for the new *inter partes*

review, a patent owner will be able to submit a response with reasons why the review should be denied.

Presently, *inter partes* reexamination can be granted even if the patent is involved in a civil action challenging the validity of one or more of the claims, but in the new *inter partes* review practice, the review will be denied if a civil action has been filed first, and if a civil action is filed after the filing date of the review, the litigation will automatically be stayed. Some of the less imposing practices will still apply, such as a patent owner’s right to amend or cancel challenged claims or add new claims, and to appeal the decision handed down by the PTAB, including presenting arguments for patentability during an oral hearing. However, it is envisioned that the new *inter partes* post-issuance review process of the US Patent and Trademark Office (USPTO) may be the beginning of an attractive alternative to litigation, which is a major reason why it has been revised and reformed, with the express intentions of doing away with the cost, the labour and the time for trial. It is hoped that the new *inter partes* review will become as meaningful, and as full of participation, as any litigation case in order to make it worthwhile for all parties to take an interest in ensuring advancement in invention by issuance of only the highest quality patent, and that this initial structure to raise the standards of review does not become burdened or overborne, as the present post-issue review has become, with past onerous regimens and requirements of the USPTO in determining whether a patent should be issued at all.

Reexamination practice can be used not only to ensure better quality of issued patents, but on occasion, can be used to improve the quality of an issued patent. Concerns with indefiniteness, correction of certain errors that were not discovered or properly handled during examination, even clarification of the meaning of a claim, can all be addressed during a reexamination proceeding. However, claims cannot be broadened in reexamination. Broadening of claims can be accomplished within two years of issuance of a patent through the reissue practice, but when amending a claim in a reexamination proceeding, one must carefully weigh the benefits of achieving clarification versus the possible drawback of losing past damages.

When weighing *ex parte* versus *inter partes* reexamination, one should keep in mind current statistical data, in addition to the much higher cost of an *inter partes* proceeding. For example, prosecution of ►►



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an *ex parte* proceeding takes about two years, whereas an *inter partes* reexamination can take three years. All claims are confirmed in 23 percent of *ex parte* proceedings, but only 11 percent are confirmed in *inter partes* reexamination. All claims are cancelled, and the entire patent is invalidated, in only 11 percent of *ex parte* proceedings, but the outcome in *inter partes* reexamination is as much as 44 percent of patents invalidated. As well, changes in the claims are made in 66 percent of *ex parte* proceedings, and in 45 percent of *inter partes* proceedings. This statistical data indicates that, while *inter partes* reexamination is more expensive, it also is far more likely to inflict 'pain' on the patent owner. Of course, patent owners can themselves request *ex parte*

reexamination of their patents in order to strengthen their patent, or possibly weaken a competitor's chance of successful litigation.

In the end, one of the biggest questions on everyone's mind regarding the new post-allowance and post-issue review is: Can the USPTO carry out this new Congressional mandate of five different types of patentability review, given its difficulty in hiring, training and retaining sufficient staff to conduct its current two levels of review? ■

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