

# Changes to Reexamination Under the America Invents Act

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**M**uch has been and will be written about the new review and supplemental examination proceedings established by the America Invents Act (AIA). Our May 2010 article introduced post-grant and *inter partes* review, as those proceedings were contemplated in the Senate's 2010 version of patent reform legislation,<sup>1</sup> and our June 2010 article did the same for supplemental examination.<sup>2</sup> The AIA puts those three new proceedings plus a temporarily available proceeding for challenging business method patents into effect on September 16, 2012, and we will write more about them in future articles here as the PTO promulgates rules to implement those new proceedings.

In the meantime, the AIA has also made important changes to reexamination, and those changes generally went into effect on September 16 of this year. This article discusses those changes.

## THE FINAL YEAR FOR INTER PARTES REEXAMINATION

### *Sunsetting – A Requiem for Inter Partes Reexamination*

The AIA marks the beginning of the end of *inter partes* reexamination. Requests for *inter partes* reexamination filed on or after September 16, 2012 will not be recognized by the PTO.<sup>3</sup> On that date, *inter partes* review will replace *inter partes* reexamination.

History will likely show that *inter partes* reexamination was an important transitional step toward what will hopefully be an effective suite of options for challengers and patent owners to remove or revise ques-

tionable patents in PTO proceedings that efficiently render high-quality decisions.

*Inter partes* reexamination was slow to gain acceptance. Enacted in 1999 as part of the American Inventors Protection Act, this new version of reexamination gave challengers significant participation rights throughout the proceedings. The lack of participation rights in *ex parte* reexamination was perceived to be the primary reason reexamination had not become a popular alternative to litigation. Yet, the bar did not rush to embrace this new type of reexamination. Part of the sluggish start was attributable to the fact that it took time for there to be patents eligible for *inter partes* reexamination, as the new provisions applied only to patents issuing from applications filed on or after November 29, 1999. Another reason for the reluctance to embrace *inter partes* reexamination was fear of its estoppel provisions.

By the time the PTO formed the Central Reexamination Unit in 2005, *inter partes* reexamination was turning a corner. It became more popular as fears of estoppel subsided and more patents became eligible for *inter partes* reexamination. It soon became apparent that it was a more effective tool for challenging a patent, as compared to *ex parte* reexamination, and its popularity began to soar by about 2007. The golden age of *inter partes* reexamination has been from about 2007 to the recent enactment of the AIA.

Despite its popularity, *inter partes* reexamination has not been perfect. The proceedings can be quite slow, and petition practice can become a major distraction. Fortunately, the new review proceedings seem to be designed to avoid those flaws.

### *New Initiation Threshold*

The last year of *inter partes* reexamination, under the AIA, will be markedly different from prior years in one key respect: The threshold for ordering *inter partes* reexamination.

Prior to the AIA, the threshold was the existence of a "substantial new question of patentability" (SNQP). That was – and will continue to be – the same threshold for ordering *ex parte* reexamination. Our April

2010 article, "Substantial New Questions of Patentability," explained how meeting that threshold is quite different from proposing a rejection of the claims.<sup>4</sup> Even a very strong proposed rejection may not raise an SNQP, and, in any event, failure to separately address the existence of an SNQP will doom a request.

The SNQP standard includes two distinct requirements: (1) a showing that the patentability question is new and (2) a showing that the patentability question is substantial. The latter simply means that a reasonable examiner would consider the question to be important in deciding the patentability of the claim. That is usually easily shown by a requester and not the subject of controversy.

The "new question" requirement, however, has proven to be where the action is. Usually, new prior art, *i.e.*, art never before considered by the PTO in connection with the patent, raises an SNQP, provided it is not cumulative to the old prior art. The PTO has therefore required that reexamination requesters demonstrate that the new prior art contains "a new, non-cumulative technological teaching."<sup>5</sup> Invariably, that requires a discussion of the patent's original prosecution history to discern the deficiencies in the old prior art and thus the reasons the patent was originally granted, as well as some comparison of the new prior art to the old prior art to show that the new art's technological teaching is new and non-cumulative. In the authors' experience, showing the existence of an SNQP can sometimes take more pages in the request than proposing rejections based on the new art.

The "new" requirement is further complicated by the possibility that old prior art can sometimes raise a new question. That can occur when the reexamination request casts the old art in a new light.<sup>6</sup>

Under the AIA, the SNQP threshold continues to apply to *ex parte* reexaminations, but the threshold for *inter partes* reexamination changed to showing "a reasonable likelihood that the requester will prevail with respect to at least 1 of the claims challenged in the request."<sup>7</sup> This new threshold is applicable to all *inter partes* reexamination requests filed on or after September 16, 2011. It will also be the same threshold used to judge *inter partes* review petitions beginning September 16, 2012.<sup>8</sup>

This new threshold is meant to be higher than the SNQP threshold. The legislative history of the AIA is replete with comments to that effect.<sup>9</sup> Congress was aware that well over 90% of reexamination requests are granted, and it wanted to impose a tighter standard.

It is unclear what a “reasonable likelihood” means precisely. May it be less than 50% or must it be over 50%? By how much? Those are questions that should eventually be answered as the PTO makes decisions under this standard.

Interestingly, Congress chose different – seemingly clearer – words to express the threshold for instituting post-grant review: “more likely than not that at least 1 of the claims . . . is unpatentable.”<sup>10</sup> That language seems to mean anything more than 50%. A “reasonable likelihood” is presumably different, but how it differs is not immediately apparent.

What is clear is that the new standard does not incorporate any notion of newness. The reasonable likelihood of prevailing goes directly to the strength of the merits of the proposed rejections. *Inter partes* reexamination requesters should no longer need to separately explain how their proposed rejections arise from new questions based on new, non-cumulative technological teachings in the cited prior art. Instead, *inter partes* reexamination requesters can now focus on demonstrating the strength of their proposed rejections.

The PTO immediately revised the *inter partes* reexamination rules at 37 C.F.R. §§ 1.913-931, essentially to replace all references to “substantial new question of patentability” with “showing of a reasonable likelihood that the requester will prevail with respect to at least one of the claims challenged” or words to that effect.<sup>11</sup> Thus an *inter partes* reexamination request must include (1) such a showing in addition to (2) “a detailed explanation of the pertinency and manner of applying” the prior art to the claims (*i.e.*, a proposed rejection).<sup>12</sup> However, the two components of a request are not so different in substance as under the SNQP threshold.

Notwithstanding the foregoing, if a discussion of the patent’s prosecution history and old prior art helps make the proposed rejections more persuasive, then the requester should still include that discussion.

## CHANGES TO EX PARTE REEXAMINATION

The AIA leaves *ex parte* reexamination largely unchanged. The most significant change is that the new review proceedings will estop *ex parte* reexamination. The only other changes are fairly minor. They are (1) elimination of the option to appeal from the Board to district court; (2) addition of new statutory language to echo the SNQP standard; and (3) expanded citation of information in issued patent files to permit citation of patent owner statements regarding claim scope.

### Estoppel of Ex Parte Reexamination by Earlier Review

In the past and presently, nothing could estop a requester from filing a request for *ex parte* reexamination. However, the new post-grant and *inter partes* review proceedings have estoppel provisions that extend to any “proceeding before the Office” and therefore include an *ex parte* reexamination.<sup>13</sup> The estoppel will apply claim by claim and extend to any ground that the petitioner raised or reasonably could have raised during the review. The estoppel will be triggered when the Board issues a final written decision in the review.

### Elimination of Appeals to District Court

The AIA conclusively eliminates the possibility that the patent owner could appeal an adverse Board decision to district court. The AIA amends 35 U.S.C. §§ 141(b) and 306 to make that clear, leaving the Federal Circuit as the only path for appeal of a reexamination decision. Prior to the AIA, those statutes were ambiguous as to whether an appeal could be taken to the district court from a Board decision in a reexamination. That change was effective immediately upon enactment and applicable to all appeals pending at the Board on or after that date.

### More Statutory Language Resembling the SNQP Standard

The AIA provides that, when deciding when to order *ex parte* reexamination, the PTO “may take into account whether, and reject the . . . request because, the same or substantially the same prior art or arguments previously were presented to the Office.”<sup>14</sup> This provision, although not mandatory, seems to restate the SNQP standard. This provision will go into effect as of September 16, 2012, when it will also apply to post-grant and *inter partes* review proceedings.

## Citation of Patent Owner Statements Regarding Claim Scope

The AIA also amends 35 U.S.C. § 301, which concerns the citation of printed publications in a patent file and forms the basis for *ex parte* reexamination. As amended by the AIA, § 301 will additionally permit anyone to submit “statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.”<sup>15</sup> The PTO can then refer to those statements during a reexamination or review proceeding. The amendment to § 301 will take effect on September 16, 2012.

## CONCLUSION

The familiar reexamination practice of the past is dissipating. Within the next year, that practice will be a vastly different reexamination-and-review practice with a variety of different proceedings. In the meantime, the AIA has already changed reexamination practice, as this article has discussed. **IPT**

## ENDNOTES

1. Matthew C. Phillips & Kevin B. Laurence, *Post-Grant Proceedings Under the Patent Reform Act of 2010*, Intell. Prop. Today 28-30 (May 2010).
2. Kevin B. Laurence & Matthew C. Phillips, *Supplemental Examination Under the Patent Reform Act of 2010*, Intell. Prop. Today 8-9 (June 2011).
3. 37 C.F.R. § 1.913(b) (as amended, as reported at 76 Fed. Reg. 59,058 (Sept. 23, 2011)).
4. Matthew C. Phillips & Kevin B. Laurence, *Substantial New Questions of Patentability*, Intell. Prop. Today 34-35 (Apr. 2010).
5. MPEP § 2216.
6. *Id.* §§ 2216, 2258.01(A).
7. 35 U.S.C. § 312(a) (as amended by AIA, effective Sept. 16, 2011).
8. 35 U.S.C. § 314(a).
9. H.R. Rep. No. 112-98 (Part 1), at 47, 165 (2011); *Crossing the Finish Line on Patent Reform: What Can and Should Be Done*, Subcomm. on Intellectual Property, Competition, and the Internet of the H. Comm. on the Judiciary, 112th Cong., at 32-33, 45, 49-50 (Feb. 11, 2011) (statement of Hon. Paul R. Michel); 112 Cong. Rec. S5428 (daily ed. Sept. 8, 2011) (statement of Sen. Patrick Leahy).
10. 35 U.S.C. § 324(a).
11. 76 Fed. Reg. 59,058 (Sept. 23, 2011).
12. 37 C.F.R. § 1.915(b)(3).
13. 35 U.S.C. §§ 315(e)(1), 325(e)(1).
14. 35 U.S.C. § 325(d).
15. 35 U.S.C. § 301 (as amended by AIA, effective Sept. 16, 2012).