

## A CRITICAL ANALYSIS OF THE INTER PARTES REVIEW STATUTE

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Among the first of the new procedures to become available under the America Invents Act will be *inter partes* review. This article presents a critical analysis of the implementing statute, and the differences in practice as compared to *inter partes* reexamination.

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**I. Estoppel**

Current *inter partes* reexamination procedure has a number of estoppel effects. The most famous of these is the so-called litigation estoppel of old 35 U.S.C. § 315(c), which prevents a requester in *inter partes* reexamination from challenging claims in court that have been found valid in an *inter partes* reexamination that it began. There are also various forms of “PTO Estoppel”, which prevent requesters and their privies from requesting multiple *inter partes* reexaminations.<sup>2</sup>

**A. Litigation estoppel.**

The litigation estoppel will change in a number of important ways:

**1. Twilight estoppel.**

In current *inter partes* reexamination practice, the litigation estoppel of 35 U.S.C. § 315(c) attaches only after the issuance of a reexamination certificate.<sup>3</sup> The reexamination certificate is issued only after there is no possibility for further proceedings, including court appeals.<sup>4</sup> This is also the same time when the overall effect of the rejections and any amendments becomes binding on the court, by the action of 35 U.S.C. § 252.<sup>5</sup>

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<sup>2</sup> See, e.g., old 35 U.S.C. § 317.

<sup>3</sup> See *Bettcher Industries, Inc. v. Bunzl USA, Inc.*, --- F.3d ----, 2011 WL 453779, \*12 (Fed. Cir. 2011).

<sup>4</sup> See old 35 U.S.C. 316(a).

<sup>5</sup> See old 35 U.S.C. 316(b).

Under *inter partes* review, the actions taken in the review will also become effective at the issuance of the certificate by action of 35 U.S.C. § 252.<sup>6</sup> However, the estoppel will attach as soon as the PTAB issues its “final written decision” under 35 U.S.C. § 318(a), in the twilight between the final decision of the PTO and its review by the Federal Circuit.<sup>7</sup> This is well before the issuance of the certificate in most cases, and is required to happen at most around 21 months after the Patent Owner’s Preliminary Response is filed.<sup>8</sup> That will make the estoppel more relevant than it has been in the past. It will also cause the estoppel to be triggered at a time when the courts do not know what the final impact of the proceeding will be, because it is subject to revision by the Federal Circuit.

## 2. Estoppel is blind.

Under current practice, the *inter partes* reexamination litigation estoppel attaches only if the claim is confirmed valid or allowable during the *inter partes* reexamination.<sup>9</sup> Under the *inter partes* review, estoppel will be triggered regardless of the PTAB’s decision.<sup>10</sup>

Imagine a parallel litigation and *inter partes* review. A jury verdict finds a claim infringed, but invalid over prior art. Both sides appeal. Then the PTAB issues its “final written decision” under new 35 U.S.C. § 318(a), rejecting the same claim over the same prior art, but also triggering the estoppel of new 35 U.S.C. § 315(e). The claim has (provisionally) been found invalid in both tracks, but now the adjudged infringer “may not assert” that the claim is invalid in court. The enforcement of the estoppel is not discretionary. Therefore, the ultimate result of this situation will depend on courts’ willingness to take discretionary steps to affect the litigation, such as staying the litigation pending outcome of the *inter partes* review, reopening the judgment or (only at the Federal Circuit level), affirming the PTAB decision and vacating the judgment of infringement on that ground.

## 3. Estoppel will be effective for ITC proceedings.

Under current practice, the *inter partes* reexamination litigation estoppel applies only to civil actions.<sup>11</sup> Under *inter partes* review, it will apply to ITC proceedings as well.<sup>12</sup>

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<sup>6</sup> See new 35 U.S.C. § 318(b).

<sup>7</sup> See new 35 U.S.C. § 315(e)(2).

<sup>8</sup> See section II.B, below.

<sup>9</sup> See old 35 U.S.C. § 315(c)(“estopped from asserting...the invalidity of any claim finally determined to be **valid**...”)(emphasis added).

<sup>10</sup> See new 35 U.S.C. § 315(e)(2)(“The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a)...may not assert... that the claim is invalid...”).

<sup>11</sup> See old 35 U.S.C. § 315(c).

#### 4. Estoppel applies to “privies”.

Under the *inter partes* reexamination statute, the estoppel of 35 U.S.C. § 315(c) applied literally only to the Requester, not the Real Party In Interest (“RPI”) or privies of the Requester or RPI.<sup>13</sup> Application to the “petitioner...or the real party in interest or privy of the petitioner” is express in new 35 U.S.C. § 315(e)(2).

This language is still somewhat odd, in that the “Petitioner” will often be an attorney at a law firm, and the RPI his or her client. It is unknown why the language was drafted to literally apply to privies of the petitioner, and not privies of the RPI(s).

#### 5. AIPA § 4607 is no longer an issue.

An oft-overlooked estoppel provision that applied to *inter partes* reexamination was hidden in § 4607 of the American Inventors Protection Act of 1999.<sup>14</sup> That provision created an estoppel against challenging facts determined during the process of an *inter partes* reexamination. That provision applied only to “*inter partes* reexamination” proceedings, and so would presumably would not apply to *inter partes* review.<sup>15</sup> No corresponding provision was implemented by the AIA.

### B. PTO Estoppel

The PTO Estoppel for *inter partes* review will prevent the filing or maintenance, by the petitioner or “real party in interest or privy of the petitioner”, of a PTO proceeding affecting a claim of a patent after the final written decision of the PTAB concerning that claim.<sup>16</sup> This reflects a number of significant changes over the current *inter partes* reexamination regime.

#### 1. Multiple petitions

The current 35 U.S.C. § 317(a), which prevents the filing of a second *inter partes* reexamination request by the same Requester (or privy) while a first is pending,<sup>17</sup> will be effectively repealed. In the past, this section has prevented the filing of follow-on requests, for example, to challenge a different set of claims.<sup>18</sup> In place of the current 317(a) limit, the PTO

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<sup>12</sup> See new 35 U.S.C. § 315(d)(2).

<sup>13</sup> See old 35 U.S.C. § 315(c).

<sup>14</sup> See Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 1:30-1:32.

<sup>15</sup> See AIPA § 4607.

<sup>16</sup> See new 35 U.S.C. § 315(e)(1).

<sup>17</sup> See Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 1:14.

<sup>18</sup> See *id.*

has been given discretion to fashion rules to deal with copending proceedings.<sup>19</sup> For example, the PTO may decide to suspend later-filed *inter partes* review requests, or merge them with pending proceedings depending on their content.

## **2. The PTO estoppel will apply to all proceedings, not just *inter partes* review.**

The new PTO Estoppel prevents or terminates proceedings on the same patent when the *inter partes* review has completed. The new PTO estoppel will apply to any proceeding initiated by the petitioner (or privies or the RPIs) that challenges a claim treated in the “final written decision” of the PTAB.<sup>20</sup>

The active portion of the new statute prevents the petition, real party in interest or privy of the petitioner from “request[ing] or maintain[ing]” proceedings relating to the same patent. This will include, for example, *inter partes* reexaminations, as long as these were requested by the petitioner or a real party in interest or privy of the petitioner. There is some question as to whether an *ex parte* reexamination would be required to terminate, because the Requester has no ability to “maintain” such a proceeding after it has been requested. Unlike old 35 U.S.C. § 317(b), which expressly addressed the PTO’s ability to maintain proceedings, the new PTO Estoppel addresses only the petitioner’s (or privy’s or RPI’s) ability to do so.<sup>21</sup> The new PTO Estoppel might, however, be interpreted by the PTO to affect its own ability to “maintain” proceedings.

## **3. Twilight estoppel**

Like the Litigation Estoppel, the PTO Estoppel will begin at issuance of the “final written decision” by the PTAB,<sup>22</sup> not “after any appeals”, as was the case with *inter partes* reexamination.<sup>23</sup> This means that at the time of the PTAB’s decision on a claim, the petitioner (or privies or RPI) can not “request or maintain a proceeding before the Office” that challenges the validity of that claim.

This leads to a rather awkward question: what happens to the pending *inter partes* review that triggered the estoppel? Is it required to terminate? The new PTO estoppel (35 U.S.C. § 315(e)(1)) makes no exception for the proceeding that triggers the estoppel itself. Under the *inter partes* reexamination law, this was never an issue, because the PTO estoppel (35 U.S.C. § 317(b)) was not triggered until the end of the *inter partes* reexamination. Under the

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<sup>19</sup> See new 35 U.S.C. § 315(d).

<sup>20</sup> See new 35 U.S.C. § 315(e)(1).

<sup>21</sup> See new 35 U.S.C. § 315(e)(1).

<sup>22</sup> See new 35 U.S.C. § 315(e)(1).

<sup>23</sup> See Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 1:16.

new statute, however, the trigger date has been moved up to prior to Federal Circuit appeal. Clearly, if 35 U.S.C. § 315(e)(1) is applied literally, the *inter partes* review would have to terminate as soon as the “final written decision” is issued, and would be fruitless.

One might find comfort in the fact that only “proceeding[s] before the Office” can not be maintained under new 35 U.S.C. § 315(e)(1)—and the Federal Circuit is not the Office. A consistent application of that interpretation would also leave intact other proceedings on appeal to a court (and therefore not “before the Office”) that challenge the same claims, such as *ex parte* reexaminations.

Of course, even if this awkwardness is pushed away by an interpretation of “before the Office”, it will come around again as soon as the Federal Circuit remands a case to the PTAB, or as soon as the Director is required to issue a certificate under new 35 U.S.C. § 318(b).

#### **4. Termination by settlement separated from PTO Estoppel**

The *inter partes* review statutes allow termination of the proceeding by settlement.<sup>24</sup> The settlement agreement has to be filed with the PTO, to allow government agencies to review it.<sup>25</sup> This presumably would allow the FTC or DOJ to review such agreements for anticompetitive provisions.

This express provision for termination by settlement avoids the need for a consent judgment and termination under 35 U.S.C. § 317(b), which is the standard procedure under *inter partes* reexamination.<sup>26</sup> Most importantly, the new statute allows for termination by settlement even when there is no copending litigation.<sup>27</sup>

## **II. Timing and procedure**

*Inter partes* review has been touted as requiring a final decision within one year. The reality is far more complex.

### **A. No requirement for special dispatch.**

There is no overall requirement for “special dispatch” as there is for *ex parte* reexamination,<sup>28</sup> nor a qualified special dispatch as there is for *inter partes* reexamination.<sup>29</sup>

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<sup>24</sup> See new 35 U.S.C. § 317.

<sup>25</sup> See new 35 U.S.C. § 317(b).

<sup>26</sup> See Matthew A. Smith, *Inter Partes Reexamination* 2d (West 2011 Ed.), § 12:34.

<sup>27</sup> See new 35 U.S.C. § 317(a).

<sup>28</sup> See 35 U.S.C. § 305.

Rather, the *inter partes* review statute requires the Director to issue regulations requiring the *inter partes* review to finish within one year after institution, extendable by six months for good cause shown.<sup>30</sup>

Does the lack of a “special dispatch” requirement make a difference, given the much more concrete one-year limit? In the 1988 decision *Ethicon v. Quigg*,<sup>31</sup> the Federal Circuit held that an indefinite suspension of an *ex parte* reexamination was inconsistent with the requirement of special dispatch. In 1999, the *inter partes* reexamination statute was introduced with a moderated version of “special dispatch”, allowing for suspensions “for good cause”.<sup>32</sup>

The *inter partes* review statute, in contrast, contains no special dispatch provision, and is thus arguably not bound by the *Ethicon* rule at all. In other words, the PTO might find that it can freely suspend proceedings. One might point out that the PTO can not suspend the timing requirements of the statute, and that regardless of a suspension, the PTO would still have to meet the three-month requirement for the institution decision,<sup>33</sup> and the one-year requirement for the final written decision.<sup>34</sup> However, there is no timing requirement on the PTO between the filing of the petition and the submission of the Patent Owner’s preliminary response under new 35 U.S.C. § 313.<sup>35</sup> Within that window, the PTO could presumably suspend the *inter partes* review for any length of time.

This might well come up where multiple proceedings have been requested. The new statute gives the PTO relatively open-ended power to fashion rules to govern copending proceedings.<sup>36</sup> As an example of where suspension might be used, suppose an *ex parte* reexamination is pending for an older patent, that does not qualify for *inter partes* review. The Requester of the reexamination might petition for *inter partes* review on September 16, 2012. In such a case, the PTO might suspend the *inter partes* review immediately after the petition is filed in favor of the *ex parte* reexamination.<sup>37</sup>

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<sup>29</sup> See old 35 U.S.C. § 314(c).

<sup>30</sup> See new 35 U.S.C. § 316(a)(11).

<sup>31</sup> 849 F.2d 1422, 1426 (Fed. Cir. 1988)

<sup>32</sup> See old 35 U.S.C. § 314(c).

<sup>33</sup> See new 35 U.S.C. § 314(b).

<sup>34</sup> See new 35 U.S.C. § 316(a)(11).

<sup>35</sup> See new 35 U.S.C. § 313.

<sup>36</sup> See new 35 U.S.C. §§ 315(d) and 316(a)(4).

<sup>37</sup> The author expresses no opinion on whether this would be a good thing to do in any particular case.

## B. The reality of a one-year decision

While it is true that the PTAB must issue a “final written decision” within one year of institution of the *inter partes* review, this does not mean that the proceeding will take one year. First, there is the matter of the Federal Circuit appeal, which occurs after the PTAB’s “final written decision”. If there is a remand from the Federal Circuit, it is not clear what time limits, if any would apply to the second “final written decision” from the PTAB.

Second, the PTAB can extend its own time limit by six months “for good cause shown”.<sup>38</sup> It remains to be seen whether the PTO will interpret avoidance of the violation of its own (statutorily mandated) regulation as “good cause” for an extension. In other words, will the avoidance of being late be sufficient cause for an extension? It is worth noting here that the PTO has religiously and laudably respected the 3-month statutory time limit for issuing a decision to grant or deny reexamination.

Third, the one-year clock begins to tick only after “institution” of the *inter partes* review.<sup>39</sup> “Institution” is the date on which the PTAB, at a minimum, issues an order finding that the petitioner has met the threshold requirement for *inter partes* review.<sup>40</sup> There is a significant and not completely known amount of work that must occur before “institution” of the *inter partes* review, as detailed in section II.C below. This work could easily require 5 months, making the total length of time from petition to “final written decision” of the PTAB nearly two years (5 months + 12 months + 6 month extension).

## C. Procedure before “institution”.

Unlike *inter partes* reexamination, an *inter partes* review permits a preliminary response by the Patent Owner prior to “institution” of the Review.<sup>41</sup> In order to allow the Patent Owner sufficient time to respond and gather evidence, the PTO is likely to give the Patent Owner two months to respond to the petition, akin to the current *inter partes* reexamination response time.<sup>42</sup> This can be made extendable by the PTO. It is only after a response is received (or the time for filing a response has expired) that the PTO’s three month clock for issuing a decision regarding “institution” begins to run.<sup>43</sup>

## D. The before-and-after problem

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<sup>38</sup> See new 35 U.S.C. § 316(a)(11).

<sup>39</sup> See new 35 U.S.C. § 316(a)(11).

<sup>40</sup> See new 35 U.S.C. § 314(a).

<sup>41</sup> See new 35 U.S.C. § 313.

<sup>42</sup> See Matthew A. Smith, *Inter Partes Reexamination* 2d (West 2011 Ed.), § 7:2.

<sup>43</sup> See new 35 U.S.C. § 314(b).

New 35 U.S.C. § 313 allows a “preliminary” response by a Patent Owner to a petition. The response must “[set] forth reasons why no *inter partes* review should be instituted based upon the failure of the petition to meet any requirement of this chapter”.<sup>44</sup> If a preliminary response is filed, it must be taken into consideration by the PTO when issuing the decision to “institute” or not institute *inter partes* review.

Oddly, the Director is also required to promulgate regulations “providing for the filing by the patent owner of a response to the petition under section 313” but only “after an inter partes review has been instituted”.<sup>45</sup> In other words, the preliminary response of 35 U.S.C. § 313 must be filed both before and after institution of the *inter partes* review.

Most likely, the second preliminary response will be interpreted as a non-preliminary response, whose filing is authorized by section 313, without the requirements of that section.

### **E. Second preliminary (Patent Owner) response**

The Patent Owner response after institution will be required to include “any additional factual evidence and expert opinions on which the patent owner relies in support of the response”.<sup>46</sup> The Patent Owner will likely at this time also be given the opportunity to move to amend claims.<sup>47</sup> The amendment is done by cancelling claims or proposing a reasonable number of substitute claims.<sup>48</sup> No special meaning is likely to be accorded to the word “substitute”, because of the interchangeable reference to “amended”.<sup>49</sup> A “reasonable number” of substitute claims will likely be a few multiples of the number of original claims,<sup>50</sup> because the statute permits a reasonable number of substitute claims for each original claim.<sup>51</sup>

### **F. Petitioner comments**

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<sup>44</sup> See new 35 U.S.C. § 313.

<sup>45</sup> See new 35 U.S.C. § 316(a)(8).

<sup>46</sup> New 35 U.S.C. § 316(a)(8).

<sup>47</sup> See new 35 U.S.C. § 316(a)(9).

<sup>48</sup> See new 35 U.S.C. § 316(a)(9).

<sup>49</sup> See new 35 U.S.C. § 318(b).

<sup>50</sup> Presumably, the multiple could change depending on various factors in the case.

<sup>51</sup> See new 35 U.S.C. § 316(d)(1)(B).

The Director must prescribe regulations allowing at least one set of Petitioner comments.<sup>52</sup> Unlike *inter partes* reexamination, the timing of the comments is not set by statute, and could therefore be waived or extendable.

It is unclear whether the Petitioner will be allowed to include further evidence (beyond that submitted with the petition) together with comments.

### **III. Timing of the petition**

Unlike *inter partes* reexamination, a petition for *inter partes* review must be filed within a certain timeframe. Specifically, the petition must be filed:

- before any DJ action filed by the Petitioner or RPI challenging validity of any claim (even one that is not a subject of the petition);<sup>53</sup>
- within one year of the Petitioner (or privy or RPI) being sued for infringement on the same patent (even if the claims are not the same as those in the petition);<sup>54</sup>
- no earlier than 9 months after issuance or re-issuance of the patent;<sup>55</sup> and
- no earlier than the termination of an instituted Post-Grant Review (“PGR”) for the same patent (regardless of the claims at issue).<sup>56</sup>

#### **A. Mismatched claims problem**

All of the timing requirements on petitions for *inter partes* review refer to the entire patent, rather than individual claims.<sup>57</sup> This means that it could be possible, for example, for a third-party PGR proceeding on claim 20 to block an *inter partes* review of claims 1-19.

#### **B. The pre-PGR dead zone**

The requirement that petitions for *inter partes* review be filed after 9 months after issuance was intended to allow Post-Grant Review petitions to take precedence within this window. However, PGR will not be available (excepting the transition proceeding for financial

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<sup>52</sup> See new 35 U.S.C. § 316(a)(13).

<sup>53</sup> See new 35 U.S.C. § 315(a)(1).

<sup>54</sup> See new 35 U.S.C. § 315(b).

<sup>55</sup> See new 35 U.S.C. § 311(c)(1).

<sup>56</sup> See new 35 U.S.C. § 311(c)(2).

<sup>57</sup> See sections cited in footnotes 53-56, above.

services patents) on September 16, 2012, because it applies only to patents issued under the first-to-file system.<sup>58</sup> Applications leading to such patents can not even be filed until March 16, 2013.<sup>59</sup> Then it will take a period of several years for the body of newly-issued patents to be mainly those issued under the new law. This means that there will be no administrative recourse, with the exception of *ex parte* reexamination, within the first nine months of issuance for most patents for about five years.

### C. The pre-institution loophole

The window within which an *inter partes* review can not be instituted is extended if a PGR is instituted. Note that “instituted” does not mean “petitioned for”. As with *inter partes* review, PGR has a pre-institution period that can last for substantially longer than 3 months, depending on the time the PTO affords the Patent Owner to file a Preliminary Response. During the pre-institution period, the PGR is, of course, not “instituted”, and thus does not prevent institution of an *inter partes* review.

Suppose a PGR petition is filed on the last possible day, and an *inter partes* review requested on the next day by a different party. The *inter partes* review petition is not precluded by the PGR petition, because the PGR has not yet been instituted. In this case, the PTO is likely to either suspend the *inter partes* review proceeding pending a decision on the PGR proceeding, or assign the petitions to the same PTAB panel. If this happens, the PGR panel will need to estimate relatively quickly whether the PGR will be instituted, in order to leave itself sufficient time to work on the *inter partes* review petition if the PGR will not be instituted.

There is also the interesting question as to what will happen if a “covered business method patent”, more than 9 months after its issuance, is put into an AIA § 18 Transitional Proceeding. These Transitional Proceedings are not required to be filed within 9 months after issuance,<sup>60</sup> but are considered to be PGR proceedings under Chapter 32 of the Title 35.<sup>61</sup> In this case, an *inter partes* review petition could be filed before the termination of the PGR proceeding, contrary to new 35 U.S.C. § 311(c)(2).

### D. Reissue issues

An *inter partes* review petition can not be filed until 9 months after the issuance of a reissue of a patent.<sup>62</sup> This leads to the question of whether a Patent Owner can insulate itself from *inter partes* review by filing a reissue application. In order to answer this question, it is

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<sup>58</sup> See AIA § 6(f)(2)(A).

<sup>59</sup> See AIA § 3(n)(1).

<sup>60</sup> See AIA § 18(a)(1)(a).

<sup>61</sup> See AIA § 18(a)(1).

<sup>62</sup> See new 35 U.S.C. § 311(c)(1).

important to realize that reissue applications require the surrender of the original patent, but only on the date of issuance of the reissued patent.<sup>63</sup> So if a reissue application is pending, the original patent still exists and is enforceable. It is not until the reissue issues that the original patent disappears, and the reissued patent becomes a separate patent.

To illustrate the interaction between reissue applications and *inter partes* review proceedings, suppose a Patent Owner owns a patent (the "'000" patent) that issued in 2008. In 2013, the Patent Owner files a reissue application, seeking to add dependent claims, and then files suit on the '000 patent. The defendant petitions for *inter partes* review of the '000 patent. This is possible despite 35 USC 311(c)(1), because *inter partes* review of the original '000 patent, and not the reissue, is being requested. Thus, the mere existence of a reissue application does not prevent the filing of a petition for *inter partes* review. However, suppose the reissue application issues as RE '111. On the date of the reissue, the original '000 patent is surrendered per 35 U.S.C. § 252), and the '111 patent becomes effective. The *inter partes* review of the '000 patent is technically meaningless, and should be terminated, because the '000 patent does not exist anymore. But to institute *inter partes* review of the RE '111 patent will require the defendant to wait 9 months, and could delay the *inter partes* review past the end of the litigation.

How will this be handled? In the *inter partes* review statute, the PTO has been given the power to regulate multiple, copending proceedings on the same patent.<sup>64</sup> In some cases, the PTO will likely stay the reissue application, preventing surrender of the '000 patent until the *inter partes* review is complete. Less likely but also possible is a merger of the reissue with the *inter partes* review, so that both proceed together. This is less likely because the dynamic between reissue and *inter partes* review is sometimes a difficult one to manage,<sup>65</sup> and it will place a burden on the new Board that will make it more difficult to complete the proceeding within one year after institution.

The relationship between copending reissue and *inter partes* review proceedings is not governed by the new law, except to the extent that it grants the Director authority to deal with the situation somehow. So the ultimate resolution of this question will have to await the PTO's publication of new rules, guidance, or the PTO's *ad hoc* decision-making.

#### **E. Petitioners, RPIs and Privies of the Petitioner**

The timing requirements in the text of the statute apply to different entities. The restriction of filing no later than 9 months after issuance or after the termination of an instituted PGR applies to everyone who could file an *inter partes* review petition.<sup>66</sup> The restriction against

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<sup>63</sup> See 35 U.S.C. § 252.

<sup>64</sup> See new 35 U.S.C. §§ 315(d) and 316(a)(4).

<sup>65</sup> See, e.g., Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 11:24-11:26.

<sup>66</sup> See new 35 U.S.C. § 311(c).

filing an *inter partes* review petition after a DJ action has been filed applies only to “the petitioner or real party in interest”.<sup>67</sup> The restriction against filing more than one year after being served with a complaint applies to “petitioner, real party in interest, or privy of the petitioner”.<sup>68</sup>

As noted above in section I.A.4, the petitioner can be “any person” aside from the Patent Owner, and is often an attorney at a law firm. So the inclusion of “privies of the petitioner” has the potential to be superfluous, or to have unexpected consequences. The inclusion of “privies of the petitioner” in one timing limitation and not the other is also somewhat odd.

#### **IV. Who can file, who must file, and who controls the proceedings?**

Like *inter partes* reexamination, the statutes governing *inter partes* review place limitations on who can file, and who must be named in the petition. The various statutory roles also have an impact on who controls the challenger’s rights in the proceeding.

##### **A. The Petitioner**

The person filing the petition is known as the “Petitioner”.<sup>69</sup> Under the statute, the Petitioner can be “a person who is not the owner of a patent”.<sup>70</sup> Thus, *inter partes* review can not be filed by the Patent Owner.<sup>71</sup> Unlike several other provisions, however, the restriction on filing does not extend to “privies” of the Patent Owner.<sup>72</sup> This is also a flaw with the *inter partes* reexamination statutes,<sup>73</sup> which only require filing by a “third-party requester”, without specifying how far from the Patent Owner a person must be in order to acquire “third party” status. The PTO effectively defined “third party” by rule, however, when it provided that “any person other than the patent owner or its privies” could file a request for *inter partes* reexamination.<sup>74</sup>

The PTO would have to be a bit more textually daring to redefine “Patent Owner” to mean “Patent Owner and its privies”, but surely such a change would have been hastily agreed

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<sup>67</sup> See new 35 U.S.C. § 315(a)(1).

<sup>68</sup> See new 35 U.S.C. § 315(b).

<sup>69</sup> See, e.g., new 35 U.S.C. § 311(b).

<sup>70</sup> See new 35 U.S.C. § 311(a).

<sup>71</sup> See new 35 U.S.C. § 311(a).

<sup>72</sup> See new 35 U.S.C. § 311(a).

<sup>73</sup> See old 35 U.S.C. § 311(a).

<sup>74</sup> See 37 C.F.R. § 1.913 (2004).

to in the statutory drafting, had anyone thought to propose it. Possibly, the PTO could define “Patent Owner” without using the same words, for example, as “any inventors that have not assigned their interest in the patent or their privies, or any current assignees of part of the patent, or their privies.”

A proper definition of “Patent Owner” to include privies, straw men and the like will be important to the functioning of *inter partes* review and PGR. For example, if the Patent Owner could effect a straw-man filing of a PGR petition as to claim 20, it could prevent an *inter partes* review of claims 1-19 for the pendency of the PGR. A straw-man filing of a second *inter partes* review petition could remove from the PTAB the one-year limitation, because the Director can change the one-year requirement if a joinder occurs.<sup>75</sup>

## **B. Real-parties-in-interest**

The requirement to name the Real-Party-In-Interest (“RPI”) will change as compared to *inter partes* reexamination. Under old 35 U.S.C. § 311(b)(1), the *inter partes* reexamination request was required to name “the real party in interest”. New 35 U.S.C. § 312 will require naming “all real parties in interest”.

Does this change have any meaning? Probably. According to the PTO, the purpose of the old requirement was to put future requesters on notice, so that they could evaluate their own ability to file requests under the PTO Estoppel provisions.<sup>76</sup> If a single RPI were listed, it would suffice to alert other privies of that RPI (or other RPIs) that a subsequent filing was foreclosed. The PTO itself did not require “privies” of the single RPI to be listed, nor did it make the determination as to who all of the RPIs should be, unless solid evidence of a misrepresentation was presented. Rather, the PTO received assurance that the estoppel provisions on subsequent filings were met by requiring a certification to that effect.<sup>77</sup>

Under the new statute, “all” RPIs are required to be named.<sup>78</sup> This would seem to go beyond the *inter partes* reexamination requirement. The Petitioner would then presumably have to test all known parties against the PTO’s definition of RPI. That definition was not entirely consistent from petition decision to petition decision, but seemed to contain the following elements:<sup>79</sup>

- whoever funded the reexamination request was a real-party-in-interest;

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<sup>75</sup> See 35 U.S.C. § 316(a)(11).

<sup>76</sup> See Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 5:53.

<sup>77</sup> See 37 C.F.R. § 1.915(b)(7)(2007).

<sup>78</sup> See new 35 U.S.C. § 312(a)(2).

<sup>79</sup> See Matthew A. Smith, *Inter Partes* Reexamination 2d (West 2011 Ed.), § 5:54.

- whoever provided technical input into the request, for the purpose of filing a request, was a real-party-in-interest;
- whoever caused others to do the above with the intent that an *inter partes* reexamination request be filed was a real-party-in-interest;
- members of a joint defense group were not real-parties-in-interest solely by virtue of the fact that they contributed to invalidity contentions required in litigation, which were then used by other members as part of an *inter partes* reexamination request.

It is worth noting that petition decisions in the *inter partes* review process are likely to be decided by a member of the PTAB, rather than the Office of Patent Legal Administration. This could lead to a differing view of the law, to the extent the same OPLA employees do not become part of the PTAB.

Here it is also necessary to ask whether there is any distinction between “RPI” and “privy”. The new statute treats the two separately. For example, the estoppel provisions consistently refer to “the petitioner... the real party in interest or privy of the petitioner”, thereby suggesting that the RPI is not always a privy of the petitioner, or *vice-versa*.

It is possible to imagine a distinction between RPI and privies—where an RPI is an entity that meets the PTO’s definition of RPI directly, while privies are related entities, whose interests are generally aligned. For example, if XYZ Corp. funds 100% of a petition for *inter partes* review, its wholly owned subsidiaries may be privies of the RPI, but would not themselves be RPIs. It is also possible to imagine situations where RPIs are not in privity. Then, of course, one would need to consider the effect of the wording “privy of the petitioner” (as opposed to “privy of the RPI”).

### **C. Who controls the proceedings?**

Control of the proceedings is largely tied to the statutory entity named the “Petitioner”, and not necessarily the RPIs or “privies of the petitioner”. For example, the Petitioner will have the right to file comments,<sup>80</sup> and the right to agree to termination by settlement.<sup>81</sup> The other important right—the right of appeal, is tied to “parties” in the proceeding,<sup>82</sup> and could very well attach to RPIs.

These sorts of distinctions become important where multiple parties are driving the *inter partes* review proceedings from the challenger side. For example, if several defendants in a joint defense group decide to support, financially and technically, a petition for *inter partes*

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<sup>80</sup> See new 35 U.S.C. § 316(a)(13).

<sup>81</sup> See new 35 U.S.C. § 317(a).

<sup>82</sup> See new 35 U.S.C. § 319.

review, they are all clearly RPIs under the PTO's most recent interpretations. However, their interests may diverge as the litigation progresses. The Patent Owner may discover that one defendant is more aggressively funding the litigation, and seek to settle with that defendant alone. In that case, there could be an incentive for the aggressive defendant to help terminate the reexamination, while the remaining two defendants wish it to continue. Then the distinction between "Petitioner" and RPI could become important, depending on who was named for which role, and whether that naming can be changed.

In *inter partes* reexaminations, the PTO has typically not made distinctions between "Requesters" (who were assigned rights of comment and appeal by statute) and RPIs, who were not. It has also been possible to file a joint request, and have each requester submit its own set of comments and file its own appeal. Indeed, rules originally conceived of in response to the possibility of merged proceedings already contemplate more than one Requester. It may therefore be possible to have more than one Petitioner in *inter partes* review cases.

In the case of multiple, joint Petitioners, the language of the settlement provision (new 35 U.S.C. § 317(a)) could become critical. That section states "An *inter partes* review instituted under this chapter shall be terminated with respect to any petitioner", suggesting that multiple Petitioners are contemplated, and that piecemeal termination is possible. In such a case, it might require all Petitioners to terminate an *inter partes* review, avoiding a prisoner's dilemma that would otherwise occur when settlement interests diverge.

## **V. Scope of the proceedings**

A number of key changes affecting the scope of the proceedings were included in the statute.

### **A. Restriction on reviewing older patents has been eliminated**

The restriction of *inter partes* reexamination to patents issuing from applications filed on or after Nov. 29, 1999 has been removed. This will allow the filing of a petition for *inter partes* review for patents that previously could only be put into *ex parte* reexamination.

### **B. Elimination of the substantial new question of patentability**

The *inter partes* review statute does not require a "Substantial New Question of Patentability".<sup>83</sup> The first impact of this provision is that the *inter partes* review can be a pure rehash of the first examination, although Petitioners would be wise to point out specifically where a mistake was made.

The removal of the "Substantial New Question of Patentability" also ends a controversy over the scope of reexamination—in essence, whether the PTO is constrained to act only on Substantial New Questions of Patentability, or whether the PTO could take actions

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<sup>83</sup> See new 35 U.S.C. § 314(a).

beyond the known questions.<sup>84</sup> In the decisions finding that the PTO is bound to the original SNQ, the SNQ is no longer just a threshold requirement for starting a reexamination, it becomes something like subject matter jurisdiction, to be examined repeatedly and followed up with a *sua sponte* termination of the reexam should the SNQ ever disappear. For example, the PTO could lose its jurisdiction if a final court decision invalidates a claim over the same prior art on which the SNQ is based.

Under *inter partes* review, the PTO is only required to make a threshold finding that the Petitioner is likely to succeed as to at least one claim.<sup>85</sup> Because this threshold finding, by definition, does not relate to the entire patent if more than one claim is present, it seems natural to think that the threshold finding does not limit the PTO's actions in the same way that Reexamination has sometimes been found to be bound to the Substantial New Question. Indeed, if the threshold finding in *inter partes* review is interpreted to be a necessary lynchpin for jurisdiction throughout the entire proceeding, the PTO could never confirm the claim on which the threshold finding was based, or it would lose its jurisdiction.

### **C. Patents and printed publications in the petition must be prior art**

In *ex parte* and *inter partes* reexamination, it has been possible to challenge patents for double patenting. Although the requests are required to be based on "prior art" patents and printed publications, the threshold statutes (35 U.S.C. §§ 303 and 312) allow the Director to determine whether there is a substantial new question of patentability "with or without consideration of other patents or printed publications". These "other patents and printed publications" are not expressly required to be prior art by statute. The Federal Circuit has interpreted this wording to allow double patenting challenges in reexamination.<sup>86</sup>

The *inter partes* review statute, however, requires the petition to be based on "prior art consisting of patents or printed publications", and makes no allowance for the Director to look at anything else when deciding the threshold question. It is therefore likely that double patenting challenges will not be allowed in the petition for *inter partes* review.

### **D. Restriction to claims in the Petition**

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<sup>84</sup> Compare, e.g., *In re Freeman*, 30 F.3d 1459, 1468 (Fed. Cir. 1994) ("However, the ability of a patentee to amend claims during reexamination must be seen in light of the fundamental purpose of reexamination—the determination of validity in light of a substantial new question of patentability. Thus, amendment of claims during reexamination is limited to amendment in light of prior art raising a substantial new question of patentability.") with *In re Portola Packaging*, 122 F.3d 1473, 1475 (Fed. Cir. 1997) ("The language of the statute does not limit reexamination to new prior art which raises a substantial question of patentability; rather, it broadly permits the Commissioner to commence a reexamination for any substantial new question of patentability.") (Rader, J. dissenting from order denying rehearing in banc).

<sup>85</sup> See new 35 U.S.C. § 314(a).

<sup>86</sup> See *In re Lonardo*, 119 F.3d 960, 968 (Fed. Cir. 1997).

Unlike reexamination, the final written decision is required by statute to be directed to “any patent claim challenged by the petitioner and any new claim added under section 316(d).”<sup>87</sup>

In reexamination, the PTO previously examined the entire patent when a substantial new question was found with respect to a single claim. This practice was changed in 2006, when the PTO limited its review only to those claims specifically requested.<sup>88</sup> The PTO’s new, and more limited practice in reexamination has now been carried over into the *inter partes* review statute. This removes from the PTO’s discretion the question of whether the PTO can review more than the claims discussed in the petition.

#### **E. PTAB’s ability to go beyond the subject matter of the petition**

The *inter partes* review statutes require the PTAB to “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).”<sup>89</sup> It is unclear from this the extent to which the PTAB is allowed to discover and apply its own prior art, or more radically, to apply rejections not based on “prior art consisting of patents or printed publications”.

In reexamination, the limitation to “patents and printed publications” was considered sacrosanct, although it would not necessarily have been easy to justify this in the text of the statute, because only the threshold determination of the SNQ was literally so limited.<sup>90</sup> Moreover, this sacrosanct limitation was thrown out wholly as soon as a claim was amended, although there was equally little basis in the statute to support that exception.<sup>91</sup>

The *inter partes* review statutes appear to have a structure similar to the reexamination statutes in this regard. The petition itself is limited “a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications”<sup>92</sup> and the decision to institute the Review must be made based on the petition.<sup>93</sup> However, the question of whether the proceedings are thereafter limited to patents and printed publications is not specifically addressed. Also not specifically addressed is the PTAB’s

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<sup>87</sup> See new 35 U.S.C. § 318(a).

<sup>88</sup> See Matthew A. Smith, *Inter Partes Reexamination* 2d (West 2011 Ed.), § 5:37.

<sup>89</sup> See new 35 U.S.C. § 318(a).

<sup>90</sup> See, e.g., *In re Portola Packaging*, 122 F.3d 1473, 1475 (Fed. Cir. 1997) (Rader, J. dissenting from order denying rehearing in banc).

<sup>91</sup> See, e.g., 37 C.F.R. § 1.906(a)(2001)

<sup>92</sup> See new 35 U.S.C. § 311(b).

<sup>93</sup> See new 35 U.S.C. § 314(b).

treatment of new claims beyond the application of “patents and printed publications”. Presumably, new claims directed to non-statutory subject matter could be rejected as such, without the application of prior art consisting of patents and printed publications.

## VI. Copending PTO proceedings

A number of proceedings could be copending with an *inter partes* review. These include:

- a Post-Grant Review (prior to institution of both the PGR and the *inter partes* review);
- another *inter partes* review;
- a reissue application;
- an *inter partes* reexamination;
- an *ex parte* reexamination;
- a Supplemental Examination
- an AIA § 18 review of a “covered business method” patent.

The *inter partes* review statute does not govern the interrelationship between proceedings, except to the extent it prevents institution of an *inter partes* review within certain timeframes relative to Post Grant Reviews and reissue applications.<sup>94</sup> Instead, the statute gives broad authority to the PTO to decide how to handle copending proceedings. Section 315(d) states:

**MULTIPLE PROCEEDINGS.**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an *inter partes* review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the *inter partes* review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

This section appears to give the Director authority to make *ad hoc* decisions to deal with co-pendency, and could be interpreted as overriding other statutes that limit the Director’s authority in this regard. For example, the requirement of “special dispatch” currently

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<sup>94</sup> See new 35 U.S.C. § 311(c).

prevents the PTO from suspending an *ex parte* reexamination.<sup>95</sup> New § 315(d) might, however, grant such authority as long as there is a copending *inter partes* review.

New § 315(d) is somewhat ambiguous as to the PTO's power to provide for the "stay, transfer, consolidation or termination" of the *inter partes* review, because the last sentence refers expressly to "any such matter or proceeding", and it is clear from the beginning of the section that "matter or proceeding" is something other than the *inter partes* review. However, it also appears that "matter or proceeding" is a term broad enough to encompass a second *inter partes* review, and the last clause "including providing for..." is not limiting.

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<sup>95</sup> See section II.A supra.