

An Alternative Attack In Inter Partes Review

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The America Invents Act passed in 2011, was the most significant change to U.S. patent law in almost 60 years. The new validity challenges within the PTO have been widely used and are effective vehicles for challenging patent validity. The AIA created two new proceedings to challenge patent validity in the PTO: inter partes review and post-grant review. Both of these proceedings have their own rules and procedures and proceed before the Patent Trial and Appeal Board, with an appeal directly to the Federal Circuit.



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PGRs are only available for patents having an effective filing date after March 16, 2013, must be filed within nine months of the patent issue date, and the challenge may be based on any statutory ground of unpatentability, except best mode.[1] IPRs, in contrast, are available for any patents but can only be filed after the time period for filing PGRs (if applicable) has expired, normally nine months after the patent issue date,[2] and are limited to challenges for lack of novelty or obviousness based on patents and printed publications.[3]

The petitioner's burden of proof in all of these proceedings is preponderance of the evidence, which is easier to satisfy than the clear and convincing evidence standard applied in district court proceedings.[4] For both proceedings, the PTAB makes an initial determination if the petitioner has established that it is reasonably likely to prevail as to at least one claim before instituting the IPR.[5]

The IPR procedures became available on Sept. 16, 2012, but few petitions were filed that year.[6] In 2013 and 2014, the number of IPR petitions significantly increased with 514 filed in 2013 and about 1908 filed to date.[7] The PTAB has instituted IPRs approximately 80 percent of the time.[8] At the middle of October 2014, the PTAB had reached a final decision in 141 proceedings with a cancellation rate of around 80 percent of the challenged claims.[9] These statistics are much more favorable for parties challenging patents than corresponding statistics in district court. This higher likelihood of success for the challenger, coupled with decreased cost relative to district court proceedings, has driven the growth of IPRs and will likely further increase the popularity of these proceedings in the near future.

Limiting validity challenges to novelty or obviousness in IPRs is a significant drawback to petitioners. One possible way of skirting this restriction, in certain circumstances, may be to challenge the priority claim

of a patent. By breaking priority to an earlier-filed patent application, the challenged patent may be opened up to more prior art that could be used against it for novelty or obviousness challenges.

For example, it is possible that a published version of the priority application may qualify as prior art if the priority chain is broken and have sufficient disclosure to anticipate or render obvious the claim but at the same time have insufficient disclosure to support the claim.[10] Moreover, it would require the patentee to balance sufficiency of disclosure and prior art vulnerabilities when settling on a claim construction. For example, there may be tension between claim constructions used to defend against Section 112 attacks and claim constructions to defend against prior art attacks.

When an applicant files a continuing application, priority is claimed to the original publication under 35 U.S.C. § 120. This statute requires that the priority application complies with the enablement and written description requirements of 35 U.S.C. § 112, first paragraph, as to the claimed invention to receive benefit to the earlier filing date.[11] If these requirements are not met, the priority claim fails even in the case of continuation applications where the content of the priority application and the patent at issue are identical. A determination that a priority application does not support a claim in a continuation, where the specifications are identical, would suggest the claims in the continuation are themselves invalid under Section 112, even if that determination cannot be reached in the IPR.

This situation was seen in the context of a PTO-initiated re-examination proceeding in *In re NTP Inc.*[12] Patentability challenges in re-examinations, like IPRs, are limited to patents and printed publications and cannot be based on 112 grounds.

In this case, the patent at issue claimed priority to a series of earlier filed continuation applications under 35 U.S.C. § 120. The Federal Circuit held that the priority application, which had an identical written description to the patent at issue, did not provide an adequate written description of the invention claimed in the patent. As a result, priority was denied. As the invention was disclosed in an intervening patent, the court held the claims anticipated under 35 U.S.C. § 102(e) by that patent in the re-examination.

As part of their analysis, the court expressly considered whether the bar to Section 112 challenges prevents a priority determination in the context of a series of continuation applications (where the specifications are identical to the issued patent), and concluded that it did not. As other commentators have suggested, where intervening art is available, this may provide for a validity attack based on lack of enablement or written description, in re-examination despite the statutory prohibition.[13] Is this same attack available in IPRs?

If a parallel could be drawn to *In re NTP Inc.*, the door could be opened to 112 attacks for priority applications, potentially implicating the validity of the underlying patent. Early decisions from the PTAB suggest that in IPRs, as in re-examinations, priority will be evaluated on the merits.

In *Nissan North American Inc. v. Board of Regents, The University of Texas System*, Nissan filed an IPR against the University of Texas arguing that claims 1, 2, and 4 of U.S. Patent No. 5,478,650 were invalid based on anticipation.[14] The '650 patent was a continuation-in-part of the priority application, containing added disclosure not present in the priority application. Thus, in this case, the priority determination, which focuses on the disclosure in the priority application, would not be identical to a Section 112 validity analysis of the underlying patent.

In the decision on institution of inter partes review, the PTAB, in following the precedent in *In re NTP*,

noted that IPR is limited to challenges based only on 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. However, "solely to determine whether a cited patent or printed publication is 'prior art,' we consider whether the '650 Patent is entitled to the benefit of the '155 Application." [15]

The PTAB then found that claims 1, 2, and 4 were not entitled to priority to the '155 application as there was insufficient disclosure of the claimed invention in the priority application. [16] With the priority claim extinguished, this opened the door for three pieces of intervening art to be used against the '650 patent. [17] The PTAB instituted the IPR concluding that there is a reasonable likelihood the petitioner would prevail based on novelty grounds over these intervening references as a result of the loss of priority. The parties subsequently settled.

The PTAB conducted similar priority determinations in the context of both provisional and continuation-in-part applications in *Dell v. Acceleron* [18] and *Hewlett-Packard Co. v. MCM Portfolio LLC*. [19] Thus, it appears that the PTAB will evaluate compliance with Section 112, first paragraph, in a priority application when necessary to determine if a patent or printed publication constitutes prior art, at least where the disclosure in the priority application differs from the patent being challenged.

Recently, in *SAP America v. Pi-Net International Inc.*, the PTAB considered a priority determination where the patent is a divisional of the priority application. [20] Thus, as in *In re NTP*, the specifications of the priority application and the patent are the same. The PTAB instituted trial, distinguishing a priority determination from a validity analysis under Section 112, and made a preliminary determination that the patentee was not entitled to priority. This suggests the PTAB is likely to assess priority as part of a prior art challenge even in situations where the disclosures in both the patent and the priority application are substantially identical. However, the final word on this issue will need to await appellate review.

IPRs are useful tools for invalidating patents as the chances of patent invalidation are much higher in the PTO than in district courts. However, they are limited to challenges based on lack of novelty and obviousness. In several decisions, however, the PTAB has considered Section 112 issues in the context of priority claims. Therefore, if relevant intervening art exists, a petitioner may challenge a patent's priority claim in an IPR. In addition to establishing lack of novelty or obviousness over the intervening art, a PTO determination that a patent claim is not entitled to priority may cast a cloud over the validity of the patent on 112 grounds if the disclosure in the priority document and the patent are similar.

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[1] 35 U.S.C. § 321 (2012).

[2] 35 U.S.C. § 311 (2012).

[3] 35 U.S.C. § 311 (2012).

[4] Microsoft Corp. v. i4i Ltd. P'ship, 131 S. Ct. 2238, 2242 (2011); 35 U.S.C. §§ 316(e), 326(e) (2012).

[5] 35 U.S.C. § 314 (2012).

[6] http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_071714.pdf

[7] http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_101614.pdf

[8] http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_101614.pdf

[9]

http://www.uspto.gov/ip/boards/bpai/stats/inter_partes_review_petitions_terminated_update_20140904.pdf

[10] See Lockwood v. Am. Airlines, 107 F.3d 1565, 1572 (Fed. Cir. 1997) (finding that a priority application anticipated the patent based on inadequate disclosure in an intervening priority application).

[11] 35 U.S.C. § 120 (2012).

[12] In re NTP, Inc., 654 F.3d 1279 (Fed. Cir. 2011)

[13] See Steffe et al., Strategies for Challenging Patents in Pharma and BioPharma

In the Wake of the In re NTP Decision, Pharmaceutical Law & Industry Report ,10 PLIR 150 (2012); http://www.skpf.com/uploads/24/doc/Strategies_for_Challenging_Patents_in_Pharma_and_BioPharma_In_the_Wake_of_the_In_re_NTP_Decision_.pdf

[14] IPR2012-00037, Paper No. 24 at 15-16.

[15] IPR2012-00037, Paper No. 24 at 14.

[16] IPR2012-00037, Paper No. 24 at 14.

[17] IPR2012-00037, Paper No. 24 at 14.

[18] IPR2013-00443.

[19] IPR2013-00217.

[20] IPR2014-00414.