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NEW PROCEEDINGS FOR CHALLENGING INVALID PATENTS

by Amy M. Foust

The America Invents Act of 2011 created new administrative proceedings for challenging possibly invalid patents.

These proceedings phase in based on the application filing date of the patent being challenged, with the most readily available at the moment being inter partes reviews, or IPRs. Valid patent claims must have been new to the technical arts at the time the patent application was filed. Patent claims which were not new can be canceled in an IPR. If all claims are canceled, the patent is essentially revoked.

Most IPRs to date have been requested in coordination with co-pending litigation. There is, however, no requirement to sue or be sued to request an IPR. An IPR is generally less expensive and faster than litigation, but with a $23,000 filing fee, you might wonder when an IPR would be useful outside of threatened litigation.

Companies that know about patents similar to a new product under development can use an IPR to prospectively reduce the legal risk for their new product. For example, if you know that a key competitor has a patent that might cover your new product, and you believe that the patent claims are not new or inventive, an IPR could result in the cancelation of the relevant claims. This reduces the risk of expensive, time-consuming disputes that might arise after the product is launched.

Another business context where an IPR might be useful is advertising challenges, as where a patent is being used to suggest that a competitor's product is superior to other available products. These types of advertising claims may be challenged on other grounds outside the patent office. However, if the patent is a central component in a sustained advertising campaign, an IPR may be a reasonably quick and easy way to undermine the claims.

Still another possible use for an IPR involves patents where an idea shared with another party was included in the other party's patent application. For patent applications filed after March 15, 2013, there is a special procedure called a derivation proceeding for dealing with misappropriated inventions. Even where derivation is available, there may be cases where the patent should not have been issued, or where the invalidity of the patent is easier to prove than the origin of the idea. Perhaps the person who first had the idea published it or presented it at a conference or business meeting on non-confidential terms. If there is documentation of a pre-application disclosure, an IPR could help eliminate or reduce the scope of a patent that might otherwise be problematic for the person or company that first had the idea.

From filing to a final decision, an IPR generally takes 12-18 months. Using an IPR prospectively requires looking for potentially relevant patents well ahead of a new product launch. For products that have launched or been announced, an IPR should be considered carefully. IPR petitioners are required to identify themselves, so filing an IPR petition may invite greater scrutiny of existing products. If the patent owner hadn't challenged your product because the similarity between your product and the patent went unnoticed, the IPR may help the patent owner see the similarities. In these cases, filing an IPR petition may invite a dispute or lawsuit rather than avoiding one.

An IPR is also expensive. Beyond the filing fee, there are professional fees associated with the preparation of a petition requesting an IPR, which may include literature search fees, expert analysis and testimony fees, and legal fees. In addition, the IPR will require the time and attention of at least one representative from the company filing the IPR, and, in companies with research and development departments, often involve several experienced scientists or engineers. As a result, even though and IPR is less expensive and faster than litigation, it can still be a significant distraction to small or fledgling companies.

If a competitive patent is bothersome, consultation with a patent attorney with experience with IPRs can be an excellent investment. Tell your patent attorney about the business context that led you to consider an IPR, ask about your odds of success if you file an IPR, and ask about alternative approaches to resolving the business concern. An IPR provides a powerful new option for managing patent-related concerns. Because of the cost and time commitment, an IPR will not be a routine choice for small companies, but it should not be overlooked as a strategic opportunity for companies of any size.

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