

An Inexpensive Alternative to Patent Litigation

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The America Invents Act (AIA), passed in September 2011, provides additional procedures to challenge the validity of patents in the U.S. Patent and Trademark Office (USPTO). These “post grant” procedures are far less expensive than litigating the validity of patents in the courts, and in some cases, provide added advantages. After two years of working with these procedures, their pros and cons are clearer. To succeed, an infringement suit must show that the patent is valid, and that defendant's product comes within the scope of the patent claims. The new post grant procedures, which add to some old ones, relate only to the patent's validity. Patent owners who want to shore up the validity of the patent, or others who want to attack the patent, now have a variety of procedures at their disposal. A patent owner can use these post grant procedures to obtain a USPTO ruling that the patent is valid despite the existence of prior art that the USPTO did not previously consider. While such a determination may not be binding in later litigation, it does require that the later litigation find the patent invalid on clear and convincing evidence rather than the usual preponderance of the evidence standard. The procedures can also be used by the patent owner to clarify or amend the claims. When the scope of the claims do not clearly cover the accused product, the patent owner can make arguments to the USPTO that will later help a court determine a favorable scope of the patent claims. Thus, when a patent owner becomes aware of an infringer, it can “clean up” the patent in preparation of litigation. Others may also use the post grant procedures, sometimes in ways that are not available in litigation. For example, litigation to challenge a patent's validity may usually be brought only following a threat, or properly perceived threat, of infringement by the patent owner. However, post grant proceedings lack this requirement. With no threat, a competitor may bring a post grant proceeding, even on the day the patent issues. Additionally, an accused infringer may even bring a post grant proceeding after being sued - often, the court will stay the suit until the proceeding is resolved. While one major advantage of a post grant proceeding is its vastly lower cost, there are other considerations. A key feature of post grant proceedings is that they provide for only very limited discovery or no discovery at all, one reason they are less expensive. Thus, if an accused infringer wants to invalidate a patent based on prior sales by the patent owner itself, a post grant proceeding will not provide a good opportunity to obtain full

discovery on those sales. This may pose a serious problem given that the post grant proceeding decision may be binding on the accused infringer, who may be precluded from raising the issue again in the litigation. By contrast, if the accused infringer wants to invalidate based on its own prior sales, a post grant proceeding will limit discovery by the patent owner, making it a perfect alternative. Another key feature is that "trial" in a post grant proceeding is by way of depositions entered into the record. Rarely will a witness be called to testify at trial. Thus, a key witness who makes a poor impression is easier to present in a post grant proceeding. By contrast, if there are good witnesses with a good story, post grant proceedings may not be the best alternative. Also, post grant proceeding judges are used to patent issues, so if the case involves complex technical or legal issues, the post grant proceeding may be the best forum. However, these judges may not be as receptive to a good story, because they may focus on the technical issues. There are several post grant proceedings, each with different features. Some are ex-parte, others inter-parte; some limit the defenses that can be raised in a later litigation and others do not; some limit the changes that can be made to the claims of the patent and others do not; and some are limited to certain types of prior art while others are not. These different features can have a significant effect on the result and its effectiveness. Thus, the choice is not only whether to use a post grant proceeding, but also which one to use. While post grant proceedings are far less expensive and pose other distinct advantages, they are not always the best alternative. All pros and cons must be weighed to determine whether a post grant proceeding is the best option in a particular case. Experienced patent litigators who are also experienced in USPTO proceedings should be consulted to determine whether a post grant proceeding is appropriate and if so, which one. *This article was originally published in the GrowFL Weekly Update for August 15, 2014.*

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