

PROTECTION AND ENFORCEMENT OF INTELLECTUAL PROPERTY

1) PATENT VS TRADE SECRET - TO PATENT OR NOT TO PATENT?

a) Patent:

i) Subject matter:

- (1) Utility patents: To be patentable, an invention must be directed to one of the four statutory categories, namely: processes, machines, manufactures and compositions of matter. 35 U.S.C. § 101. Additionally, the invention must not be directed to a judicially recognized exception to patent eligible subject matter unless the claim as a whole includes additional limitations amounting to significantly more than the exception. The judicial exceptions are subject matter that the federal courts, most notably the Supreme Court, have found to be outside of, or exceptions to, the four statutory categories of invention, and include laws of nature, natural phenomena, and abstract ideas. See Alice Corp. Pty. v. CLS Bank Int'l, 573 U.S. 208, 134 S. Ct. 2347, 2354 (2014). In this regard, Congress is currently looking to reform Section 101 of the Patent Act to eliminate some of the judicial exceptions.
- (2) Design Patents: A design patent protects the aesthetic appearance of the non-functional appearance of an article of manufacture. 35 U.S.C. § 171.
- (3) Plant Patents: A plant patent protects an asexually reproduced distinct and new variety of plants, other than a tuber propagated plant or a plant found in an uncultivated state. 35 U.S.C. § 161.

ii) Protection: United States patent law is codified in Title 35 of the United States Code, and authorized by the U.S. Constitution, in Article One, Section 8, Clause 8, which states “Congress shall have power ... to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

iii) Requirements for Patentability: Generally, for an invention to be patentable it must meet the eligibility requirements of Section 101 discussed above; be “novel” over the prior art; and not be “obvious” to a person having ordinary skill in the art at the time the application is filed. “Prior art” is information that has been made available to the public in any form (e.g., issued patents, published patent applications, publications, sales, offers for sale, public uses, etc.) before the date of a patent application. In general, an inventor has one year from the time he or she discloses, sells, or offers to sell an invention within which to file a patent application. 35 U.S.C. § 102(b)(1). In this regard, note that sales and offers for sale don’t need to be public to be a bar to patentability. Helsinn Healthcare S.A. v. Teva Pharmaceuticals USA, Inc., 586 US ____ (2019).

iv) Process:

- (1) Patentability/Novelty Search (optional): Although not required, a patentability search to identify “prior art” is often recommended. A patentability search looks for prior art that would prevent an invention from being patented and can help formulate a patent

preparation strategy that avoids potentially problematic prior art. Such a search may uncover relevant documents including U.S. and foreign patents, published patent applications and non-patent printed publications such as journals, thesis papers, and dissertations that may be relevant to patentability of an invention. A patentability search typically is not limited to active (unexpired) patents and pending applications; rather, it also includes expired patents and abandoned published applications, which are in the public domain. It is worth noting that a patentability search is inherently limited because US patent applications are maintained secret for 18 months, and thus cannot be located in a search.

- (2) *Freedom-to-Operate Search (optional)*: A patent provides its owner with the right to exclude others from making, using, offering for sale, or selling a patented invention in the United States or importing a patentable invention into the United States, among other rights. However, a patent does not provide the owner with a right to use or practice the claimed invention. Rather, the device or method (such as to an improvement) claimed in one patent may infringe the claims of another patent. Thus, a patentability search won't necessarily include information as to whether an invention can be practiced. A clearance (or freedom-to-operate) search would need to be done to determine whether an invention can be practiced; i.e., commercialized. A clearance search focuses on patent claims that may cover the invention.
- (3) *Inventorship and ownership*: Under U.S. law, an inventor is the person, or persons, who contribute to the claimed subject matter of a patent application. Joint inventors exist even where one inventor contributes a majority of the work. 35 U.S.C. § 116. In the U.S., although inventors must be named, patent applications can be filed in the name of an entity to whom the invention has been assigned 35 U.S.C. § 118. It is important to note that, in the absence of an agreement, the inventors own their invention by default, except in situations in which the inventor was hired by a company for the purpose of inventing, although this is a highly fact-driven determination that can lead to expensive litigation to resolve. Therefore, assignments or employment agreements are recommended to transfer ownership of inventions.
- (4) *Drafting (preparing) and filing*: The first step to patent an invention is preparing the patent application. In general, for a utility patent application, this requires preparing a written description, drawings and claims. 35 U.S.C. § 112. The patent's specification must provide a written description of the invention, enable the invention (allow a person of ordinary skill in the art to make and use the invention without undue experimentation), and describe the best mode (or most preferred embodiment) of making and using the invention. For a design patent, the description involves a set of drawings that clearly show the features of the invention. Once the patent application has been drafted and approved by the inventor(s), the next step is the filing. Filing strategy will depend on the type of patent (utility, design, plant) and whether domestic and/or foreign rights are sought. There are various treaties, e.g., Paris Convention for the Protection of Industrial Property, Patent Cooperation Treaty (PCT), etc. that can facilitate foreign filing. Moreover, if a utility patent is sought, one can initially file a provisional application (which is a placeholder of sorts) and follow up with a non-provisional application within a year.
- (5) *Examination (prosecution)*: Once the patent application has been filed, the United States Patent and Trademark Office (USPTO) assigns the application to a patent examiner who is responsible for reviewing the application, searching for relevant prior art, and making

any objections and rejections that can be made against the patent application in a written communication known as an office action. It is then up to the applicant to respond to the examiner's objections and rejections to demonstrate that the claims of the patent application meet all the requirements of patentability, including certain formalities (35 U.S.C. § 112), subject matter eligibility (35 U.S.C. § 101), novelty (35 U.S.C. § 102), and non-obviousness (35 U.S.C. § 103). This stage of the process often involves several rounds of back and forth with the patent examiner before the application is determined to be patentable and in condition for allowance, abandoned by the applicant, or appealable after a final rejection or any twice-rejected claims.

- (6) Allowance, issuance and maintenance: Assuming an application is allowed, the USPTO issues a Notice of Allowance/Allowability, which prompts payment of an issue fee. After receiving the issue fee payment for the allowed patent application, the USPTO assigns a patent number and issues the patent. After a utility patent has issued, the USPTO requires payment of maintenance fees to maintain the patent in force. Design and plant patents do not require any maintenance fees. 37 CFR 1.362(b). The maintenance fees for utility patents are due 3.5, 7.5 and 11.5 years from the date of the original patent grant to maintain the patent in-force.

v) Remedies: Remedies for patent infringement include:

- (1) Equitable relief: Injunctions, both preliminary and permanent, can be granted to prevent continued infringement. 35 U.S.C. § 283.
- (2) Monetary relief: Monetary relief for infringement is also available. 35 U.S.C. § 284. Additionally, up to three times the compensatory damages can be recovered in cases where the infringement is found to be exceptional. There are traditionally three models for calculating damages: lost profits, established royalties, and reasonable royalties.
- (3) Costs and attorney's fees: Costs are often recoverable and, in cases where the litigation is found to be exceptional, attorney's fees are also available. 35 U.S.C. § 285.
- (4) International Trade Commission (ITC) remedies: Patent infringement investigations are also available under § 337 of the Tariff Act of 1930. Under section 337, the ITC determines whether there is unfair competition in the importation of products into, or their subsequent sale in, the United States. In those cases, remedies include an *in rem* exclusion order preventing importation into the U.S. 19 U.S.C. § 1337(d), (e), (f), (g) and (i).

vi) Advantages:

- (1) A patent grants an exclusive right (monopoly) to exclude others from making, using, selling, or offering to sell the patented invention in the United States or importing the patented invention into the United States without permission. 35 U.S.C. § 271(a).
- (2) A patent grants protection for a pre-determined period, *i.e.*, 20 years from the earliest effective filing date for utility and plant patents (35 U.S.C. § 154(a)(2)) and 15 years from the date of grant for a design patent (35 U.S.C. § 173).
- (3) Having a patent can deter potential infringers, especially if the product is marked with the patent number. 35 U.S.C. § 287(a). Marking a product with a patent number provides

constructive notice of a patent, which means that damages can be recovered even if the accused infringer had no actual knowledge of the patent. In the event of failure to mark, no damages can be recovered by the patentee, except upon proof that the infringer was notified of the infringement and continued to infringe thereafter. Thus, marking is very important to recovering damages, even from accused infringers having no actual knowledge of the patent.

- (4) Patented inventions are protected from independent invention (through reverse engineering or otherwise) and theft.
- (5) Patented products can typically charge a premium because of their monopoly position and restricted competition. Often patented inventions enjoy a higher profit margin due to the right to exclude.
- (6) Patents can protect more than just an embodiment of the invention. A properly worded patent can confer broad protection and effectively provide a competitive advantage and expand market share.
- (7) A patent can also reduce competition by serving as a barrier to entry or prevent a competitor from improving its product, because a patent is a right to exclude (as opposed to a right to make). For example, a senior patentee owner may own a “dominant” patent covering a certain technology. A junior competitor (who files its patent application later in time) can seek an “improvement” patent on the technology covered by the dominant patent. In this instance, the senior patent holder may practice the invention covered by its “dominant” patent, although the senior patent holder cannot practice the improvement patent that the junior patent holder owns the patent to. Conversely, the junior patent holder cannot practice its improvement until the senior patent holder’s “dominant” patent expires or the parties decide to enter into a cross-licensing agreement.

vii) Disadvantages:

- (1) Patents require the patent holder to publicly disclose inventions, including how to make and use the invention. 35 U.S.C. § 112(a). Depending on the invention, some inventors choose to forego patent protection and instead not disclose this information, keeping the details of their product or service confidential as a “trade secret.”
- (2) Applying for a patent can be a very time-consuming and lengthy process. Once a patent application is filed, it can take 1.5 to 3 years before the USPTO even examines that patent application. Further, it usually takes several rounds of back and forth with the USPTO before a patent is granted. This process typically takes three to four years or more for a utility patent, less for a design patent. During that time, the market can change significantly, or technology can advance by the time a patent is granted, rendering the patented technology obsolete.
- (3) Applying for a patent can be costly, whether a patent is obtained or not. Prior art searching, application drafting, and prosecution expenses can all contribute to a significant outlay. Also, patent protection is territorial, in that a U.S. patent can only be enforced in the United States, U.S. territories, and U.S. possessions. If protection is sought outside the United States, additional foreign filings, examination and maintenance costs will be incurred in those countries where protection is sought. The cost of foreign filing can also substantially add to the overall costs. Additionally, bringing a patent

infringement lawsuit and seeing it through to verdict typically costs in the millions. The potential for making a profit should outweigh the time, effort and money it takes to obtain, maintain and potentially enforce a patent. Not all patents have financial value.

- (4) Patent protection is limited in time, usually lasting no more than 20 years (subject to patent term adjustments and/or patent term extensions), while trade secrets can remain protected indefinitely.
- (5) Maintenance fees are required to maintain a patent for the patent term. If not paid, the patent will lapse.
- (6) Having a patent does not guarantee that no one will challenge or infringe it. Defending and enforcing a patent against patent infringement can be very expensive and time consuming.
- (7) Patent protection will only be as good as the claims patented. If a patent is too narrow, a competitor can attempt to design around the claims. If a patent is too broad, a competitor can try to have the patent invalidated.

b) **Trade Secrets:**

- i) **Subject matter:** Trade secrets are information and can include a formula, pattern, compilation, program, device, method, technique or process. To meet the most common definition of a trade secret, it must be used in business, and give an opportunity to obtain an economic advantage over competitors who do not know or use it. Trade secrets can cover subject matter that may not be eligible for patenting, such as customers lists or manufacturing processes or details that are not sufficiently inventive to be granted a patent. However, trade secrets can also cover inventions that would fulfill the patentability criteria and could therefore potentially be protected by patents.
- ii) **Protection:** The Defend Trade Secrets Act of 2016 created a federal civil cause of action, strengthening U.S. trade secret protection, with a choice for the parties between localized disputes under state laws and/or disputes under federal law, heard in federal courts. While state laws differ, there is similarity among the laws because almost all states have adopted some form of the Uniform Trade Secrets Act.
- iii) **Process:** To protect trade secrets, companies should have a written policy in place about how employees and third parties handle confidential information. All employees should be educated about the policy and how to comply with it. Employees with access to trade secrets should also be required to sign confidentiality agreements. Third parties, including vendors, computer programmers, financial advisors, and other consultants, should also be required to sign confidentiality agreements. Confidentiality agreements with employees and business partners is one of the most important measure that can be taken to protect trade secrets. The basic process for establishing trade secrets is as follows:
 - (1) Establish a trade secret policy;
 - (2) Identify trade secrets in your company;
 - (3) Mark them as “confidential”;
 - (4) Control access to the secrets both physically (e.g., safety deposit boxes, fireproof safes, etc.) and electronically (e.g., encryption, fire walls, etc.);
 - (5) Get Confidentiality Agreements/Non-Disclosure Agreements in place with key people.

- (6) Train employees on the company's trade secret policies and how to deal with them to keep them safe.
- iv) Remedies: Courts can protect trade secrets by enjoining misappropriation, ordering parties that have misappropriated a trade secret to take steps to maintain its secrecy, as well as ordering damages in the nature of compensation to the owner, court costs, and reasonable attorneys' fees. However, this protection is limited because a trade secret holder is only protected from unauthorized disclosure and use, i.e., misappropriation. If a trade secret holder fails to maintain secrecy or if the information is independently discovered, becomes released or otherwise becomes generally known, protection as a trade secret is lost. Trade secrets do not expire so protection continues until discovery or loss.
- v) Advantages:
 - (1) Trade secret protection has the advantage of not being limited in time (in contrast to utility patents, which last in general for up to 20 years). Trade secret protection may therefore continue indefinitely as long as the secret is not revealed to the public and reasonable efforts are taken to maintain the information secret.
 - (2) Trade secrets are generally lower cost. Trade secrets involve no registration costs. Although there may be high costs related to keeping the information confidential, such as maintaining information at distinct locations and providing appropriate protection therefor.
 - (3) Trade secret protection does not require compliance with the governmental formalities of patent law, such as disclosure of the information to a government authority as in the case of the disclosure requirements to the USPTO for a patent.
 - (4) Trade secrets have immediate effect, unlike patents, which can take several years to procure from the USPTO.
- vi) Disadvantages:
 - (1) If a secret is embodied in an innovative product, others may be able to inspect it, dissect it and analyze it (i.e., "reverse engineer" it) and discover the secret and be thereafter entitled to use it. Trade secret protection of an invention does not provide the exclusive right to exclude third parties from making commercial use of the invention. Only patents can provide this type of protection.
 - (2) Once a secret is made public regardless of the means, it is available for third parties to use.
 - (3) A trade secret can be more difficult to enforce than a patent.
 - (4) A trade secret may be patented by someone else who developed the relevant information by legitimate means.
- c) Mutually exclusive: Patents and trade secrets are not necessarily mutually exclusive. Trade secret protection can be a complement to patent protection such that some aspects of an innovation can be kept as a trade secret while others can be patented based on factors such as reverse engineering and commercial importance.

d) **Final considerations:**

- i) A company's intellectual property is frequently its number one asset. Protecting that property through patents, however, is expensive and doesn't include certain types of content, including customer lists, which are crucial. A viable alternative for such things is to classify intellectual property as a trade secret. The trade secret designation enjoys protection under U.S. law and the associated costs may be significantly lower. If a given invention is eligible for either patent or trade secret protection, then the decision on how to protect that invention depends on business considerations and weighing of the relative benefits of each type of intellectual property. A further consideration is the scope of any patent that might be obtained.
- ii) Coca-Cola vs Listerine: Coca-Cola, which does not hold a patent on its secret recipe, chose to protect its secret recipe as a trade secret rather than disclose it in a patent application. As a result, the Coke formula has been a secret since John Pemberton invented the drink in 1886. Listerine was not so lucky. Listerine was first formulated in 1879 by Dr. Joseph Lawrence but became generally known well before the license to the formula expired. Warner Lambert Pharm. Co. v. John J. Reynolds, Inc., 178 F.Supp. 655 (S.D. N.Y. 1959), aff'd 280 F.2d 197 (2nd Cir. 1960).

2) **LITIGATION: DEVELOPMENTS AFFECTING IP DECISION-MAKING**

- a) The New Frontier of Litigation: the Defend Trade Secrets Act: 18 U.S.C. § 1839(3)—signed into law on May 11 2016—we are still seeing the first cases under this statute come to fruition and many are resolved at the district court level but currently pending on appeal
- b) Overall points regarding the DTSA and its background/applicability
 - i) Its provisions are largely based upon the Uniform Trade Secrets Act which was adopted in some form in 49 states, New York being the exceptions
 - ii) Many of the states that did adopt the UTSA did so in selecting parts, not the whole, which lead to inconsistencies in defining what could qualify as a trade secret, what you had to do to prove your thing was in fact a protectable trade secret, and what you needed to prove to show misappropriation
 - iii) The only way you could get into federal court was to have diversity jurisdiction or try to cobble a trade secret claim on federal action you were also pleading but now there are options, as the Act did not preempt any state laws
 - iv) Sometimes you may want to stay in state court, whether you have a friendly judge or there are other missing elements in your claim that simply won't work under the DTSA
 - v) The promise of the Act is to provide consistency in how the Courts address trade secrets and their alleged misappropriation and clear up the patchwork of law we have to deal with on the subject
 - vi) Congress also gave us some new teeth, providing an ex parte seizure remedy in extreme circumstances—VERY rare and have not seen effective use yet
 - vii) As well as punitive damages, potential attorneys' fees and nationwide injunctions
- c) But there were also limitations built in to the Act
 - i) First, it appears that the Act will not be applied retroactively --meaning that if the misappropriation took place before May 11, 2016, you may get shut out of the federal court option—even if continuing, there is an issue here

- ii) By and large The new federal act is a lot like the uniform trade secrets act enacted in at least some form in nearly every state in the Union – but there are some difference and new features
- d) ***Definition of trade secret:*** all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (and only if) the owner thereof has taken **reasonable measures to keep such information secret**; and the information derives **independent economic value**, actual or potential, from not being generally known to, and **not being readily ascertainable through proper means by, the public**.
 - i) ***Misappropriation:*** 18 U.S.C. §1839(5)(A) and (B)(i) (definition) This is really where most litigation stems from and where the biggest hurdles arise. Requires both: acquisition of a trade secret . . . [when the actor] . . . knows or has reason to know that the trade secret was acquired by improper means AND disclosure or use of a trade secret . . . without consent by [an actor who] used improper means to acquire knowledge of the trade secret.
 - ii) ***Improper Means:*** Includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means; and does not include reverse engineering or independent derivation.
 - iii) Most cases focus on the “readily ascertainable” factor and whether something is really a trade secret; the next bucket is whether there is independent economic value-which is very difficult to prove and requires (often expensive) expert testimony
- iv) ***Cases to date on bad faith:*** to date, not many Courts have faced DTSA and bad faith awards but a survey shows that it is very difficult to get fees so keep this in mind when weighing litigation decisions—we will address a couple of case studies in the awarding of fees

3) **POST GRANT PATENT CHALLENGES: ALTERNATIVES TO LITIGATION**

- a) ***Post-Grant Review (PGR):*** PGRs are a trial-like proceeding conducted at the Patent Trial and Appeal Board (PTAB) to review the patentability of one or more claims in a patent. 35 U.S.C. Ch. 32. Although discovery is limited, there is an oral hearing.
 - i) ***Petitioner:*** The Petitioner is someone who is not the patent owner and has not previously filed a civil action challenging the validity of a claim of the patent. All real parties in interest must be identified in the petition.
 - ii) ***Estoppel:*** Estoppel can be applied to any issue previously raised or that reasonably could have been raised in proceedings before the USPTO, federal district courts or the ITC. Estoppel can be a significant barrier to success using PGR because of its broad and potentially severe limitations.
 - iii) ***Standard:*** A PGR may be instituted upon a showing that, it is more likely than not that at least one claim challenged is unpatentable.

- iv) Basis: A PGR can be sought based on any grounds that can be used to challenge the validity of a patent claim. Such grounds include anticipation (35 U.S.C. § 102), obviousness (35 U.S.C. § 103), patent eligibility (35 U.S.C. § 101) and lack of compliance with written description, enablement or indefiniteness (with the exception of best mode) (35 U.S.C. § 112). In addition, PGR prior art is not limited to patents and printed publications like *inter partes* reviews (IPRs), discussed below. A PGR can be sought by alleging unpatentability based on evidence of public use, on-sale activity or other public disclosures.
 - v) Applicability: PGRs apply to patents issuing from applications subject to first-inventor-to-file provisions of the America Invents Act (AIA), i.e., applications with an effective filing date on or after March 16, 2013.
 - vi) Timing: PGRs begin with a third party filing a petition on or prior to the date that is 9 months after the grant of the patent or issuance of a reissue patent. A PGR must be completed within 12 months from institution, with 6 months good cause exception possible if the PTAB deems it necessary.
 - vii) Settlements: Settlements are possible. However, under the AIA, the PTAB has discretionary power to proceed to a final written decision even if the parties have reached a settlement agreement.
 - viii) Appeals: Appeals to a PTAB's decision are heard by the United States Court of Appeals for the Federal Circuit (CFAC).
 - ix) Advantages: PGR offers several benefits for a challenger compared to other proceedings used to invalidate a patent. PGR proceedings may take less time than litigation to reach a final disposition, typically 18 months or less. PGR proceedings are a cost-effective alternative to litigation. The PGR challenger's standard of proof for invalidating a patent is preponderance of the evidence rather than clear and convincing evidence as in federal court, giving the challenger a greater likelihood of success. In addition to anticipation and obviousness challenges based on printed publication or product prior art, a challenger may assert unpatentability of a patent based on lack of enablement, lack of written description, and lack of patent eligible subject matter (IPR proceedings allow only anticipation and obviousness challenges based on patents and printed publications).
 - x) Disadvantages: The primary disadvantage of the post grant procedures is that a party that has challenged a patent will be estopped from raising any issue that it raised or reasonably could have raised in such review in any subsequent proceedings in the USPTO, a district court or the ITC. This disadvantage needs to be balanced against the advantages, including the potentially broader claim construction and lower standard of proof needed to succeed in these proceedings. Additionally, expert witnesses have become *status quo* for PGR, which tends to increase costs.
- b) Inter Partes Review (IPR): IPRs are trial proceedings conducted at the (PTAB) to review the patentability of one or more claims in a patent. IPRs allow the PTAB to hold a hearing with the respective parties and make its decision. 35 U.S.C. Ch. 31.
- i) Petitioner: The Petitioner is someone who is not the patent owner, has not previously filed a civil action challenging the validity of a claim of the patent, and has not been served with a complaint alleging infringement of the patent more than 1 year prior (exception for joinder). All parties in interest must be identified in the petition.

- ii) Estoppel: When a Petitioner requests an *inter partes* review of a patent claim and receives a written decision, they cannot request a hearing with the USPTO for the same claim on any grounds that were raised or could have been raised during the IPR. There is also an estoppel against the Petitioner or other real parties in interest for civil actions in certain cases that take place before the ITC and result in a final written decision.
 - iii) Standard: An IPR may be instituted upon a showing that there is a reasonable likelihood that the Petitioner would prevail with respect to at least one claim challenged.
 - iv) Basis: Unlike PGRs that allow patents to be challenged on all grounds, IPRs are limited to anticipation (35 U.S.C. § 102) and obviousness (35 U.S.C. § 103) challenges based only on patents and printed publications.
 - v) Applicability: Patent issued under first-to-invent or first-inventor-to-file.
 - vi) Timing: Petitions for first-inventor-to-file (post-AIA) patents cannot be filed until 9 months after a patent has been approved or renewed or until after the end of a post-grant review. There are no such deadlines for first-to-invent patents. IPRs must be completed within 12 months from institution, with 6 months good cause exception possible as determined by the PTAB.
 - vii) Settlement: Settlements are possible. However, under the AIA, the PTAB has discretionary power to proceed to a final written decision even if the parties have reached a settlement agreement.
 - viii) Appeals: Appeals to a PTAB's decision are heard by the CAFC.
 - ix) Advantages: IPRs are often viewed as a strategic alternative to patent litigation for several reasons. First, the proceedings are typically faster than most federal court venues, with a final written decision issued within 12 months of institution. Second, the IPR proceedings are adjudicated before a technically savvy panel at the USPTO, which understands the technology and patent law. Third, the burden of proving invalidity before the USPTO is lower than the burden of proving invalidity in a federal court, making it easier to invalidate a patent. Finally, the claim construction standard at the USPTO is broader than federal court and again makes it easier to invalidate the patent.
 - x) Disadvantages: The primary disadvantage of the post grant procedures is that a party that has challenged a patent in an IPR will be estopped from raising any issue that it raised or reasonably could have raised in such review in any subsequent proceedings in the USPTO, a district court or the ITC. This disadvantage needs to be balanced against the advantages, including the potentially broader claim construction and lower standard of proof needed to succeed in these proceedings.
- c) Covered Business Method Proceedings (CBM) (Tentatively Ends Sept 16, 2020):
- i) Petitioner: The Petitioner must have been sued or have been charged with infringement under the patent. 37 C.F.R. § 42.302. Also, a Petitioner cannot file a CBM if it or the real party in interest has already filed a civil action challenging the validity of a claim of the patent. All parties in interest must be identified in the petition.

- ii) Estoppel: The estoppel for a CBM ensures the Petitioner only raises issues that were raised in the initial proceedings.
 - iii) Standard: The standard for a CBM is more likely than not or novel or unsettled legal question important to other patents/applications.
 - iv) Basis: The basis for a CMB is like the basis for PGR, but the Petitioner cannot base the challenge on 35 U.S.C. § 102(e) prior art.
 - v) Availability: A CBM cannot be used during the period that a PGR could be used against the patent. The claims challenged in a CBM need to focus on a problem in the method or corresponding apparatus for either performing data processing or other operations used in the practice, administration, or management of a financial product or service. A CBM can't challenge a claim for a technological invention.
 - vi) Applicability: Patents issued under first-to-invent and first-inventor-to-file.
 - vii) Timing: Must be completed within 12 months from institution, with 6 months good cause exception possible at the discretion of the PTAB.
 - viii) Settlements: Settlements are possible.
 - ix) Appeals: Appeals to a PTAB's decision are heard by the CAFC.
- d) Ex parte Reexamination (35 U.S.C. Ch. 30):
- i) Petitioner: Anyone can initiate *Ex parte* Reexam, including the patent owner, a third party, and even the USPTO Director. The real party in interest does not need to be identified (i.e., the Petitioner can be anonymous).
 - ii) Estoppel: There is no legal estoppel.
 - iii) Standard: The threshold standard is a substantial new question of patentability (what a reasonable examiner would find important in determining the patentability of the claims).
 - iv) Basis: An *Ex parte* Reexam can be based on lack of novelty (35 U.S.C. § 102) and obviousness (35 U.S.C. § 103) based on patents, published patent applications and printed publications.
 - v) Applicability: *Ex parte* Reexam is available for any patent.
 - vi) Timing: An *Ex parte* Reexam can be filed at any time during enforceability of patent (which can be 6 years past expiration of the patent term due to past damages). The USPTO's goal is to have *Ex parte* Reexam completed in less than two years. If a broadening reissue is sought, it must be filed within 2 years of patent date.
 - vii) Settlements: Settlements are not possible.
 - viii) Appeals: Appeals of a PTAB decision are heard by the District Court or the CAFC.

- ix) Benefits: A reexamination proceeding can settle validity disputes more quickly and less expensively than litigation. Reexaminations also benefit from a lower burden of proof (preponderance of the evidence) rather than the clear and convincing evidence standard required in federal court. Further, patent validity questions are subject to the expertise of the USPTO, as opposed to a jury of lay persons in a district court litigation. A reexamination proceeding reinforces investor confidence in the certainty of patent rights by giving the USPTO an opportunity to review doubtful patents.

- x) Disadvantages: Third-party requesters cannot take part in the proceedings once the initial request has been made (unless the patent holder files a “Patent Owner’s Statement” in response to the *ex parte* request). A third-party requester cannot stop the issuance of a reexamination certificate that determines certain claims patentable. A third-party requester cannot stop a patent owner from amending the existing claims or adding claims of the same scope to make its claims stronger. Nor can a third-party requester participate in interviews between the patent owner and the examiner. The third-party requester can’t stop a broadened reissue from being filed by the patent owner and having the *ex parte* reexamination proceeding merge with the new application. A reexamination certificate may be issued, meaning that the original patent will have gone through two USPTO decisions. This will make that patent even stronger, i.e., more difficult to prove invalid by clear and convincing evidence in a subsequent federal court proceeding.