

## PGR Basics; Pros/Cons

**Only patent/patent claims having effective filing date on or after March 16, 2013, subject to review under PGR.** Only 0.7% (2015); 1.7% (2016); 2.3% (2017) of petitions filed for post-grant proceedings since proceedings available under AIA have been for PGRs``.

- Patent applications filed on or after March 16, 2013, which claims priority to an earlier-filed application(s), may be **ineligible** for review.
- This determination made on a claim-by-claim basis.

### **Grounds**

**PGR may be instituted on broader grounds of invalidity than an IPR:** Grounds of PGR invalidity under §§ 101, 102, 103, 112, double patenting, proved using any legally available evidence, e.g., prior sale/use under AIA § 102, not just based on printed publications or patents (IPR limited to patents, printed publications, §§ 102, 103).

### **Burden of Proof for Institution**

- **Institution of a PGR** requires a petitioner to demonstrate **that it is more likely than not that** at least one of the challenged claims is unpatentable.
- **Institution of an IPR** requires a petitioner to demonstrate **a reasonable likelihood** that he/she would prevail as to at least one of the challenged claim.
- USPTO has stated that “in [c]omparing the two standards, the ‘reasonable likelihood’ standard is lower than the ‘more likely than not’ standard.”

### **Timing**

PGRs are available only **up to** nine (9) months after issuance or reissue, whereas IPRs are available nine (9) months **after** issuance or reissue, or following the termination of the PGR.

### **Scope of Estoppel**

If PGR or IPR results in a final written decision on a patent claim, the petitioner is estopped from (later) challenging that claim in district court litigation on “any ground that the petitioner raised or reasonably could have raised.”

**IPR estoppel, then, is more limited than PGR estoppel because the grounds that can be raised in an IPR are more limited.**

## **Strategy & Tactics**

**For recently (AIA) granted patents, PGR may be a preferable vehicle for a challenge, because of the breadth of issues that can be raised and/or the possibility of immediate action.**

Where there is a claim of priority to an application filed before March 16, 2013, the petitioner bears the burden of persuasion to show that the patent claim challenged in fact qualifies for PGR. (Need to take into consideration [in petition] all prior applications in the priority claim and all original claims in each prior application).

**Main thing keeping more PGR petitions from being filed (to date) is that only patents with an effective filing date on or after March 16, 2013, are eligible to be reviewed.**

**“Two key aspects of post-grant reviews are likely making potential challengers wary: the seemingly very broad estoppel provision limiting future invalidity arguments petitioners can make, and the limited window for challenging patents.**

The AIA states that following a post-grant review, **petitioners are barred from later raising in litigation "any ground that the petitioner raised or reasonably could have raised during that post-grant review."** Since practically every invalidity ground can be raised in a post-grant review, litigants worry that unless they put every possible argument in the petition, **they might forfeit any opportunity to later argue that the patent is invalid if it survives review.**

**Apart from estoppel, the limited time frame for filing post-grant review petitions will make post-grant reviews much more of a specialized option than inter partes reviews, which do not have a similar restriction.**

**Inter partes review petitions are often filed after a company has been accused of infringing a patent, but since few patent suits are filed on recently issued patents, post-grant reviews can't be used in the same way.**

‘PGRs are not going to be the same sort of beast. Only in rare situations will there be litigation on the patent at the same time,’...

Instead, companies will have to monitor the pending patent applications and newly-issued patents of competitors and others in their industry, then decide which patents are enough of a risk to their business that it is worth targeting with a post-grant review.

**Post-grant reviews may be useful for biotechnology and pharmaceutical companies, where a single patent can be key to a business.** Companies often keep track of what is in the pipeline and may be willing to target important patents with a post-grant review as soon as they issue.

**Post-grant reviews are likely to be considerably less useful for high-tech companies, since products like smartphones could potentially be accused of infringing thousands of patents and it is difficult to know which newly issued patents may be worth targeting.”**

Davis, “Post-Grant Reviews To Grow In Number But As a Niche Tool”, Law360, <https://www.law360.com/articles/925803/pring?section=ip> (May 18, 2017).

**“A party considering preemptively challenging a newly issued PGR-eligible patent faces a choice: File a PGR within nine months after issuance, file an IPR after the nine-month window and/or file a declaratory judgment action. To benefit from this choice, the challenger needs to monitor the issuance of potential target patents so that it has time to act within the nine-month PGR window.**

**The decision-making calculus is relatively straightforward where the challenger plans to focus on patents and printed publications as grounds for invalidity. Unless time is of the essence, the challenger can wait nine months and then file an IPR, and thus benefit from more limited IPR estoppel. As is true for any preemptive challenge, this will alert the patentee to the challenger’s concern about the patent and frontload expenditures. Nevertheless, a party interested in removing the patent as an obstacle, or at least obtaining greater certainty about its validity, will likely prefer IPR where prior art patents and printed publications are considered the most promising invalidity grounds.**

**The calculus is more complex where principal grounds for invalidity will not be based on prior art publications and patents but rather on, e.g., lack of patentable subject matter, enablement or written description, or invalidity based on prior public use or sale. A party wishing to raise such other grounds must either raise them within the nine-month window via PGR or else be limited to raising them in court. PGR offers a faster and less expensive process, which is available even if declaratory judgment jurisdiction may not exist, and a decision from technically trained judges. On the other hand, filing a PGR requires committing to expenditures early, affords less discovery than district court litigation, and may create broad estoppel. Whether to file a PGR or save the defenses for a potential court action likely depends largely on a party’s strategic objectives.**

**When the dominant concern is obtaining greater certainty before investing in product development, PGR may be attractive. PGR offers a path to a quick result where investment in product development may not be worthwhile if a blocking patent is valid, or where an alternative path may be pursued to avoid this obstacle. A party also may use a PGR to apply pressure to secure a license on more favorable terms or to disrupt a potential competitor relying heavily on a patent to protect its business model, even if a declaratory judgment action would not be possible. Furthermore, when invalidating a patent on highly technical written description or enablement grounds is critical, a party may wish to have technically trained judges decide the issue by filing a PGR.**

**However, rushing to file a preemptive PGR within nine months has significant drawbacks. A PGR risks provoking a lawsuit and, while this risk is inherent in any preemptive challenge, the nine-month window provides less time to assess whether the patent is likely to be asserted. This risk is particularly great for smaller companies who are in the market and therefore subject to a potential infringement litigation, but not well-positioned to devote resources to defending**

against it. Similarly, if a company has already entered a market and thinks it is unlikely that a particular patent will be asserted, the company may prefer not to alert the patentee by filing a PGR. **The nine-month window also leaves less time to develop arguments, and the limited discovery available in PGR means that arguments need to be well-developed independent of information exclusively within the patentee's possession. In some cases, a party considering PGR may prefer to wait for litigation to learn the patentee's infringement theory because, if the patentee takes a broad view of the claims, that may facilitate attacking the claims for lack of written description and/or enablement.**

Furthermore, filing a PGR enables the patentee to try to amend its claims, and it is uncertain whether the PTAB may be more likely to permit amendments in PGRs since the public has not yet had much time to develop reliance on the issued claim scope. In European opposition proceedings, which are roughly equivalent to PGRs in terms of enabling challenges to patents soon after issuance, amendments are common. It remains to be seen whether it will be as difficult to amend claims in PGRs as it has been in IPRs, or whether the PTAB will adopt a more permissive view. (Cf. *Aqua Products*)

Finally, PGR estoppel may be a significant disadvantage. **A petitioner that loses the final written decision in an IPR has all its nonpatent and nonprinted publication prior art defenses available, and may even be able to obtain a second chance in court on essentially the same prior art it raised in the IPR.** For example, a court found that an IPR petitioner that raised invalidity based on a product manual was not estopped from later relying on the product itself.[...] A losing IPR petitioner also can still raise all its §§ 101 and 112 defenses in court. By contrast, a petitioner that loses the final written decision in PGR may be estopped from raising any invalidity defense. However, significant legal uncertainty remains regarding the scope of estoppel.

In *Shaw Industries Group Inc. v. Automated Creel Systems Inc.*, **the Federal Circuit held that IPR estoppel does not bar subsequent invalidity challenges based on grounds that were raised in the petition but not instituted.**[...] Since the same “any ground that the petitioner raised or reasonably could have raised” language at issue in *Shaw* applies to PGR estoppel, *Shaw* also may indicate that no estoppel applies to grounds raised in a PGR petition but not instituted. This has strategic consequences for PGR petitions.

**The more significant question is whether estoppel applies to grounds not raised in a petition, and the courts have reached differing conclusions.** In *Intellectual Ventures I LLC v. Toshiba Corp.* (“*IV-Toshiba*”), the district court relied on *Shaw* to hold that a defendant could argue invalidity using publicly available prior art references that the defendant never presented to the PTAB. By contrast, in *Douglas Dynamics LLC v. Meyer Products LLC*, the district court held that estoppel applies to grounds not asserted in an IPR petition, so long as they could have been found through a diligent search. A PTAB panel reached a similar result as to estoppel in the PTAB in *Great West Casualty Company v. Intellectual Ventures II LLC*.[...] The Federal Circuit has not yet addressed the issue. If the Federal Circuit endorses the narrower *IV-Toshiba* view of estoppel, the estoppel disadvantages of PGR would be relatively small, but if the court endorses the broader *Douglas Dynamics* view then the estoppel disadvantages would be far greater.” [The US Sup. Ct. decision in *SAS* will also weigh into the estoppel picture].

Sanders, et al., "Preemptive Use of Post-Grant Review Vs. Inter Partes Review", Law360, <https://www.law360.com/articles/913577/print?section=ip> (May 5, 2017).