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REACHING A MILESTONE: FILING OF THE FIRST EVER PETITION FOR A POST-GRANT REVIEW

On August 5, 2014, a milestone was reached for AIA trials. For the first time, a petition for a Post Grant Review (PGR) was filed.[1] As was the case with the first covered business method review[2], the first PGR will likely be quite instructive to practitioners as to how the Patent Trial and Appeals Board (PTAB) will conduct these proceedings.

PGRs are only available for patents that are filed under the AIA's first-to-file provisions (*i.e.* patents that issue from applications that contain a claim having a filing date on or after March 16, 2013). PGRs are not limited to prior art as the basis for patent invalidity; lack of patentable subject matter and failure to comply with 35 U.S.C. § 112 may also be used as a basis for patent invalidity. However, a PGR has to be filed no later than nine months after the issuance of the patent. As with an *inter partes* review (IPR), the filing of a PGR gives rise to estoppel for any grounds of invalidity that was raised or could have been raised in during the PGR. [3]

The first PGR concerns U.S. Patent No. 8,684,420 (the '420 patent), which issued on April 1, 2014 based on an application filed on July 26, 2013. The '420 patent claims priority to a provisional application filed in 2010. Generally, the '420 patent is directed to a kit and a device for creating a linked item, which is commercially sold as a Rainbow Loom® product. On August 5, 2014, LaRose Industries, LLC (LaRose) petitioned for PGR alleging that all but one of the claims of the '420 patent are unpatentable under 35 U.S.C. §§ 102, 103, and 112.[4] Specifically, LaRose alleged that these claims are invalid for being indefinite, not being enabled, and for failing to comply with written description requirement.[5] Moreover, the claims were also allegedly anticipated and obvious.

As is not uncommon with AIA trials, LaRose and patent owner Choon's Design (Choon) are also currently involved in a patent infringement litigation in the Eastern District of Michigan. In the District Court litigation, Choon initially alleged infringement of related patent U.S. 8,485,565 (the '565 patent). The '420 patent is a continuation of an application which is a continuation of the '565 patent. Choon amended the complaint to include the '420 patent once it issued.

The first PGR petition presents an interesting threshold issue for the PTAB. As discussed, a PGR is only available for patent subject to the first-to-file provisions of the AIA. However, the '420 patent has a priority claim back to 2010 – before the critical March 16, 2013 date. Thus, if the '420 patent is entitled to the priority claim, its validity cannot be challenged via a PGR. To establish that the '420 patent can be challenged by a PGR, LaRose's petition outlined in much detail why the '420 patent is not entitled to the priority date. Since this is the first time that the PTAB will have to analyze the issue as to whether a patent may be challenged via a PGR, it is likely that the PTAB response to the Petition (*i.e.*, either the Decision to Institute or the Denial of the Petition) will provide an analytical framework for subsequent PGR petitioners to follow.

Also of interest in the first PGR is the potential issue of patentee estoppel. Pursuant to 37 C.F.R. § 43.73(d)(3), a patentee is "precluded from taking action inconsistent with the adverse judgment [in an AIA trial], including obtaining in any patent… that is not patentably distinct from a finally refused or canceled claim…." LaRose previously challenged the validity of the '565 patent via an IPR.[6] The outcome of the IPR was a Final Written Decision with an adverse judgment against the patent owner.[7] Specifically, the IPR was resolved by the patent owner filing a Disclaimer to allow cancellation of the claims being challenged in the IPR and requesting that the adverse judgment be issued.[8] As such, Choon, the patent owner, is subject to the estoppel provision of 37 C.F.R. § 43.73(d)(3).

In what may likely be the first instance of 37 C.F.R. § 43.73(d)(3) being invoked by a petitioner, LaRose is trying to rely on this adverse judgment to allege that Choon is estopped from contesting the invalidity of the claims of the '420 patent. Specifically, LaRose alleges that the claims of the '420 patent are not

patentably distinct over those of the '565 patent. LaRose also alleges that Choon acquiesced to the claims being patentably indistinct because Choon filed a terminal disclaimer in the'420 patent to overcome an obviousness-type double patenting rejection over the '565 patent.

Thus, the first PGR presents significant issues of first impression to the PTAB. Not only will the first PGR likely serve as a model for subsequent PGRs, LaRose' petition will also provide an analytical framework as to how to apply patentee estoppel and how to conduct a priority analysis.

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[1]PGR2014-00008

[2]*SAP America, Inc. v. Versata Development Group, Inc.*, CBM2012-00001

[3]35 U.S.C. § 325(e)(1).

[4]PGR2014-00008, Paper 1 at 1.

[5]*Id.*

[6]PGR2014-0008, Paper 1 at pg. 39.

[7]*Id.*

[8]*Id.*