

A Guide to the Legislative History of the America Invents Act: Part II of II

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Introduction

This is the second Article in a two-part series about the legislative history of the recently enacted Leahy-Smith America Invents Act (“AIA”).¹ The first Article addressed those sections of the AIA that apply to an application before a patent has issued—principally, the bill’s amendments to §§ 102, 103, 115, 122, and 135 of title 35, and several of the AIA’s uncodified provisions.² This second Article addresses those changes made by the AIA that apply only after a patent has been granted. It examines the legislative history of the AIA’s provisions concerning post-grant review of patents; inter partes proceedings; supplemental examination; the section 18 business-method-patent-review program; the new defense of prior commercial use; the partial repeal of the best-mode requirement; and other changes regarding virtual and false marking, advice of counsel, court jurisdiction, USPTO funding, and the deadline for seeking a patent term extension. This second Article consists of two parts: Part I addresses sections of the U.S. Code that were amended by the AIA, and Part II addresses sections of the AIA that are uncodified.

I. Sections of the U.S. Code That Are Amended by the AIA

A. 28 U.S.C. §§ 1295(a)(1), 1338(a), and 1454: The Holmes Group v. Vornado Fix

Section 19 of the AIA, at subsections (a) through (c), enacts the so-called *Holmes Group*³ fix.⁴ These provisions: (1) amend title 28 to clarify that state

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¹ Pub. L. No. 112-29, 125 Stat. 284 (2011). The first Article appeared in volume 21, page 435, of the Federal Circuit Bar Journal. Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR B.J. 435 (2012).

² Matal, *supra* note 1, at 436.

³ *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002).

High-technology companies, in particular, have noted that they are often sued by defendants asserting multiple patents with large numbers of vague claims, making it difficult to determine in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant's products. Current [i.e., pre-AIA,] law imposes no deadline on seeking inter partes reexamination. And in light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation. It is thus appropriate to extend the section 315(b) deadline to one year.⁴⁵⁸

The final Committee Report also noted that under § 325(b) of title 35, “[i]f a patent owner sues for infringement within 3 months of the patent’s issue, a pending petition for post-grant review or the institution of such a proceeding may not serve as a basis for staying the court’s consideration of the patent owner’s motion for a preliminary injunction.”⁴⁵⁹ Senator Kyl described the reasoning behind this provision during the March 2011 debates, noting that “[a] patent owner who sues during this period is likely to be a market participant who already has an infringer intruding on his market, and who needs an injunction in order to avoid irreparable harm.”⁴⁶⁰ He also noted that § 325(b) “strengthens and carries over to post-grant review the rule of”⁴⁶¹ *Procter & Gamble Co. v. Kraft Foods Global, Inc.*,⁴⁶² a case that applied the same rule to consideration of a request for an injunction during the pendency of a BPAI appeal of an inter partes reexamination.⁴⁶³

Finally, it should be noted that pre-AIA § 317(b) of title 35, which required that an inter partes reexamination be terminated if a civil action involving the inter partes requester resulted in a final judgment that the patent is not invalid,⁴⁶⁴ was not maintained by the AIA in inter partes or post-grant review.⁴⁶⁵

7. 35 U.S.C. §§ 315(c) and 325(c): Joinder

As the final Committee Report noted, under §§ 315(c) and 325(c), “[t]he Director may allow other petitioners to join an inter partes or post-grant review.”⁴⁶⁶ During the Senate’s March 2011 debates on the AIA, Senator Kyl stated that the USPTO expected to allow liberal joinder of reviews:

The Office anticipates that joinder will be allowed as of right—if an inter partes review is instituted on the basis of a petition, for example, a party that files an identical

⁴⁵⁸ 157 CONG. REC. S5429 (daily ed. Sept. 8, 2011).

⁴⁵⁹ H.R. REP. NO. 112-98, 112th Cong., at 76 (2011).

⁴⁶⁰ 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

⁴⁶¹ *Id.* at S1376.

⁴⁶² 549 F.3d 842 (Fed. Cir. 2008).

⁴⁶³ *Id.* at 847.

⁴⁶⁴ See 35 U.S.C. § 317(b) (2006).

⁴⁶⁵ See H.R. REP. NO. 112-98, pt. 1, at 145 (2011).

petition will be joined to that proceeding, and thus allowed to file its own briefs and make its own arguments. If a party seeking joinder also presents additional challenges to validity that satisfy the threshold for instituting a proceeding, the Office will either join that party and its new arguments to the existing proceeding, or institute a second proceeding for the patent.⁴⁶⁷

Senator Kyl also emphasized, however, that §§ 315(c) and 325(c) give the USPTO discretion over whether to allow joinder.⁴⁶⁸ He noted that “[t]his safety valve will allow the Office to avoid being overwhelmed if there happens to be a deluge of joinder petitions in a particular case.”⁴⁶⁹

Senator Kyl also commented on the time limit for allowing joinder.⁴⁷⁰ He noted that “[t]he Office has made clear that it intends to use this authority to encourage early requests for joinder and to discourage late requests.”⁴⁷¹ He also noted the following litany of factors that the USPTO had informally indicated that it would consider when deciding whether and when to allow joinder:

differences in the products or processes alleged to infringe; the breadth or unusualness of the claim scope that is alleged, particularly if alleged later in litigation; claim-construction rulings that adopt claim interpretations that are substantially different from the claim interpretation used in the first petition when that petition’s interpretation was not manifestly in error; whether large numbers of patents or claims are alleged to be infringed by one or more of the defendants; consent of the patent owner; a request of the court; a request by the first petitioner for termination of the first review in view of strength of the second petition; and whether the petitioner has offered to pay the patent owner’s costs.⁴⁷²

Finally, in his 2008 remarks on a substantially identical joinder provision in the bill that he introduced that year, Senator Kyl commented on the requirement that a joinder petition be “properly file[d].”⁴⁷³ He noted that these words were a term of art that had been given meaning in three recent cases,⁴⁷⁴ and that

[t]he gist of these decisions is that a petition is properly filed when it is delivered and accepted in compliance with applicable rules governing filings, though particular

⁴⁶⁷ 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

⁴⁶⁸ *See id.*

⁴⁶⁹ *Id.*

⁴⁷⁰ *Id.* (noting that this time limit is set pursuant to 35 U.S.C. § 316(a)(5)).

⁴⁷¹ *Id.*

⁴⁷² *Id.*

⁴⁷³ 154 CONG. REC. S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). The substantially identical provision is in S. 3600, 110th Cong. sec. 5(c), § 325(b) (2008).

⁴⁷⁴ 154 CONG. REC. S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl). The three cases that Senator Kyl cited are *Artuz v. Bennett*, 531 U.S. 4 (2000); *Allen v. Siebert*, 552

claims within filings be barred on other procedural grounds, and that time deadlines for filing petitions must be complied with in all cases.⁴⁷⁵

8. 35 U.S.C. §§ 315(d) and 325(d): Multiple Proceedings and Repetitive Challenges

As noted in the final Committee Report, §§ 315(d) and 325(d) allow the USPTO to “consolidate multiple proceedings or matters concerning the same patent and decline requests for repeated proceedings on the same question.”⁴⁷⁶ Of particular note is the second sentence of § 325(d), which provides:

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.⁴⁷⁷

During the March 2011 debates, Senator Kyl stated that this provision “allows the Patent Office to reject any request for a proceeding, including a request for ex parte reexamination, if the same or substantially the same prior art or arguments previously were presented to the Office with respect to that patent.”⁴⁷⁸ Senator Kyl also commented on the interplay between this provision and the administrative estoppel created by subsection (e)(1) of §§ 315 and 325:

The second sentence of section 325(d) complements the protections against abuse of ex parte reexamination that are created by sections 315(e) and 325(e). The estoppels in subsection (e) will prevent inter partes and post-grant review petitioners from seeking ex parte reexamination of issues that were raised or could have been raised in the inter partes or post-grant review. The Office has generally declined to apply estoppel, however, to an issue that is raised in a request for inter partes reexamination if the request was not granted with respect to that issue. Under section 325(d), second sentence, however, the Office could nevertheless refuse a subsequent request for ex parte reexamination with respect to such an issue, even if it raises a substantial new question of patentability, because the issue previously was presented to the Office in the petition for inter partes or post-grant review.⁴⁷⁹

As noted previously,⁴⁸⁰ the second sentence of § 325(d) effectively replaces, for inter partes and post-grant review, the “newness” test that was imposed

⁴⁷⁵ 154 CONG. REC. S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl).

⁴⁷⁶ H.R. REP. NO. 112-98, at 76 (2011); *see also* 154 CONG. REC. S9988 (daily ed. Sept. 27, 2008) (statement of Sen. Kyl) (commenting on a parallel provision in S. 3600, 110th Cong. (2008): “Section [325(d)] gives the PTO broad discretion to consolidate, stay, or terminate any PTO proceeding involving a patent if that patent is the subject of a postgrant review proceeding.”).

⁴⁷⁷ Leahy-Smith America Invents Act, sec. 6(d), § 325(d), 125 Stat. at 308.

⁴⁷⁸ 157 CONG. REC. S1042 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl).

⁴⁷⁹ 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).