
COMMENT

THE ETHICS OF *INTER PARTES REVIEW* BEFORE THE USPTO

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Introduction	646
I. Background	648
A. Reasons for Reform	648
B. Legislative History of the Leahy–Smith America Invents Act	653
II. The America Invents Act	654
A. First-to-File	654
B. Inter Partes Review	656
C. Post-grant Review	661
III. IPR Ethics	662
A. Duty of Communication	663
B. Duty of Candor and Good Faith	669
C. Duty of Competence	671
IV. Conclusion	672

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INTRODUCTION

Nine years after it began its efforts, Congress finally enacted patent reform by passing the Leahy–Smith America Invents Act (AIA).¹ Many herald the new law as the most significant overhaul to the U.S. patent system since the Patent Act of 1836.² The AIA harmonized U.S. patent laws with the rest of the world by shifting from a first-to-invent system to a first-to-file system.³ The AIA also created post-grant proceedings to curb excessive patent litigation.⁴ Post-grant proceedings allow a party to challenge the validity of an issued patent before the U.S. Patent and Trademark Office (USPTO or Patent Office) but under certain

1. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.); see also Quentin Palfrey, *Patent Reform: Celebrating the One Year Anniversary of the America Invents Act*, WHITE HOUSE BLOG (Sept. 17, 2012, 1:28 PM), <http://www.whitehouse.gov/blog/2012/09/17/patent-reform-celebrating-one-year-anniversary-america-invents-act> (applauding the legislative effort that resulted in the passage of the AIA). In the full title of the AIA, the Leahy–Smith America Invents Act, the “Smith” refers to Representative Lamar Smith (R-Tex.), and the “Leahy” refers to Senator Patrick Leahy (D-Vt.). See Patent Reform Act of 2006, S. 3818, 109th Cong. (2006) (introducing Sen. Leahy’s bill before the Senate); Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005) (showing Rep. Smith introducing his bill before the House).

2. David Kappos, *Re-inventing the U.S. Patent System*, U.S. PAT. & TRADEMARK OFF. (Sept. 16, 2011, 5:45 PM), http://www.uspto.gov/blog/director/entry/re_inventing_the_us_patent (emphasizing the “President’s signature on the *Leahy-Smith America Invents Act* set[] into motion the most significant overhaul of our patent system, since the founding fathers first conceived of codifying a grand bargain between society and invention”); Quentin Palfrey, *The America Invents Act: Turning Ideas into Jobs*, WHITE HOUSE BLOG (Sept. 16, 2011, 12:19 PM), <http://www.whitehouse.gov/blog/2011/09/16/america-invents-act-turning-ideas-jobs> (noting the lengthy time since substantial patent reform). The Patent Act of 1836 transformed the U.S. patent system by creating the U.S. Patent and Trademark Office within the Department of State. See David W. Trilling, *Recognizing a Need for Reform: The Leahy-Smith America Invents Act of 2011*, 2012 U. ILL. J.L. TECH & POL’Y 239, 243 (admitting the significance of the Patent Act of 1836). The Act also created patent examiners, individuals who reviewed patent applications before their issuance using a “library of scientific works and periodical publications, both foreign and American.” Patent Act of 1836, ch. 357, §§ 2, 19, 5 Stat. 117, 117, 125 (1836). Congress has revised patent laws a handful of times since the first Patent Act of 1790. See Jennifer L. Case, *How the America Invents Act Hurts American Inventors and Weakens Incentives to Innovate*, 82 UMKC L. REV. 29, 52–53 (2013) (piecing together the history of patent reform until 1952); see also Robert A. Armitage, *Understanding the America Invents Act and Its Implications for Patenting*, 40 AIPLA Q. J. 1, 9 (2012) (offering patent reform history for the years 1994 and 1999). Patent reform occurred in 1793, 1836, 1839, 1939, 1952, 1994, 1999, and under the AIA, in 2011. See Case, *supra*, at 52–53 (surveying patent reform up to 1952); see also Armitage, *supra*, at 9 (analyzing patent reform for the years 1994 and 1999).

3. See 35 U.S.C. § 102(a)(1) (2012) (establishing first-to-file patent provisions); Palfrey, *supra* note 2 (praising the new law for harmonizing American patent procedures with the rest of the world).

4. See 35 U.S.C. §§ 311–319, 321–329 (2012) (creating *inter partes* review and post-grant review); Palfrey, *supra* note 1 (noting the AIA “will help companies and inventors avoid costly delays and unnecessary litigation, and let them focus instead on innovation and job creation”).

conditions.⁵ *Inter partes* review (IPR), one type of post-grant proceeding, has proven to be a major source of concern for patent owners and a viable option for patent challengers.⁶

Here is a typical situation for practicing patent attorneys under the AIA. Suppose, for example, Client receives a demand letter alleging his product infringes the claims of a patent. In the letter, Patent Owner presents an ultimatum: Pay royalties to continue selling the product or be sued for patent infringement. Client comes into your law office and tells you his problem. You review the claims in the patent, Client's product, and you determine Client is not infringing. In fact, the patent may be invalid for having overly broad claims. Knowing the high success rates for alleged patent infringers, you advise Client to challenge the patent's validity in an IPR, rather than paying royalties or waiting for litigation.

Now, suppose you represent Patent Owner. Client and his attorney have instituted an IPR to challenge his patent (which was granted in 2014). The question now becomes, how does a patent attorney navigate IPR while adhering to Patent Office ethical rules?

This Comment examines the ethical duties that apply when an attorney represents a client during an IPR. Section I explores the complaints with the old patent system and the motivations for change. This part also discusses the years of debate and eventual compromise that led to the passage of the AIA.⁷ Section II explains the mechanics behind the first-to-invent system and provides information about IPR provisions. Section III discusses the abovementioned hypothetical situations and considers the attorney's role as an advocate for either Client or Patent Owner. This section analyzes an attorney's duty of candor, communication, and competence. Section IV offers a brief conclusion.

5. See 35 U.S.C. § 311(b) (showing a party can challenge claims based only on patents and printed publications during an *inter partes* review).

6. In its first decision, the Patent Trial and Appeal Board in *Garmin International Inc. v. Cuozzo Speed Technologies* invalidated three claims of Cuozzo's patent based on a combination of prior art references. See *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, 2013 WL 8595317, at *30 (P.T.A.B. Nov. 13, 2013) (illustrating the uphill battle for patent owners); James Grace, *Garmin Prevails in First Inter Partes Patent Review*, HARV. J.L. & TECH. DIG. (Nov. 19, 2013), <http://jolt.law.harvard.edu/digest/patent/garmin-prevails-in-first-inter-partes-patent-review> (quoting Garmin's vice president, Andrew Etkind, who calls IPR "a quick and efficient method to kill invalid patents").

7. Although the AIA incorporated other provisions, those are not within the scope of this Comment.

I. BACKGROUND

A. *Reasons for Reform*

The U.S. Constitution gives Congress the 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.”⁸ This provision establishes the constitutional basis for patents.⁹ A patent grants an inventor the right to exclude the public from “making, using, offering for sale, or selling” a patented invention.¹⁰ Patent rights further innovation by encouraging innovation or improvements upon already patented inventions.¹¹ However, patent laws cannot keep pace with rapid developments in technology.¹² Deficiencies with the current patent system and uncertainties in patent laws have hindered such innovation, undermining the purpose of patents under the Constitution.¹³

8. U.S. CONST. art. I, § 8, cl. 8.

9. *Id.*

10. 35 U.S.C. § 154 (2012); *see also* JANICE M. MUELLER, PATENT LAW 17 (4th ed. 2013) (describing a U.S. patent as a negative right to exclude).

11. *See* Dale L. Carlson & Robert A. Migliorini, *Patent Reform at the Crossroads: Experience in the Far East with Oppositions Suggests an Alternative Approach for the United States*, 7 N.C. J.L. & TECH. 261, 263 (2006) (citing patent laws as fueling technological development and patenting activity); *see also* William Hubbard, *Competitive Advantage of Weak Patents*, 54 B.C. L. REV. 1909, 1910 (2013) (“U.S. patents provide U.S. inventors with exclusive rights that promote the discovery of socially beneficial inventions.”).

12. *See* Manav Tanneru, *Can the Law Keep Up with Technology?*, CNN TECH. (Nov. 17, 2009, 10:08 AM), <http://www.cnn.com/2009/TECH/11/17/law.technology> (finding patent laws do not predict or anticipate developments in technology so they lag behind). Measurable technological advancements are developing in decades, sometimes even years. *See* Vivek Wadhwa, *Law and Ethics Can't Keep Pace with Technology*, MIT TECH. REV. (Apr. 15, 2014), <http://www.technologyreview.com/view/526401/laws-and-ethics-cant-keep-pace-with-technology> (exploring the rapid developments of technology). With each passing day, technology affects more people, in more places, than ever before. *Id.*

13. For example, the Supreme Court held software or computer-implemented claims were abstract ideas and not patent-eligible subject matter. *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2352 (2014). The Court failed to delineate the boundaries between abstract ideas and patent-eligible subject matter, stalling the development of software-related inventions. *See id.* at 2357 (“[W]e need not labor to delimit the precise contours of the ‘abstract ideas’ category in this case.”); *see also* 35 U.S.C. § 101 (2006) (defining patent-eligible subject matter as “any new and useful process, machine, manufacture, or composition of matter”). Brian Fung expresses the patent community’s frustration and disappointment with the Court’s opinion:

While the court struck down what was universally said to be a bad patent, it didn’t do much to say what kinds of software *should* be patentable. In other words, the court decided the most basic conflict in the case, but more or less declined to offer guidance for other, future cases.

Brian Fung, *The Supreme Court’s Decision on Software Patents Still Doesn’t Settle the Bigger Question*, WASH.

The most infamous complaint about the patent system is its failure to provide timely patents.¹⁴ Before the passage of the AIA in 2011, the Patent Office was overwhelmed¹⁵—and this continues today.¹⁶ The number of filed applications in fiscal year 2010 totaled 509,367, up 63% from fiscal year 2000.¹⁷ During that ten-year period, the Patent Office reported a backlog of over one million pending patent applications.¹⁸ In 2010, an applicant waited about twenty-five months (2.1 yrs.) before receiving a first substantive action from a patent examiner.¹⁹ The average time before an applicant received either an issued patent or a finally rejected application was thirty-five months (2.9 yrs.).²⁰ The high demands for patents make excessive wait times a normal, and frustrating, part of obtaining a patent.²¹ Consequently, these delays in the patent review process impact whether companies, or even individuals, can develop additional products, gain venture capital, or commercialize a technology.²²

POST (June 20, 2014), <http://www.washingtonpost.com/blogs/the-switch/wp/2014/06/20/the-supreme-courts-decision-on-software-patents-still-doesnt-settle-the-bigger-question>.

14. See Sarah Tran, *Patent Powers*, 25 HARV. J.L. & TECH. 609, 627 (2012) (citing patent pendency as an infamous problem with the current patent system).

15. See Brief of 37 Law, Business, and Economics Professors as Amici Curiae Supporting Petitioner at 3–4, *Microsoft Corp. v. i4i LP*, 564 U.S. 91 (2011) (No. 10-290), at *4 [hereinafter Brief of Law, Business and Economics Professors] (establishing the state of the Patent Office due its backlog of pending applications).

16. For fiscal year 2015, the Patent Office reported a total of 617,216 filed applications, with only 362,536 resulting in issued patents. U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT FOR FISCAL YEAR 2015, at 32 (2015), <http://www.uspto.gov/sites/default/files/documents/USPTOFY15PAR.pdf>. The total number of pending applications at the Patent Office was 1,099,468. *Id.* at 186. An applicant had to wait about seventeen months before receiving a first office action by an examiner. *Id.* at 19.

17. To calculate this percentage, the reported number of filed applications from fiscal year 2010 (509,367) was subtracted from the number for fiscal year 2000 (311,807), and the resulting value was then divided by the fiscal year 2000 number and multiplied by one hundred percent. U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT FOR FISCAL YEAR 2010, at 126 (2010), <http://www.uspto.gov/about/stratplan/ar/USPTOFY2010PAR.pdf> [hereinafter PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL 2010].

18. The total number of applications pending, which includes utility, reissue, plant, and design applications, was 1,163,751. *Id.* at 127.

19. PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL 2015, *supra* note 16, at 12.

20. *Id.*

21. See ARTI RAI ET AL., U.S. DEP'T OF COMMERCE, PATENT REFORM: UNLEASHING INNOVATION, PROMOTING ECONOMIC GROWTH & PRODUCING HIGH-PAYING JOBS 4–5 (2010), http://www.commerce.gov/sites/default/files/documents/migrated/Patent_Reform-paper.pdf (focusing on “the negative effects of delay and uncertainty” when securing patent rights); see also Gene Quinn, *The RCE Backlog: A Critical Patent Office Problem*, IPWATCHDOG (Feb. 14, 2013, 11:30 AM), <http://www.ipwatchdog.com/2013/02/14/the-rce-backlog-a-critical-patent-officeproblem/id=35431> (discussing “[t]he patent system [is] collapsing under the . . . increasing demand for U.S. patents”).

22. See Tran, *supra* note 14, at 628 (discussing the consequences of Patent Office delays on

The inconsistent quality of issued patents provided another motivation for patent reform. Patent examiners are overworked trying to reduce the backlog of applications.²³ Typically, examiners spend “between sixteen and seventeen hours per patent [application]; and those hours are spread over what is generally a three- to five-year period.”²⁴ For a single patent application, an examiner reviews each submitted claim, conducts research to find invalidating prior art,²⁵ and corresponds with the applicant’s patent attorney or patent agent.²⁶ Unsurprisingly, examiners issue patents²⁷ that are overly broad, obvious, or lack novelty.²⁸ These low quality patents are

companies and businesses). As David Kappos, the former Director of the PTO mentions, “[H]undreds of thousands of groundbreaking innovations that are sitting on the shelf literally waiting to be examined—jobs not being created, lifesaving drugs not going to the marketplace, companies not being funded, businesses not being formed.” John Schmid, *Backlog of Patents Still Stifling Potential Jobs, Director Says*, MILWAUKEE J. SENT. (May 3, 2010), <http://www.jsonline.com/business/92732189.html> (quoting David Kappos at the Biotechnology Industry Organization annual trade show).

23. The PTO incentivizes patent examiners with promotion credits to quickly approve or reject a patent application. See Brian Fung, *Inside the Stressed-Out, Time-Crunched Patent Examiner Workforce*, WASH. POST (July 31, 2014), <http://www.washingtonpost.com/blogs/the-switch/wp/2014/07/31/inside-the-stressed-out-time-crunched-patent-examiner-workforce> (acknowledging examiner practices that lead to poor patent quality). As examiners are promoted, they tend to process more applications in shorter times. *Id.*

24. See Brief of 37 Law, Business, and Economics Professors, *supra* note 15, at *4 (commenting on expected examiner practices).

25. Prior art constitutes any reference or information available to the public that is used to invalidate claims of a patent application or an issued patent. See Quinn, *supra* note 21 (defining prior art). A patent examiner will conduct a prior art search to determine whether a claimed invention is unique when compared to issued patents and scientific literature from around the world. See DEPT OF COMMERCE, PATENT & TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 904 (9th ed. 2014) [hereinafter MPEP] (mentioning the methods that patent examiners use to search and obtain prior art).

26. See 37 C.F.R. § 1.104 (2015) (representing an examiner’s duties when receiving a patent application); MPEP, *supra* note 25, § 2103 (stating the patent examination process); Brief of 37 Law, Business, and Economics Professors, *supra* note 15, at *4 (expressing examiner’s workload as a possible cause of inconsistent patent quality).

27. See Brief of 37 Law, Business, and Economics Professors, *supra* note 15, at *4 (arguing patent examiners are overworked and “it is hardly a surprise that bad patents routinely slip through”).

28. See Kayla Fossen, *The Post-grant Problem: America Invents Falling Short*, 14 MINN. J.L. SCI. & TECH. 573, 581 (2011) (asserting 46% of patents litigated are found invalid). For an invention to be patentable, it must be a machine, article of manufacture, process, or composition of matter. 35 U.S.C. § 101 (2012). The invention must also be useful, novel, and nonobvious. See *id.* §§ 101, 103 (identifying patent-eligible subject matter and obviousness). “Useful” means the claimed subject matter has a beneficial purpose. See MPEP, *supra* note 25, § 2107 (expressing the guidelines when determining usefulness at the PTO). “Novel” means the claimed subject matter was not patented, invented, or published before a claimed invention. 35 U.S.C. § 101. “Nonobvious” means the claimed subject matter would not be obvious to a person having ordinary skill in the field of the invention. *Id.* § 103. See generally MPEP, *supra* note 25, §§ 2107, 2131, 2141 (detailing PTO procedure when evaluating a patent application for novelty, utility, and obviousness).

problematic “because they reward undeserving parties and, perhaps more important, they subject real innovators to unnecessary lawsuits.”²⁹

Abusive patent litigation and excessive litigation costs further motivated reform. Recently, patent trolls (or non-practicing entities) have been the main sources of patent infringement litigation.³⁰ A patent troll is a person or entity that enforces the rights of a patent without being the original inventor.³¹ Trolls purchase patents without any commercial purpose.³² Often with low quality patents, trolls sue (or threaten to sue) individuals, small and large businesses, and organizations without discrimination, using patents and litigation as weapons.³³ In most cases, alleged infringers will settle the dispute by paying the troll a licensing fee instead of pursuing litigation.³⁴

Patent litigation is expensive,³⁵ risky,³⁶ and time-consuming.³⁷ In 2015, the American Intellectual Property Law Association estimated the

29. James Bessen, *The Power of No*, SLATE (Dec. 4, 2013, 9:45 AM), http://www.slate.com/articles/technology/future_tense/2013/12/the_simple_fix_that_could_heal_the_patent_system.html.

30. Peter Detkin coined the term “patent trolls” to describe “companies that buy, rather than create, patents and then extract disproportionately high license fees by threatening expensive litigation in the alternative.” Anna Mayergoz, *Lessons from Europe on How to Tame U.S. Patent Trolls*, 42 CORNELL INT’L L.J. 241, 242 n.9 (2009).

31. *See id.* at 242, 245 (defining a patent troll).

32. *See id.* at 242 (proclaiming “patent trolls rarely produce any products” instead they use patent rights to negotiate licensing deals with alleged infringers).

33. *See* DAVID I. BAINBRIDGE, *INTELLECTUAL PROPERTY* 397 (9th ed. 2012) (mentioning patent trolling involves “obtaining the grant of a patent and then sitting on it, waiting for an unsuspecting third party to make something or do something which might fall within the scope of the patent” and then “threatening patent litigation unless a license is taken out”). A successful patent troll tends to have a series of inexpensive and low quality patents. *See* Mayergoz, *supra* note 30, at 245 (emphasizing the motivations of a patent troll); *id.* at 245 (comparing a patent troll’s portfolio of purchased patents to an arsenal). A patent troll also curbs innovation. *See, e.g.*, David G. Barker, *Troll or No Troll? Policing Patent Usage with an Open Post-grant Review*, 2005 DUKE L. & TECH. REV. ¶ 1, ¶ 8 (2005) (listing the negative effects of patent trolls on innovation).

34. *See* RAI ET AL., *supra* note 21, at 5 (citing the prohibitive costs of litigation); Mayergoz, *supra* note 30, at 248–49 (highlighting the few options available when facing a patent troll).

35. *See* AM. INTELLECTUAL PROP. LAW ASS’N, *REPORT OF THE ECONOMIC SURVEY 2015*, at 37–42 (2015), <http://files.ctctcdn.com/e79ee274201/b6ced6c3-d1ee-4ee7-9873-352dbe08d8fd.pdf> (surveying the typical costs of patent litigation); *see also* Emily H. Chen, *Making Abusers Pay: Detering Patent Litigation by Shifting Attorneys’ Fees*, 28 BERKELEY TECH. L.J. 351, 354–60 (2013) (characterizing the economics of patent litigation).

36. *See, e.g.*, David L. Schwartz, *The Rise of Contingent Fee Representation in Patent Litigation*, 64 ALA. L. REV. 335, 348–49 (2012) (mentioning how patent litigation is different from other areas of litigation because “[p]atent cases are harder to predict . . . [and] there are more potential issues and it is more difficult to know which will be significant in litigation”).

37. *See* PRICEWATERHOUSECOOPERS LLP, *2015 PATENT LITIGATION STUDY* 15 (2015), <https://www.pwc.com/us/en/forensic-services/publications/assets/2015-pwc-patent-litigation-study.pdf> (calculating the median time from case filing to trial in a patent suit was 2.3 years).

median cost of a patent infringement suit, with \$1–\$10 million at risk, was about \$1.6 million, inclusive of all costs.³⁸ The patent system relies on the courts to solve the issue of patent quality. Statutory provisions offer a resource for an alleged infringer to challenge the validity of an issued patent in district court.³⁹ For example, a defendant in an infringement action can assert a patent is invalid, because it fails to meet patentability requirements (i.e., utility, novelty, and non-obviousness).⁴⁰ However, litigation is rarely pursued due to its prohibitively high costs, which limits the chances a low quality patent will be challenged.⁴¹ As a result, low quality patents “survive in the marketplace[,] and impose long-term welfare costs on society.”⁴²

For the United States to compete effectively in a global economy, American inventors and companies need a patent system that timely grants patents, improves patent quality, and offers a cheaper alternative to court litigation.⁴³ The AIA initiated reform to address these concerns.

38. *Id.* at 38.

39. *See, e.g.*, 28 U.S.C. § 2201(a) (2012) (“In a case of actual controversy . . . any court . . . may declare the rights and other legal relations of any interested party seeking such declaration Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such.”). The Declaratory Judgment Act “gives parties who are uncertain of their legal rights a way to preemptively seek judicial determination of their rights.” Chester S. Chuang, *Offensive Venue: The Curious Use of Declaratory Judgment to Forum Shop in Patent Litigation*, 80 GEO. WASH. L. REV. 1065, 1114 (2012) (citing 28 U.S.C. § 2201(a)). Declaratory judgments are common in patent infringement suits, because an alleged infringer can challenge patent validity and affirm non-infringement. *Id.* A party cannot, however, bring a declaratory judgment to get a determination of non-infringement or patent invalidity unless there is a case or controversy between the party and the patent owner relating to that patent. *See* MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 127 (2007) (noting the main requirement for a declaratory judgment is “a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment” as shown by the circumstances of the case).

40. 35 U.S.C. § 271(e) (2012). *But see* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 FED. CIR. B.J. 539, 601 (2012) (admitting the difficulties faced when challenging a patent through litigation).

41. *See* RAI ET AL., *supra* note 21, at 5 (“[I]nvalid patents are never challenged in our current litigation system . . . because of the extremely high cost associated with patent litigation.”); *see also* William Hannah, *Major Change, New Chapter: How Inter Partes Review and Post Grant Review Proceedings Created by the America Invents Act Will Shape Litigation Strategies*, 17 INTELL. PROP. L. BULL. 27, 29–30 (2012) (analyzing the factors that weigh against a patent being challenged by a third party).

42. PATENT LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 260 (Toshiko Takenaka ed., 2009); *see* Matal, *supra* note 40, at 601 (examining the reasons for creating post-grant proceedings).

43. *See* H.R. REP. NO. 112-92, pt. 1, at 38 (2011) (justifying patent reform); *see also* Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, at 40–43, 45–48 (2011) (codified in scattered sections of 35 U.S.C.) (noting the need for legislation to correct problems with the U.S. patent system); *cf.* Wadhwa, *supra* note 12 (“[A]s new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions [and laws] must advance

B. *Legislative History of the Leahy–Smith America Invents Act*

The legislative path to the AIA began with the Patent Reform Act of 2005.⁴⁴ Representative Lamar Smith introduced a bill initiating fundamental changes to the U.S. patent system.⁴⁵ Many elements of the AIA broadly resemble the first version of Representative Smith’s bill, but disagreements between the House and Senate prevented the early bill from becoming law.⁴⁶ After nearly six years of legislative debate, Vermont Senator Patrick Leahy, joined by a bipartisan group of seven additional sponsors, introduced a patent reform bill adopted by the Senate in early 2011.⁴⁷ Smith rejected the Senate bill because of differences over key provisions and presented his own bill that passed in the House by a strong bipartisan majority.⁴⁸ The eight Senate sponsors, working to effect patent reform, made the strategic decision to compromise with Smith over differences between the two bills.⁴⁹ The compromise was reflected in the House-passed bill, which passed the Senate without amendment by a vote of eighty-nine to nine.⁵⁰ The bill was renamed the Leahy–Smith America Invents Act and signed into law by President Obama on September 16, 2011.⁵¹

also, and keep pace with the times.” (quoting THOMAS JEFFERSON, *THE JEFFERSONIAN CYCLOPEDIA: A COMPREHENSIVE COLLECTION OF THE VIEWS OF THOMAS JEFFERSON* 726 (John P. Foley ed., 1900)).

44. Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005).

45. *Id.*; see also Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part I of II*, 21 FED. CIR. B.J. 435, 438–47 (2012) (discussing the legislative history of the AIA).

46. See Patent Reform Act of 2005, H.R. 2795, 109th Cong. §§ 3(a)–(b), 4(b)–(c), 5(a), 5(c), 9(f), 10 (2005) (illustrating portions of Rep. Smith’s bill that were incorporated into the enacted AIA); Matal, *supra* note 45, at 440–47 (chronicling the legislative debate between the House and the Senate over patent reform).

47. Patent Reform Act of 2011, S. 23, 112th Cong. (2011); see 157 CONG. REC. S1381 (daily ed. Mar. 8, 2011) (showing the bill passing in the Senate). Senator Leahy’s co-sponsors on January 25th were Sen. Christopher Coons (D-Del.), Sen. Al Franken (D-Minn.), Sen. Chuck Grassley (D-Iowa), Sen. Orrin Hatch (R-Utah), Sen. Joseph Lieberman (D-Conn.), Sen. Amy Klobuchar (D-Minn.), Sen. Jon Kyl (R-Ariz.), and Sen. Jeff Sessions (R-Ala.). *All Bill Information (Except Text) for S. 23 – America Invents Act*, CONGRESS.GOV, <https://www.congress.gov/bill/112th-congress/senate-bill/23/all-info#cosponsors> (last visited Apr. 8, 2016).

48. America Invents Invent Act, H.R. 1249, 112th Cong. (2011) (enacted); see Matal, *supra* note 45, at 445–56 (acknowledging the departures the House bill made from the Senate-passed bill); Manus Cooney, *The America Invents Act—How It All Went Down*, IPWATCHDOG (Sept. 20, 2011, 3:30 PM), <http://www.ipwatchdog.com/2011/09/20/the-america-invents-act-how-it-all-went-down/id=19294> (detailing the disputes between the House and the Senate regarding provisions of the bill).

49. Matal, *supra* note 45, at 446–47.

50. *Id.*

51. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.); see Palfrey, *supra* note 1 (“On September 16, 2011, President Obama signed into law one of the most significant legislative reforms to the patent system in our Nation’s

II. THE AMERICA INVENTS ACT

With the AIA, Congress ushered in the largest change to patent policies and procedures, some of which included: moving the USPTO from a first-to-invent system to a first-to-file system;⁵² implementing IPR⁵³ to replace *inter partes* reexamination; and creating the Patent Trial and Appeal Board to administer IPR and post-grant review.⁵⁴

A. First-to-File

The shift from a first-to-file system to a first-to-invent system was the most publicized change under the AIA.⁵⁵ The change became effective for all patent applications filed on or after March 16, 2013.⁵⁶ The United States was one of the last countries to maintain a first-to-invent system.⁵⁷ Congress believed:

[C]onverting the United States patent system from “first to invent” to a system of “first inventor to file” [would] improve the United States patent system and promote harmonization . . . with the patent systems commonly used in nearly all other countries throughout the world . . . and thereby promote greater international uniformity and certainty in the procedures used for securing the exclusive rights of inventors to their discoveries.⁵⁸

Before the AIA, if an inventor could prove he invented first, then he was granted a patent over a later inventor who might have filed an earlier patent application with the USPTO.⁵⁹ For instance, Inventor A invents

history.”).

52. See 35 U.S.C. § 102 (2012) (indicating the filing date as priority for a claimed invention).

53. *Id.* §§ 311–19 (establishing IPR).

54. See *id.* § 6 (creating the Patent Trial and Appeal Board).

55. See *id.* § 102(a)(2) (stressing the “effective filing date of [a] claimed invention” over an invention date); see also Mark J. Patterson & M. Andrew Pitchford, *First to File: ‘America Invents Act’ Changes Paradigm for Patents*, 47 TENN. B.J. 14, 14 (2011) (acknowledging the significance of first-to-file); Brad Pedersen & Vadim Braginsky, *The Rush to a First-to-File Patent System in the United States: Is a Globally Standardized Patent System Really Beneficial to Patent Quality and Administrative Efficiency?*, 7 MINN. J.L. SCI. & TECH. 757, 759–61 (2006) (comparing first-to-invent and first-to-file standards).

56. U.S. PATENT & TRADEMARK OFFICE, AMERICA INVENTS ACT: EFFECTIVE DATES 6 (2011), http://www.uspto.gov/aia_implementation/aia-effective-dates.pdf [AIA EFFECTIVE DATES].

57. See David S. Abrams & R. Polk Wagner, *Poisoning the Next Apple? The America Invents Act and Individual Inventors*, 65 STAN. L. REV. 517, 520 n.10 (2013) (reporting “[i]n 1998, the Philippines switched to a first-to-file system, leaving the United States as the last country with a first-to-invent system”).

58. Leahy-Smith America Invents Act, H.R. 1249, 112th Cong. § 146(p) (2011) (enacted).

59. Claims are anticipated and unpatentable when a patent examiner finds prior art that references an applicant’s claimed invention. 35 U.S.C. § 102(a) (2012); see *id.* § 102(e) (prohibiting a patent if a U.S. patent or published U.S. patent application was prior art before an applicant’s U.S.

Widget Y in January 2000 and files a patent application in March 2000. Inventor B independently invents the same widget in December 1999 but fails to file a patent application until May 2000. Inventor B would be awarded a patent if he can prove, through affidavits and other sworn documents, that he was the first to invent.⁶⁰ Now, under the AIA, Inventor A would prevail because he was the first to file a patent application.⁶¹ One exception under the new system is a one-year grace period for an inventor disclosure.⁶² An inventor disclosure occurs when an inventor writes a publication, gives a presentation, or otherwise makes his invention available to the public.⁶³ The disclosure is not prior art

filing date); MPEP, *supra* note 25, § 2131 (expressing how patent examiners apply prior art references to patent applications). In certain cases, an inventor could antedate or “swear behind” a prior art reference. *See* 35 U.S.C. § 102(a), (e) (providing the only rejections that an applicant could swear behind). To disqualify a cited reference, an applicant has to prove that he invented the subject matter before the date of the reference. *See* 37 C.F.R. § 1.131 (2010) (describing the use of affidavits and declarations to antedate a 102(a) or 102(e) reference); MUELLER, *supra* note 10, at 231–32 (addressing antedating procedures). The AIA eliminated swearing behind procedures. *See* MPEP, *supra* note 25, § 2152.01 (urging “it is no longer possible to antedate or ‘swear behind’ certain prior art disclosures” under the AIA).

60. The USPTO will initiate an interference proceeding when two inventors claim the same invention at the same time. 35 U.S.C. § 102(g)(1) (2012). The USPTO must determine who invented first because the Constitution allows only one patent for a claimed invention. *See* U.S. CONST. art. I, § 8, cl. 8 (“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 . . .”); MPEP, *supra* note 25, § 804 (affirming the right to a single patent or there is a double patenting rejection). The USPTO will presume the first inventor is the party who filed a patent application (the “senior” party), unless the last party to file (the “junior” party) can overcome the presumption by proving earlier inventive activity. *See* 37 C.F.R. § 1.131 (allowing a junior party to prove earlier invention through the use of affidavits and declarations); *see also* MUELLER, *supra* note 10, at 223–24 (summarizing interferences and priority disputes); Seth T. Carnathan, *Patent Priority Disputes—A Proposed Re-definition of “First-to-Invent”*, 49 ALA. L. REV. 755, 756–57 (1998) (resolving “priority disputes” through interference practice). Interferences can take over two and a half years, costing between \$400,000 and \$500,000. Trilling, *supra* note 2, at 247.

61. *Compare* 35 U.S.C. § 102(a) (2006) (precluding the grant of a patent if the invention was known, used, or patented in this country or a foreign country “before the invention thereof by the applicant for [a] patent”), *and id.* § 102(e) (limiting prior art to U.S. patents, U.S. published applications, and World Intellectual Property Organization (WIPO) publications “before the invention by the applicant for patent”), *with id.* § 102(a)(1) (2012) (defining prior art in terms of “the effective filing date of the claimed invention”). The AIA implemented derivation proceedings to replace interferences and ensure the first party to file was the true inventor. 35 U.S.C. § 135 (2012). A true inventor who was not the first-to-file can submit a derivation petition to challenge the first-to-file’s patent priority. *See* 37 C.F.R. § 42.405 (2015) (identifying the requirements of a derivation petition). The derivation petition must show the first-to-file derived the claimed invention from the true inventor. *Id.*; Francisco Castro, *The America Invents Act and Nanotechnology*, 8 NANOTECH. L. & BUS. 214, 218 (2011) (discussing derivation proceedings).

62. *See* 35 U.S.C. § 102(b)(1)(A) (2012) (declaring “[a] disclosure made [one] year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention”).

63. *Id.* § 102(b).

against the inventor if he files a patent application within twelve months of the disclosure.⁶⁴ Prior art refers to information or evidence that affects whether a patent is already known or original.⁶⁵ Outside the grace period, an inventor's own disclosure is prior art against him.⁶⁶ This provision encourages an inventor to disclose his invention for public benefit while also giving the inventor enough time to submit an application.⁶⁷

Some critics question the constitutionality of a first-to-file system, arguing it benefits the person with the "fastest tennis shoes" rather than the person who created the invention.⁶⁸ The race to the USPTO increases the number of filed applications, some of which encompass less than the full invention and require future filings additional aspects.⁶⁹ Proponents of the change contend the new system's emphasis on filing encourages inventors to file an application diligently and safeguard their patent rights.⁷⁰

B. *Inter Partes Review*

The ability to challenge the validity of patents is not an entirely new concept to U.S. patent laws.⁷¹ Since 1999, any party could request an evaluation of issued patents through a procedure called *inter partes*

64. *Id.*

65. See Gene Quinn, *I Can't Find Prior Art for My Invention*, IPWATCHDOG (Dec. 14, 2013), <http://www.ipwatchdog.com/2013/12/14/prior-art-for-my-invention/id=46793> (defining prior art).

66. 35 U.S.C. § 102(b).

67. See H.R. REP. NO. 112-98, pt. 1, at 42 (2011) (claiming the grace period should give inventors enough time to prepare and file a patent application); see also Patrick Gattari, *The Role of Patent Law in Incentivizing Green Technology*, 11 NW. J. TECH. & INTELL. PROP. 41, 42 (2013) ("By making the invention public, the inventor inspires and provides ideas to other inventors.").

68. See Matal, *supra* note 45, at 461-62 (finding "[t]he first-inventor-to-file system violates the Constitution because it would award a patent to the winner of the race to the [PTO] and not the actual inventor who makes the discovery"). The term "inventor" has often been interpreted to mean the person who conceives something, but the Supreme Court rejected that notion, holding "[t]he party who invents is not strictly speaking the first and original inventor." See *id.* at 462 (exploring the debate about first-to-file provisions (citing *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 496 (1850))); see also Pedersen & Braginsky, *supra* note 55, at 766-73 (arguing against the first-to-file standard).

69. See Hung H. Bui, *An Overview of Patent Reform Act of 2011: Navigating the Leahy-Smith America Invents Act Including Effective Dates for Patent Reform*, 93 J. PAT. & TRADEMARK OFF. SOC'Y 441, 468 (2012) (noting patent quality may suffer due to quickly filed applications); Melissa Cerro, *Navigating a Post America Invents Act World: How the Leahy-Smith America Invents Act Supports Small Businesses*, 34 J. NAT'L ASS'N ADMIN. L.J. 193, 202-03 (2014) (affirming possible consequences under the first-to-file system).

70. See Bui, *supra* note 69, at 467-68 (emphasizing the advantages of first-to-file for small businesses); Pedersen & Braginsky, *supra* note 55, at 764-66 (stating arguments in support of a first-to-file system).

71. See 35 U.S.C. §§ 311-318 (2006) (allowing *inter partes* reexamination).

reexamination.⁷² Each reexamination was conducted before a patent examiner, obviating the need to go to court.⁷³ *Inter partes* reexamination, however, was an unpopular method to challenge patents because of a severe estoppel provision.⁷⁴ Estoppel attached when the Patent Office finally determined a disputed claim was valid and patentable.⁷⁵ A patent challenger was prevented from asserting invalidity arguments in a later civil action related to any issue that was “raised or could have [been] raised” during the *inter partes* reexamination.⁷⁶ Thus, *inter partes* reexamination was ineffective for challenging patents.⁷⁷

Starting on September 16, 2012, IPR began to phase out *inter partes* reexamination for patents issued before, on, or after that date.⁷⁸ IPR is available either nine months after the grant of a patent or upon the termination of a post-grant review, if one is instituted.⁷⁹ IPR is a trial-like procedure that “allow[s] invalid patents that were mistakenly issued by the USPTO to be fixed early in their life, before they disrupt an entire industry or result in expensive litigation.”⁸⁰ Using the previously mentioned hypotheticals, the following is how a typical IPR would proceed.

1. IPR Petition

The first hypothetical involves Patent Owner accusing Client of patent infringement and threatening to sue. As his attorney, you advise Client to

72. See *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1331 (Fed. Cir. 2008) (mentioning “Congress established *inter partes* reexamination procedure as part of the American Inventors Protection Act of 1999”); Roger Shang & Yar Chaikovsky, *Inter Partes Reexamination of Patents: An Empirical Evaluation*, 15 TEX. INTELL. PROP. L.J. 1, 2 (2006) (evaluating the creation of *inter partes* reexamination).

73. See MUELLER, *supra* note 10, at 420 (recognizing *inter partes* reexamination as an alternative to resolve patent validity questions); see also MPEP, *supra* note 25, § 2609 (demonstrating *inter partes* reexamination procedures before the PTO); Shang & Chaikovsky, *supra* note 72, at 6–10 (commenting on *inter partes* reexamination procedures).

74. See MUELLER, *supra* note 10, at 434 (describing the Draconian nature of *inter partes* reexamination estoppel); see also Shang & Chaikovsky, *supra* note 75, at 9 (criticizing *inter partes* reexamination estoppel).

75. 35 U.S.C. § 315(c). In *Bettcher Industries Inc. v. Bunzl USA, Inc.*, the Federal Circuit interpreted “finally determined” to mean estoppel was not triggered until all appellate remedies were exhausted. *Bettcher Indus., Inc. v. Bunzl USA, Inc.*, 661 F.3d 629, 648 (Fed. Cir. 2011).

76. 35 U.S.C. § 315(c).

77. Additionally, *inter partes* reexamination was not an efficient process. The average pendency from filing date to completion was thirty-six months. U.S. PATENT & TRADEMARK OFFICE, *INTER PARTE REEXAMINATION FILING DATA* (2013), http://www.uspto.gov/patents/stats/inter_parte_historical_stats_roll_up_EOY2013.pdf.

78. AIA EFFECTIVE DATES, *supra* note 56, at 5.

79. 35 U.S.C. § 315(c) (2012).

80. 157 CONG. REC. S1326 (daily ed. Mar. 7, 2011) (statement of Sen. Sessions).

challenge the patent through an IPR.

Any party, other than the patent owner, can file a petition (or request) for an IPR with the Patent Trial and Appeal Board unless: (1) the party filed a civil action challenging the validity of the same patent before the petition; (2) the party filed the petition more than a year after service of lawsuit involving the same patent; (3) the party is estopped from filing a petition for some other reason.⁸¹ Further, if more than one party requests an IPR concerning the same patent, then the Patent Trial and Appeal Board can join the parallel proceedings and issue a joint opinion.⁸² Here, Patent Owner did not file an infringement action against Client; he only threatened to sue. Also, statutes restrict a party from filing an IPR petition until nine months after a patent has been granted.⁸³ The USPTO issued Patent Owner's patent in 2014.⁸⁴ Thus, Client can properly file a petition in 2016.

A petition for IPR challenges at least one claim in a patent.⁸⁵ The fee associated with a petition is \$23,000, which includes a \$9,000 petition fee and a \$14,000 IPR institution fee.⁸⁶ If the Patent Trial and Appeal Board declines to institute an IPR, then the party is returned the IPR institution fee.⁸⁷ The petition must identify the real parties in interest, the challenged claims, the grounds for each challenge, and include the required fees.⁸⁸ To form the basis of a challenge, the petition must rely only on prior art consisting of patents and printed publications.⁸⁹ The prior art must disclose every element of the challenged claims or make the claims obvious to a person of ordinary skill in the art.⁹⁰

The second hypothetical involves Patent Owner, who must defend his patent once Client institutes an IPR. Patent Owner wants to avoid IPR

81. 37 C.F.R. § 42.101 (2015).

82. 35 U.S.C. § 315(c).

83. *Id.* § 311(c).

84. *See* AIA EFFECTIVE DATES, *supra* note 56, at 5 (providing IPR is effective date for patents issued before, on, or after September 16, 2012).

85. 35 U.S.C. §§ 311(b), 312(a)(3)(A) (2012).

86. 37 C.F.R. 42.15 (a) (2015). There is an additional \$200 per claim fee for each challenged claim over twenty that is added to the petition amount. *Id.* Also, there is an additional \$400 per claim for each challenged claim over fifteen that is added to the IPR institution fee. *Id.*

87. Setting and Adjusting Patent Fees, 78 Fed. Reg. 4212, 4234 (Jan. 18, 2013) (codified at 37 C.F.R. pts. 1, 41 & 42).

88. 35 U.S.C. § 312(a); *see also* 37 C.F.R. § 42.24(i) (2015) (imposing a sixty-page limit on IPR petitions). The rules governing the content of IPR also require the petitioner identify "[h]ow the challenged claim is to be construed." 37 C.F.R. § 42.204(b)(3) (2015).

89. 35 U.S.C. § 312(a)(3)(A). A petition can also have supporting evidence such as affidavits, declarations, or expert opinions. *Id.* § 312(a)(3).

90. *Id.* § 311(b).

entirely or prevail over Client's challenges. Upon receiving notice that Client has filed a petition, Patent Owner has the option to file a preliminary response within three months.⁹¹ A preliminary response must set forth the reasons why an IPR should not be granted based on a failure to meet any petition requirement.⁹² The Patent Trial and Appeal Board reviews the petition and any preliminary response to determine whether to institute an IPR. This determination occurs within three months after the filing of a preliminary response or the expiration of the three month period.⁹³ For an IPR to be instituted, there must be "a reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition."⁹⁴ If the petitioner reaches this threshold inquiry, the Patent Trial and Appeal Board will institute an IPR. This decision is final and nonappealable.⁹⁵

2. IPR Trial

Assuming the Patent Trial and Appeal Board grants Client's petition, a trial-type procedure commences. Client and Patent Owner will be able to take depositions, make evidence objections, and participate in an oral hearing.⁹⁶ IPR trials permit discovery that is limited to "the deposition of witnesses submitting affidavits or declarations."⁹⁷ Additional discovery is allowed "in the interest of justice."⁹⁸ Patent Owner is permitted to conduct discovery first.⁹⁹ He has the opportunity to discover any

91. *Id.* § 313; 37 C.F.R. § 42.107(b) (2015).

92. *See* 35 U.S.C. § 312(a) (discussing the requirements of a petition). A preliminary response is limited. *See* 37 C.F.R. § 42.107(c), (d) (2015) (prohibiting a patent owner from presenting new testimony or amending a preliminary response). However, a patent owner can revoke the challenged claims and, thus, terminate an IPR. *See id.* § 42.107(e) (examining the effect of a patent owner filing a statutory disclaimer in lieu of a preliminary response).

93. 35 U.S.C. § 314(b) (2012) (declaring IPR institution deadlines).

94. *Id.* § 314(a).

95. *Id.* § 314(d).

96. *See* DAVID CAVANAUGH & CHIP O'NEILL, WILMERHALE, A PRACTICAL GUIDE TO INTER PARTES REVIEW: STRATEGIC CONSIDERATIONS FOR PURSUING INTER PARTES REVIEW IN A LITIGATION CONTEXT (2013), http://www.wilmerhale.com/uploadedFiles/WilmerHale_Shared_Content/WilmerHale_Files/Events/WilmerHale-webinar-IPR1-20Jun13.pdf (illuminating USPTO procedures once an IPR trial is granted); *see also* Andrei Iancu et al., *Challenging Validity of Issued Patents before the PTO: Inter Partes Reexam Now or Inter Partes Review Later?*, 94 J. PAT. & TRADEMARK OFF. SOC'Y 148, 154–55 (2012) (emphasizing IPR includes limited discovery and depositions, which is unavailable during *inter partes* reexamination).

97. 35 U.S.C. § 316(a)(5)(A) (2012).

98. *Id.* § 316(a)(5)(B); 37 C.F.R. § 42.51 (2015).

99. *See* Practice Guide for Proposed Trial Rules, 77 Fed. Reg. 48,756, 48,756–58 (Aug. 14, 2012) (codified at 37 C.F.R. pt. 42) (specifying the sequence of IPR discovery).

supporting evidence and depose any experts used in Client's petition.¹⁰⁰ Patent Owner must file a response to Client's original petition or file a motion to amend the challenged claims.¹⁰¹ A patent owner's motion to amend is limited to cancelling challenged claims or adding a reasonable amount of substitute claims.¹⁰² Client is then granted discovery of Patent Owner's supporting evidence before filing a reply brief.¹⁰³ In his reply brief, Client can oppose the motion to amend, but Patent Owner has the opportunity to file a response in support of his motion to amend.¹⁰⁴ Ultimately, the Patent Trial and Appeal Board conducts an oral hearing and considers the responses from both parties.¹⁰⁵ The dispute ends with the Patent Trial and Appeal Board issuing a final written decision regarding the challenged claims.¹⁰⁶

The Patent Trial and Appeal Board (PTAB)¹⁰⁷ consists of at least three administrative law judges who conduct each IPR.¹⁰⁸ By virtue of statute, an IPR must be completed within one year, after which PTAB issues a final written decision regarding the patentability of the challenged claim or claims.¹⁰⁹ Once PTAB issues a final written decision, the petitioner is estopped before the Patent Office and a federal district court from reasserting arguments that were raised or could have reasonably been

100. See Iancu et al., *supra* note 96, at 154 (detailing the extent of a patent owner's initial discovery).

101. Practice Guide for Proposed Trial Rules, 77 Fed. Reg. at 48,757. A patent owner has a single opportunity to file a motion to amend claims. 35 U.S.C. § 316(d). PTAB will allow additional motions to amend upon the joint request by the petitioner and the patent owner. *Id.* § 316(d)(2). In a motion to amend, a patent owner cannot enlarge the scope of claims or introduce new matter. *Id.* § 316(d)(3).

102. See 35 U.S.C. § 316(d)(1) (limiting ways to amend or cancel claims); see also 37 C.F.R. § 42.121 (2015) (governing motions to amend).

103. See Practice Guide for Proposed Trial Rules, 77 Fed. Reg. at 48,757–58 (showing when a petitioner can conduct discovery and file a reply).

104. *Id.*

105. See *id.* at 48,768 (“Each party to a proceeding will be afforded an opportunity to present their case before at least three members of the Board.”).

106. See 35 U.S.C. § 318(a) (2012) (granting PTAB the authority to decide disputes between a patent owner and a patent challenger).

107. Before the AIA, PTAB was known as the Board of Patent Appeals and Interferences. Compare 35 U.S.C. § 6(b) (2006) (“The Patent Trial and Appeal Board shall[,] on written appeal of an applicant, review adverse decisions of examiners upon applications for patents . . .”), with 35 U.S.C. § 6(a) (2012) (stating any reference “pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board”).

108. See 35 U.S.C. § 6(a)–(c) (2012) (describing the composition of PTAB along with its duties); *id.* § 318(a) (authorizing PTAB to give final written decisions at the conclusion of an IPR); *id.* § 314(d) (mandating the determination whether to institute an IPR is “final and nonappealable”).

109. *Id.* § 316(a)(11). PTAB will extend the one-year deadline for six months when good cause is shown. *Id.*

raised during an IPR.¹¹⁰ The use of the modifier “reasonably” extends only to prior art that was readily discoverable at the time a petition was filed.¹¹¹ Any party who is dissatisfied with a final decision can appeal to the U.S. Court of Appeals for the Federal Circuit.¹¹²

C. *Post-grant Review*

Post-grant review is another proceeding created under the AIA. It is available for patents issued under the AIA (on or after March 16, 2013).¹¹³ A petition for post-grant review is available only nine months after the issuance of a patent.¹¹⁴ Like IPR, any party other than the patent owner can file a petition to challenge the patentability of one or more claims before PTAB.¹¹⁵ Post-grant review functions in the same manner as IPR except for a few differences.¹¹⁶ First, a post-grant petition is not limited to patents and printed publications as prior art, but other evidence, such as public use or on-sale activity, can be used to establish patent invalidity.¹¹⁷ Moreover, a petitioner in a post-grant review can argue any ground of patent invalidity, including novelty, obviousness, statutory subject matter, written description, enablement, or definiteness.¹¹⁸ The threshold to initiate a post-grant review is lower than IPR.¹¹⁹ Currently, IPR is more common than post-grant review because it can be instituted nine months after the grant of any patent.

110. *Compare id.* § 315(e) (discussing the IPR estoppel provisions), *with* 35 U.S.C. § 315(e) (2006) (stating *inter partes* reexamination estoppel).

111. *See* 157 CONG. REC. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (determining the IPR estoppel provisions apply to prior art that “a skilled searcher conducting a diligent search reasonably could have been expected to discover”).

112. *See* 35 U.S.C. §§ 141–144 (2012) (delineating PTAB’s appeal procedures).

113. AIA EFFECTIVE DATES, *supra* note 56, at 5.

114. 35 U.S.C. § 321(c) (2012).

115. *See id.* § 321(b).

116. *See id.* §§ 321–29 (representing the creation and procedures of post-grant review).

117. *Compare id.* § 282(b) (2012) (contending that in addition to patents and printed publications, a post-grant review can introduce evidence of on-sale activity, public use, or other disclosures to challenge a patent), *with id.* § 312 (refusing to allow evidence other than patents and printed publications in an IPR).

118. *Compare id.* § 321(b) (permitting a petitioner in a post-grant review to challenge claims under 35 U.S.C. §§ 101–103, 112 (2012)), *with id.* § 311(b) (limiting a petitioner in an IPR to challenging claims only under 35 U.S.C. §§ 102, 103 (2012)).

119. *Compare id.* § 324 (declaring for a post-grant review to be granted, petitioner must prove “it is more likely than not at least one of the claims in the petition is unpatentable”), *with id.* § 6 (requiring a petition show that there is a reasonable likelihood of success when challenging claims before an IPR will be instituted).

III. IPR ETHICS

The USPTO has its own ethics rules for patent practitioners (patent attorneys and patent agents) named the USPTO Rules of Professional Conduct.¹²⁰ These rules are largely based on the American Bar Association's (ABA) Model Rules of Professional Conduct and harmonize the USPTO with the ethical standards of a majority of U.S. jurisdictions.¹²¹ Every patent practitioner substantively involved with the USPTO must abide by these rules and is subject to discipline before the USPTO and before any state where an attorney is admitted to practice.¹²²

The Office of Enrollment and Discipline (OED) handles ethics rule violations.¹²³ The OED director conducts an investigation into any allegations of misconduct.¹²⁴ The matter is sent to the Committee on Discipline if the director believes there has been a violation.¹²⁵ If the Committee finds probable cause for a rule violation, a formal disciplinary proceeding follows.¹²⁶ The OED director appoints a hearing officer to conduct the disciplinary proceeding, and the director has the burden of showing a rule violation by clear and convincing evidence.¹²⁷ Disciplinary

120. These rules were recently updated. See Gene Quinn, *USPTO Adopts New Ethics Rules Based on ABA Model Rules*, IPWATCHDOG (Apr. 3, 2013), <http://www.ipwatchdog.com/2013/04/03/uspto-adopts-new-ethics-rules-based-on-aba-model-rules/id=38649> (providing May 3, 2013 as the effective date for the new rules); see also Carl Schwartz, *What Patent Attorneys Should Know About Ethics Rules*, LAW360 (May 10, 2013, 12:01 PM), <http://www.law360.com/articles/436597/what-patent-attorneys-should-know-about-new-ethics-rules> (offering a discussion about the new ethics rules at the PTO).

121. See Quinn, *supra* note 120 ("Given that the ABA Model Rules have been adopted by 49 states and the District of Columbia, nearly all of the attorneys registered to practice at the USPTO are already professionally governed by ethics rules modeled from the ABA Model Rules of Professional Conduct."). The USPTO Rules of Professional Conduct replaced rules based on the ABA Model Code of Professional Responsibility, adopted by the ABA in 1969. Steven Seidenberg, *U.S. Patent and Trademark Office Adopts Ethics Guidelines that Closely Follow the ABA Model Rules*, ABA J. (July 1, 2013, 8:10 AM), http://www.abajournal.com/magazine/article/u.s._patent_and_trademark_office_adopts_ethics_guidelines_that_closely_foll. However, the ABA replaced the Model Code with the Model Rules of Professional Conduct in 1983, and the PTO had not modernized ethics rules until now. See Seidenberg, *supra*.

122. See 35 U.S.C. § 2(b)(2)(D) (2012) (requiring those who work before the USPTO "to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office"); see also 37 C.F.R. § 11.59(a) (2015) (requiring disclosure of disciplinary matters to state agencies where an attorney is admitted to practice).

123. 37 C.F.R. § 11.2(b)(4) (2015).

124. *Id.* § 11.22(a).

125. *Id.* §§ 11.22(h)(3), 11.23.

126. *Id.* §§ 11.23(b)(1), 11.32.

127. *Id.* §§ 11.39(a), 11.49.

proceedings can result in a warning, exclusion (i.e., disbarment or ban from representing clients), suspension, reprimand, or probation before the USPTO.¹²⁸ Additionally, the OED director must notify each state authority that the attorney was reprimanded, suspended, or excluded from practice before the Patent Office.¹²⁹

This section examines three ethical duties an attorney should obey during an IPR—when representing Client or Patent Owner—to avoid disciplinary action.

A. *Duty of Communication*

Attorneys have a duty to communicate with clients, which is reflected in ABA Model Rule 1.4.¹³⁰ This duty arises because communication is essential to rendering legal services and to the attorney–client relationship.¹³¹ Section 11.104 of the USPTO Rules of Professional Conduct governs communications between a client and a lawyer:

- (a) A practitioner shall:
 - (1) Promptly inform the client of any decision or circumstance with respect to which the client’s informed consent is required by the USPTO Rules of Professional Conduct;
 - (2) Reasonably consult with the client about the means by which the client’s objectives are to be accomplished;
 -
- (b) A practitioner shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.¹³²

A client has the authority to decide the objectives of his legal representation, and the attorney has the discretion to decide the means to best serve those objectives.¹³³ However, Section 11.104(a)(1) requires the attorney to consult with his client and gain consent before pursuing a course of action.¹³⁴ The consent required is informed consent.¹³⁵

128. *Id.* §§ 11.20(a), 11.21.

129. *Id.* § 11.59(a).

130. *See id.* § 11.104 (recognizing a duty to communicate with clients); MODEL RULES OF PROF’L CONDUCT r. 1.4 (AM. BAR. ASS’N 2013) (recognizing the duty of communication under the ABA Model Rules).

131. MODEL RULES R. 1.4 cmt. 1 (stating communication is necessary for effective client participation in legal representation); Betty Adams, *Client Communication and Contact*, 25 GPSOLO 18, 18 (2008) (acknowledging “[c]ommunication is key to the attorney–client relationship”).

132. 37 C.F.R. § 11.104 (2015).

133. *See* MODEL RULES r. 1.4 cmt. 3 (allowing an attorney to decide the means employed to meet a client’s objectives).

134. *See* 37 C.F.R. § 11.104(a)(1) (requiring an attorney to inform and secure consent prior to

1. Communication to Client

The first hypothetical involves advising Client to challenge the patent in an IPR. For Client, his goal is simple: to spend the least amount of money to avoid any liability to Patent Owner. Client's consent to an IPR is not given until he is adequately informed about what an IPR entails, its risks and benefits, and any possible alternatives. Client's attorney must explain why an IPR would be the best way to serve his objective.¹³⁶ Once Client has enough information, he should be able to make a reasoned decision about the options available to him.¹³⁷ The following represents helpful information Client should know about IPR.

Since IPR went into effect almost four years ago, it has proven to be a successful tool for challenging patent claims.¹³⁸ Filing an IPR petition does not mean a petitioner is automatically entitled to an IPR trial, but there is a high petition grant rate. In the current fiscal year (and as of February 29, 2016), the USPTO reported 603 IPR petitions.¹³⁹ Of those, IPR was granted for 71% of petitions.¹⁴⁰ These data indicate the threshold of "reasonable likelihood that the petitioner would prevail with respect to at least [one] of the claims challenged in the petition" is not a high barrier to institute an IPR.¹⁴¹ When an IPR reaches a final written decision, petitioners are effective in getting challenged claims cancelled. In the current fiscal year (and as of March 1, 2016), the USPTO reported no challenged claims or substitute claims survived a PTAB final written decision in 74% of cases (509/691), all claims survived in 13% of cases

taking action).

135. See David C. Little, *Informed Consent Under the Rules of Professional Conduct*, 40 COLO. LAW. 109, 110 (2011) (noting the two conditions need to attain informed consent regarding a course of action: (1) the lawyer communicated to the client relevant information; and (2) the client understood the information and consented to the recommended course of action); see also MODEL RULES r. 1.4 cmt. 5 (verifying "the client should have sufficient information to participate intelligently in decisions concerning the objectives of the representation and the means by which they are to be pursued").

136. See CAVANAUGH & O'NEILL, *supra* note 96 (comparing IPR and litigation).

137. See MODEL RULES r. 1.4 cmt. 5 (illustrating a client's ability to make decisions once adequately informed).

138. See John L. Strand, *Justification for Post-grant Procedures Continues to Mount*, INSIDECOUNSEL (Oct. 24, 2013), <http://www.insidecounsel.com/2013/10/24/justification-for-post-grant-procedures-continues> (recognizing the advantages of IPR for patent challengers).

139. U.S. PATENT & TRADEMARK OFFICE, PATENT TRIAL AND APPEAL BOARD STATISTICS 3 (2016), <http://www.uspto.gov/sites/default/files/documents/2016-229%20PTAB.pdf> [hereinafter PTAB STATISTICS].

140. *Id.* at 7.

141. 35 U.S.C. § 314(a) (2012).

(93/691), and a mixed outcome was obtained in 13% cases (89/691).¹⁴² When analyzing the same data by claims, 77% of claims (7499/9705) were cancelled by PTAB, 19% (1851/9705) of instituted claims survived, and 4% (355/9705) of instituted claims were conceded by the patent owner.¹⁴³ Chief Judge Randall Rader of the Federal Circuit referred to PTAB as a “death squad” for patents due to its high rate of finding claims unpatentable when an IPR is instituted.¹⁴⁴

Further, IPR is a worthy alternative to patent litigation¹⁴⁵ because it is faster to decide¹⁴⁶ and cheaper.¹⁴⁷ A district court is likely to grant a stay of pending litigation until an IPR is resolved, which could lead to a favorable IPR outcome for a petitioner.¹⁴⁸ When an IPR is resolved, district courts are deferential to PTAB decisions regarding claim invalidity.¹⁴⁹ PTAB is staffed with administrative law judges able to

142. Daniel F. Klodowski & David Seastrunk, *Claim and Case Disposition*, FINNEGAN, <http://www.aiablog.com/claim-and-case-disposition> (last visited Apr. 8, 2016).

143. *Id.*

144. See Tony Dutra, *Rader Regrets CLS Bank Impasse, Comments on Latest Patent Reform Bill*, BLOOMBERG BNA (Oct. 29, 2013), <http://www.bna.com/rader-regrets-cls-n17179879684> (expressing discontent that PTAB is killing property rights). *But see* Max Colice & Orion Armon, *Developing a Patent Portfolio That Can Withstand the ‘Death Squad’ for Patents*, INSIDECOUNSEL (Oct. 2, 2014), <http://www.insidecounsel.com/2014/10/02/developing-a-patent-portfolio-that-can-withstand-t> (“According to PTAB Chief Judge James Smith, ‘If we weren’t, in part doing some ‘death squadding,’ we would not be doing what the statute calls on us to do.’”).

145. See CAVANAUGH & O’NEILL, *supra* note 96 (emphasizing the benefits of IPR for patent challengers when compared to court litigation).

146. See *Star Envirotech Inc. v. Redline Detection, LLC*, No. SACV 12-01861 JGB (MLGx), 2013 WL 1716068, at *2 (C.D. Cal. Apr. 3, 2013) (“[T]he ‘delay caused by the new IPR procedure is significantly less than the delay caused by the old procedure.’” (quoting *Semiconductor Energy Lab. Co. v. Chimei Innolux Corp.*, No. SACV 12-21-JST (JPRx), 2012 WL 7170593, at *3 (C.D. Cal. Dec. 19, 2012))). Compare 35 U.S.C. § 314(b)(1) (2012) (pointing out an IPR trial must be instituted or denied within three months after receiving the preliminary response), and *id.* § 316(a)(11) (requiring PTAB must resolve an IPR in a maximum of eighteen months), with 2015 PATENT LITIGATION STUDY, *supra* note 37, at 15 (finding patent litigation lasts at least two years).

147. Compare *supra* note 86 and accompanying text, with REPORT OF THE ECONOMIC SURVEY 2015, *supra* note 35, at 38 (offering the costs of patent litigation).

148. See *Star Envirotech Inc.*, 2013 WL 1716068, at *1 (showing the “liberal policy in favor of granting motions to stay proceedings” until the outcome of a PTAB decision (quoting *ASCII Corp. v. STD Ent. USA, Inc.*, 844 F. Supp. 1378, 1381 (N.D. Cal. 1994))); see also Klodowski & Seastrunk, *supra* note 142 (showing a petitioner’s success during an IPR).

149. A court will exercise “substantial evidence” deference to decisions made by PTAB. See *Fresenius USA, Inc. v. Baxter Int’l Inc.*, 721 F.3d 1330, 1347 (Fed. Cir. 2013) (holding a patent owner “no longer has a viable cause of action” when a patent is invalidated by the USPTO, meaning that “pending litigation is moot”); Michael R. Fleming, *A Matter of Deference: Courts and the New ALA Post-grant Proceedings*, INSIDECOUNSEL (Jan. 7, 2014), <http://www.insidecounsel.com/2014/01/07/ip-a-matter-of-deference-courts-and-the-new-aia-po> (recognizing a PTAB decision must be unsupported by substantial evidence for a party to prevail in court).

understand often complex patents and invalidity arguments.¹⁵⁰ This familiarity with technical concepts helps patent challengers, especially when patent subject matter would go beyond the understanding of a lay juror or a lay judge.¹⁵¹ PTAB construes claims using a broader interpretation than a court would.¹⁵² Such a broad interpretation increases the likelihood challenged claims will be anticipated or rendered obvious.¹⁵³ Unlike in court, a patent is not presumed valid before PTAB.¹⁵⁴ Finally, an IPR trial requires a petitioner to prove disputed claims by a different standard than before a court. A petitioner has to show “unpatentability by a preponderance of the evidence,” which is a lower standard than clear and convincing evidence required in district court.¹⁵⁵

2. Communication to Patent Owner

In the second hypothetical, Patent Owner must defend his patent once Client files a petition for IPR. Much like Client, Patent Owner decides the objectives best served by legal representation.¹⁵⁶ Patent Owner must be

150. See 35 U.S.C. § 6(a) (2012) (creating PTAB with judges who have “competent legal knowledge and scientific ability” to make decisions regarding technical subject matter); Daniel G. Barry, *Invalidating Patents Through Inter Partes Review*, ORANGE COUNTY BUS. J., July 2013, at 1 (acknowledging PTAB judges “all have technical backgrounds and specialized patent law experience which makes them well suited to identify an invalid patent”).

151. See *10 Reasons Every Defendant in Patent Litigation Should Consider Inter Partes Review*, VENERABLE LLP (Apr. 23, 2014), <http://www.venable.com/10-reasons-every-defendant-in-patent-litigation-should-consider-inter-partes-review-04-23-2014> (noting the difficulties of trying to understand complex arguments without a technical background).

152. Compare 37 C.F.R. § 42.100(b) (2015) (allowing PTAB to grant claims the “broadest reasonable construction in light of the specification of the patent in which it appears”), with *Philips v. AWH Corp.*, 415 F.3d 1303, 1312–13 (Fed. Cir. 2005) (outlining the narrower “ordinary and customary meaning” standard applied to patent claims in district court (citing *Vitronics Corp. v. Conceptor, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996))).

153. See *Garmin Int'l, Inc. v. Cuozzo Speed Tech.*, IPR2012-00001, 2013 WL 8595317, at *15 (P.T.A.B. Nov. 13, 2013) (invalidating broad patent claims as anticipated and obvious when compared with existing prior art); see also *Klodowski & Seastrunk*, *supra* note 142 (offering data showing the number of cancelled claims due to anticipation and obviousness).

154. Compare 35 U.S.C. § 282(a) (2012) (mentioning “[a] patent shall be presumed valid” in a court proceeding), with *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008) (asserting a patent is not presumed valid before the USPTO).

155. See 35 U.S.C. § 316(e) (2012) (declaring a petitioner must prove “unpatentability by a preponderance of the evidence”); see also *Microsoft Corp. v. i4i LP*, 131 S. Ct. 2238, 2242 (2011) (maintaining a party must prove invalidity of claims by clear and convincing evidence before a court); *Cerro*, *supra* note 69, at 221–22 (writing “the burden of proof is lower in an inter partes review proceeding, requiring only a ‘preponderance of the evidence’ as compared to the district court standard of ‘clear and convincing’ evidence”).

156. See 37 C.F.R. § 11.104 (2015) (indicating the client possesses the authority to decide the objectives of legal representation).

informed of the abovementioned risks (or advantages for petitioners) and the strategies available to him as a patent owner.¹⁵⁷ After an adequate disclosure, Patent Owner can decide whether to pursue his attorney's recommended means to defend his patent.¹⁵⁸

First, Patent Owner can file a preliminary response to terminate the IPR.¹⁵⁹ Filing a preliminary response should be a strategic decision, but doing so does not improve the odds of terminating an IPR. In the current fiscal year (and as of February 29, 2016), 565 preliminary responses (94%; 565/603) were filed, with 103 (17%; 103/603) responses waived or not filed.¹⁶⁰ Despite the high numbers of granted IPRs, a patent owner should always file a preliminary response, especially when an IPR petition is barred by statute.¹⁶¹ Patent Owner can also file a motion to amend or cancel challenged claims before a PTAB decision.¹⁶² Although a patent owner faces a high burden to amend claims, claim amendment can avoid a substantial invalidation of challenged claims.¹⁶³

Second, an IPR is terminated by settlement, by a request for adverse judgment,¹⁶⁴ or by a final PTAB written decision.¹⁶⁵ For fiscal year 2015, settlement was the most common form of termination, resulting in 51% (388/761) of dispositions.¹⁶⁶ The parties to an IPR can reach a written settlement agreement before an IPR commences or during the IPR

157. *See id.* § 11.104(a)(2) (showing an attorney must “consult with the client about the means by which the client’s objectives are to be accomplished”).

158. *Id.*; *see* Little, *supra* note 135, at 110 (discussing an attorney’s duty of informed consent).

159. *See* 35 U.S.C. § 313 (2012) (describing a preliminary response).

160. PTAB STATISTICS, *supra* note 139, at 6.

161. *See* Apple Inc. v. Rensselaer Polytechnic Inst. and Dynamic Advances, LLC, No. IPR2014-00319, 2014 WL 2735064, at *5 (P.T.A.B. June 12, 2014) (illustrating an example of a preliminary response denying a petition based on a statutory bar); *see also* 35 U.S.C. § 314(a)(1) (2012) (barring an IPR when the petitioner has already “filed a civil action challenging the validity of a claim of the patent”); *id.* § 315(b) (prohibiting an IPR when the petition is made more than a year after being served with a patent infringement complaint).

162. 35 U.S.C. § 316(d) (2012). A motion to amend or cancel claims function to limit a claim to avoid prior art consisting of patents or publications. *Id.* § 312(a)(3)(A).

163. *See* Int’l Flavors & Fragrances, Inc. v. U.S. Dep’t of Agric., No. IPR2013-00124, at 19 (P.T.A.B. May 20, 2014) (granting of a motion to amend); Idle Free Sys., Inc. v. Bergstrom, Inc., No. IPR2012-00027, at 33 (P.T.A.B. Jan. 7, 2014) (stating the burden of proof required to amend claims).

164. A request for an adverse judgment occurs when a party requests a judgment against itself. *See* 37 C.F.R. § 41.127(b) (2015) (recognizing examples such as abandonment of the proceeding, cancellation of the disputed claims, and concession).

165. *See* U.S. PATENT & TRADEMARK OFFICE, AIA PROGRESS (AS OF 07/16/2015) 2 (2015), http://www.uspto.gov/sites/default/files/documents/aia_statistics_07-16-2015.pdf (indicating the ways to terminate an IPR proceeding).

166. For fiscal year 2015 and for IPR, the USPTO reported 388 settlements, 60 requests for adverse judgments, 297 final written decisions, and 16 other dispositions. *Id.*

trial.¹⁶⁷ In some instances, it may be in a patent owner's best interests to settle before an IPR commences. PTAB has the authority to continue a proceeding to a final written decision despite the parties reaching a settlement agreement and filing a joint motion to terminate the IPR.¹⁶⁸ For example, in *Blackberry Corp. v. MobileMedia Ideas, LLC*, the parties reached a settlement and filed a joint agreement to terminate the IPR proceeding.¹⁶⁹ PTAB granted the termination with respect to the petitioner, Blackberry, but not MobileMedia, the patent owner, and stated, "[I]n view of the advanced stage of this proceeding, the Board will proceed to a final written decision."¹⁷⁰ As a result, early settlement helps a patent owner avoid the patent "death squad" and the likelihood challenged claims will be invalidated¹⁷¹—along with any costs incurred to maintain an IPR.

The final strategies for a patent owner are appealing an adverse PTAB decision to the Federal Circuit or filing for a rehearing.¹⁷² Statutes provide only for an appeal after PTAB issues a final written decision.¹⁷³ Appeals to the Federal Circuit are limited to the record established before PTAB.¹⁷⁴ To prevail, the appealing party must preserve error on the record, prove the error was harmful, and show the error led an improper judgment.¹⁷⁵ The Federal Circuit gives no deference to PTAB regarding legal conclusions.¹⁷⁶ The court reviews factual determinations under a

167. See 35 U.S.C. § 317 (2012) (outlining IPR settlement requirements).

168. See *id.* § 317(a) (allowing settlement and termination of an IPR unless "the Office has decided the merits of the proceeding before the request for termination is filed").

169. *Blackberry Corp. v. MobileMedia Ideas, LLC*, No. IPR2013-00036, 2013 WL 8705625, at 2 (P.T.A.B. Dec. 11, 2013).

170. *Id.* at 3.

171. See Dutra, *supra* 144 (noting Q. Todd Dickinson's infamous "death squad" quote); see also text at notes 142–43.

172. See 35 U.S.C. §§ 141–144 (2012) (verifying appeals of PTAB decisions to the CAFC by either party); see also 37 C.F.R. § 42.71(d) (2015) (granting a rehearing when a party shows PTAB mishandled or overlooked a potential issue); 5 U.S.C. § 706(A), (E) (2012) (mentioning a reviewing court can set aside agency decisions found to be "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law" or "unsupported by substantial evidence").

173. See 35 U.S.C. § 319 (2012) (limiting appeals to PTAB final written decisions). A notice of appeal to the Federal Circuit is due within sixty-three days after an initial PTAB decision or after the outcome of a rehearing. See 37 C.F.R. § 90.3(a)(1) (2015) (asserting the timing for a notice of appeal); 35 U.S.C. § 314(d) (2012) ("The determination by the Director [of PTAB] whether to institute an inter partes review under this section shall be final and nonappealable.").

174. See David L. McCombs et al., *Federal Circuit Appeals from the PTAB: A New Game or Just the Same Old Practice?*, HAYNES AND BOONE 2 (Mar. 22, 2013) (stating the limitations imposed on appeal) (on file with the *St. Mary's Law Journal*).

175. See *In re Watts*, 354 F.3d 1362, 1369 (Fed. Cir. 2004) (showing the Federal Circuit will consider whether the Board's error was harmful enough to warrant a remand).

176. See *In re Elsner*, 381 F.3d 1125, 1127 (Fed. Cir. 2004) ("We review legal determinations of the Board, including whether a printed publication is enabled, without deference." (quoting *In re*

substantial evidence standard.¹⁷⁷ Any party can file a request for a rehearing, but the party must file the request within thirty days of a final PTAB written decision or a decision not to institute an IPR.¹⁷⁸ The requesting party has the burden of proving PTAB misinterpreted or overlooked certain matters that demand a rehearing.¹⁷⁹

B. *Duty of Candor and Good Faith*

During post-grant proceedings, the duty of candor and good faith requires an attorney and his client to disclose to PTAB all information material to the patentability of an invention.¹⁸⁰ “The scope of the duty is comparable to the obligations toward the tribunal imposed by Rule 11 of the Federal Rules of Civil Procedure.”¹⁸¹ In other words, an attorney representing a party before PTAB must certify that claims have merit and the attorney has conducted a reasonable examination of the merits behind a claim.¹⁸² A breach of this duty results in disciplinary action with the USPTO.¹⁸³ It can also serve as evidence of inequitable conduct, which is a defense to patent infringement.¹⁸⁴ This duty is reflected in ABA Model Rule 3.1.¹⁸⁵

The duty of candor also prevents an attorney from abusing an IPR proceeding, which is reflected in ABA Model Rule 3.3.¹⁸⁶ Client’s

Kollar, 286 F.3d 1326, 1329 (Fed. Cir. 2002)).

177. *See In re Adler*, 723 F.3d 1322, 1325 (Fed. Cir. 2013) (defining evidence as substantial “if a reasonable mind might accept it as adequate to support the finding”).

178. *See* 37 C.F.R. § 42.71(d)(2) (2015) (describing rehearing filing deadlines).

179. *Id.* § 42.71(d); *see, e.g.*, *PNY Techs., Inc. v. Phison Elecs. Corp.*, No. IPR2013-00472, 2014 WL 1622744, at 6 (P.T.A.B. Apr. 23, 2014) (granting a request for a rehearing after a partial misapplication of the law).

180. *See* 37 C.F.R. § 42.11 (2015) (stating the new USPTO rule for candor and good faith in post-grant proceedings).

181. Rules of Practice for Trials Before the Patent Trial and Appeal Board, 77 Fed. Reg. 48,612, 48,630 (Aug. 14, 2012) (codified at 37 C.F.R. pt. 42).

182. FED. R. CIV. P. 11.

183. *See* 37 C.F.R. § 42.12 (2015) (providing sanctions for misconduct).

184. *See Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir. 2011) (noting if inequitable conduct is proven in a patent infringement action, it can bar the enforcement of a patent). “Inequitable conduct includes affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive.” *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995); *see* Todd M. Becker, *Attorney-Client Privilege Versus the Pto’s Duty of Candor: Resolving the Clash in Simultaneous Patent Representations*, 71 WASH. L. REV. 1035, 1036 (1996) (“Failure to disclose material information can be deemed ‘inequitable conduct’ and can carry severe penalties for both the attorney and the client.”).

185. MODEL RULES OF PROF’L CONDUCT r. 3.1 (AM. BAR. ASS’N 2013) (declaring a lawyer’s duty to assert only meritorious claims under the ABA Model Rules).

186. 37 C.F.R. § 42.12; *see* MODEL RULES r. 3.3 (citing a lawyer’s duty of candor towards the tribunal). Patent applicants have a duty of candor when dealing with the USPTO, which also

attorney must conduct a thorough review of Client's product, the disputed patent claims, and any prior art—patents or printed publications—that might form a reasonable basis for an IPR.¹⁸⁷ If an IPR is filed without making any evaluations of its merits, then the IPR is frivolous, making the attorney subject to sanctions and possible referral to the OED.¹⁸⁸ The same is true if Patent Owner's attorney cannot make a good faith showing why his claims are not obvious or already disclosed in the prior art. However, an IPR is not frivolous “merely because the facts have not first been fully substantiated or because the lawyer expects to develop vital evidence only by discovery.”¹⁸⁹

Title 37, section 42.51 of the Code of Federal Regulations imposes a candor obligation to avoid discovery abuses: “Unless previously served, a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding concurrent with the filing of the documents or things that contains the inconsistency.”¹⁹⁰ This discovery obligation helps to ensure a just, speedy, and inexpensive resolution to proceedings.¹⁹¹ When a party makes a discovery request, the responding party must produce all relevant documents, including documents adverse to the responding party's position—assuming a privilege does not apply.¹⁹² For example, without asserting a privilege, Client's attorney cannot refuse to produce documents that prove the validity of Patent Owner's claims without violating a USPTO rule.¹⁹³

requires any party involved with a patent application to disclose any information that is material to the patentability of a claimed invention. *See* 37 C.F.R. § 1.56(a) (2015) (“[T]he most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability.”).

187. *See* 35 U.S.C. § 312(a)(3)(A) (2012) (recognizing IPR petition requirements).

188. 37 C.F.R. § 42.11(a)(2) (2015).

189. MODEL RULES r. 3.1 cmt. 2.

190. 37 C.F.R. § 42.51(b)(1)(iii) (2015).

191. Rules of Practice for Trials Before the Patent Trial and Appeal Board, 77 Fed. Reg. 48,612, 48,660 (Aug. 14, 2012) (codified at 37 C.F.R. pt. 42). This duty is not all encompassing. *See* ERIC COHEN ET AL., BRINKS, GILSON & LIONE, DUTY OF CANDOR AND GOOD FAITH BEFORE THE PATENT TRIAL AND APPEAL BOARD (2016), [http://www.brinksgilson.com/webfiles/Post-Grant%20Patent%20Webinar%2025_25_16%20\(Final\).pdf](http://www.brinksgilson.com/webfiles/Post-Grant%20Patent%20Webinar%2025_25_16%20(Final).pdf) (“This Duty of Disclosure: (1) Does not extend beyond information that is inconsistent with relation to a position advanced by the party during the proceedings. (2) Does not extend to privileged information under legally recognized privileges such as attorney-client or attorney work product. (3) Does not require the party serving the inconsistent information to specify the relevance of inconsistent information. (4) Only requires that inconsistent information be served on the other party, and not filed with the Office.”).

192. *See* 37 C.F.R. § 42.51(b)(1)(iii) (identifying that during discovery “a party must serve relevant information that is inconsistent with a position advanced by the party”); *see also* MODEL RULES r. 3.4 cmt. 1 (describing the need for fairness during discovery).

193. This disclosure does not require you to specify the relevance of discoverable documents.

Conversely, if Patent Owner finds prior art that completely invalidates his patent claims, then he and his attorney must disclose the prior art to Client and his counsel.¹⁹⁴

The duty of candor requires attorneys to inform the court of any pending IPR concerning patents involved in litigation.¹⁹⁵ In *Virginia Innovation Sciences, Inc. v. Samsung Electronics Co.*,¹⁹⁶ the defendant Samsung filed a petition for IPR while a motion for summary judgment was pending in court.¹⁹⁷ Neither the defendant nor the plaintiff notified the court of the parallel proceedings.¹⁹⁸ The plaintiff and patent owner, unhappy with the result of the motion for summary judgment, informed the court of the pending IPR a year later and after the court issued its opinion.¹⁹⁹ The court recognized a duty of candor that requires an attorney to “inform the Court of any development which may conceivably affect the outcome of litigation.”²⁰⁰ The parties possessed a duty to notify the court when Samsung filed its IPR petition.²⁰¹ Although the judge imposed no formal reprimand on the parties, he cautioned that future failure to disclose would “be met with far sharper consequences.”²⁰²

C. *Duty of Competence*

Attorneys have an ethical responsibility to advocate competently on behalf of their clients.²⁰³ This duty is reflected in ABA Model Rule 1.1.²⁰⁴ “Competent representation requires the legal, scientific, and technical knowledge, skill, thoroughness and preparation reasonably

See Christa Brown-Sanford & Ebby Abraham, *The Duty of Candor: Letting the Truth Shine*, BAKER BOTTS (July 2014), http://www.bakerbotts.com/file_upload/PostGrantReport072014-TheDutyOfCandorLettingTheTruthShine.htm#footnote4 (clarifying the rule regarding discovery requests).

194. See 37 C.F.R. § 42.51(a) (declaring required disclosures to PTAB).

195. See *id.* § 42.8(b)(2) (2015) (requiring a party to notify PTAB of any related matters that might affect or be affected by a PTAB decision); Brown-Sanford & Abraham, *supra* note 193 (citing a common instance when a party must notify PTAB of concurrent litigation when an IPR is filed).

196. *Virginia Innovation Sciences, Inc. v. Samsung Elecs. Co.*, 983 F. Supp. 2d 713 (E.D. Va. 2014), *vacated*, 614 F. App'x 503 (Fed. Cir. 2015).

197. *Id.* at 750.

198. *Id.* at 751.

199. *Id.*

200. *Id.* at 755 (quoting *United States v. Shaffer Equip. Co.*, 796 F. Supp. 938, 950 (S.D.W.Va. 1992)).

201. *Id.* at 760.

202. *Id.* at 761.

203. 37 C.F.R. § 11.101 (2015).

204. See MODEL RULES OF PROF'L CONDUCT r. 1.1 (AM. BAR. ASS'N 2013) (describing competency under the ABA Model Rules).

necessary for the representation.”²⁰⁵ The duty of competency focuses on legal knowledge and skill, thoroughness and preparation, and maintaining competence.²⁰⁶ There are two ways an attorney can obtain competence to represent a client.²⁰⁷ First, the attorney may already possess the requisite knowledge and skill required for representation in a particular matter.²⁰⁸ In the first hypothetical, Client’s attorney must be skilled, trained, or knowledgeable of IPR before recommending the course of action to Client. Second, if the attorney lacks the requisite knowledge and skill, then the attorney can become competent through necessary study and preparation.²⁰⁹ Suppose this was the first time Patent Owner’s attorney participated in an IPR. To adequately represent Patent Owner, he would have to become competent by studying IPR, its procedure, and the options available to a patent owner. Further, the attorney could also associate with an experienced patent attorney to learn the knowledge required to represent Patent Owner.²¹⁰ Maintaining competence is essential, especially for new procedures like IPR, so an attorney “should keep abreast of changes in the law and its practice” to avoid discipline.²¹¹

V. CONCLUSION

The AIA changed the U.S. patent landscape, affecting how patents are obtained and challenged. The implementation of *inter partes* review affects how attorneys represent their clients who are challenging a patent or defending one during the procedure. This Comment offers an overview of what an attorney should expect during an IPR and analyzes three ethical duties: the duty of communication, the duty of candor and good faith, and the duty of competence. During an IPR, attorneys must be mindful of these duties or be subject to discipline not only before both the USPTO and before any state jurisdiction where the attorney is admitted.

205. 37 C.F.R. § 11.101.

206. See MODEL RULES r. 1.1 cmts. 1–6 (commenting on the duty of competency).

207. See *id.* (recognizing the ways to become competent).

208. A number of factors are used to determine the requisite knowledge and skill required for competent representation. See *id.* cmt. 1 (mentioning the factors used to determine knowledge and skill, which includes the “complexity and specialized nature of the matter, the lawyer’s general experience, the lawyer’s training and experience in the field in question, the preparation and study the lawyer is able to give the matter.”).

209. See *id.* cmt. 4 (acknowledging “a lawyer may accept representation where the requisite level of competence can be achieved by reasonable preparation”); *id.* cmt. 5 (indicating the thoroughness needed to become competent).

210. See *id.* cmt. 1 (allowing an attorney to consult with another attorney to establish competence).

211. *Id.* cmt. 8.