

## Q&A: Finnegan's Joshua Goldberg on the America Invents Act's 10th anniversary

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Congress enacted the Leahy-Smith America Invents Act, colloquially known as the AIA, in September 2011.

Thomson Reuters asked patent expert Joshua Goldberg to shed some light on the meaning of the legislation's anniversary.

**Thomson Reuters:** Generally speaking, how did the AIA come about? For instance, why did Congress feel patent law needed to be updated in 2011?

**Joshua Goldberg:** With an act as big as the AIA, it is hard to say what drove Congress as a whole to adopt it or any particular parts of it. But, at least with respect to the new proceedings Congress created to test the validity of patents, many thought that the existing mechanisms, litigation and reexaminations, were insufficient.

For example, litigation was and remains very expensive, and it does not provide a way for someone to challenge a patent without first taking expensive steps that could risk an infringement suit against them. And reexamination does not allow for all of the types of validity challenges available in litigation. Congress thus created several new proceedings to test the validity of patents that were expected to be more efficient and effective than litigation and reexamination.

**TR:** Exactly what processes did Congress add to the patent system with the AIA? Did these additional proceedings change the system the way Congress intended?

**JG:** For testing the validity of patents, Congress added inter partes review, or IPR; post-grant review, or PGR; and covered business method post-grant review, or CBM, proceedings. Of these, only IPRs and PGRs remain available for use in new patent challenges. (CBMs were a special kind of PGR that was only available for a limited time and only for certain patents addressing financial products or services.)

IPRs allow petitioners to challenge patents at the U.S. Patent and Trademark Office based on patents and printed publications. PGRs additionally allow petitioners to challenge patents at the Patent Office based on Sections 101 and 112 of the Patent Act, 35 U.S.C. §§ 101 and 112, and on prior art other than patents and printed publications. But they are only available for AIA patents, not pre-AIA patents, and only within nine months of patent issuance.

So far, IPRs have been far more popular than PGRs, and they have resulted in hundreds of litigations being stayed and/or ended without the extreme expense of district court trial. At the same time, however, these "PTAB proceedings" have not always served as an alternative to district court or the International Trade Commission. Instead, they have often become an additional front and expense in litigations when the district court or ITC cases are not stayed in view of the IPRs or PGRs.

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In the AIA, Congress also replaced interference proceedings with derivation proceedings for AIA patents, and added supplemental examination proceedings, which allow patent owners to have information considered, reconsidered or corrected for issued patents. But these proceedings have thus far been much less common than the other newly created proceedings.

**TR:** Now that the PTAB is nearly a decade old and post-issuance proceedings are firmly in place, is patent litigation more complicated?

**JG:** Yes, patent litigation is more complicated for both patent owners and defendants.

For example, the choice of venue can have a significant impact on how IPR and/or PGR proceedings affect the patent litigation. Some courts will stay litigation in favor of these PTAB proceedings while others will not. In addition, the choice of court could also impact whether the PTAB chooses to institute or deny the PTAB proceeding.

Under the PTAB's precedential *NHK Spring Co. v. Intri-Plex Technologies Inc.*, No. IPR2018-00752 (P.T.A.B. Sept. 12, 2018), and *Apple v. Fintiv*, No. IPR2020-00019 (P.T.A.B. Mar. 20, 2020), decisions, the PTAB can exercise its discretion to deny a PTAB proceeding when the trial in the litigation is scheduled to occur before the PTAB's deadline for its final written decision. Patent owners may thus choose fast courts like the Western District of Texas or the ITC in an attempt to avoid PTAB proceedings.

On the other hand, defendants also have new and more complicated choices to make. For example, a defendant might be able to avoid certain venues by filing a declaratory judgment action in another venue. But if they challenge the validity of a claim of the patent in the declaratory judgment action, they will be barred from taking advantage of PTAB proceedings.

Assuming PTAB proceedings are still available, the defendant will need to consider whether and when to file. Filing early could help avoid an *NHK Spring/Fintiv* denial, but it could force the defendant to file a PGR — with its potentially more significant estoppel — instead of an IPR if the patent is newly issued.

In any case, the defendant might also need to take positions on claim construction earlier than it otherwise would, for example, before it knows how the claims will be mapped for infringement purposes. And the defendant may also want to consider stipulating that it will forego certain invalidity arguments in the litigation in order to avoid overlap between the litigation and the PTAB proceeding, thereby potentially avoiding an *NHK Spring/Fintiv* denial.

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That is just the tip of the iceberg. Given the many ways in which litigations and PTAB proceedings can interact with each other, and the possibility that claims could be amended during PTAB proceedings, patent owners and defendants have to make far more choices than they did before and often with incomplete information about how such choices may ultimately impact the overall outcome.

**TR:** How has the balance of power shifted now that accused infringers have a new process for staying litigation? Do defendants have more options than they did 10 years ago?

**JG:** The balance of power has shifted toward accused infringers. Historically, accused infringers could respond to patent owners by requesting reexamination of the asserted patents, but reexamination was often too slow to impact the overall outcome. With the advent of IPRs and PGRs, accused infringers now have more effective options for responding than they did 10 years ago. IPRs and PGRs are faster than reexaminations because, absent good cause, they must conclude within one year of institution, and appeals go directly to the U.S. Court of Appeals for the Federal Circuit. As a result, it is now common for courts to stay litigation based on instituted IPRs and PGRs.

Even without a stay, an IPR or PGR can significantly alter the dynamics of a litigation by forcing patent owners to defend their patents earlier. Not only do patent owners bear a substantial risk that they will lose their patent at the PTAB and be unable to continue the litigation, but they also could incur substantial legal fees at the PTAB much earlier than they would have if they only had to defend their patent in district court. In some cases, this risk and spend could lead to settlements that are earlier and more favorable to accused infringers.

**TR:** You have mentioned the Supreme Court's decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018). Why is this decision important?

**JG:** Before this decision, the PTAB could institute some grounds in an IPR or PGR petition but deny others. This meant that petitioners could include both strong and weak grounds in their petitions because the PTAB could simply deny those that were weak without impacting those that were strong. Before *SAS*, petitioners commonly included lots of grounds in their petitions because they had nothing to lose by doing so. To the contrary, many thought that they had something to gain. Even if some of the grounds were denied, many thought, based on the Federal Circuit's decision in *Shaw Industries Group Inc. v. Automated Creel Systems Inc.*, 817 F.3d 1293 (Fed. Cir. 2016), that those grounds would be protected from estoppel and available for later use in district court regardless of the outcome of the PTAB proceedings.

In *SAS*, the Supreme Court found that the PTAB must institute or deny petitions in their entirety. The PTAB thus can no longer institute some grounds but deny others. This means that petitioners need to be more strategic about which grounds they include in their petitions. It may no longer make sense to include weak or extra grounds in a petition because such grounds could jeopardize the entirety of the petition. The PTAB has found that it has discretion to deny petitions for various reasons, and it could do so because of the weak or extra grounds despite the petition including at least one ground that would, by itself, be sufficient to allow for institution.

**TR:** What are some of the ways in which patent owners have benefited from the AIA?

**JG:** As I mentioned earlier, IPRs and PGRs generally shifted the balance of power toward accused infringers. But Congress did provide some benefits for patent owners in the AIA. For those PTAB proceedings, Congress included estoppel provisions to prevent petitioners who lost on a claim at final written decision from further challenging that claim in the Patent Office, a district court or the ITC with any ground that was or reasonably could have been raised in the PTAB proceedings.

Patent owners have also benefited from the AIA in other ways. For example, it is now possible to completely remove from the prior art certain commonly owned disclosure. In addition, the failure to disclose the best mode of carrying out the invention can no longer be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable.

For existing patents, patent owners are also now able to correct potential or actual problems in new ways. They can request supplemental examination to avoid unenforceability by having information considered, reconsidered or corrected. And there is no longer a requirement that errors addressed in reissues be without any deceptive intention. In some ways, despite the advent of PTAB proceedings, the AIA has thus made it easier to obtain, maintain and enforce patents.

## About the author



**Joshua Goldberg** is a partner at **Finnegan, Henderson, Farabow, Garrett & Dunner LLP** and leads Finnegan's PTAB trials section. He focuses on inter partes review, covered business method, and post-grant review proceedings before the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office, and on ensuing appeals to the U.S. Court of Appeals for the Federal Circuit. As lead or backup counsel in more than 250 IPRs, CBMs, and PGRs, he represents petitioners and patent owners in proceedings involving patents directed to industrial manufacturing, automotive, chemical, software, image processing, consumer electronics, mobile applications, semiconductor, electronic banking, internet, cloud computing, and medical device technologies. He also coauthored "The Practitioner's Guide to Trials Before the Patent Trial and Appeal Board," ABA, Section of IP Law. He can be reached at [joshua.goldberg@finnegan.com](mailto:joshua.goldberg@finnegan.com).

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