



**MEETING RECAP**  
**THE PAULINE NEWMAN**  
**IP AMERICAN INN OF COURT**  
**TUESDAY, APRIL 17, 2012**



Before the meeting, there was reception beginning at 6:00 p.m. in a front area of the Auditorium in the lower level of the Atrium of the Madison Building of the U.S. Patent & Trademark Office. The meeting convened at about 7:00 p.m. in a rear area of the Auditorium. President Al Tramposch made some introductory remarks. Judge Pauline Newman, in honor of whom the Inn is named, was present. Tickets for the Inn's first Annual Dinner on May 15, 2012 at the Athenaeum in Old Town Alexandria were on sale.



Thomas Krause, counsel for the USPTO in the recent *Prometheus* case before the U.S. Supreme Court spoke briefly about the case. The PTO had thought that a step for administering a drug would be patent eligible. The PTO thought that a “wet” step would be patent eligible. The PTO also thought that administering a drug based on the level of a metabolite would be

a patent eligible step. All these assumptions were overturned in *Prometheus*. But the Court did not make clear what would be patent eligible under §101. Mr. Krause also discussed prior cases dealing with what is patent eligible subject matter, and took questions from the audience.



The presentation was given by Pupilage Group Six. The subject was the ways of challenging a patent's validity under the America Invents Act. It was in the form of a play called *The Education of Molly Madison*. Hubert Lorin was the “grip”. Molly Madison (played by Lora Green) is being threatened with a suit by Penny Dee Arnold for infringing a patent on an educational method using computers issued on March 1, 2012. The date is September 14, 2012, just before some of the changes under the America Invents Act (“AIA”) are about to take effect. She first meets with the lead attorney, played by William Stoffel.

The first option discussed was declaratory judgment. Attorneys specializing in declaratory judgments were played by Richard Lilley, Michael Lew and Mark Zinsner. Ms. Madison file a declaratory judgment action in the Eastern District of Virginia’s “rocket docket”, seeking to have the claims of the patent held invalid. But if the patent is upheld, she may be held liable for damages for infringement. Under the AIA, filing a declaratory judgment action will bar post grant review and inter partes review. The costs of proceeding to federal court on a declaratory judgment action start around \$500,000.



Attorneys specializing in ex parte review, inter partes reexamination and inter partes review were played by Jason Morgan and William Cheng. Ms. Madison may request ex parte reexamination as a third-party. She will have to identify prior art that presents a substantial new question of patentability, and apply it to every claim for which reexamination is requested. Only a patent or printed publication can be cited as prior art. The patent may become stronger after an ex parte reexamination. Although ex part reexamination is relatively inexpensive, as a third-party requester, she will be giving up control of the proceedings.

In an inter partes reexamination, the requester has the opportunity to comment on the patent owner’s submissions. But the requester can be estopped from challenging the patent in court on grounds that were raised (or could have been raised) in the inter partes reexamination. Inter partes reexaminations take longer than ex parte reexaminations. Costs of an inter partes reexamination typically range from \$44,000 to \$250,000.

The PTO will stop accepting inter partes reexamination requests on September 16, 2012. They are being replaced by inter partes reviews, which will be true trials before the Patent Trial and Appeals Board, and are supposed to be completed within one year. The Director may enact quotas during the first four years to limit the number of inter partes reviews. The best guess is that inter partes reviews will typically cost between \$106,000 and 312,000.

Attorneys specializing in post grant review were played by Michael O’Neill and Chuck Geary. Post grant review will only be available for patents filed after March 13, 2013. Prior art will be defined more broadly. A person other than the patent owner must file a petition for post grant review. The patent owner may file a preliminary response. The PTO Director will decide whether to institute the post grant review. Post grant review may be barred by a civil action, but it may also cause a civil action to be stayed. The average cost of a post grant review is estimated to be \$322,000.



Attorneys specializing in covered business methods were played by Caitlin L'Hommedieu, David Easwaran and Carolyn Kosowskie. This type of review is available for claims reciting methods of data processing used in a financial product or service. It is not clear how broadly that will be defined. It is estimated to cost in the neighborhood of \$325,000. Proof that the patent is invalid will only be by the preponderance of the evidence.

Finally, the attorney specializing in derivation was played by Stephen Swift. Derivation proceeding can only be instituted for patent applications filed after March 16, 2013. Costs may be estimated at \$338,000, inclusive of all costs.

Questions were taken from the audience after the presentation. No conclusion was reached as to which proceeding would be best for Ms. Madison.



Judge Newman made some remarks after the conclusion of the presentation. She said that it was a “revelation” to her, and that it was “just about the first time” that she had heard an explanation of how these procedures under the new legislation will work. The new procedures are complex, but they have the simple goal of making it easier to achieve finality at an earlier stage, and they move the process closer to the administrators who are more familiar with the subject matter. She said that there are logical reasons behind the new procedures, and this presentation was very timely.



*Judge Newman and the presenters.*

*Photographs were taken by Rob Burns, the Administrator of the Inn.*

The meeting was adjourned at about 8:15 p.m.

Respectfully submitted,

Stephen Christopher Swift  
Secretary-Treasurer