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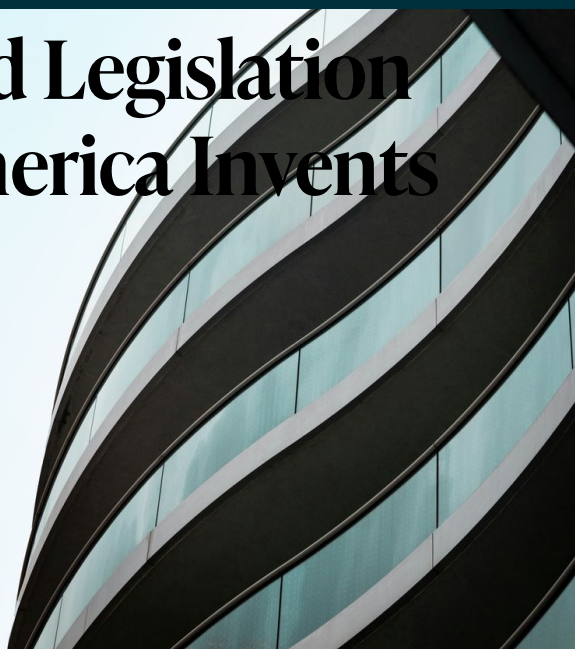
Axinn IP Update: Proposed Legislation Aims at "Restoring the America Invents Act"



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By: Rebecca L. Clegg
Axinn Update

Last Wednesday (10 years after the America Invents Act (AIA) was enacted), Senators Leahy (D-VT) and Cornyn (R-TX) introduced the Restoring the America Invents Act (RAIA), which, if enacted, would change IPR practice in numerous key respects. The provisions of the RAIA, in large part, are mostly pro-petitioner. Some patent owner stakeholders have panned the legislation as heavily one-sided, claiming that revisions would lead to duplicative procedures and increased costs. Others, like Unified Patents (whose business involves mainly challenging patents), tout the new legislation as "limited and reasonable." Summarized below are the four main areas of proposed changes to IPR practice in the RAIA:

- The bill would end discretionary denial practice based on *Apple Inc. v. Fintiv, Inc.* In 2021 so far, the PTAB relied on *Fintiv* to deny institution in 77 cases, nearly reaching last year's high of 85. The discretionary denial trend is only accelerating. *Fintiv* has accounted for 73% of all discretionary denials in 2021 under 35 U.S.C. § 314(a), compared to only 51% in 2020.

- Changes to petitioner estoppel rules.

  - ***Current practice***: If the PTAB refuses to find the challenged claims unpatentable in its final written decision, the petitioner cannot raise the same grounds challenging the claims or

any others that "reasonably could have been raised" in district court litigation beginning at the time of the final written decision. 35 U.S.C. § 315(e)(2).

  - ***Proposed change***: Petitioner estoppel would not kick in until after all appeals have been exhausted.

- ***Current practice***: If the petitioner prevails before the PTAB, that decision is not preclusive on district courts in parallel litigations. District courts have increasingly barred winning petitioners from asserting their winning invalidity arguments under Section 315(e)(2).

  - ***Proposed change***: The RAIA would change this practice. Estoppel would not apply to unpatentability findings (i.e., no "winner estoppel"). Thus, winning petitioners will be able to assert their winning invalidity arguments in parallel district court proceedings.

- Changes to burden of proof.

  - ***Current practice***: Pursuant to 35 U.S.C. § 316(e) and the Federal Circuit's en banc decision in *Aqua Products, Inc. v. Matal*, the petitioner has the burden to prove *unpatentability* of claims amended through IPR.

    - ***Proposed change***: The bill would overrule *Aqua Products*, and place the burden of proving *patentability* of amended claims with the patent owner.

- Changes to PTAB jurisdiction.

  - ***Current practice***: The petitioner's grounds are limited to those raised under Section 102 or 103 and only on the basis of prior art patents or printed publications. 35 U.S.C. § 311.

    - ***Proposed change***: The petitioner can additionally raise grounds based on double-patenting and "admissions in the patent specification, drawings or claims" (i.e., when text in the patent undermines novelty).

Patent reform is notoriously difficult to enact in part because different industries (e.g., high-tech versus life sciences) often have diametrically opposed interests. The road to enacting any patent reform is long and winding, and we expect that changes to the current draft of the RAIA will be proposed. We will be following developments related to this proposed legislation closely.

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