



The American Invents Act was recently enacted, and it created another way to challenge a patent's validity through its Transitional Program for Covered Business Method Patents, which allows for Covered Business Method Review. The CBM Review, implemented in September 2012, is an administrative trial before the Patent Trial and Appeal Board and is scheduled to sunset in September 2020.

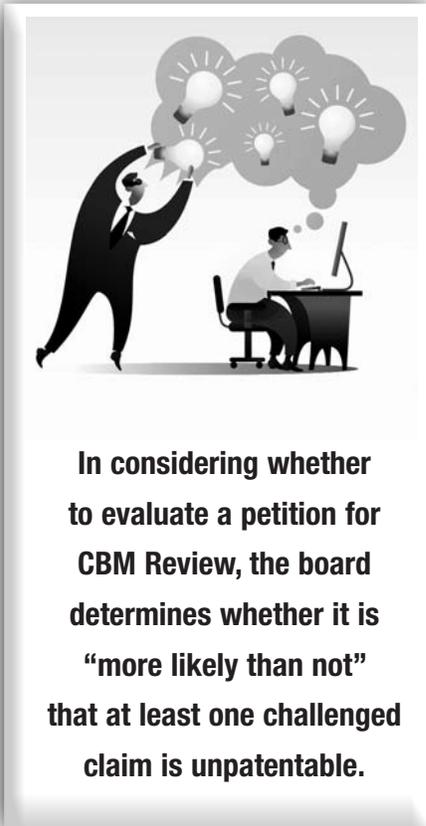
Unlike an *ex parte* reexamination, a CBM Review is an adversarial proceeding that allows the alleged infringer to participate. Instead of restricting challenges to prior-art, the patent can be challenged on any ground that is a condition for patentability. A petition for CBM Review can be filed at any time except during the time that a post-grant review petition can be filed, and the board must reach a decision within a year after the proceedings are instituted. The CBM Review is only available to those who have been sued or charged with infringement, and it is restricted to covered business method patents.

In considering whether to evaluate a petition for CBM Review, the board determines whether it is "more likely than not" that at least

one challenged claim is unpatentable. If the petition is granted for review, the petitioner bears the burden of establishing unpatentability by a preponderance of the evidence as opposed to the clear and convincing standard applied in district court. Additionally, unlike in district court, there is no presumption of validity.

If the board comes to a final decision, the petitioner is estopped from challenging the validity of the patent on the grounds raised in the CBM Review in a subsequent district court action and is estopped from raising any grounds in a subsequent USPTO proceeding that "reasonably could have been raised."

The limitation that the patent be a covered business method patent is still not clear. A covered business method patent is "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." 37 C.F.R. § 42.301(a).



Since implementation of the CBM Review, the board has applied a broader interpretation of financial product and a narrow interpretation of the technological invention exception. Specifically, in a decision from October 2013, the board concluded that the act does not require a "nexus" to a "financial

business" and that "financial product or service" is to be interpreted broadly. Consequently, it is not limited to the products or services of the "financial services industry." In fact, the board held that "a patent need not be used by a financial services company or involve a traditional financial services business to qualify as a covered business method patent." As a result, the scope of the CBM Review could subject a large number of patents that

are tangentially related to financial services to further validity challenges.



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