

# America Invents Act

## Transitional Proceeding for Covered Business Method Patents

### What is Covered Business Method Patent Review (CBM)?

The purpose of CBM is to provide a separate vehicle for accused infringers to challenge certain types of business method patents while providing an alternative to costly litigation in the courts. This review mostly follows the procedures for post-grant review, with main differences including grounds for standing, timing, and prior art requirements, along with unique stay and estoppel provisions.

### What is a Covered Business Method Patent?

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.”

This definition requires a two-part analysis: (1) whether the patent claims involve “the practice, administration, or management of a financial product or service;” and (2) whether the patent is directed to a “technological invention.” Although the statute language is somewhat ambiguous regarding what it means to be used “in the practice, administration, or management of a financial product or service,” the legislative history provides some indication that the definition will be construed broadly. Additionally, whether a patent is for a technological invention is determined on a case-by-case basis, considering whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art, and whether it solves a technical problem using a technical solution.

### Who can file, and when?

Only certain types of petitioners are allowed to file a CBM petition. The petitioner must have been sued or charged with infringement of a patent that claims a covered business method. Recent PTO comments suggest this likely includes parties served with cease and desist letters. Any ground of invalidity can serve as basis for petition, e.g. §101, §112, and, with caveats, §§102/103. The review may be filed anytime except for when post-grant review is available, starting September 16, 2012. This review applies to all patents, regardless of issue date, but the proceeding itself must be filed before this portion of the America Invents Act sunsets on September 16, 2020.

### What happens now?

CBM has stay provisions that may be attractive to a defendant in a co-pending lawsuit. Further, the estoppel provisions are less restrictive than other post-issuance proceedings, only attaching to arguments that were actually raised in the CBM proceeding, not arguments that could have been raised. Petitioners should determine what their goal is (e.g., disrupt litigation, remove threat of patent), and how comfortable they are with the risks (e.g., claims may be amended). Patent owners should consider whether their patents are at risk and whether to add potential a CBM defense into litigation budgets, and may want to consider options for settlement before September 16, 2012.

Please contact Michelle K. Holoubek ([holoubek@skgf.com](mailto:holoubek@skgf.com)) with any questions.