



# THINK FORWARD

## Covered Business Method Review – Last Chance to File!

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The 2011 America Invents Act brought sweeping changes to U.S. patent law. Some of the most significant changes took the form of new patent review proceedings before the Patent Trial and Appeal Board (“PTAB”). One of these new proceedings, the Covered Business Method Review (“CBMR”), is set to “sunset” on September 16, 2020, as no new petitions will be accepted after that date.<sup>[1]</sup> Any parties who meet the patent and standing requirements discussed below should consider filing a CBMR petition before time runs out.

Originally intended as an alternative to the high cost of patent litigation in Federal District Court, CBMRs have proven to be much less popular than their sibling, the *Inter Partes* Review (“IPR”).<sup>[2]</sup> However, do not let the lower number of petitions fool you, as these proceedings are far more powerful due to the types of evidence that can be used and the statutory grounds on which a patent can be challenged.

### Patent Requirement

One key difference between CBMR and other types of Post-Grant Reviews is the type of patent that is eligible for review. While any patent can be challenged in an IPR, only a “Covered Business Method” 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” can be challenged in a CBMR.<sup>[3]</sup> However, this requirement has evolved over the past several years as the PTAB and the Federal Circuit have struggled to pin down an exact definition of a Covered Business Method.<sup>[4]</sup>

### Standing Requirement

Another key difference is the stricter “standing” requirement a challenger must meet to institute a CBMR. Specifically, the party instituting the review must have been “sued for infringement of the patent or been charged with infringement under that patent,”<sup>[5]</sup> contrasted with an IPR proceeding where *anyone* can challenge the patent claims before the PTAB.

### The Review

Once standing is met, the petitioner has the powerful ability to challenge the patent on *any ground* for invalidity. Requirements for a valid patent, such as 35 U.S.C. § 101 (subject-matter eligibility) and § 112 (definiteness), cannot be raised in an IPR proceeding; only patents challenged on the basis of the novelty and nonobvious requirements are allowed. Additionally, the challenger in a CBMR is not limited to patents and printed publications to evidence the prior art, as in an IPR. Finally, a stark contrast with

IPRs is the estoppel the challenger incurs following review. Following an IPR, the challenger is estopped from raising any ground that could have “reasonably been raised” during the proceeding, whereas following a CBMR proceeding the challenger is only estopped from raising arguments *actually raised* in the proceeding.<sup>[6]</sup>

### Practical Tips

To summarize, the benefits of utilizing the CBMR route are:

- The lower cost for a CBMR proceeding versus a full district court litigation;
- The potential to challenge a patent on any validity ground versus the more limited scope in an IPR proceeding;
- The narrower estoppel provision allows the challenger to tactically choose which arguments would fare better in front of the PTAB instead of a District Court;
- If related to a CBMR proceeding, the Federal Circuit has jurisdiction over interlocutory appeals from a District Court’s decision on a motion to stay. By encouraging stays in a CBMR proceeding, the challenger avoids a two-front battle.

For these reasons, parties who have been sued or accused of infringement over a business method claim should consider pursuing a CBMR before the September 16, 2020 deadline.

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<sup>[1]</sup> <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/transitional-program-covered-business>

<sup>[2]</sup> Since inception, there have been 593 total petitions filed for CBMR while almost 11,000 petitions have been filed for IPR. *Patent Trial and Appeal Board Statistics*, UNITED STATES PATENT & TRADEMARK OFFICE (June 30, 2020), [https://www.uspto.gov/sites/default/files/documents/Trial\\_Statistics\\_20200630\\_.pdf](https://www.uspto.gov/sites/default/files/documents/Trial_Statistics_20200630_.pdf)

<sup>[3]</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(d)(1).

<sup>[4]</sup> See *Versata Software, Inc. v. SAP Am., Inc.*, 717 F.3d 1255 (Fed. Cir. 2013) and its progeny.

<sup>[5]</sup> Leahy-Smith America Invents Act, Pub. L. No. 112-29 § 18(a)(1)(B).

<sup>[6]</sup> 35 U.S.C. §315(e)(1) and (2).