

Patent Due Diligence and Evaluation After America Invents Act

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Many factors must be considered for due diligence and valuation of a patent portfolio. The patent owner's desire to have broad claims that capture a large number of infringements must be tempered against its need for claims that will not be deemed invalid in view of prior art.

Before the ***America Invents Act (AIA)***, patents were crafted to survive federal court scrutiny. An assertion of broad claims was more than likely sweating the details about validity because it was harder to prove a patent was invalid than it was to prove it was infringed.

With the enactment of the AIA, the ***Patent Trial and Appeal Board (PTAB or Board)*** is empowered to review patent validity in administrative trials (AIA Trials). Patents are more readily invalidated in these AIA Trials using a lower burden of proof than required in federal district court. Furthermore, the Board's administrative patent law judges have both scientific and patent law training, which enables them to scrutinize patents more carefully than a typical district court judge or jury.

The "new normal" is that a patent's validity is likely tested in the PTAB (in IPR, CBM, or PGR) before it is enforced in federal district court. Savvy companies are taking extra measures to review their patents carefully before acquiring and asserting them to reduce or avoid the cost and delay that comes with PTAB proceedings.

WHAT ARE THE DOWNSIDES FOR PATENTS THAT ARE NOT AIA-READY?

- **RISK:** AIA Trials statistically favor the Petitioner/Defendant. Don't invest in a portfolio or a litigation that won't deliver value.
- **DELAY:** Patent Office Trials are one more reason for a stay of parallel federal district court proceedings. Justice delayed is justice denied.
- **COST:** Patent owners dragged into an IPR, PGR or CBM can expect six figure defense costs with the best-case outcome being that the claims are upheld—which is essentially the patent's original status.
- **CLAIM CORRECTION UNLIKELY:** Amendments are

- rarely allowed in IPRs, CBMs, and PGRs. Don't expect to fix defective patents without a lengthy proceeding that is conducted after the AIA Trial.
- **HARM TO FUTURE ACTIONS:** If claims survive the AIA Trial validity challenge, admissions may be made that could reduce the effectiveness of any district court infringement action.

Poorly crafted patent claims are typically cancelled in an AIA Patent Trial. High quality patents are more likely to bypass review, and those patent owners avoid the cost, delay, and risk of defending weak claims in AIA Trials.

To get a good read of a patent's ability to survive AIA review, seek the opinion of patent counsel that is experienced in patent prosecution, patent litigation, and post-grant proceedings.

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