

Inter Partes Review – A Practitioner’s Perspective

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IPR vs. Litigation

- Claim Construction Standard
 - IPR claim construction standard is “broadest reasonable construction.” 37 C.F.R. 3§42.100(b).
 - District Court claim construction standard is “ordinary and customary meaning.” *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (*en banc*)
- Co-pending Litigation
 - In approximately 80% of IPRs, Petitioner is a defendant in a co-pending litigation
- Stays
 - As of April 15, 2014 district courts have considered 103 requests to stay in view of a co-pending IPR.
 - 72 were granted
 - 31 were denied (excludes denied without prejudice)
 - Results are very district court specific

Patent Trial and Appeal Board (“PTAB”)

- 183 Administrative Patent Judges (“APJs”) as of April 15, 2014
- PTAB to hire 52 more APJs by October, 2014
- Approximately 40% of APJ time devoted to AIA procedures

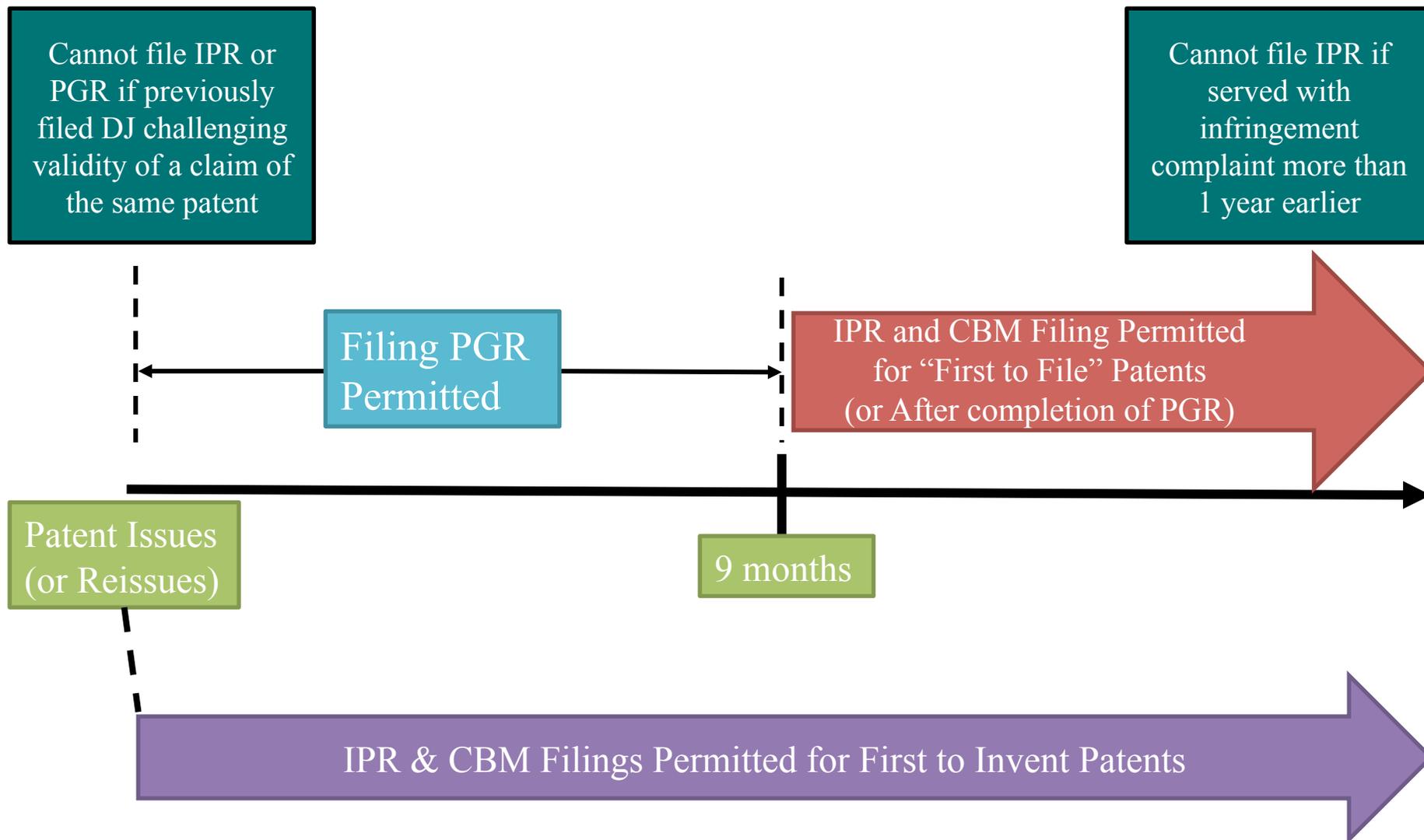
IPR vs. PGR

	IPR	PGR
Scope	Invalidity under §§ 102, 103 based on patents and printed publications	All invalidity grounds except best mode
Time to File Petition	> 9 months after the grant or reissue of a patent; OR After completion of PGR proceeding	≤ 9 months after the grant or reissue of a patent
Applicability to Patents	Applies to all patents	Applies only to patents with a priority date on or after March 16, 2013
Petition Threshold Requirements	Reasonable likelihood of success that petitioner will prevail with respect to at least 1 claim challenged in the petition	-More likely than not at least 1 claim challenged in the petition is unpatentable; OR - Novel or unsettled legal question important to other patents or patent applications
Claim Construction	Broadest reasonable construction	Broadest reasonable construction

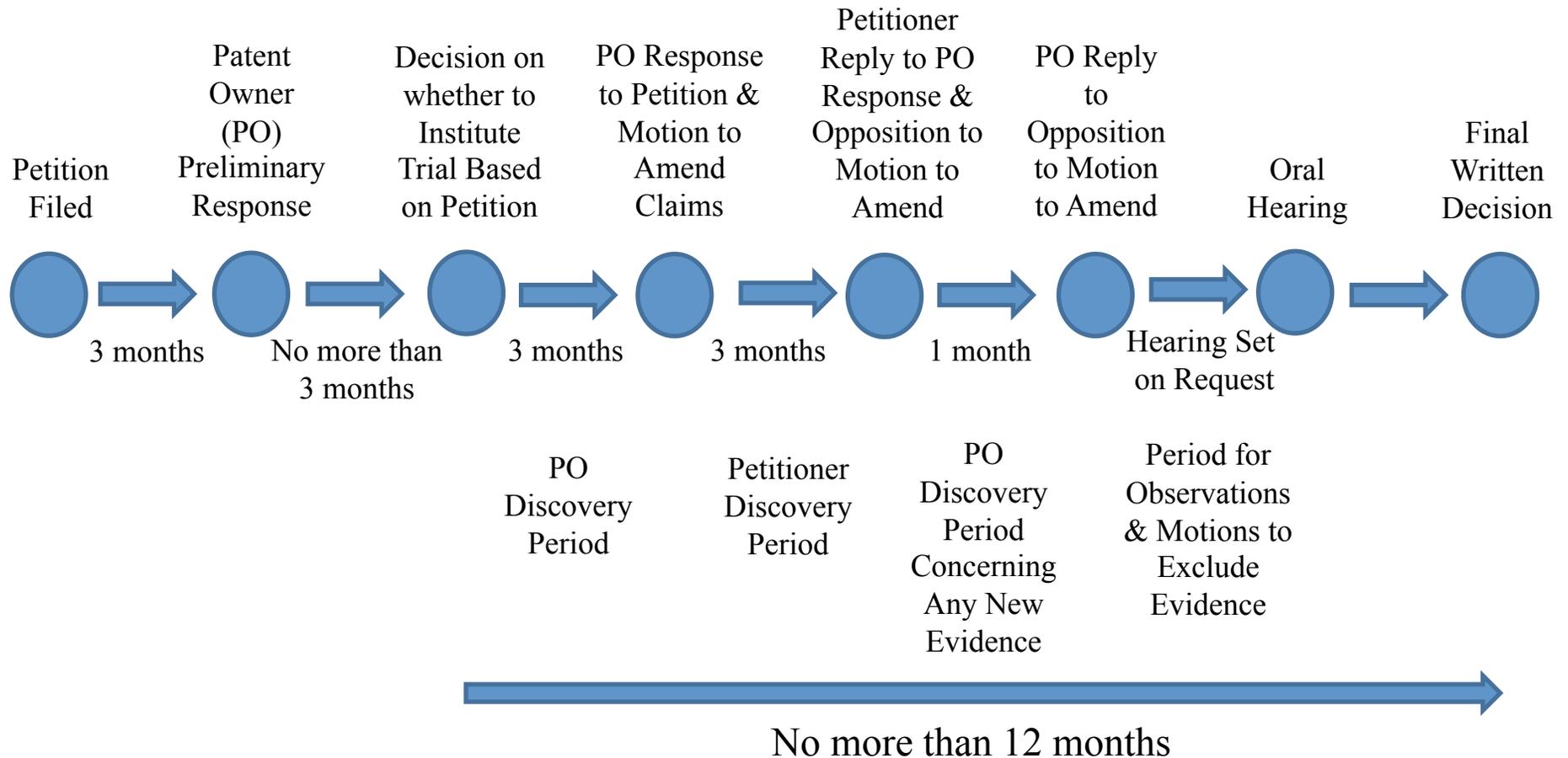
IPR vs. PGR (Cont.)

	IPR	PGR
Standing	Petitioner has not commenced a declaratory judgment action challenging validity of a claim of the patent AND petition is filed no more than 1 year after service of complaint alleging infringement of the patent by Patent Owner	Petitioner has not commenced an action for a declaratory judgment of invalidity of a claim of the patent
Burden of Proof	Preponderance of the evidence	Preponderance of the evidence
Estoppel	<ul style="list-style-type: none"> • Effective when PTAB issues final decision • Applies to any ground asserted or that reasonably could have been asserted • Applies to Petitioner, other real parties in interest and privies 	<ul style="list-style-type: none"> • Effective when PTAB issues final decision • Applies to any ground asserted or that reasonably could have been asserted • Applies to Petitioner, other real parties in interest and privies
Appeal	<ul style="list-style-type: none"> • Federal Circuit • Both parties may appeal 	<ul style="list-style-type: none"> • Federal Circuit • Both parties may appeal

Time For Filing at PTAB



Typical Trial Timeline



- Final decision to be issued within 1 year after trial instituted. 35 U.S.C. §316(11)
- The Director may, for good cause, extend the 1 year period by not more than 6 months, and may adjust time periods in the case of joinder. 35 U.S.C. §316(11)

IPR Petition: Requirements

- Identification of all “real parties in interest”
- Certification patent is eligible for *inter partes* review
- Certification petitioner is not barred or estopped
- Identify with particularity:
 - each claim challenged,
 - grounds on which each claim is challenged,
 - evidence (e.g. declaration from expert concerning view of a POSA) that supports each ground for challenge
- Must include *prima facie* case in Petition and supporting declaration(s)
- Limited to 60 pages
- Accompanied by payment of the fee

IPR Petition: Board Guidance

- Conclusions need to be supported by legal analysis and citations to evidence (e.g. declarations)
- Legal analysis needs to be in the petition
- Focus on a few strong challenges
- Expert testimony without underlying facts or data is entitled to little or no weight. 37 C.F.R. §42.65(a)

IPR Petition: Use of Claim Charts

- The PTAB encourages use of claim charts
- Claim charts must be explained and should contain pinpoint references to supporting evidence
- Format:
 - A two column format should be used (e.g. claim features in the left column, relevant disclosure in the prior art in the right) with each claim listed separately
 - Claim charts can be single spaced
 - Claim charts should be in portrait format

Petitions Filed

(as of April 17, 2014)

FISCAL YEAR	NUMBER OF <i>INTER PARTES</i> REVIEWS	NUMBER OF POST GRANT REVIEWS
2012	17	0
2013	514	1
2014	555	0
TOTAL	1,086	1*

*Note: The petition for PGR was dismissed as an improperly filed IPR Petition.

Patent Owner Preliminary Response

- Should set forth reasons why *inter partes* review should not be instituted.
 - Examples- Petition is statutorily barred, references are not prior art, claim construction, references lack essential element(s)
- Due 3 months from date of notice granting filing date
- Patent Owner may waive filing preliminary response to expedite institution decision
- No new testimonial evidence
- Limited to 60 pages

Decision on Petition

- Decision whether to institute not appealable
- Either party can file request for rehearing
 - Standard of review is abuse of discretion
 - Request must specifically identify information the Board misapprehended or overlooked
- Decision to institute is accompanied by a Scheduling Order.

Typical Scheduling Order

DUE DATE 1:
Patent owner's response to the petition. 3 months.
Patent owner's motion to amend the patent.

DUE DATE 2:
Petitioner's reply to patent owner response to petition. 3 months.
Petitioner's opposition to motion to amend.

DUE DATE 3:
Patent owner's reply to petitioner opposition. 1 month.

DUE DATE 4:
Petitioner's motion for observation regarding cross-examination of reply witness. 3 weeks.
Motion to exclude evidence.
Request for oral argument.

DUE DATE 5:
Patent owner's response to observation. 2 weeks.
Opposition to motion to exclude.

DUE DATE 6:
Reply to opposition to motion to exclude. 1 week.

DUE DATE 7:
Oral argument Set on request.

IPR Discovery

- Initial Disclosures
- Routine Discovery
 - Exhibits cited in a paper or in testimony
 - Cross-examination declarant/affiant
 - Inconsistent Information
- Additional Discovery
 - Parties may agree to additional discovery
 - Without agreement, either party may move for additional discovery (Five factor *Garmin* test used to evaluate whether to permit additional discovery (IPR2012-00001, Paper 26))
 - 1. More Than A Possibility And Mere Allegation
 - 2. Litigation Positions And Underlying Basis
 - 3. Ability to Generate Equivalent Information By Other Means
 - 4. Easily Understandable Instructions
 - 5. Requests Not Overly Burdensome to Answer
 - PTAB has only authorized limited Additional Discovery (some success on motions seeking discovery on secondary considerations)

Patent Owner Response

- Default date is 3 months from institution
- Address the grounds on which trial was instituted
- Point out shortcomings in *prima facie* case
- Submit declaration(s) of an expert from perspective of a POSA why claims not anticipated and/or not obvious.
- Include evidence of objective indicia (secondary considerations)
- Limited to 60 pages

Motion to Amend

- Patent Owner may file one motion to amend limited to 15 pages
- Requirements
 - Must confer with Board before filing motion to amend
 - Must narrow scope of claims and not introduce new matter
 - Must respond to a ground of unpatentability involved in the trial (substitute claim should normally contain all features of original claim it replaces)
 - Normal presumption is one-to-one claim substitution
 - Additional requirements (*Idle Free v. Bergstrom*, IPR2012-00027, Paper 26)
 - Need to show patentable distinction over prior art at issue in the trial and all other art known to patent owner
 - Need to clearly state the contingency for considering the motion
 - No motion to amend granted as of April 17, 2014

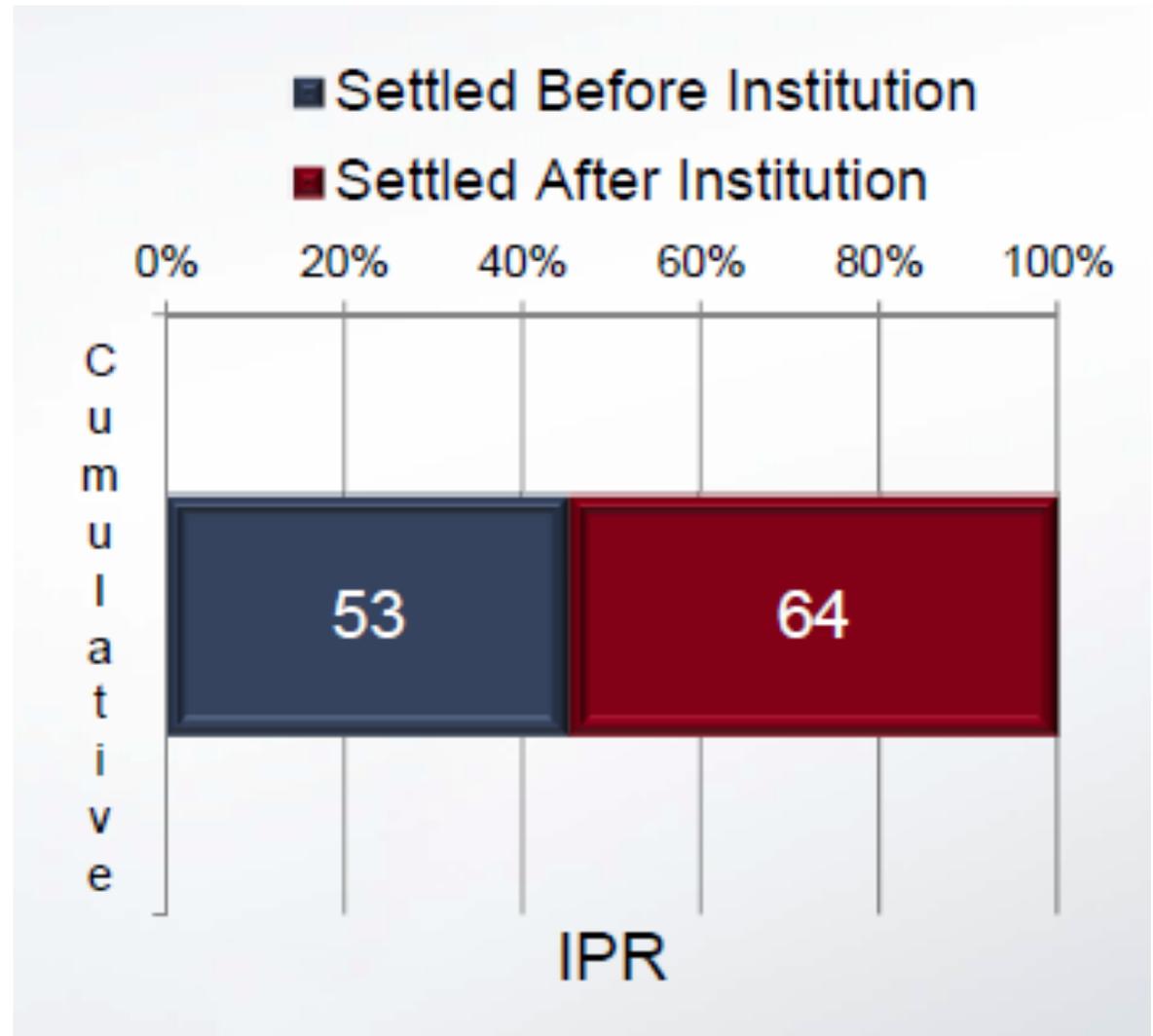
Oral Hearing

- Request must be filed as a separate paper and must specify issues to be argued
- Oral Hearing is not a trial; the trial is on the bases of the papers filed
- Purpose of Hearing is for Board to ask questions and seek clarification of arguments in the papers
- No new evidence
- Amount of time allocated is very limited
- Demonstrative exhibits are permitted but must be tied to evidence in the record

Settlements

(as of April 2, 2014)

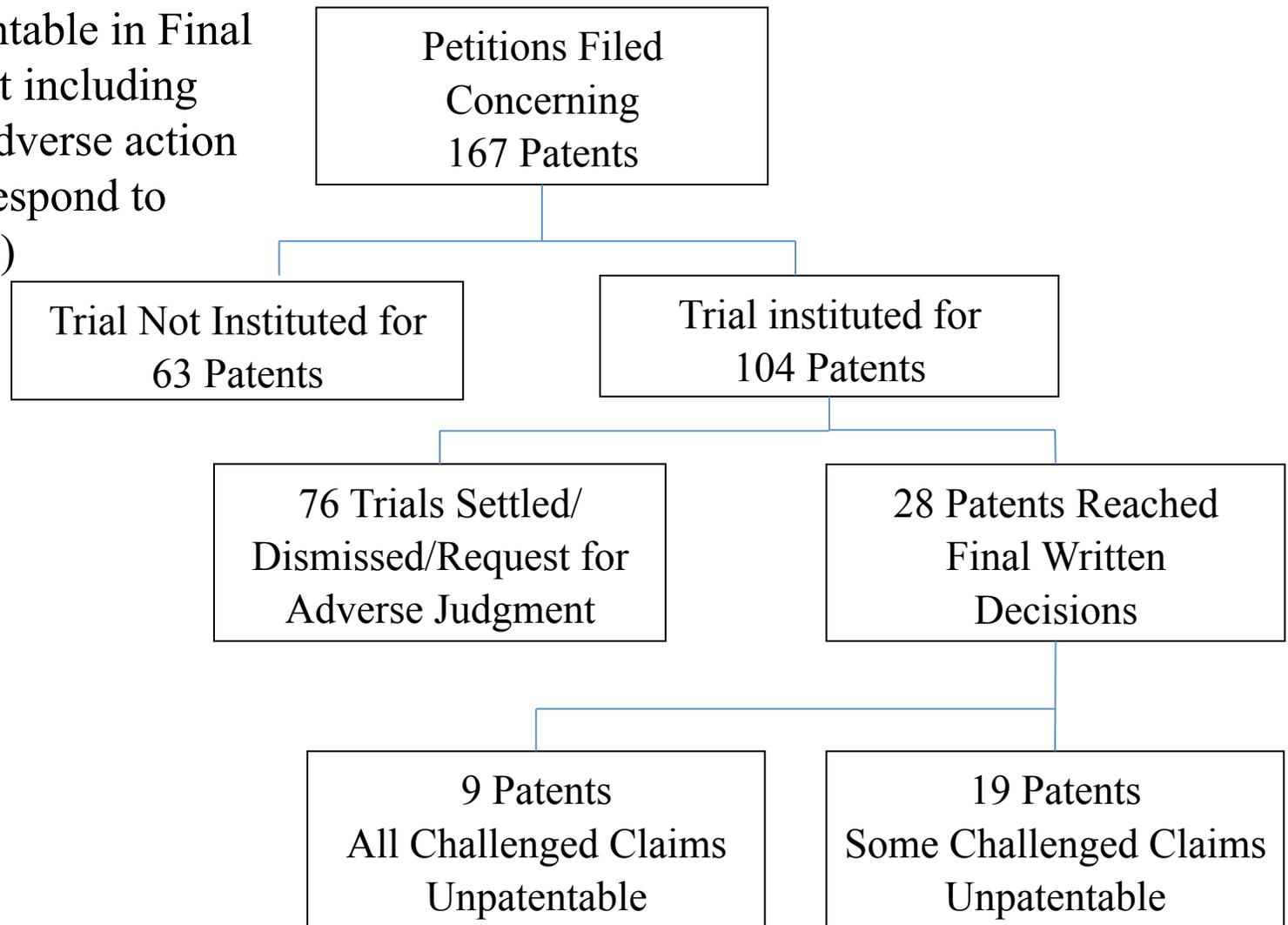
- Parties may settle but the PTAB is not a party to the settlement and may independently determine questions including patentability.
37 C.F.R. §42.74
- The PTAB is more likely to proceed to render decision when the trial is at an advanced stage, for example when all briefing complete



IPR Outcomes

(as of April 2, 2014)

- 92% of claims instituted found unpatentable in Final Decisions (not including requests for adverse action or failure to respond to PTAB notices)



Review of IPR Final Decisions

- Request for Rehearing
 - Within 30 days of entry of the final decision
- Appeal to the Federal Circuit
 - No later than 63 days after the date of the final board decision
 - A timely request for rehearing will reset the time for appeal to not later than 63 days after action on the request
 - Federal Circuit will decide whether PTAB is going about its role properly, e.g. assessing how evidence put forward by the parties relates to the preponderance of the evidence standard

Suggestions for Petitioners

- Focus on a few prior art challenges
- Use expert declarations from perspective of POSA
- Use clear claim charts
- Ensure entire *prima facie* case is in petition and supporting declaration(s)
- Do not expect that anything other than very focused discovery will be permitted

Suggestions for Patent Owners

- File preliminary response if there is any defect in the petition that can be addressed without additional evidence
- Focus on the flaws in the *prima facie* case set forth in the petition
- Consider whether there is any good objective indicia evidence
- Strategy should not rely on a motion to amend being granted
- Do not expect that anything other than very focused discovery will be permitted