

The Rise of the PTAB

*Hot Topics and Strategies
in Post-Grant Proceedings*

16TH ANNUAL SILICON VALLEY
ADVANCED PATENT LAW INSTITUTE
DECEMBER 10-11, 2015 • FOUR SEASONS HOTEL • EAST PALO ALTO, CA

Panel

- **Sean DeBruine**

Partner, Patent Litigation



- **Eric Lamison**

Vice President, IP Litigation



- **Terry Rea**

Partner, Crowell & Moring LLP

Former Acting and Deputy Director, USPTO



- **David O'Brien**

Partner, Haynes & Boone



Agenda

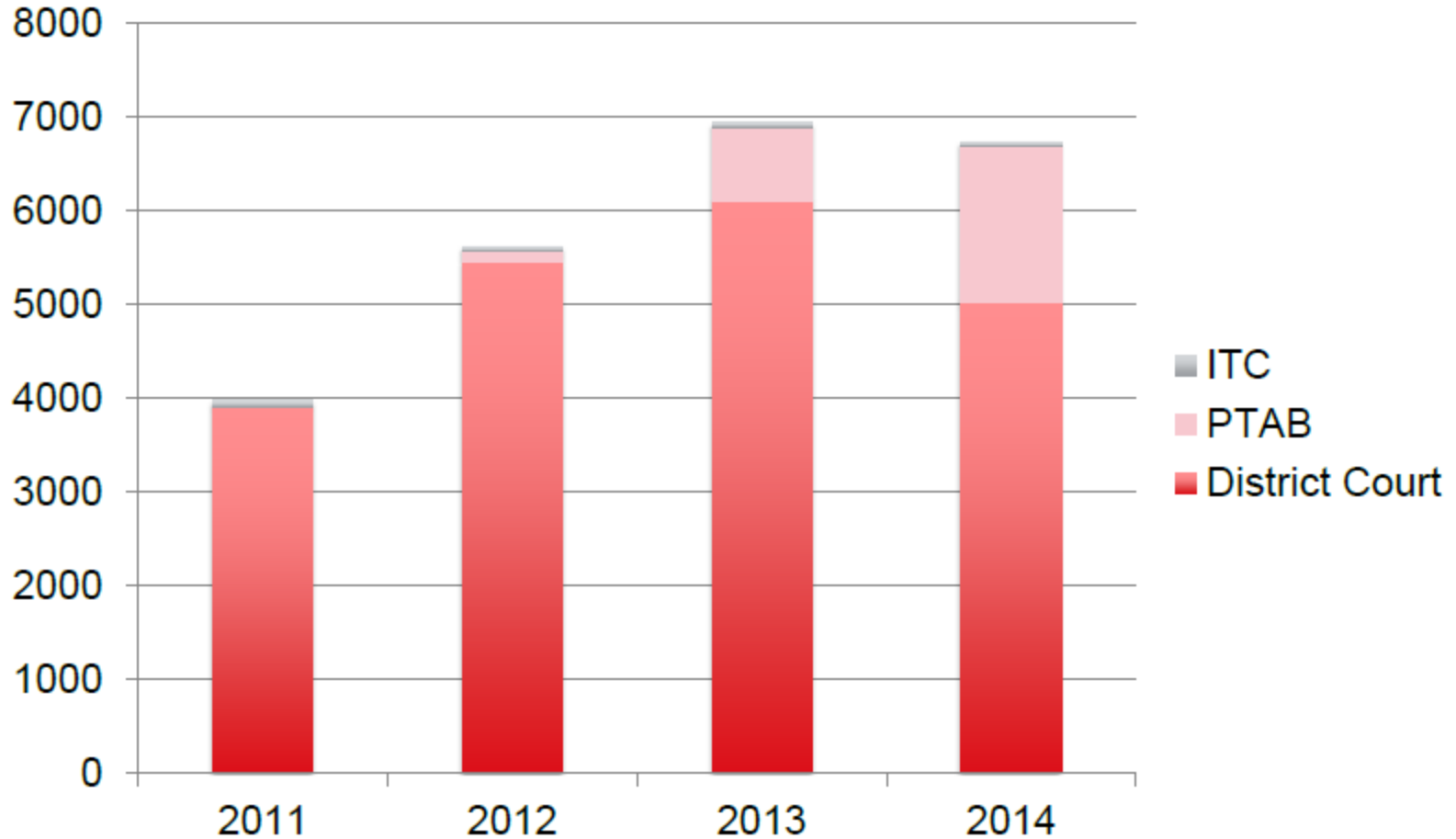
- PTAB BASICS & STATISTICS
- PTAB DECISIONS AT THE FED. CIR.
 - Matters that can be appealed
 - Treatment of claim construction, factual findings
 - Procedure on remand?
- IPRs AND LITIGATION: STAYS, ESTOPPEL AND PRIVILEGE
- PTAB PRACTICE TIPS
 - AMENDING CLAIMS?
- PROPOSED RULE CHANGES
 - Examination off-ramp vs. IPR amendment
 - New expert opinions with initial response



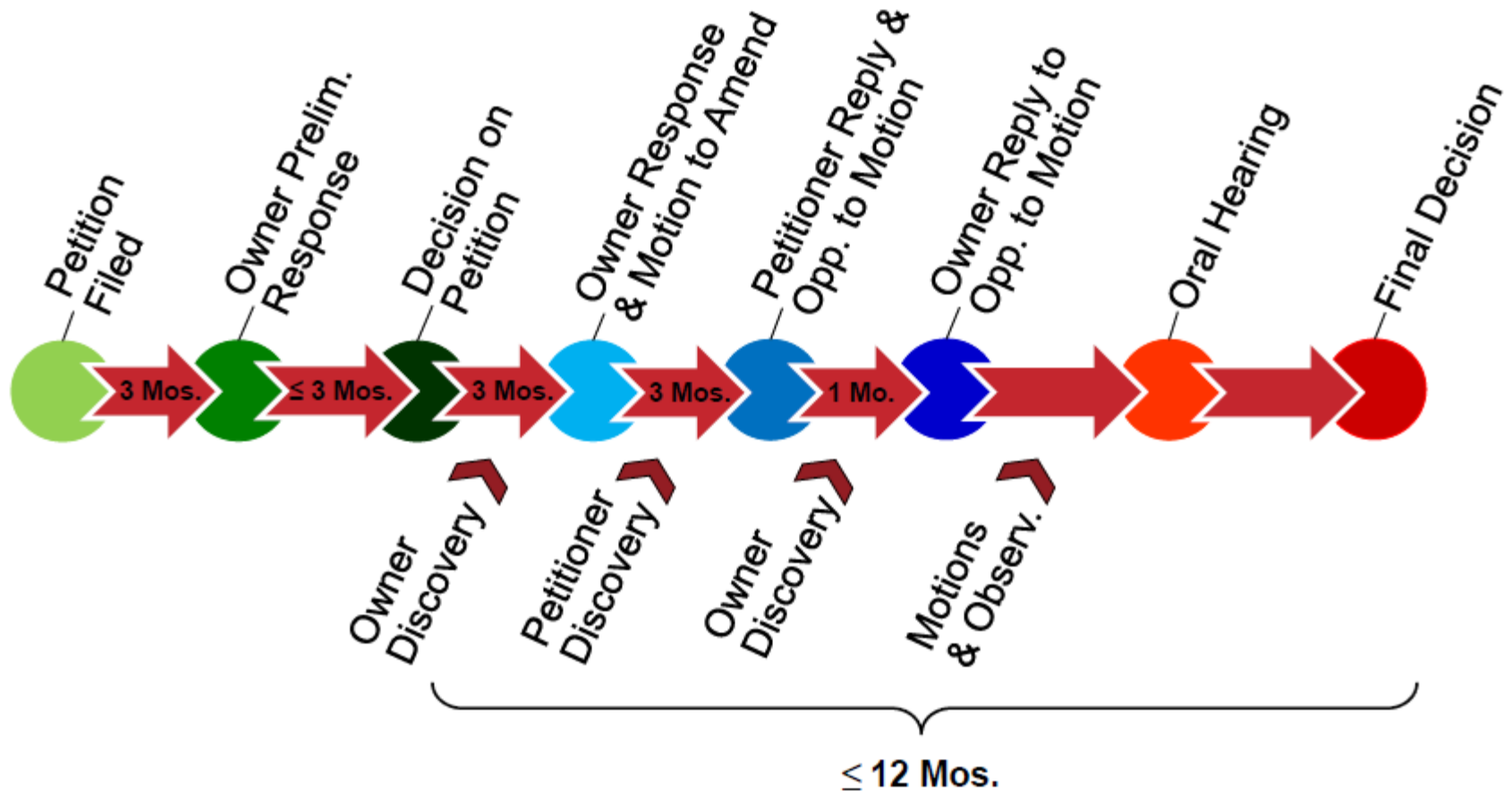
PTAB BASICS



PTAB Basics: Increasing Importance



PTAB Basics: Typical Timeline



PTAB Basics: Comparison to Litigation

	Post Grant Review	Inter Partes Review	Court Litigation
Burden of Proof	Preponderance of Evidence		Clear and Convincing Evidence
Presumption of Validity	No		Yes
Claim Construction	Broadest reasonable interpretation		Contextual (narrow) construction
Decision Maker	3 Administrative Law judge Panel, all with technical training		Average juror

PTAB Basics: Features of Proceedings

	INTER PARTES REVIEW (IPR)	COVERED BUSINESS METHOD (CBM)	POST GRANT REVIEW (PGR)	EX PARTE REEXAMINATION	SUPPLEMENTAL EXAMINATION
APPLIES	<ul style="list-style-type: none"> - All Patents - Anytime (after PGR period for patents filed on/after 3-16-2013) - If sued, within one year of service 	<ul style="list-style-type: none"> - "Financial services" (excluding "technological inventions") - If sued or threatened - After PGR period for patents filed on/after 3-16-2013 	<ul style="list-style-type: none"> - Patents filed on/after 3-16-2013 - Must be filed within 9 months of issuance 	<ul style="list-style-type: none"> - All Patents - Anytime - Favors Patent Owner: no participation after filing if initiated by challenger 	<ul style="list-style-type: none"> - All Patents - Patent Owner only can use - Allows correction of inequitable conduct (submission of prior art overlooked)
BASES	Patents & publications	Any invalidity ground (e.g., abstract, improper subject matter)	Any invalidity ground	Patents & publications	Not applicable
ESTOPPEL	Raised or reasonably could have raised	Raised only (reasonably could have raised for further Patent Office reviews)	Raised or reasonably could have raised	None	Not applicable

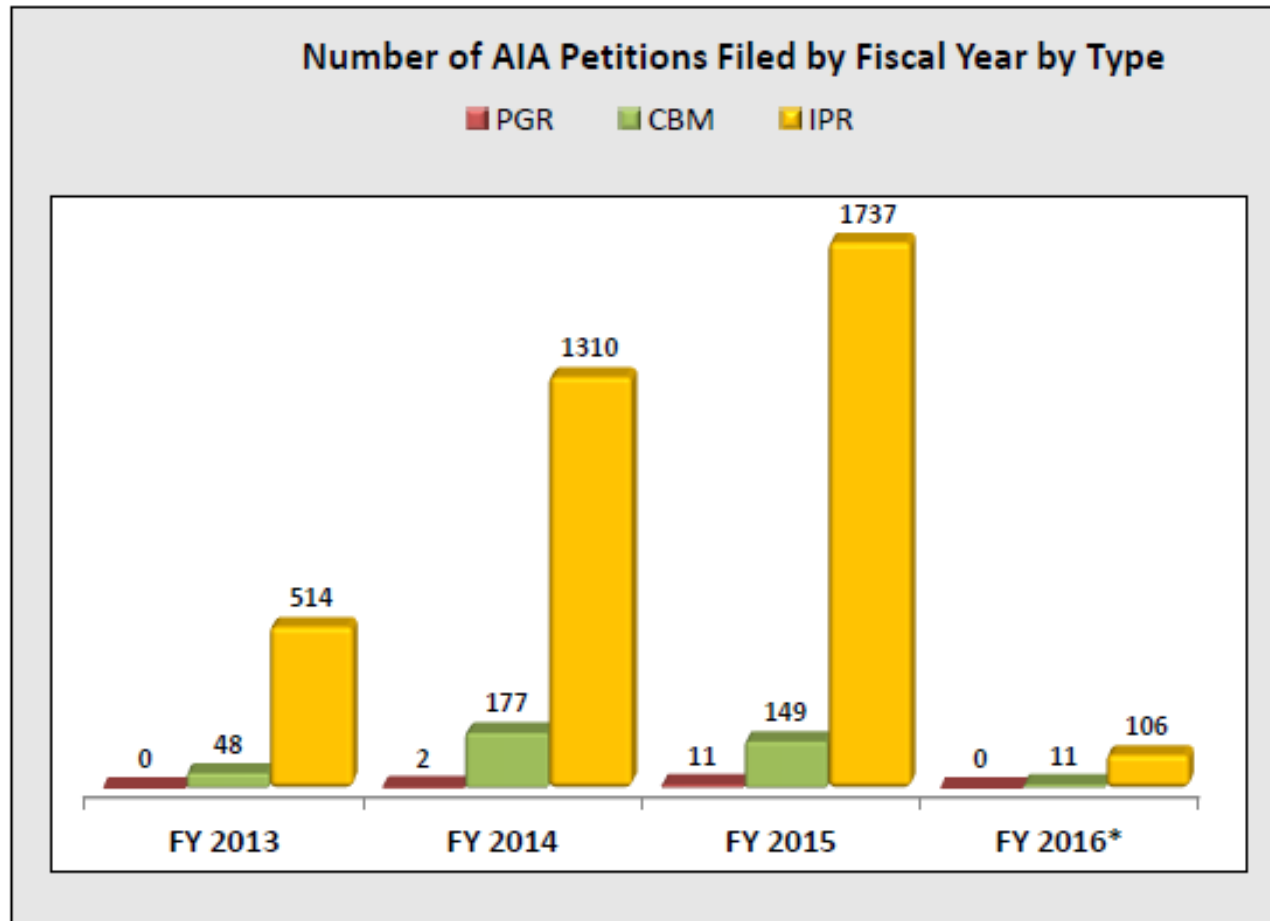
PTAB Basics: Features of Proceedings

- *Inter Partes* Review - IPR
 - Must file **1 year from service of infringement complaint**,
Filing within 4 months leaves time for 2nd filing if denied
 - IPR may not be filed if previously filed Declaratory
Judgement action
- Covered Business Method Review - CBM
 - “Financial product or service” related; broadly defined.
 - Novel elements of claim are non-technical.
 - CBMs can't use 102(e) art [filed earlier, published later]
- Post-Grant Review - PGR
 - Patents with earliest priority date on/after 3-16-2013.
 - Basically combines IPR & CBM grounds.
 - First PGRs instituted June 19, 2015.

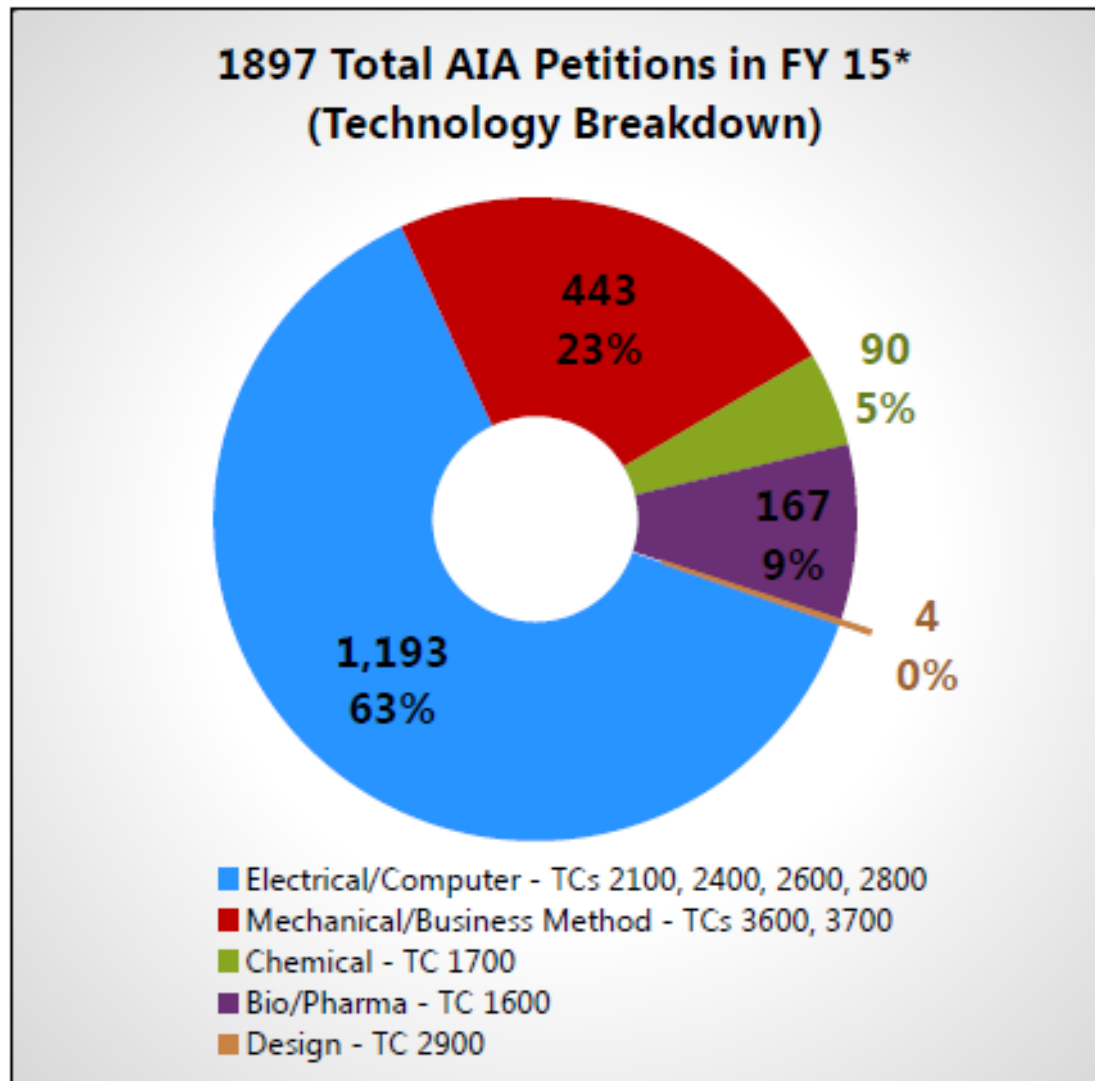


PTAB Basics: Petitions Filed

4090 Petitions Filed: 90% IPR 10% CBM 13 PGR

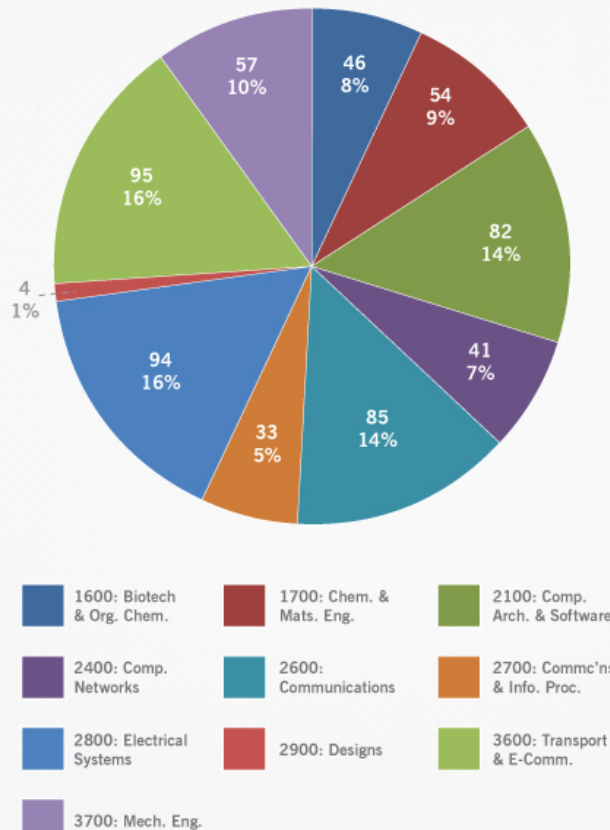


PTAB Basics: Technology Breakdown



PTAB Basics: Technology Breakdown

FINAL WRITTEN DECISIONS
BY TECH CENTER



(as of November 1, 2015)

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Source:
<http://www.aiablog.com/technology-breakdown/>

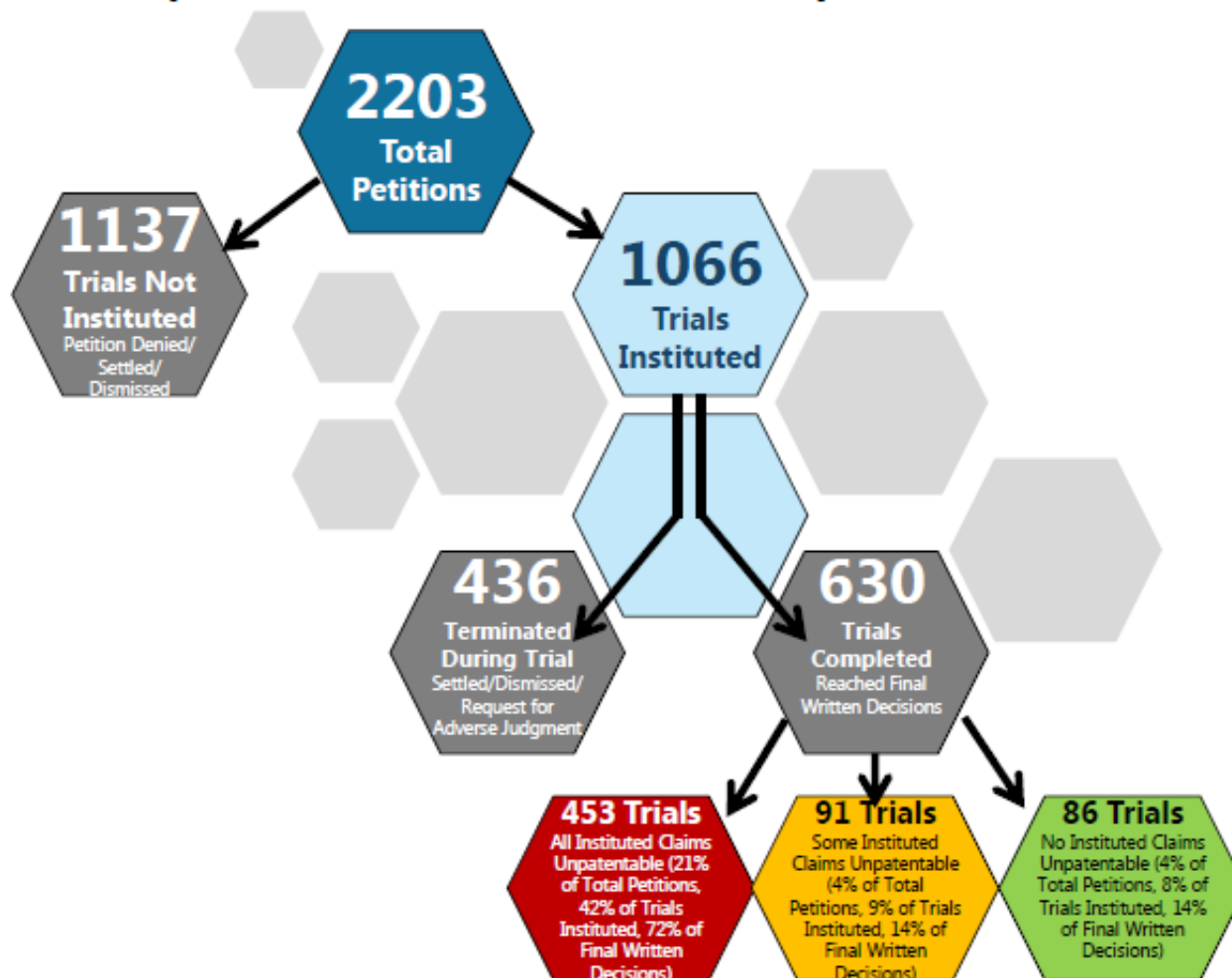
PTAB Basics: “Patent Death Squads”?

- 630 IPR Final Decisions thru 10-31-2015
 - 453 All instituted claims invalid – 72%
 - 91 Some instituted claims invalid – 14%
 - 86 No instituted claims invalid – 14%
- 58 CBM Final Decisions thru 10-31-2015
 - All instituted claims invalid – 82%
 - Some instituted claims invalid – 14 %
 - No instituted claims invalid – 4%



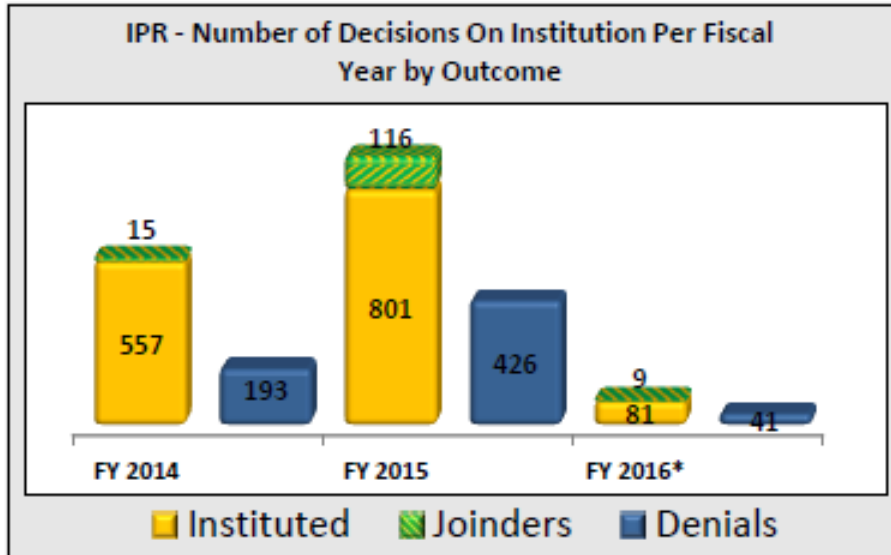
PTAB Basics: IPR Outcomes

Disposition of IPR Petitions Completed to Date*



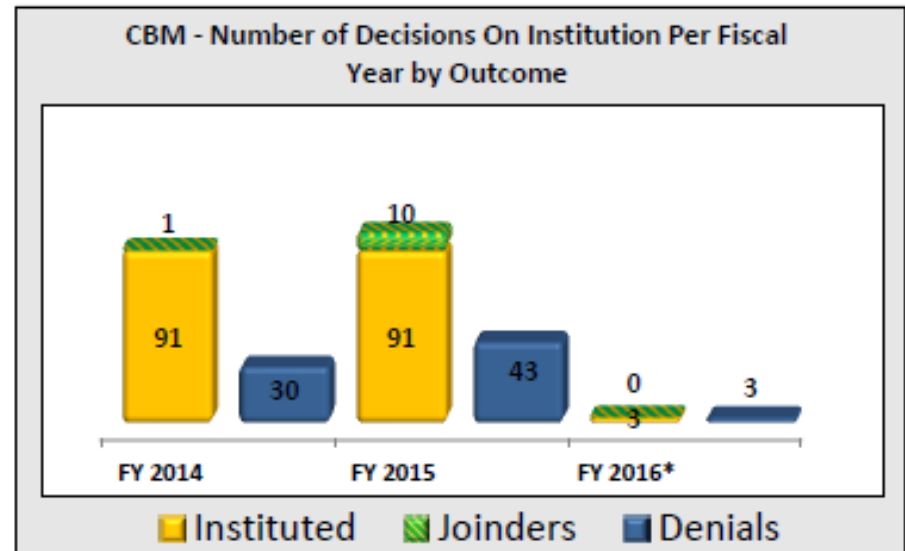
* October 31, 2015

PTAB Basics: Petitions Not Instituted



FY 14: 26% Denied
 FY 15: 34% Denied
 (Oct 15: 50% Denied)

FY 14: 25% Denied
 FY 15: 32% Denied
 (Oct 15: 50% Denied)



Appeal of PTAB Decisions

- Notice of Appeal Must Be Filed With:
Director of the PTO 37 C.F.R. 90.2(A)(1)
 - Copy with the PTAB 37 C.F.R. 90.2(A)(1)
 - Service Copy with Opposing Party
 - 3 copies with the Federal Circuit
- Must Comply with FRAP and Federal Circuit Rules, including paying the fee
- Must file no later than 63 days after the Board's final decision



Appeal of PTAB Decisions

- Reported CAFC decisions (precedential) after final written decision: 11
- *Per curiam* affirmances (rule 36) after final written decision: 30+
- Reported mandamus decisions: 3
- Petitions for *Certiorari*: 2



Fed. Cir. Decisions: Scope of Review

- Only Final Written Determination may be appealed.
- *St. Jude Medical*
 - St. Jude sued Volcano for patent infringement, Volcano countersued alleging patent infringement
 - Two years later, Volcano's claims dismissed
 - Six months later, St. Jude filed a petition for IPR against Volcano's patent
- PTAB concluded that the petition was time-barred under 35 U.S.C. 315(b)
- St. Jude's appeal dismissed on PTO Director's appeal.
- *In re Dominion Dealer Solutions* (same)



Fed. Cir. Decisions: Motion to Amend

- *Prolitec v. ScentAir Tech.* (Dec. 4, 2015)
 - Prolitec sued ScentAir for patent infringement
 - ScentAir filed a petition for IPR against Prolitec's patent
 - PTAB denied Prolitec's motion to amend a claim to avoid invalidation by ScentAir's asserted prior art
- PTAB found that Prolitec did not show patentability of the proposed new claim
- Affirmed: Patentee must show patentability of proposed new claim not just over the prior art in the IPR, but over **all** prior art in the prosecution history



Fed. Cir. Decisions: Claim Construction

- *In re Cuozzo Speed Tech.* (July 8, 2015)
 - PTAB applied broadest reasonable interpretation (BRI) standard in construing Cuozzo's claims, held the claims obvious
 - Cuozzo appealed both claim construction standard and decision to institute; Federal Circuit affirmed obviousness, held institution not reviewable
 - Petition for rehearing *en banc* denied; Federal Circuit divided 6-5 on claim construction standard
 - Cert. petition to Supreme Court filed, also raising issue of reviewability of IPR institution decisions
- Interval Licensing filed subsequent *cert.* petition attacking BRI in *ex parte* reexams



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Fed. Cir. Decisions: Claim Construction

- *Straight Path IP Group, Inc. v. Sipnet EU*
S.R.O (Nov. 25, 2015)
 - PTAB claim construction reversed, remanded for further proceedings
 - “is connected” to a network refers to the present tense
 - “Broadest Reasonable Interpretation” still requires rationale for not applying the plain meaning



Precedential Fed. Cir. Decisions

- *In re Cuozzo Speed Techs.* (Fed. Cir. Feb. 4, 2015)
[IPR2012-00001]
- *Microsoft v. Proxyconn* (Fed. Cir. Jun. 16, 2015)
[IPR2012-00026, IPR2013-00109]
- *GTNX v. INTTRA* (Fed. Cir. Jun. 16, 2015)
[CBM2014-00072, 73, 74, 75]
- *In re Cuozzo Speed Techs.* (Fed. Cir. Jul. 8, 2015)
(denial of *en banc*, restated panel op.)

Precedential Decisions after Final Written Decision (*continued*)

- *Versata v. SAP*. (Fed. Cir. Jul. 9, 2015) [CBM2012-00001]
- *Dynamic Drinkware v. National Graphics* (Fed. Cir. Sep. 4, 2015) [IPR2013-00131]
- *Achates v. Apple* (Fed. Cir. Sep. 30, 2015) [IPR2013-00080]
- *Belden v. Berk-Tek* (Fed. Cir. Nov. 5, 2015) [IPR2013-00057]

Precedential Decisions after Final Written Decision (*continued*)

- *Ariosa Diagnostics v. Verinata Health* (Fed. Cir. Nov. 16, 2015) [IPR2013-00276, 277]
- *Straight Path IP Group v. Sipnet* (Fed. Cir. Nov. 25, 2015) [IPR2013-00246]
- *MCM Portfolio v. Hewlett-Packard* (Fed. Cir. Dec. 2, 2015) [IPR2013-00217]
- *Prolitec v. ScentAir* (Fed. Cir. Dec. 4, 2015) [IPR2013-00179]

PTAB Decisions – *Cert.* Petitions

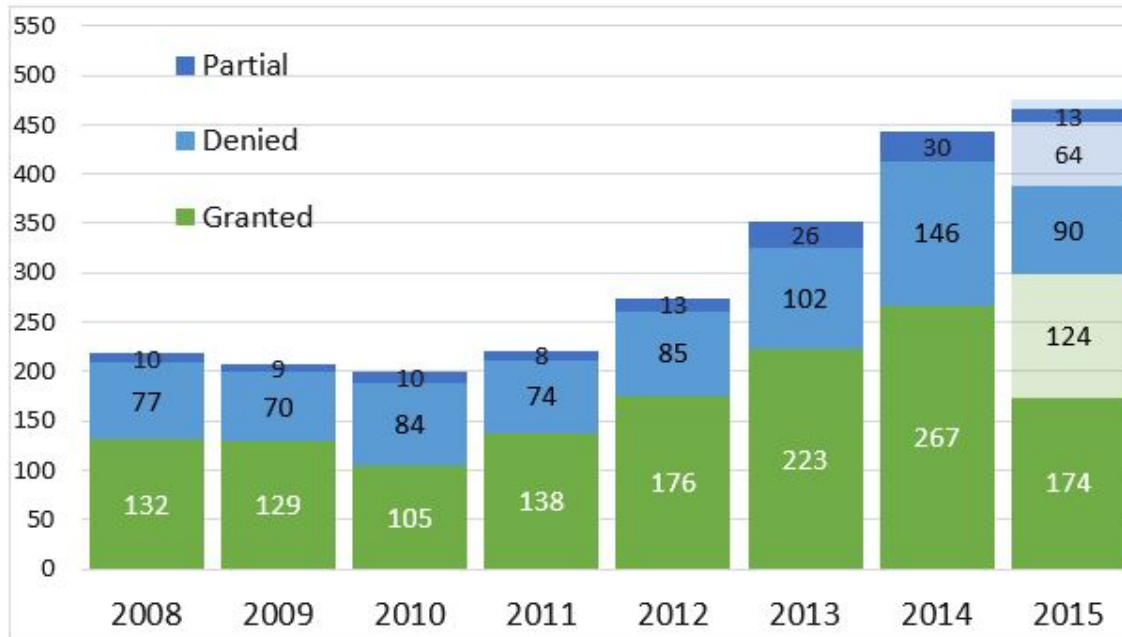
- *Cuozzo Speed Techs. v. Lee*, No. 15-446 [IPR2012-00001] (reviewability of institution decisions, BRI) (petition filed 6-Oct-2015)
- *Retirement Capital Access Management v. U.S. Bancorp and Lee*, No. 2015-1039 [CBM2013-00014] (§ 101 in CBM) (petition filed 5-Nov-2015)

IPR and LITIGATION



IPR and Litigation: Stay of Litigation

- Stay of Litigation likely, not guaranteed:



As of July 31, 2015

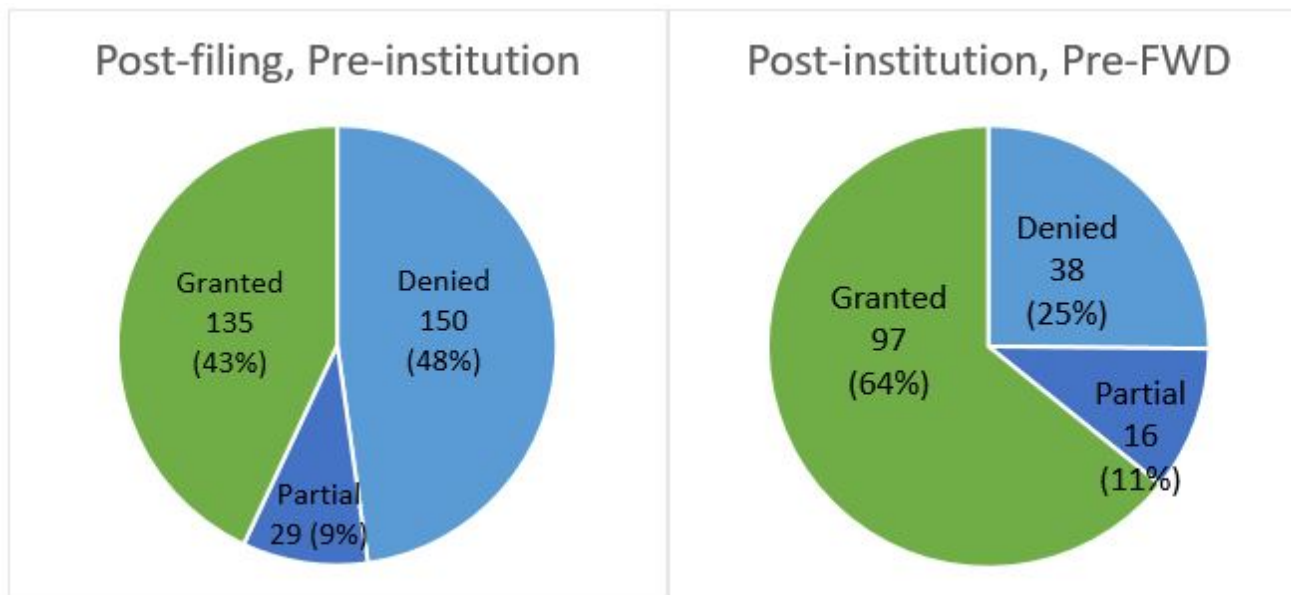
Source: DocketNavigator August 24, 2015

Note: Grayed 2015 figures projected



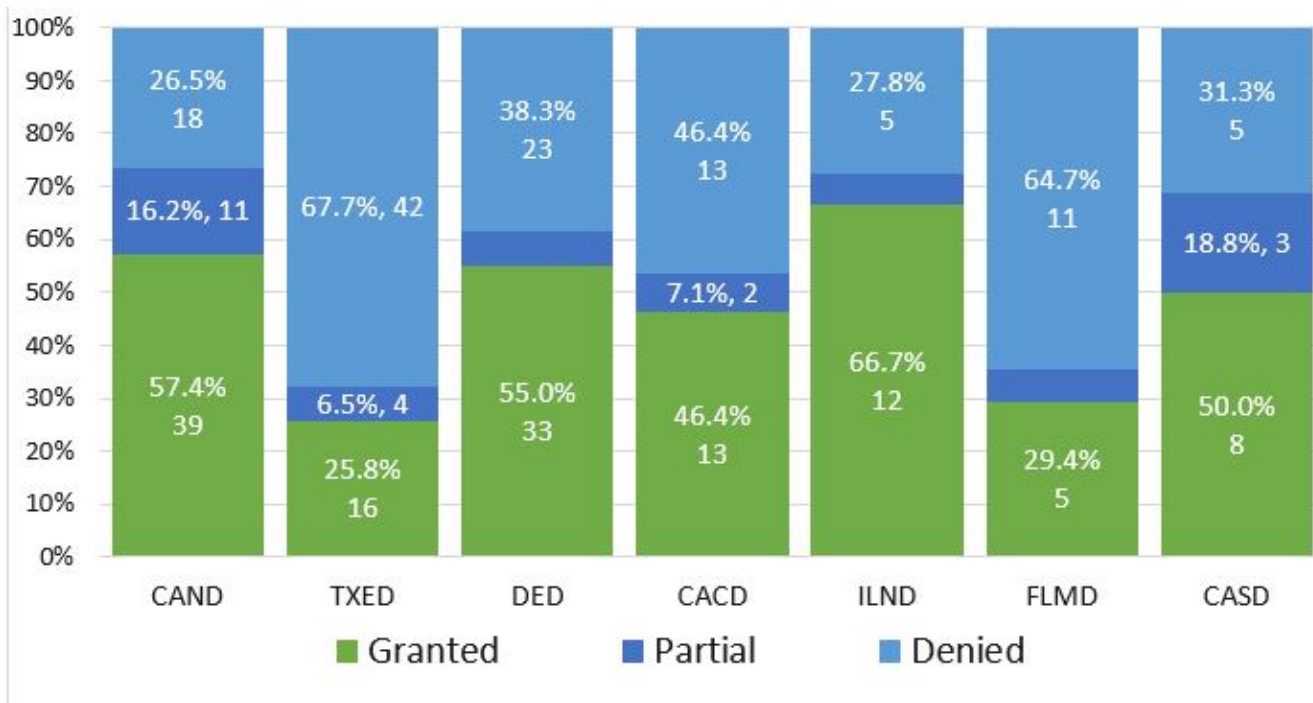
IPR and Litigation: Stay of Litigation

- Stay depends on status of PTAB proceeding:



IPR and Litigation: Stay of Litigation

- Stay depends on Court:



- Stay also depends on timing: before or after significant effort in litigation



IPR and Litigation: Estoppel

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IPR and Litigation: Estoppel

- IPR estoppel
 - No ground of invalidity raised “or reasonably could have raised” may be asserted in litigation
 - Only attaches on final decision.
 - Based on patents & publications only; prior invention, sale or use grounds still available
- CBM
 - Only applies to prior art and issues actually raised.
- PGR
 - Currently like IPR estoppel, but legislative proposals to make like CBM estoppel
- Estoppel applies to all RPIs and Privys



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IPR and Litigation: Scope of Estoppel

- Scope of Estoppel?
 - References not used
 - References found redundant
 - Systems combined with references
 - Patent claims not at issue in the AIA trial



IPR and Litigation: Estoppel

- Product Manual and six printed references basis for Invalidity Contentions
- Product Manual and references not raised in IPR;
- Court found no estoppel
 - Manual offered to describe on-sale product
 - **Product** could not have been raised in IPR
 - Product had features not described in the manual
 - Combination of product and six printed references allowed

Star EnviroTech, Inc. v. Redline Detection, LLC et al.,
8-12-cv-01861 (CACD January 29, 2015)



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PTAB PRACTICE TIPS



IPR Practice: Tips and Traps (Both)

- Know the Rules, Know the Tribunal
 - 37 CFR 42. ...
 - Trial Practice Guide
 - Interim Orders
- Most Motions Require Authorization
 - Get it ... or get expunged
 - Be prepared on Board conference calls
- Oral Argument
 - Know your record; stick to it
 - Not a closing statement; rather, it's judges' question time



IPR Practice: Tips and Traps (Petitioner)

- Focus on Key Grounds
 - Avoid shotgun arguments
 - PTAB routinely denies redundant grounds
 - Where different claims have different issues, consider filing multiple petitions
- Obviousness, not Anticipation
 - PTAB routinely denies grounds based on § 102/inherency.
 - 3-way/4-way combination is plausible
- Claim construction
 - BRI standard favors Petitioner, ...
 - ... but, Petitioner ignores construction of dispositive terms at his peril
 - Declarations & dictionaries



IPR Practice: Tips and Traps (Patent Owner)

- Limitations and Bars
 - SOL / Privies / RPI [§ § 315(b), 312(a)]
 - DJ Bar [§ 325(a)(1)]
 - SecureBuy, LLC v. Cardinal Commerce Corporation, CBM2014-00035, paper 12 (PTAB April 25, 2014) [now precedential, 31 July 2014)]
- Win the Preliminary Response
 - Non-instituted claims drive settlement
 - Threshold burden [§ § 314(a), 324(a)] unmet by Petition. Go for kill? ... or allow PTAB to cull grounds?
 - Advance dispositive claim constructions
- Don't underestimate time to engage expert and develop testimonial evidence



IPR Practice: Motion to Amend

- Can only cancel or propose substitute claims
- Patent Owner has burden to prove patentability of new claim(s) by preponderance of the evidence
- Patent Owner is expected to reveal what it does know, to the extent it is relevant



IPR Practice: Motion to Amend

- Motion to Amend Should Include:
 - Support in the written description of the application as filed for the entire claim
 - Proposed claim construction for any term likely to be disputed
 - Patentability over the prior art, in general (not just references used by Petitioner)
 - Should include a discussion of the POSITA (specific to the added feature)

IPR2014-00441 and IPR2013-00124

- One Motion to Amend Granted
 - Intern. Flavors & Fragrances v. U.S. Dept. of Agriculture IPR2013-00124



PROPOSED NEW RULES AND PROCEDURES



New Rules: Expert Opinion with Response

- Current Rule: Patent Owner's Preliminary Response may include evidence but not new testimony evidence 37 C.F.R. § 42.107 Expert witness testimony is an example of new testimony evidence
 - Testimony created for related litigation is not “new” if existing at time of Petition. IPR2013-0014, Paper 11
- Proposed Rule: Allow “new” testimonial evidence, e.g. expert opinion, with Preliminary Response
 - Comments generally favorable



New Rule: “Prosecution Off-Ramp”

- Proposed Amendment to SB 1137 (Sen. Grassly’s “PATENT Act”)
 - Motion for amendment would take case out of trial schedule
 - New prosecution procedure similar to re-examination



THANK YOU

