The Rise of the PTAB

Hot Topics and Strategies in Post-Grant Proceedings

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Panel

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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 PRIVITY
• 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

- Petition Filed
- Owner Prelim. Response
- Decision on Petition
- Owner Response & Motion to Amend
- Petitioner Reply & Opp. to Motion
- Owner Reply to Opp. to Motion
- Oral Hearing
- Final Decision

3 Mos. ≤ 3 Mos. 3 Mos. 3 Mos. 1 Mo. ≤ 12 Mos.
PTAB Basics: Comparison to Litigation

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PTAB Basics: Features of Proceedings

**INTER PARTES REVIEW (IPR)**
- All Patents
- Anytime (after PGR period for patents filed on/after 3-16-2013)
- If sued, within one year of service

**COVERED BUSINESS METHOD (CBM)**
- "Financial services" (excluding "technological inventions")
- If sued or threatened
- After PGR period for patents filed on/after 3-16-2013

**POST GRANT REVIEW (PGR)**
- Patents filed on/after 3-16-2013
- Must be filed within 9 months of issuance

**EX PARTE REEXAMINATION**
- All Patents
- Anytime
- Favors Patent Owner: no participation after filing if initiated by challenger

**SUPPLEMENTAL EXAMINATION**
- All Patents
- Patent Owner only can use
- Allows correction of inequitable conduct (submission of prior art overlooked)

**APPLIES**
- Patents & publications

**BASES**
- Any invalidity ground (e.g., abstract, improper subject matter)

**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

- 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

*October 2015
PTAB Basics: Technology Breakdown

1897 Total AIA Petitions in FY 15*
(Technology Breakdown)

- Electrical/Computer - TCs 2100, 2400, 2600, 2800: 1,193 (63%)
- Mechanical/Business Method - TCs 3600, 3700: 443 (23%)
- Chemical - TC 1700: 90 (5%)
- Bio/Pharma - TC 1600: 167 (9%)
- Design - TC 2900: 4 (0%)

*10/14 – 9/15
PTAB Basics: Technology Breakdown

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

(as of November 1, 2015)

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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: “Patent Death Squads”?

• Fewer than half of the patents’ claims are challenged (48.2%)
• Fewer than half of the challenged claims are instituted (43%)
• Fewer than half of instituted claims found unpatentable in final decision (45%)
  – < 10% of all challenged patents’ claims invalidated
  – About 25% of patents are subject to multiple IPRs, most by the same petitioner
PTAB Basics: IPR Outcomes

Disposition of IPR Petitions Completed to Date*

- 2203 Total Petitions
- 1137 Trials Not Instituted/Petition Denied/Settled/Dismissed
- 1066 Trials Instituted
  - 436 Trials Terminated During Trial Settled/Dismissed/Request for Adverse Judgment
  - 630 Trials Completed Reached Final Written Decisions
  - 453 Trials All Instituted Claims Unpatentable (21% of Total Petitions, 42% of Trials Instituted, 72% of Final Written Decisions)
  - 91 Trials Some Instituted Claims Unpatentable (4% of Total Petitions, 9% of Trials Instituted, 14% of Final Written Decisions)
  - 86 Trials No Instituted Claims Unpatentable (4% of Total Petitions, 8% of Trials Instituted, 14% of Final Written Decisions)

* October 31, 2015
PTAB Basics: Petitions Not Instituted

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

**IPR - Number of Decisions On Institution Per Fiscal Year by Outcome**

- **FY 2014:**
  - Instituted: 557
  - Joinders: 193
  - Denials: 15

- **FY 2015:**
  - Instituted: 801
  - Joinders: 426
  - Denials: 116

- **FY 2016:**
  - Instituted: 81
  - Joinders: 9
  - Denials: 41

**CBM - Number of Decisions On Institution Per Fiscal Year by Outcome**

- **FY 2014:**
  - Instituted: 91
  - Joinders: 30
  - Denials: 1

- **FY 2015:**
  - Instituted: 91
  - Joinders: 10
  - Denials: 0

- **FY 2016:**
  - Instituted: 43
  - Joinders: 3
  - Denials: 0

- **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
Fed. Cir. Decisions: Claim Construction

  - 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]
- *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.)
• Versata v. SAP. (Fed. Cir. Jul. 9, 2015) [CBM2012-00001]
Precedential Decisions after Final Written Decision (continued)


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:

**Post-filing, Pre-institution**

- Granted: 135 (43%)
- Denied: 150 (48%)
- Partial: 29 (9%)

**Post-institution, Pre-FWD**

- Granted: 97 (64%)
- Denied: 38 (25%)
- Partial: 16 (11%)
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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- Must be filed within 9 months of issuance

**Ex Parte Reexamination**
- All Patents
- Anytime
- Favors Patent Owner: no participation after filing if initiated by challenger

**Supplemental Examination**
- All Patents
- Patent Owner only can use
- Allows correction of inequitable conduct (submission of prior art overlooked)

**Estoppel 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
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**
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

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)]

- **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
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