Post-Grant Patent Challenges at the Patent Trial and Appeal Board:
Strategies for Winning as Petitioner or Patent Owner

January 13, 2016

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The Developing PTAB Landscape: The First 3 1/3 Years of PTAB Trials

• Still a new, extremely active forum
• Early decisions providing crucial data points
• On-the-ground practical developments
Overview

• Available PTO attacks
• Activity Levels at the PTAB
• Strategic Impacts
• Looking Ahead
## Background: Available PTO Attacks

<table>
<thead>
<tr>
<th>Period</th>
<th>Available PTO Attacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>To September 15, 2012</td>
<td>- Inter Partes Reexamination</td>
</tr>
<tr>
<td>From September 16, 2012</td>
<td>- Inter Partes Review</td>
</tr>
<tr>
<td>After March 2013</td>
<td>- Ex Parte Reexamination</td>
</tr>
<tr>
<td></td>
<td>- Transitional Program for Covered Business Method Patents (8 years, until Sept. 2020)</td>
</tr>
<tr>
<td></td>
<td>- Post-grant review (Patents issuing in first-to-file regime)</td>
</tr>
</tbody>
</table>

**Inter Partes Reexamination**

**Inter Partes Review**

**Ex Parte Reexamination**

**Transitional Program for Covered Business Method Patents**

(8 years, until Sept. 2020)
### Background: Available PTO Attacks

<table>
<thead>
<tr>
<th>CBM</th>
<th>IPR</th>
<th>EPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>No litigation time limits; Outside 9 month PGR window and “sued or charged with infringement”</td>
<td>Outside 9 month PGR window, and within 1 year of service of infringement complaint <em>(NOT available if DJ action filed)</em></td>
<td>No time limits</td>
</tr>
<tr>
<td>Available for “covered business method patents” that are not “technological inventions”</td>
<td>Available for ANY patent</td>
<td>Available for ANY patent</td>
</tr>
<tr>
<td>Essentially any ground of invalidity (certain prior art limits, etc.)</td>
<td>102 and 103 invalidity – patents and printed publications</td>
<td>102 and 103 invalidity – patents and printed publications</td>
</tr>
<tr>
<td>“more likely than not” invalid</td>
<td>“reasonable likelihood” of invalidity</td>
<td>“Substantial new question” of invalidity</td>
</tr>
<tr>
<td>Litigation estoppel: arguments actually raised</td>
<td>Litigation estoppel: arguments raised or reasonably could have been raised</td>
<td>No estoppel Challenger can remain anonymous</td>
</tr>
<tr>
<td>$30k filing fees (15 claims), 80 page limit</td>
<td>$23k filing fees (15 claims), 60 page limit</td>
<td>$12k filing fee (no limit on claims or pages)</td>
</tr>
</tbody>
</table>

**Board Decision 12 (or 18) months after institution**
- 3-Judge Panel; Settlement available; Some discovery but no interviews

Avg. 27.9 months; No settlement; Examiner in CRU; interviews but no discovery
## Background: Available PTO Attacks

<table>
<thead>
<tr>
<th>IPR</th>
<th>CBM</th>
<th>PGR</th>
</tr>
</thead>
</table>
| Replaced *Inter Partes* Reexam  
(8 year window) | Began March 16, 2013 |
| Outside 9 month PGR window, and within 1 year of service of infringement complaint  
*(NOT available if DJ action filed)* | No litigation time limits;  
Outside 9 month PGR window and  
“sued or charged with infringement” | Prior to the date that is 9 months  
after the grant of a patent or issuance of a reissue patent  
*(NOT available if DJ action filed)* |
| Available for ANY patent | Available for “covered business method patents” that are not “technological inventions” | Available for patents issued in First-Inventor-to-File Regime |
| 102 and 103 invalidity – patents and printed publications | Essentially any ground of invalidity  
(certain prior art limits, etc.) | Almost any ground of invalidity |
| “reasonable likelihood” of invalidity | “more likely than not” invalid | “more likely than not” invalid;  
important “novel or unsettled legal question” |
| Litigation estoppel: arguments raised or reasonably could have been raised | Litigation estoppel: arguments actually raised | Litigation estoppel: arguments raised or reasonably could have been raised |
| $23k filing fees (15 claims), 60 page limit | $30k filing fees (15 claims), 80 page limit | |

Board Decision 12 (or 18) months after institution  
3-Judge Panel; Settlement available; Some discovery but no interviews
# Background: PGR-CBM/IPR vs. Litigation

<table>
<thead>
<tr>
<th></th>
<th>PGR-CBM/IPR</th>
<th>Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Burden of proof</strong></td>
<td>Preponderance of the evidence</td>
<td>Clear and convincing</td>
</tr>
<tr>
<td><strong>Presumption</strong></td>
<td>No presumption of validity</td>
<td>Presumption of validity</td>
</tr>
<tr>
<td><strong>Claim construction</strong></td>
<td>Broadest reasonable interpretation</td>
<td>Court interpretation</td>
</tr>
<tr>
<td><strong>Grounds</strong></td>
<td>PGR, CBM-all statutory grounds IPR limited to §§102 and 103 based on prior art patents and printed publications</td>
<td>All grounds</td>
</tr>
<tr>
<td><strong>Bifurcation of Validity and Infringement</strong></td>
<td>Validity</td>
<td>Validity and infringement</td>
</tr>
<tr>
<td><strong>Discovery</strong></td>
<td>Limited</td>
<td>Full</td>
</tr>
<tr>
<td><strong>Claim amendments</strong></td>
<td>At least one motion (but intervening rights)</td>
<td>None</td>
</tr>
</tbody>
</table>
## Background: PGR-CBM/IPR vs. Litigation (cont’d)

<table>
<thead>
<tr>
<th></th>
<th>PGR-CBM/IPR</th>
<th>Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision maker</strong></td>
<td>PTAB: Technically and legally qualified 3-judge panel</td>
<td>Judge or jury</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>Cheaper</td>
<td>More expensive</td>
</tr>
<tr>
<td><strong>Speed</strong></td>
<td>Statutory 12/18 mos. from institution to PTAB decision</td>
<td>&gt;18 mos.</td>
</tr>
</tbody>
</table>
Overview

• Available PTO attacks
• Activity Levels at the PTAB
• Strategic Impacts and Opportunities
• Looking Ahead
The PTAB’s Role in Patent Disputes

• In the first 3 1/3 years of the PTAB’s operation, more than 4,400 petitions filed

• Calendar 2016: more than 1 in every 4 patent disputes (all district courts, ITC, PTAB) has been filed at the PTAB
  – Roughly 24% in 2015, and 25% in 2014

[Source: Docket Navigator as of 1/12/16 (78 district court suits, 27 PTAB proceedings)]
The PTAB’s Role in Patent Disputes

Number of AIA Petitions Filed by Fiscal Year by Type

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>IPR</th>
<th>CBM</th>
<th>PGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>1310</td>
<td>177</td>
<td>2</td>
</tr>
<tr>
<td>FY 2015</td>
<td>1737</td>
<td>149</td>
<td>11</td>
</tr>
<tr>
<td>FY 2016*</td>
<td>237</td>
<td>21</td>
<td>1</td>
</tr>
</tbody>
</table>

As of 11/30/15
The PTAB’s Role in Patent Disputes

As of 11/30/15

CBM Filing Rates At 3 Years


• Filings to date under the new program:
  – September 16-30 (end of FY2012): 8 petitions
    • This half month would annualize to roughly 192 petitions/year
  – October 1 to September 30 (FY2013): 48 petitions (**none** between November 19 and March 22)
    • Despite lull after initial filing surge, FY2013 filing rate just slightly below (4%) projections (50/yr)
  – October 1 to Sept. 30 (FY2014): **177** petitions
    • More than 3½ times the PTO’s projections
  – October 1 to Sept. 30 (FY2015): **149** petitions
    • Roughly 3 times the PTO’s projections
IPR Filing Rates At 3 Years

- PTO projected **420** petitions in FY 2013, **450** in FY 2014, and **500** in FY 2015
- Filings to date under the new program:
  - September 16-30 (end of FY2012): 17 petitions
    - This half month would annualize to roughly **408** petitions/year
  - October 1 to September 30 (FY2013): **500** petitions
    - 19% above PTO projections
  - October 1 to September 30 (FY2014): **1311** petitions
    - Roughly 3 times the PTO’s projections
  - October 1 to September 30 (FY2015): **1737** petitions
    - Almost 3½ times the PTO’s projections
Judges at the PTAB

Judge Members of the Board

As of August, 2015
PTAB Statistics – 8/20/15 PPAC Meeting
Judges at the PTAB

Intellectual Property

The Briny Bunch

Meet the men and women shaking up patent trial judges on the Patent Trial and Appeal Board.

MAKING THEIR MARK

About 20 judges have been the heavy lifting so far for AIA post-grant proceedings. Here’s what the early data shows:

MOST CASES

[Table with judges and cases]

HIGHEST INSTITUTION RATE (out of 11 judges)

<table>
<thead>
<tr>
<th>Judge</th>
<th>Institution Rate</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judge 1</td>
<td>90%</td>
<td>Institution A</td>
</tr>
<tr>
<td>Judge 2</td>
<td>90%</td>
<td>Institution B</td>
</tr>
<tr>
<td>Judge 3</td>
<td>85%</td>
<td>Institution C</td>
</tr>
</tbody>
</table>

LOWEST INSTITUTION RATE (out of 11 judges)

<table>
<thead>
<tr>
<th>Judge</th>
<th>Institution Rate</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judge 4</td>
<td>60%</td>
<td>Institution D</td>
</tr>
<tr>
<td>Judge 5</td>
<td>60%</td>
<td>Institution E</td>
</tr>
<tr>
<td>Judge 6</td>
<td>50%</td>
<td>Institution F</td>
</tr>
</tbody>
</table>

HIGHEST CANCELLATION RATE (out of 11 judges)

<table>
<thead>
<tr>
<th>Judge</th>
<th>Cancellation Rate</th>
<th>Cancellation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judge 7</td>
<td>85%</td>
<td>Cancellation A</td>
</tr>
<tr>
<td>Judge 8</td>
<td>80%</td>
<td>Cancellation B</td>
</tr>
<tr>
<td>Judge 9</td>
<td>75%</td>
<td>Cancellation C</td>
</tr>
</tbody>
</table>

LOWEST CANCELLATION RATE (out of 11 judges)

<table>
<thead>
<tr>
<th>Judge</th>
<th>Cancellation Rate</th>
<th>Cancellation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judge 10</td>
<td>20%</td>
<td>Cancellation D</td>
</tr>
<tr>
<td>Judge 11</td>
<td>20%</td>
<td>Cancellation E</td>
</tr>
<tr>
<td>Judge 12</td>
<td>15%</td>
<td>Cancellation F</td>
</tr>
</tbody>
</table>

ROBES & GRAY

Association of Corporate Counsel
SAN FRANCISCO BAY AREA
Settlement Timing Snapshot (IPRs)

- As of 3/19/15, we identified 452 joint motions to terminate IPRs based on settlement.
- 449 were granted—terminating the IPR proceeding.
- Three (shown in red) were granted-in-part (as to the Petitioner), but the PTAB continued the proceedings.

As of 11/30/15:


Decisions on Joint Motions to Terminate in IPR Proceedings

As of 3/19/15, we identified 56 joint motions to terminate CBMs based on settlement.

- 55 were granted—terminating the CBM proceeding.
- One (shown in red) was granted-in-part (as to the Petitioner), but the PTAB continued the proceedings.

As of 11/30/15:

Overview

• Available PTO attacks
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• Looking Ahead
# AIA Petition Dispositions

- **As of July 16, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Trials Instituted</th>
<th>Joinders</th>
<th>Percent Instituted</th>
<th>Denials</th>
<th>Total No. of Decisions on Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPR</td>
<td>FY13</td>
<td>167</td>
<td>10†</td>
<td>87%</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>FY14</td>
<td>557</td>
<td>15†</td>
<td>75%</td>
<td>193</td>
</tr>
<tr>
<td></td>
<td>FY15</td>
<td>631</td>
<td>107†</td>
<td>70%</td>
<td>323</td>
</tr>
<tr>
<td>CBM</td>
<td>FY13</td>
<td>14</td>
<td>0</td>
<td>82%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>FY14</td>
<td>91</td>
<td>1†</td>
<td>75%</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>FY15</td>
<td>73</td>
<td>2†</td>
<td>68%</td>
<td>35</td>
</tr>
<tr>
<td>PGR</td>
<td>FY15</td>
<td>2</td>
<td>-</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>DER</td>
<td>FY14</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>3</td>
</tr>
</tbody>
</table>

Petitions and Joinder

- Pivotal importance of Petition and evidence
- IPR time bars, including service of complaint
  - 35 USC 315(b): “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).”
Petitions and Joinder

• “Anchor and file”
  – Someone else’s petition
    • Microsoft Corp. v. Proxyconn, Inc., IPR2013-00109, Paper 15 (Decision – Motion for Joinder) at 4 (“[T]he one-year time bar does not apply to a request for joinder.”).
  – Should be a “live” IPR
    • Fifth Third Bank v. Stambler, IPR2014-00244, Paper 4 at 5 (“Because Fifth Third Bank delayed its filing, and IPR2013-00341 [the earlier proceeding] has been terminated, the joinder statute’s prerequisite of an instituted review cannot be met. [The] request for joinder is, therefore, denied.”).
    • Innopharma Licensing v. Senju Pharmaceutical, IPR2015-00902, IPR 2015-00903 (dismissing motions for joinder as moot because the prior petitions had been terminated per settlement).
“Anchor and file”

- Your own petition

- Ariosa Diagnostics v. Isis Innovation Ltd., IPR2013-00250, Paper 25 (Decision – Motion for Joinder) (joinder of additional ground by same party)

- *But see, e.g.*, divided panel in *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper 18 (panel majority: “Because Target is already a party to the proceeding in IPR2013-00531, Target cannot be joined to IPR2013-00531”; panel dissent noted this issue was not briefed by the parties, and disagreed on the merits), reversed on reh’g by expanded and divided panel (“denial of joinder on that basis alone constituted an abuse of discretion”)

- And another reversal on reh’g by expanded and divided panel in *Zhongshan Broad Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2015-00762, Paper 16 (Oct. 5, 2015)
Petitions and Joinder

• Joinder, 325(d) and “second bites at the apple”
    • Exercising discretion to deny institution “[b]ased on the specific facts presented,” including, e.g., “unsuccessful Request for Rehearing,” substitution in the same argument of newly-cited art “in lieu of” originally-argued art, and “essentially . . . identical” claim charts not referring to a newly-cited reference
    • Exercising discretion on “case-by-case basis” to deny institution “based on the particular circumstances,” including, e.g., advancement of “substantially the same argument” that “[t]he Board should assume that the cited references meet the claimed . . . limitations, even though they provide no disclosure of particular materials that actually meet’ the . . . limitations recited,” and reliance on art “listed on the face of the [challenged] patent [and] therefore, ‘previously . . . presented to the Office’”
Petitions and Joinder

Joinder, 325(d) and “second bites at the apple”

- **Kaiser Aluminum v. Constellium Rolled Prod’s Ravenswood, LLC**, IPR2014-01002, Paper 11 (declining to exercise 325(d) discretion)
  
  • “While we are mindful of the burden on Patent Owner and the Office to rehear the same or substantially the same prior art or arguments that are being considered by the Office in co-pending [reissue and reexamination] proceedings, we are persuaded... that Petitioner’s arguments with respect to [the prior art] have merit. Therefore, we do not exercise our authority to decline an inter partes review of the ’509 patent under § 325(d).”

- **Nestle USA Inc. v. Steuben Foods, Inc.**, IPR2014-01235, Paper 12 (same)
  
  • “Patent Owner argues [Petitioner’s new] references and declaration, taken together or individually, are cumulative of the prior art and argument proffered by the petitioner in IPR2014-00041. ... Although we are mindful of the burden on Patent Owner and the Office in analyzing the other, previously considered references, we conclude that Petitioner’s arguments..., which include arguments relating to... a combination of references previously not considered and supported by a declaration previously not considered, are persuasive, as explained herein. ... [W]e do not exercise our discretion to deny the Petition under 35 U.S.C. § 325(d).”
Petitions and Joinder

• Joinder, 325(d) and “second bites at the apple”
  
  - *HTC v. NFC Technology, LLC*, IPR2015-00384, Paper 11 (denying institution)
    
    • Board denied institution where second petition challenged additional claims based on previously asserted prior art in combination with new prior art, and previously denied grounds.
    
    • “In addition, with respect to the grounds challenging claim 13 as allegedly unpatentable over Akiho or over Amtmann, the present Petition amounts to a second bite at the apple for Petitioner. We did not institute on either of these grounds in IPR2014-01199, but Petitioner now asks us to reconsider our earlier decision by adding challenges to claims 14, 15, and 19, which depend directly or indirectly from claim 13.”
Stays at the District Court

- Timing of motions to stay, and the importance of the institution decision

- See, e.g., *VirtualAgility v. Salesforce.com*, 759 F.3d 1307 (Fed. Cir. 2014)
  - E.D. Tex. (Judge Gilstrap) “clearly erred” in finding statutory factors did not favor stay, but no error in district court’s decision to wait to rule on stay motion until after PTAB rendered its institution decision
Timelines for IPR, CBM or PGR

- **Exemplary timeline**

- **Acceleration**
  - *Initial stages* – e.g., CBM2012-00001, Paper 10 (Order Setting Time for Patent Owner Preliminary Response) (setting response time at two months)
  - *Post-institution* – e.g., CBM2012-00001, Paper 45 at 3 (“In light of SAP’s agreement to withdraw the § 102 issue, we enter SAP[‘s] requested expedited schedule”)
Case Study: Expediting Trial
**SAP v. Versata**

- Long litigation history
- First ever CBM Challenge (CBM2012-00001)
  - Filed September 16, 2012 (first day CBMs became available), while CAFC appeal from district court pending (appeal filed October 2011)
  - Petition raised invalidity under §§ 101, 102, and 112
    - Trial granted on §§ 101 and 102 (Jan. 9, 2013)
    - Request to expedite granted on § 101 (Feb. 21, 2013)
  - Oral hearing April 17, 2013
  - Final written decision issued June 11, 2013
  - Affirmed by CAFC on July 9, 2015
Case Study: Expediting Trial
SAP v. Versata

• Procedural lessons
  – Expedited timeline: 9 months from filing to final decision
  – Trial counsel for Versata denied *pro hac* admission

• Also, substantive lessons
  – What qualifies as a covered business method patent
  – Claim construction: “Broadest reasonable interpretation”
  – Supreme Court framework for § 101 invalidity analysis

• Affirmed by Federal Circuit (July 9, 2015)
Fresenius v. Baxter

- **Issue**: Whether cancellation of patent claims by the PTO must be given effect in pending infringement litigation.
  - “[I]t is well-established that where the scope of relief remains to be determined, there is no final judgment binding the parties (or the court).” *Id.* at 29.
  - “[T]here is no basis for distinguishing between the effects of a final, affirmed court decision determining invalidity and a final, affirmed PTO decision determining invalidity on a pending litigation. The latter is binding not because of collateral estoppel, but because Congress has expressly delegated reexamination authority to the PTO under a statute requiring the PTO to cancel rejected claims, and cancellation extinguishes the underlying basis for suits based on the patent.” *Id.* at *38.
Discovery

• Generally conservative approach
  – PTAB meant to be an efficient alternative to litigation

• Five “Garmin Factors” for additional discovery (Garmin Int’l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 26)
  – 1: “More Than a Possibility and Mere Allegation”
    • Need “threshold amount of evidence” (at 9)
  – 2: “Litigation Positions and Underlying Basis”
  – 3: “Ability to Generate Equivalent Information by Other Means”
  – 4: “Easily Understandable Instructions”
  – 5: “Not Overly Burdensome to Answer”
Pro Hac Vice Admission

• Getting your team on the field
  – If not a registered practitioner, must make showing for pro hac vice admission – e.g., Unified Patents, Inc. v. Parallel Iron, LLC, IPR2013-00639, Paper 7

• Denials and restrictions
  – **Failure to address Board requirements**— e.g., Alcon Research, Ltd. v. Neev, IPR2014-00217, Paper 10 (citing, e.g., applicant’s “limitation of his declaration to his current status is inconsistent with the Board’s requirements” and failure to refer to revised USPTO Rules of Professional Conduct)
  – **Seeking too many pro hac admissions**— e.g., IPR2013-00012, Paper 27 (“It is difficult to see how [Petitioner] could have the requisite need for the pro hac vice admission of five attorneys ... The admission of two attorneys [for Patent Owner] was determined to be reasonable by the Board and [Petitioner] will be permitted to seek the admission of a like number”).
  – **Other denials**— e.g., CBM2012-00001, Paper 21
  – Also consider District Court protective orders/prosecution bars
Experts

• The role of experts at the Board
  – Depositions and trial

• Experts on appeal
  – *E.g.*, *Versata v. SAP*, 793 F.3d 1306, 1334 (Fed. Cir. 2015) (affirming Board’s reliance on expert testimony that computer-based limitations were well-known for purposes of § 101 analysis)

• Potential rule changes concerning experts
Oral Hearings

• Live Testimony

  • “Under very limited circumstances, cross-examination of witnesses may be ordered to take place in the presence of an administrative patent judge. . . For example, the Board may occasionally require live testimony where the Board considers the demeanor of a witness critical to assessing credibility.”

  • Patent Owner’s sole inventor and “principal fact witness” attempting to antedate the only asserted prior art was permitted to testify “live”:
    – Up to 30 minutes of direct testimony by Patent Owner
    – Up to 30 minutes of cross examination by Petitioner (optional)
    – Redirect at Board’s discretion
    – Petitioner permitted to submit up to 30 minutes of deposition video within 5 days after hearing

• At hearing, Petitioner chose not to cross, but Board questioned witness

• Final written decision (Paper 45) : claims unpatentable: “We conclude that the record is lacking sufficient evidence corroborating [the inventor’s] testimony, which alone is insufficient.”
PTAB Appeals to the Federal Circuit

• Major cases (high stakes & important principles) coming through Federal Circuit appeals

• Federal Circuit docket is going to see very dramatic increases
  – Former Chief Judge Rader’s comments

• How are PTAB decisions likely to be reviewed?

• What will the Federal Circuit likely do to cope with these changes?
What’s Next?
Thank you.

Be sure to visit our “PTAB Insights” YouTube channel, https://www.youtube.com/user/PTABinsights
Questions?

Steve.Baughman@ropesgray.com
Winning on Either Side of the v:
How to Succeed as a Challenger or Defender

Presented by
Karna Nisewaner, Cadence Design Systems, Inc., moderator
Paul Rodriguez, RR Donnelley
Gaby Higgins, Ropes & Gray
Rick McCaulley, Ropes & Gray

January 13, 2016

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PTAB Timeline

Based on http://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials
Petition Filed

- Petition Filed
- Patent Owners Preliminary Response
- Patent Owner’s Response / Motion to Amend
- Petitioner’s Reply / Opposition to Motion to Amend
- Oral Hearing
- Decision on Petition
- Final Written Decision
- No More Than 12 Mons.
- Hearing Set On Request
- 3 Mons.
- No More Than 3 Mons.
- 3 Mons.
- 3 Mons.
Petition

• Biggest Challenge: Page Limit

• What Claims to Include?
  – Considerations
    • IPR? CBM? PGR?
    • Number of claims in the patent
    • What your expert needs to teach
    • How many claims limitations are in dispute?

• What Arguments to Include?
  – 101 and/or 112 (CBM/PGR only)
  – 102 and/or 103
Petition: Checklist

• Name all real parties in interest
  – One “common consideration is whether the non-party exercised or could have
    exercised control over a party’s participation in a proceeding” PTAB Trial Guide, 77

• Prove up prior art (e.g., “printed publication”)

• Include quotes to references in claim charts (not just citations)

• Construe “means plus function” claim limitations (37 CFR 42.104(3))

• For obviousness, explain which elements are to be combined and why
  a POSA would have made the combination

• Expert’s substantive analysis cannot be conclusory—must disclose
  underlying facts or data (37 CFR §42.65(a))
If you are not the original filer, you can move to join an IPR:

- 35 U.S.C. § 315(c): **JOINDER.** – If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

- “Any request for joinder must be filed, as a motion under § 42.22, no later than **one month** after the institution date of any **inter partes** review for which joinder is requested.” 37 CFR 42.122(b).

- The one-year time bar does not apply to a request for joinder. 35 U.S.C. §315(b).

- In deciding a motion for joinder, PTAB will consider the impact of both substantive issues and procedural matters on the proceedings. See IPR2015-01407, Paper 9 at 3-4 (Nov. 24, 2015).
Petition: Joinder

• Joinder of parties:
  – “The substantive issues in IPR2015-00196 will not be affected by joinder because Petitioner asserts the same ground of unpatentability, for which trial was instituted in IPR2014-00196, presents the same arguments as those advanced by LG, and, therefore, our analysis would similarly institute review of the claims for the same ground for which trial was instituted in IPR2015-00196. ... Under the circumstances, we conclude Petitioner has demonstrated that joinder will not unduly complicate or delay IPR2015-00196, and therefore joinder is appropriate.”

• Joinder of issues:
  – “The same patent and parties are involved in both proceedings. There is an overlap in the cited prior art. Petitioner has been diligent and timely in filing the Motion. And while some adjustments to the schedule will be necessary, many of those adjustments were due to the procedural history of this proceeding, and beyond Petitioner’s control. In sum, the relevant factors of which we are aware all weigh in favor of granting this Motion.”
Patent Owner’s Preliminary Response

- Petition Filed
- Patent Owner’s Preliminary Response
- Petition’s Reply / Opposition to Motion to Amend
- Petitioner’s Reply / Opposition to Motion to Amend
- Patent Owner’s Response / Motion to Amend
- Decision on Petition
- Hearing Set On Request
- Final Written Decision

No More Than 12 Mons.

3 Mons.

3 Mons.

3 Mons.

No More Than 3 Mons.
Preliminary Response: Why Bother?

- Not high success rate for outright denial
  - But…slightly fewer IPRs are instituted when PO files a preliminary response
  - The Board will decide preliminary claim construction
  - The Institution Decision gives view of the Board’s reaction to arguments, which can help frame Response
  - And it can be a win to have even some litigated claims kept out of institution

Preliminary Response

• Content
  – No new testimonial evidence
  – No claim amendments – can only disclaim (§42.107)

• Page Limits
  – Same limit as petition (§§ 42.24(b), 42.107(a), 42.207(a))
    • Petition requesting IPR: 60 pages
    • Petition requesting CBM: 80 pages
    • Petition requesting PGR: 80 pages
Preliminary Response

• What arguments to include?
  – References are not prior art
  – Error in real party in interest
  – IPR: no reasonable likelihood that any of the challenged claims is unpatentable (§42.108)
  – CBM/PGR: not more likely than not that any of the challenged claims is unpatentable (§42.208)
  – Save arguments that require expert testimony
Patent Owner’s Response/Motion to Amend

- Petition Filed
- Patent Owners Preliminary Response
- Patent Owner’s Response / Motion to Amend
- Petitioner’s Reply / Opposition to Motion to Amend
- Oral Hearing
- Decision on Petition
- Hearing Set On Request
- Final Written Decision

No More Than 12 Mons.

3 Mons.

No More Than 3 Mons.

3 Mons.

3 Mons.
Patent Owner Response

• Attack Petitioner’s attempt to meet its burden
  – Teachings of prior art references
  – Motivations to combine, secondary considerations, and other challenges

• Respond on *instituted* grounds to avoid opening door on rejected arguments

• Potential Focal Points:
  – Board’s reasons for institution based on flawed/incomplete record
  – Claim construction
  – Evidentiary support
    • Highlighting inaccuracies, missing support in Petitioner’s showing
Patent Owner Response

• Look for unreasonably broad or erroneous constructions:
  • The Fed. Cir. found the Board’s determination that claims 1, 3, 6, 7, 9, 10, 22, and 23 were unpatentable was “based on an unreasonably broad construction[s]” of the terms “gateway … between at least two other computers,” “sender/computer” and “receiver/computer.” Thus, the court vacated the Board’s findings of unpatentability of those claims and remanded for proceedings consistent with the opinion.


  • The Fed. Cir. decided that “the Board adopted a claim construction that is erroneous even under the broadest-reasonable-interpretation standard.” The court reversed the Board’s cancellation of claims 1-7 and 32-42 and remanded for further proceedings.

Petitioner’s Reply/Opposition to Motion to Amend

3 Mons. → No More Than 3 Mons. → 3 Mons. → 3 Mons. → Hearing Set On Request → Final Written Decision

- Petition Filed
- Patent Owners Preliminary Response
- Patent Owner’s Response / Motion to Amend
- Petitioner’s Reply / Opposition to Motion to Amend
- Oral Hearing

No More Than 12 Mons.
Pros of taking deposition of PO’s expert

- Secure admissions:
  - What was known in the art
  - Lack of nexus of alleged commercial success
  - Lack of expert qualifications
- Identify areas/topics that expert failed to consider
- Get sound bites for motion to exclude expert’s declaration

Cons of taking deposition of PO’s expert

- Expert may attempt to cure deficiencies in his declaration
• Refute each and every argument
  – If PO argues no motivation to combine, point to express motivation to combine.
  – If PO argues that certain examples of documentary evidence wouldn’t work, provide examples of how they would work.
  – Respond to PO’s claim construction arguments.
  – Petitioner’s Reply is limited to 25 pages. 37 CFR 42.24(c)(1)

• Submit expert testimony
Petitioner’s Reply: Expert Declaration

• Use expert testimony in rebutting PO’s arguments
  – Tie each argument and statement in the expert declaration to the arguments in PO’s response


  – Submit documentary evidence to refute PO’s arguments
“[I]f the petitioner submits a new expert declaration with its Reply, the patent owner can respond in multiple ways.

– It can cross-examine the expert and move to file observations on the cross-examination. It can cross-examine the expert and move to file observations on the cross-examination.
– It can move to exclude the declaration.
– It can dispute the substance of the declaration at oral hearing before the Board.
– It can move for permission to submit a surreply responding to the declaration's contents.
– And it can request that the Board waive or suspend a regulation that the patent owner believes impairs its opportunity to respond to the declaration. The options are not mutually exclusive.”

• The Federal Circuit recognizes that the Board allows surreplies:
  – “[A]lthough no rule provides patent owners the right to file surreplies to a petitioner's Reply, the Board has allowed such surreplies in inter partes reviews. . . . In doing so, the Board has followed a tradition that pre-dates the America Invents Act. In proceedings on applications and in interferences, the Board (or its predecessor) has long granted permission to file surreplies despite the absence of any regulation providing for such filings.”

Patent Owner Surreply

- The PTAB has granted requests for surreplies on the issues of antedating asserted references and objective indicia of non-obviousness:
  - “It is therefore ORDERED that Patent Owner is authorized to file a reply limited to the issues raised in Petitioner’s Reply (Paper 38) concerning Patent Owner’s attempt to antedate Gertz and Morrow by showing prior conception and diligence”  
    
    *ABB v. ROY-G-BIV, IPR2013-00063, Paper 51 at 2 (Jan. 27, 2014).*

  - “ORDERED that Patent Owner is authorized to file up to a total of 5 pages of reply and supplemental information, directed solely to rebutting allegations made in the McQueen Declaration concerning objective criteria of nonobvious”  
    
Oral Hearing

3 Mons. No More Than 3 Mons. 3 Mons. 3 Mons. Hearing Set On Request

Petition Filed Patent Owners Preliminary Response Patent Owner’s Response / Motion to Amend Petitioner’s Reply / Opposition to Motion to Amend

Decision on Petition

No More Than 12 Mons.

Final Written Decision

OR

ROPES & GRAY 61
Oral Hearing

• In some ways, a cross between summary judgment hearing and an appellate (Federal Circuit) argument
• Consider using multiple presenters
• No new arguments
• No new evidence
• Normally, no witnesses
• Trying to argue at the level of generalities or themes does not turn out well
Demonstratives: Should You Use?

- Advance notice to opposing party
- Must present evidence already in the record
- Make sure demonstratives are well suited for big screen & Judges’ individual displays
Demonstratives: Object or Not?

• Must object quickly & schedule call
• Do you want demonstrative knocked out, diminished, or ignored?
• If you don’t object, you can criticize at hearing but you won’t get demonstratives excluded
Oral Hearing

• The PTAB Judges are extraordinarily prepared with probing questions

• The PTAB Judges persist in their questions & demand that you address their issues in concrete detail
  – Answer their questions to the level of detail they seek

• Presenters need to be prepared on all issues
  – Questions on claim construction (& undisputed issues) regularly happen
  – Be prepared to make multiple responses to the touch issues in your case
  – Take all your filings & exhibits and check their dates
  – Be prepared for hypotheticals
Petitioner: ... Your Honor, I don't believe that the argument about the incompatibility problem is something that we perceived in Patent Owner’s papers.
...
Judge Lee: I was going to ask you, give me an honest answer, how much have you deviated from your Patent Owner response talking about the incompatibility issue addressed by the prior art? I don’t recall anything from your Patent Owner response that has anything to do with incompatibility. ...

Patent Owner: If you want me not to address the problem that Bremer addressed, it’s clear – the burden is –
Judge Lee: No, no, it’s not. Please answer my question. It’s not what I want you to do. It’s inappropriate to deviate from your arguments in the Patent Owner response. My question was, in all honesty how much have you or Patent Owner deviated from the Patent Owner response?

Patent Owner: Again, I believe that we’re also entitled to respond –
Judge Lee: No, you’re not answering my question.
Patent Owner: -- to new – I am – ...
Judge Lee: Well, please just be straightforward. You have deviated, haven’t you?
Patent Owner: I am approaching it in a different way, yes.
Judge Lee: Okay. You’re not authorized to do that. We’ve given guidance in our trial hearing notice. You’re not supposed to be advancing new arguments at this hearing.
...
Judge Lee: ... Court reporter, will you please delete or expunge everything from the very beginning when Patent Owner’s counsel came up to argue. We’re going to essentially start over ...

**Judge Lee:** Well, let me simplify my question. You are not contending that Boer is not analogous art, correct?

**Patent Owner:** *I am contending that, Your Honor. It is a very different field.*

**Judge Lee:** Where is it in your Patent Owner response, if not by name then by reference to one of the two prongs that you have to meet?

**Patent Owner:** It is non-analogous art because we were talking about a CSMA system. That makes it non-analogous art. Master/slave is a protocol in which – it is a very rigid protocol in which the master communicates everything.

**Judge Lee:** … So I understand you didn’t use the same words, but if you addressed the same tests, I will give that to you, but I don’t think you even addressed the same tests.

...  

**Patent Owner:** Well. Your Honor. I do think that inherent in our arguments are the notion that this is not a – non-analogous art, …

**Judge Lee:** I understand. *You know, counsel, there is something to be said about credibility. We talked about credibility of witnesses before which is an issue in the case. There is also credibility of counsel. … if you want to maintain something you clearly didn’t argue, it is a point against you credibility-wise. It might overflow to our consideration of some of your other arguments.*
# Rehearing/Appeal

<table>
<thead>
<tr>
<th>Rehearing</th>
<th>Appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>File a request for rehearing within 30 days after FWD (37 C.F.R. §42.71(d)(2))</td>
<td>File a notice of appeal within 63 days after FWD (if a request for rehearing was filed, 63 days after action on the request) (37 C.F.R. §90.3)</td>
</tr>
<tr>
<td>Burden on the party challenging the decision / Must identify all matters that the party believes the Board misapprehended or overlooked (37 C.F.R. §42.71(d))</td>
<td>Legal conclusions reviewed <em>de novo</em>, and factual findings reviewed for substantial evidence (see e.g., Ariosa v. Verinata, 2015-1215, Opinion at 11 (Fed. Cir. Nov. 16, 2015)).</td>
</tr>
</tbody>
</table>
Rehearing/Appeal: IPR

Based on Rehearing Decisions and Notice of Appeal retrieved from Docket Navigator (data current to 1/10/2016)
Rehearing/Appeal: CBM

Based on Rehearing Decisions and Notice of Appeal retrieved from Docket Navigator (data current to 1/10/2016)
## Rehearing/Appeal: Disposition of Rehearing and Appeal

<table>
<thead>
<tr>
<th>PTAB Rehearing Decisions</th>
<th>Requester/Appellant</th>
<th>Petitioner</th>
<th>Patent Owner</th>
<th>Both Parties</th>
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<th>Fed. Cir. Appeal Decisions</th>
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</table>

Based on Rehearing Decisions and Fed, Cir. Appeal Decisions retrieved from Docket Navigator (data current to 1/10/2016)
Rehearing Decisions

• The Board fixed inconsistencies in its decisions.
    • The Board granted PO’s Request for Rehearing on the ground that the Board overlooked that claim 9, being narrower than claim 7, should not have been held unpatentable for the same reasons that claim 7 was not held unpatentable. The Board granted the Request for Rehearing and determined that claim 9 is not unpatentable.
    • The Board granted PO’s Request for Rehearing to the extent that it vacated its denial of Motion to Amend. The Board found that it should have granted Motion to Amend as to proposed, substituted dependent claim 54, because claim 54 is only narrows the scope of claim 5 to cure an indefiniteness problem and claim 5 was found patentable over the prior art.
Rehearing Decisions

- The Board reversed its decision on patentability for certain claims based on its oversight.
    - The PTAB granted Petitioner’s Request for Rehearing and decided that Petitioner has demonstrated that claims 4 and 9 would have been obvious. The Board found that “we overlooked the Petitioner’s reliance on Odagiri for the housing aspect of the enclosed housing limitation in the Petition. The import of this aspect of the Petition becomes clear [] upon consideration of Petitioner’s Request.” *Id.* at 6.
  - In other cases, the Board reconsidered its 102/103 analysis but did not modify its final decision as to patentability.
    - *Biomarin Pharma v. Duke University*, IPR2013-00535, Paper 90 (July 14, 2015);
    - *Capioncall v. Ultrace*, IPR2013-00544, Paper 76 (Dec. 1, 2015);
Questions?

Richard.McCaulley@ropesgray.com
Gabrielle.Higgins@ropesgray.com
Strategies for Dealing with Parallel Proceedings: PTAB, District Court and ITC

Deanna Kwong, Hewlett Packard Enterprise
Brian P. Biddinger, Ropes & Gray
Jim Davis, Ropes & Gray
Steve Baughman, Ropes & Gray (Moderator)

January 13, 2016

This information should not be construed as legal advice or a legal opinion on any specific facts or circumstances. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer concerning your own situation and any specific legal questions you may have.
Claim Construction: BRI vs. Phillips

- BRI, not *Phillips*, applies to post-grant proceedings (except when patent has expired):
  
  See *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278 (Fed. Cir. 2015);
  *In re Rambus Inc.*, 694 F.3d 42, 46 (Fed. Cir. 2012).

- Congress is currently considering bills that would change the standard to *Phillips* in post-grant proceedings.
  

- Recently, the Federal Circuit clarified that the prosecution history may be considered under BRI (note that prosecution disclaimer does not necessarily apply):

  “The PTO should . . . consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review. Even under [BRI], the Board’s construction cannot be divorced from the specification and the record evidence and must be consistent with the one that those skilled in the art would reach.”

  *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015) (citations omitted);
  *see also Tempo Lighting Inc. v. Tivoli LLC*, 742 F.3d 973, 977 (Fed. Cir. 2014) (“[T]he PTO is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.”)
Effect of PTAB Positions on Markman

• Each party may use inconsistent claim construction arguments against the opposing party.

• Though district courts are not bound by the PTAB’s claim construction, they may hesitate to construe claims to be broader than the PTAB’s BRI construction.

“The broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower.”

Facebook, Inc. v. Pragmaticus AV, LLC, 582 F. App’x 864, 869 (Fed. Cir. 2014).

• At least two cases have found disclaimer based on a patentee’s preliminary response to an IPR petition:

Prosecution Bar: Model Protective Orders

- **N.D. Ill.**: No prosecution bar.

- **E.D. Tex.**: Prosecution bar does not clarify whether “prosecution” encompasses post-grant PTAB proceedings

> “. . . shall not prepare, prosecute, supervise, or assist in the preparation or prosecution of any patent application pertaining to the field of the invention of the patents-in-suit on behalf of the receiving Party or its acquirer, successor, predecessor, or other affiliate . . . .”

- **N.D. Cal.**: Prosecution bar includes amending claims but expressly carves out post-grant PTAB proceedings

> “. . . shall not be involved in the prosecution of patents or patent applications . . . before any foreign or domestic agency, including the [PTO]. For purposes of this paragraph, “prosecution” includes directly or indirectly drafting, amending, advising, or otherwise affecting the scope or maintenance of patent claims. To avoid any doubt, “prosecution” as used in this paragraph does not include representing a party challenging a patent before a domestic or foreign agency (including, but not limited to, a reissue protest, ex parte reexamination or inter partes reexamination).”
Prosecution Bar: District Court Case Law

• District Courts: Mixed results
  – Declining to apply a general prosecution bar to PTAB proceedings
  – Allowing participation in PTAB proceedings, subject to limitations such as:
    • no risk of claim amendment, or
    • attorney cannot review source code
  – Note: total bar on participation in reexamination proceedings
**Prosecution Bar:**

**PTAB Case Law**

- **PTAB:** General prosecution bar does not apply to PTAB proceedings.

  “The protective order at issue specifically bars litigation counsel from prosecution activities without mentioning litigation or trials before the Patent Trial and Appeal Board. . . . An [IPR] is a trial, adjudicatory in nature and constitutes litigation.”


  “It is also important to note that counsel are subject to sanctions from the U.S. District Court . . . for any violation of that court’s protective order.”

Estoppel Effect of an IPR

- **Estoppel** in PTAB, ITC, and district court litigation is based on what the petitioner “raised or reasonably could have raised” during an IPR that resulted in a final written decision.


- Estoppel probably **does** apply to:
  - Invalidity arguments based on printed prior art that was available to petitioner.
    

- Estoppel probably **does not** apply to:
  - Invalidity arguments for patent claims not addressed in final written decision.
    
    *Id.*
  - Invalidity grounds based on prior use/sale of physical products or systems.
    
  - Redundant grounds denied at institution.
    
PTAB Statistics: Institution Rates*

Petitions

IPR
- Instituted, At Least in Part (1,439): 31%
- Not Instituted (660): 69%

CBM
- Instituted, At Least in Part (185): 29%
- Not Instituted (76): 71%

Patent Claims

IPR
- Instituted (14,332): 43%
- Not Instituted (18,934): 57%

CBM
- Instituted (2,384): 53%
- Not Instituted (2,670): 47%

*For petitions terminated through 10/31/15.
Source: PTAB Statistics.
**PTAB Statistics: IPR - Patent Claims**

**Result of Challenged Claims**
- Found unpatentable in final written decision (6,774) [20%]
- Cancelled/disclaimed by patent owner (1,608) [5%]
- Found patentable in final written decision (1,330) [4%]
- Not subject to final written decision (4,620) [14%]
- Not instituted (18,934) [57%]

**Result of Instituted Claims**
- Found unpatentable in final written decision (6,774) [32%]
- Cancelled/disclaimed by patent owner (1,608) [9%]
- Found patentable in final written decision (1,330) [11%]
- Not subject to final written decision (4,620) [47%]

---

*For petitions terminated through 10/31/15.
Source: PTAB Statistics.*
PTAB Statistics: CBM - Patent Claims*

Result of Challenged Claims:
- Found unpatentable in final written decision (1,369) - 27%
- Cancelled/disclaimed by patent owner (121) - 2%
- Found patentable in final written decision (60) - 1%
- Not subject to final written decision (834) - 17%
- Not instituted (2,670) - 53%

Result of Instituted Claims:
- Found unpatentable in final written decision (1,369) - 35%
- Cancelled/disclaimed by patent owner (121) - 3%
- Found patentable in final written decision (60) - 5%
- Not subject to final written decision (834) - 3%
- Not instituted (2,670) - 57%

*For petitions terminated through 10/31/15. Source: PTAB Statistics.
PTAB Statistics: Result of Final Written Decision*

**IPR**
- All claims unpatentable (453)
- Some, but not all, claims unpatentable (91)
- All claims patentable (86)

- 14% 14%
- 72%

**CBM**
- All claims unpatentable (65)
- Some, but not all, claims unpatentable (11)
- All claims patentable (3)

- 14%
- 82%

*For petitions terminated through 10/31/15.
Source: PTAB Statistics.
# Cost Considerations For Initiating Actions

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<th>PTAB</th>
<th>District Court</th>
<th>ITC</th>
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<tr>
<td>Relative overall cost</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>When costs incurred</td>
<td>Front-loaded</td>
<td>Back-loaded</td>
<td>Throughout</td>
</tr>
</tbody>
</table>
Hypothetical Timeline: PTAB vs. E.D. Tex.

**Typical IPR Timeline:**
≤18 mo. to Final Written Decision

- Petition
- ≤3 mo.
- PO Prelim. Response
- Institution Decision
- 3 mo.
- PO Resp.; Motion to Amend
- 3 mo.
- Pet. Reply; Opp. to Amend.
- ≤12 mo.
- Oral Hearing (by request)
- Final Written Decision

- ≤2 mo.


**Typical Trial Timeline (E.D. Tex.):**
~19-23 mo. to Trial

- ~4 mo.+
- ~5-8 mo.
- Markman Hearing
- ~2-5 mo.
- Dispositive Motions Due
- ~3-6 mo.
- Trial Begins

Based on recent E.D. Tex. scheduling orders.
Typical IPR Timeline:
≤18 mo. to Final Written Decision


Typical Trial Timeline (N.D. Cal.):
~31 mo. to Trial

Hypothetical Timeline: PTAB vs. ITC

**Typical IPR Timeline:**
≤18 mo. to Final Written Decision

- 3 mo. Petition
- PO Prelim. Response
- ≤3 mo. Institution Decision
- 3 mo. PO Resp.; Motion to Amend
- 3 mo. Pet. Reply; Opp. to Amend
- ≤12 mo. Oral Hearing (by request)
- Final Written Decision


**Typical § 337 Investigation (ITC):**
~15-18 mo. to Remedy Being in Full Effect

- 30 days Complaint
- 45 days ITC Institutes Investigation
- ~6 mo. Target Date Set
- ~3 mo. Evidentiary Hearing
- ≤4 mo. Initial Det.
- 60 days Final Det. Target Date

## Windows to File IPR Petitions

<table>
<thead>
<tr>
<th>Timeframe After Service</th>
<th>Accommodation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before service of complaint</td>
<td>Allows time for possible follow-on petition in the event institution is denied</td>
</tr>
<tr>
<td>0-5 months after service</td>
<td></td>
</tr>
<tr>
<td>5-8 months after service</td>
<td>Allows time for possible follow-on petition if the PO’s Preliminary Response provides reason to doubt whether institution will be granted (note: PTAB may exercise discretion to deny follow-on petition)</td>
</tr>
<tr>
<td>8-12 months after service</td>
<td></td>
</tr>
</tbody>
</table>

**Bar date (12 mo.):**

Allows time for possible follow-on petition in the event institution is denied.
Motion to Stay Pending PTAB Proceedings: Statistics*

- **61% Granted**
  - (441)
- **33% Denied**
  - (236)
- **6% Granted in Part**
  - (43)


Motion to Stay Pending PTAB Proceedings: Pre/Post-Institution

Pre-Institution Stay Orders

- 48% Denied (150)
- 52%, Granted at Least in Part (164)

Post-Institution Stay Orders

- 25% Denied (38)
- 75% Granted at Least in Part (113)

*Through July 31, 2015.

Motion to Stay Pending PTAB Proceedings: Example


- **Granted stay**, even though case was “not in its infancy” (>1 yr after complaint filed)
  - Parties had engaged in “significant discovery.”
  - Claim construction briefing was completed.
  - “[F]ar enough along that a stay would interfere with ongoing proceedings.”

- “[D]enying a stay because of the progress of the case to this point would impose **significant expenses on the parties that might be avoided** if the stay results in the simplification (or obviation) of further court proceedings.”

- “[S]ince the circuit court’s decision in *VirtualAgility*, **courts have been nearly uniform in granting motions to stay** proceedings in the trial court after the PTAB has instituted [IPR and CBM] proceedings.”
Questions?

Brian.Biddinger@ropesgray.com
James.L.Davis@ropesgray.com
Advantages of CBM

• Often Cancels Patent
  - If instituted, there’s a significant chance of invalidity under *Alice* upon final decision
  - More grounds of invalidity than an IPR (no 102(e))

• Usually Stays Litigation
  - A stay of litigation is highly likely in most cases (interlocutory appeal to the Fed. Cir.)
  - This gives the defendant a lower cost option to avoid litigation and invalidate the patent
Broad Advice to Avoid CBMs

• Beat Alice
  o No abstract idea
  o Claim “significantly more” – the “unconventional”

• Avoid claiming what is financial or supports financial activities

• Claim a technological advance
Alice — Major Shift in Patent Eligibility

• In June, 2014 the US Supreme Court pulled back on the types of innovations that can receive patent protection

• Just automating a known manual procedure not good enough to get a patent

• Patents aimed at business methods highly suspect in the courts
Patent Applications after *Alice*

- Allowance rates for patent applications on electronic commerce dropped from 27% to 4%.
- To obtain a patent and survive challenge, patent applications need to present a technical problem (or at least one rooted in technology) with a technical solution.
- Patent applications written before *Alice* are very difficult to adapt to meet new standard.
Post-State Street & Pre-Alice

• An innovation directed to high-speed securities trading could claim the method of using buy orders at one exchange to predict buy orders at a second geographically distant exchange
Post-Alice

- The same innovation should be disclosed and claimed as a communications network
- Using one or more elevated line of sight microwave/laser towers to transmit signals from one server to a geographically distant server faster than simultaneously transmitted signals between such servers over terrestrial fiber optic cable networks
Use *DDR* as a Guide

- Root the problem in technology
- Claim the “Unconventional How”
  - Recite in the claims, the operation of technology which solves the problem and is different from the conventional operation of the prior art
“Although the claims address a business challenge (retaining website visitors), it is a challenge particular to the Internet.”

“[T]he claims at issue here specify how interactions with the Internet are manipulated to yield a desired result – a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.”

“When the limitations of the ‘399 patent’s asserted claims are taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet.”

DDR Holdings, LLC. V. Hotels.Com, L.P., 773 F. 3d 1245, 1258-59 (Fed. Cir. 2015)(emphasis added)
Avoiding “Financial” Claiming

• Avoid expressly claiming financial products or activities

• Avoid tying the claims to financial activities, or activities “incidental” or “complementary to” a financial activity, in the specification

• If the specification mentions financial applications or elements, focus the claims on non-financial embodiments (useful for continuations)
Avoiding “Financial Activities” in the Claims


“In claim 2, the ‘plurality of other devices [of claim 1] includes at least one of a credit card reader, a cash machine, an automatic teller machine, and a phone line’” (emphasis in original)
Avoiding “Financial Activities” in the Claims


11. The method of claim 7, wherein the event or condition is associated with the price of products sold by the company.
Avoid Disclosing “Financial Activities” in the Specification


Also in other fields, such as industry, defence, banking, insurance, etc., improved protection is desired against unauthorised access to the tools, databases, applications etc. that are used for administration and storing of sensitive information.”

‘201 Patent 1:20-30 (Background)(emphasis added)
Focusing the Claims on Non-Financial Embodiments

- Ensure the preamble and body hold together to describe a non-financial theme backed-up by the specification
- Do not expressly recite any financial elements
- Do not recite features from disclosed financial embodiments
- Do not use claim terms broad enough to cover both the financial, and the nonfinancial, embodiments
Focusing the Claims on Non-Financial Embodiments


The following “in the context of the claim as a whole” did not involve “the movement of money or extension of credit in connection with the sale of a prescription drug”:

- “distributing a prescription drug,”
- “receiving all prescription requests,”
- “checking the credentials of any and all doctors,”
- “mailing” or “providing” the prescription drug to a “patient”
Drafting Points for the “Technological Inventions” Exclusion

• The specification should identify the technical problem solved by the invention

• The specification should not describe the technology of the claimed embodiments as “conventional”

• The specification should not give the impression the technology is not important (e.g., by stating “any suitable hardware or software may be used”)

• The specification should identify the unconventional and technical “How” that solves the technical problem

• Claim the “How”
Protecting against IPRs

• No Section 101 or 112 challenges
• Shifts in patent applications to protect against IPRs are more subtle than for CBMs
Narrow Claims to Reduce IPR Risk

• Litigation calculus has shifted so that prior art challenges (especially 103 obviousness) are much more serious than before PTAB
• Broad claims make easier prior art targets
• Balance design around risk against statistical success rate in IPR
Making an IPR Petition More Challenging

• More claims consumes 60 pages quickly (raises price of challenge)

• More substantive limitations is likely to require combining more 102/103 references

• Combining multiple technical innovations/disciplines in the claims (3+ is very difficult to find in prior art)
Questions?

James.Myers@ropesgray.com
Richard.Feustel@ropesgray.com
What is a Covered Business Method patent?

- A “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…”

AIA § 18(d)(1); see 37 C.F.R. § 42.301(a)
What is a Covered Business Method patent?

• The definition was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity’”

The Technological Exclusion

- The definition expressly excludes patents for “technological inventions”
  AIA § 18(d)(1); see also 37 C.F.R. § 42.301(a)

- The test: “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution”
  37 C.F.R. § 42.301(b)
Inter Partes Review: A Cross-Industry Retrospective

Chad Hanson, Medtronic Inc.
Ching-Lee Fukuda, Ropes & Gray
Andrew Thomases, Ropes & Gray
Steve Baughman, Ropes & Gray (Moderator)

January 13, 2016

This information should not be construed as legal advice or a legal opinion on any specific facts or circumstances. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer concerning your own situation and any specific legal questions you may have.
The PTAB’s Role in Patent Disputes

• The **second most active venue** in terms of number of U.S. cases in 2015
  – Had been the most active venue in 2014
  – Had been third, after ED Texas and Delaware, in 2013

  [Link](https://www.docketnavigator.com/stats/)

• More than **4,400** petitions (IPR and CBM) filed to date
  – 1,737 IPRs filed just in FY2015 (ending 9/30/15)
  – But less than 660 in “life sciences” (15.5%)
    • 292 petitions in Technology Center 1600 (includes biotechnology and chemistry)
    • 364 petitions in Technology Center 3700 (includes mechanical devices and medical devices)

• Extremely powerful tool for companies alleged to infringe
AIA Petitions by Fiscal Year

As of November 30, 2015

Number of AIA Petitions Filed by Fiscal Year by Type

- IPR
- CBM
- PGR

FY 2014:
- IPR: 1310
- CBM: 177
- PGR: 2

FY 2015:
- IPR: 1737
- CBM: 149
- PGR: 11

FY 2016:
- IPR: 237
- CBM: 21
- PGR: 1

IPR Petition Dispositions

As of November 30, 2015

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Instituted</th>
<th>Joinders</th>
<th>Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>15</td>
<td>557</td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td>116</td>
<td>801</td>
<td></td>
</tr>
<tr>
<td>FY 2016*</td>
<td>426</td>
<td>158</td>
<td>22</td>
</tr>
</tbody>
</table>

Percentage of Decisions Instituting IPR is Decreasing

**FY2013**
- Instituted: 167
- Joinders: 26
- Denied: 10

**FY2014**
- Instituted: 557
- Joinders: 193
- Denied: 15

**FY2015**
- Instituted: 801
- Joinders: 426
- Denied: 116

IPR Settlements

As of November 30, 2015

IPR - Settlements

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Settled Before Institution</th>
<th>Settled After Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014</td>
<td>106</td>
<td>104</td>
</tr>
<tr>
<td>FY 2015</td>
<td>275</td>
<td>189</td>
</tr>
<tr>
<td>FY 2016</td>
<td>47</td>
<td>16</td>
</tr>
</tbody>
</table>

IPR Final Dispositions

As of November 30, 2015

2296 Total Petitions

1169 Trials Not Instituted
- Petition Denied/Dismissed

1127 Trials Instituted

452 Trials Terminated During Trial
- Settled/Dismissed/Abandoned

675 Trials Completed
- Rejected Final Written Decisions

487 Trials
- All Instituted Claims: Unpatentable (21% of Total Petitions, 43% of Trials Instituted, 72% of Final Written Decisions)

97 Trials
- Some Instituted Claims: Unpatentable (8% of Total Petitions, 9% of Trials Instituted, 14% of Final Written Decisions)

91 Trials
- No Instituted Claims: Unpatentable (4% of Total Petitions, 8% of Trials Instituted, 14% of Final Written Decisions)

IPR Outcomes: Claims

IPR Petitions Terminated to Date* (As of November 30, 2015)

- 1444 Claims Found Patentable by PTAB in Final Written Decision
- 4746 Claims Remaining Patentable (Not Subject to Final Written Decision)
- 1659 Claims Cancelled or Disclaimed by Patent Owner
- 19571 Claims Challenged but Not Instituted
- 36992 Claims Not Challenged

Total Number of Claims Available to be Challenged within 2296 Petitions
- 71638

Claims Challenged
- 34646 (48.3%)

Claims Instituted
- 15075 (43.5%)

Claims Found Unpatentable by PTAB in Final Written Decision
- 7224 (47.9% (of instituted claims))
- 20.9% (of challenged claims)

AIA Petitions By Technology

As of November 30, 2015

259 Total AIA Petitions in FY 16*
(Technology Breakdown)

- Electrical/Computer - TCs 2100, 2400, 2600, 2800
- Mechanical/Business Method - TCs 3600, 3700
- Chemical - TC 1700
- Bio/Pharma - TC 1600
- Design - TC 2900

135
52%

67
26%

18
7%

38
15%

1
0%

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

- Electrical/Computer - TCs 2100, 2400, 2600, 2800
- Mechanical/Business Method - TCs 3600, 3700
- Chemical - TC 1700
- Bio/Pharma - TC 1600
- Design - TC 2900

413
63%

443
31%

44
5%

187
0%

153
0%

90
5%

4
0%

1489 Total AIA Petitions in FY 14*
(Technology Breakdown)

- Electrical/Computer - TCs 2100, 2400, 2600, 2800
- Mechanical/Business Method - TCs 3600, 3700
- Chemical - TC 1700
- Bio/Pharma - TC 1600
- Design - TC 2900

562
62%

318
21%

93
8%

114
3%

3
0%

Historical Technology Breakdown of Inter Partes Reexam

As of September 30, 2012

Inter Partes Reexamination By Technology

- Chemical: 15%
- Electrical: 45%
- Mechanical: 25%
- Design: 14%
- Other: 1%

IPRs: Life Sciences vs. Electrical/Computer Arts
(as of Nov. 11, 2015)

- **TC 1600 and 3700 (“Life Sciences”):**
  - 656 petitions, 253 institution decisions, 120 final decisions
  - TC 1600: 292 petitions, 91 institution decisions, 47 final decisions
  - TC 3700: 364 petitions, 162 institution decisions, 73 final decisions

- **TC 2100, 2400, 2600 and 2800 (“Electrical/Computer”):**
  - 1873 petitions, 738 institution decisions, 319 final decisions

<table>
<thead>
<tr>
<th></th>
<th>Percent in which review has been instituted</th>
<th>Patent remains unchanged after final written decision in IPR</th>
<th>Patent retains at least some valid claims after final written decision in IPR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Sciences</strong></td>
<td>TC 1600: 67.8% TC 3700 66.7%</td>
<td>TC 1600: 31.9% TC 3700: 6.8%</td>
<td>TC 1600: 40.4% TC 3700: 12.3%</td>
</tr>
<tr>
<td><strong>Electrical/Computer</strong></td>
<td>64.1 – 72.6%</td>
<td>6.9 – 13.6%</td>
<td>18.4 – 25.6%</td>
</tr>
</tbody>
</table>

Source: November 11, 2015 LegalMetric IPR Report
2013 Top IPR Petitioners and Defendants

Top IPR Petitioners (2013)

- Apple
- Samsung
- Medtronic
- TRW Automotive
- Toyota
- Microsoft
- Google
- Oracle
- Veeam Software
- Sony

Top IPR Defendants (2013)

- Magna Electronics
- Virnetx
- American Vehicular Sciences
- Nuvasive
- Bonutti Skeletal Innovations
- Symantec
- B E Technology
- Clouding IP
- Ultratech
- Contentguard Holdings
In 2013 Medtronic Was 3rd Most Active IPR Petitioner

• 18 petitions for *inter partes* review filed by Medtronic in 2013
  – Patent Owners include LifePort Sciences, Endotach, Troy Norred, and NuVasive

• IPR instituted in 14 cases
  – Final determinations (IPRs) invalidating all instituted claims: 11
  – Final determinations (IPRs) invalidating at least some challenged claims: 2
2014 Top IPR Petitioners and Defendants

Top IPR Petitioners (2014)

- Apple
- Google
- Samsung Electronics
- Microsoft
- LG Electronics
- The Gillette
- Intel
- HTC
- Globalfoundries US
- Cypress Semiconductor

Top IPR Defendants (2014)

- Zond
- Intellectual Ventures
- Contentguard Holdings
- Virnetx
- Intellectual Ventures I
- American Vehicular Sciences
- Magna Electronics
- Innovative Display Technologies
- Black Hills Media
- Cypress Semiconductor
2015 Top IPR Petitioners and Defendants

Top IPR Petitioners (2015)

- Apple
- Samsung Electronics
- Google
- LG Electronics
- TRW Automotive
- Microsoft
- Toyota
- Ford
- Sony
- Qualcomm

Top IPR Defendants (2015)

- Innovative Display Technologies
- Finjan
- Magna Electronics
- Ericsson
- Global Touch Solutions
- Joao Control & Monitoring Sys
- Tracbeam
- Jazz Pharmaceuticals
- Virnetx
- Kinglite Holdings
Some IPR Petitioners in Life Sciences: Hedge funds (e.g., Kyle Bass)
Lessons From IPR Decisions

• What can be gleaned about the PTAB’s thought process through its IPR decisions?
  – Implications for high tech patents
  – Implications for life sciences patents
Lessons Learned

• Challengers are winning…
  – Percentage of final determinations (IPRs) invalidating *all* instituted claims: 72.1%*
  – Percentage of final determinations (IPRs) invalidating *at least some* challenged claims: 14.4%*
  – Historically, *Ex parte* challenges have also been effective in either canceling claims or leading to amendments that eliminate past damages

• But patent owners can also succeed…

*As of November 30, 2015*
Final Written Decisions and Appeal

• A growing body of examples
  – Decisions with all challenged claims rejected
  – Decisions with at least some claims surviving
  – Multiple related petitions with final written decisions entered concurrently

• Rehearing and appeal
  – Many cases teed up at the Federal Circuit
  – Impact on Federal Circuit docket
When can the Federal Circuit Review the PTAB’s Decision to Institute Proceedings?

35 U.S.C. § 314(d) No Appeal.— The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

(For CBM and PGR, see 35 U.S.C § 324(e))

- *In re Cuozzo Speed:*  
  - “We conclude that § 314(d) prohibits review of the decision to institute IPR even after a final decision.”

- *Versata Dev. v. SAP (Versata II):*  
  - “[O]ne of the limits on § 18 invalidation authority is that the patent at issue be a CBM patent. . . . If a particular patent is not a CBM patent, there is no proper pleading that could be filed to bring it within the [Board's] § 18 authority.”

- *Achates v. Apple:*  
  - “We thus hold that 35 U.S.C. § 314(d) prohibits this court from reviewing the Board's determination to initiate IPR proceedings based on its assessment of the time-bar of § 315(b), even if such assessment is reconsidered during the merits phase of proceedings and restated as part of the Board's final written decision.”

- *Sightsound v. Apple:*  
  - “[G]enerally, institution decisions are not reviewable, and in particular a challenge based on a defect in the initiation that could have been cured by a proper pleading is not reviewable. Only limitations on the Board’s authority to issue a final decision are subject to review.”
Federal Circuit IPR Decision: 
*In re Cuozzo* (July 9, 2015)

- Federal Circuit held that the PTAB’s decision to institute IPR was not reviewable on direct appeal from the PTAB’s final written decision.

- Federal Circuit majority affirmed PTAB determination that challenged claims were obvious.
  - Federal Circuit found the PTAB properly employed the “broadest reasonable interpretation” (BRI) standard in construing the reviewed claims.
  - Factual findings reviewed under “substantial evidence” standard, and legal issues reviewed *de novo*.

- Judge Newman dissented, criticizing, *inter alia*, the majority’s endorsement of BRI:
  - “By imposing the protocol of broadest reasonable interpretation, the PTO and the panel majority frustrate the legislative purpose. The PTO tribunal cannot serve as a surrogate for district court litigation if the PTAB does not apply the correct claim construction, but deliberately applies the ‘broadest’ construction.”
Federal Circuit IPR Decision: Microsoft v. Proxyconn (June 16, 2015)

• Vacated PTAB’s final written decision
• Federal Circuit held that although PTAB applies BRI standard, the PTAB’s claims constructions cannot be “unreasonably broad”
• PTAB is permitted to promulgate certain requirements for motions to amend in informative opinions, rather than in regulations
Federal Circuit dismissed GTNX’s appeal of the PTAB’s decision to vacate institution of CBM review

- Board instituted CBM Review in August 2014.
- In December 2014, Board vacated its earlier institution decision and terminated the proceedings as statutorily barred by § 324(a)(1).

Federal Circuit held that it lacked jurisdiction to review the Board’s decision to vacate because § 329 authorizes appeal “only from a ‘final written decision of the [Board] under section 328(a)”

- “§ 328(a) refers only to ‘a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 326(d).”
Federal Circuit CBM Decision: Versata v. SAP (Versata I) (Fed. Cir. July 9, 2015)

- Federal Circuit affirmed the PTAB’s conclusion that the challenged patent was a CBM patent and affirmed the unpatentability of the claims under § 101.

- Majority opinion:
  - Federal Circuit may review whether the challenged patent is a “covered business method patent” because it goes to the PTAB’s authority to invalidate a patent.
  - “[O]ne of the limits on § 18 invalidation authority is that the patent at issue be a CBM patent. . . . If a particular patent is not a CBM patent, there is no proper pleading that could be filed to bring it within the [Board’s] § 18 authority.”

- Judge Hughes concurred-in-part and dissented-in-part:
  - Plain language of § 324(e) unambiguously bars judicial review—at any time—of the Board’s decision to institute post-grant review.
  - “Majority’s interpretation of § 324(e) to permit review of whether Versata’s patent is a ‘covered business method patent’ directly conflicts with our precedential decision in In re Cuozzo”

- Federal Circuit dismissed the appeal of the PTAB’s final written decisions invalidating several claims of Achates’ patents.
- Achates argued that Apple’s petition was time-barred under §315(b)
- Federal Circuit held that it lacked jurisdiction under §314(d) to review the Board’s determination as to whether a petition is time-barred
  - “[T]he § 315(b) time bar does not impact the Board's authority to invalidate a patent claim—it only bars particular petitioners from challenging the claim.”
  - “Just as the pleading in Cuozzo could have been sufficient by the inclusion of the missing prior art reference. . . the timeliness issue here could have been avoided if Apple's petition had been filed a year earlier or if a petition identical to Apple's were filed by another party.”
  - “This is in contrast to the issue in Versata II, where ‘no proper pleading [] could be filed to bring it within the [Board's] § 18 authority.’”

• Federal Circuit affirmed the PTAB’s finding that four challenged claims were unpatentable as obvious but reversed the finding that two other claims were patentable and nonobvious
  – PTAB cancelled claims 1-4 as obvious over a combination of prior art references but upheld claims 5-6.
  – Federal Circuit stated: “The Board [...] violates the principle that ‘[a] reference must be considered for everything it teaches by way of technology and is not limited to the particular invention it is describing and attempting to protect.

• Federal Circuit affirmed the Board’s denial of a motion to exclude expert declaration submitted with Petitioner’s Reply
  – “[I]f the petitioner submits a new expert declaration with its Reply, the patent owner can respond in multiple ways. It can cross-examine the expert and move to file observations on the cross-examination. It can move to exclude the declaration. It can dispute the substance of the declaration at oral hearing before the Board. It can move for permission to submit a surreply responding to the declaration’s contents. And it can request that the Board waive or suspend a regulation that the patent owner believes impairs its opportunity to respond to the declaration. The options are not mutually exclusive.”
Federal Circuit IPR Decision:  
*Straight Path IP v. Sipnet EU* (Nov. 25, 2015)

- Federal Circuit reversed the PTAB’s claim construction and remanded for further proceedings under the correct construction.
- Federal Circuit found that the Board’s construction was wrong even under BRI:
  - “We start with the claim language—which has a meaning that can only be called plain. . . . ¶ But the Board did not address the facially clear meaning, instead turning immediately to the specification.”
  - “When claim language has as plain a meaning on an issue as the language does here, leaving no genuine uncertainties on interpretive questions relevant to the case, it is particularly difficult to conclude that the specification reasonably supports a different meaning.”
- Federal Circuit also held that Patentee failed to preserve a claim construction position with respect to a second term:
  - Patentee did not request a construction of “process” in its preliminary response, in its post-institution response, or at the oral hearing; the Board therefore committed no error in not construing the term.

- Federal Circuit held that *inter partes* review does not violate Article III of the constitution or the Seventh Amendment
  - Federal Circuit stated: “Supreme Court precedent demonstrates that . . . the inter partes review provisions, do not violate Article III.”
    - Patent right derives from extensive federal regulatory scheme and is created by federal law.
    - Congress reacted to “a growing sense that questionable patents are too easily obtained and are too difficult to challenge” and sought to establish a more streamlined and efficient system for challenging the validity of patents
    - “There is notably no suggestion that Congress lacked authority to delegate to the PTO the power to issue patents in the first instance. It would be odd indeed if Congress could not authorize the PTO to reconsider its own decisions.”
  - Federal Circuit also stated: “Because patent rights are public rights, and their validity susceptible to review by an administrative agency, the Seventh Amendment poses no barrier to agency adjudication without a jury.”
Federal Circuit CBM Decision:

• Federal Circuit affirmed the PTAB’s finding that the challenged claims were unpatentable as obvious
  – Although Apple’s petitions included the grounds on which the PTO instituted review with respect to anticipation and alleged facts to support obviousness, the petitions did not specifically allege obviousness over one of the prior art references.
  – The Board nonetheless exercised its discretion and instituted review on obviousness grounds.

• Patent Owner argued on appeal that the institution decision should be reversed since the proceedings were initiated on grounds not explicitly raised in the Petition.

• Federal Circuit held that it lacked jurisdiction to review the grounds upon which the Board instituted CBM review
  – Federal Circuit stated: “[G]enerally, institution decisions are not reviewable, and in particular a challenge based on a defect in the initiation that could have been cured by a proper pleading is not reviewable. Only limitations on the Board’s authority to issue a final decision are subject to review.”

• Federal Circuit affirmed the PTAB’s finding that the challenged claims were invalid for obviousness
  – The Majority reviewed the Board’s factual findings for substantial evidence and, based on the underlying factual findings, reviewed the Board’s ultimate conclusion of obviousness de novo.
  – Judge Newman dissented based on the standard of review:
    • “[I]t is incorrect for this court, as the only reviewing tribunal, to review the PTAB decision under the highly deferential “substantial evidence” standard. Our obligation is to assure that the legislative purpose [of the AIA] is met, through application of the statute in accordance with its purpose.”
    • “The Federal Circuit is the only review body for these new agency proceedings, for the [AIA] displaced the alternative path of challenge to PTO decisions in the district court…On appeal, to the Federal Circuit, our assignment is to determine whether the PTAB ruling is correct in law and supported by a preponderance of the evidence.”

• Federal Circuit affirmed the PTAB’s determination that the claims are not invalid as obvious and the Board’s refusal to allow Petitioner to submit a post-institution expert declaration in its attempt to challenge the patent
  – The Board found that the IPR Petition did not rely on an expert declaration in support of its position.
  – Post-institution, Petitioner moved to admit four new exhibits, including an expert declaration and resume. The Board denied Petitioner’s motion
    • “[Petitioner] did not make ‘any attempt to justify the submission of an expert declaration after filing its petition and after a decision to institute has been made except to note that the move was cost effective.’”
    • “[Petitioner] did not allege ‘any of the arguments or evidence in the newly submitted declaration [was] information that reasonably could not have been submitted with the Petition.’”

• Federal Circuit found that the Board must be given deference in interpreting its own regulations regarding the IPR process
Questions?

Andrew.Thomases@ropesgray.com
Ching-Lee.Fukuda@ropesgray.com
Ropes & Gray’s PTAB Practice

Ropes & Gray’s PTAB practice is led by Steve Baughman, who has personally participated in more than 110 PTAB proceedings and more than 30 final trial hearings as counsel of record—more than most law firms—and has received numerous accolades for his work, including Law360’s first IP MVP designation based on PTAB work. Ropes & Gray’s PTAB team includes a deep bench of lawyers and technical assistants, including 20 partners and more than 50 associates and technical assistants with experience before the Board.

Steve Baughman, Partner, Ropes & Gray
Steven.Baughman@ropesgray.com