

Post-Grant for Practitioners



FR

Part 2: IPR and Supplemental Examination- Recent Developments

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Co-Chairs of Post-Grant Practice

Agenda

- I. Overview of Webinar Series
- II. Statistics
- III. Case Study #1: Synopsys v. Mentor Graphics
- IV. Case Study #2: Garmin v. Cuozzo Speed Technologies
- V. Supplemental Examination

I. Overview

Where? ... see invitation

How often? ... monthly

When? ... 2nd Wednesday

Topics? ...

Important decisions

Developments

Practice tips

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Post-Grant Practice



Post-Grant for Practitioners:

A monthly series of webinars focusing on developments in post-grant proceedings and related practice tips

Part I: Inter Partes Review and Covered Business Method Patents - the First Five Months.

Wednesday, February 13, 2013
1:00 p.m. ET

Fish & Richardson's post-grant practice chairs are back with a new monthly series of webinars devoted to topics of interest in the emerging area of post-grant proceedings. Join them as they share their experiences, insights, and practice tips.

This first webinar will discuss the first five months of inter partes review and covered business method patents.

Speakers:

[Dorothy Whelan](#), Principal and Post-Grant Practice Co-Chair, Twin Cities
[Karl Renner](#), Principal and Post-Grant Practice Co-Chair, Washington, DC

Fish & Richardson will apply for 1.0 hour of general CLE credit in most states. If you would like to receive CLE credit, RSVP with your state bar information.

RSVP

If you have questions, please contact Tracey Spadavecchia at spadavecchia@fr.com.

I. Overview (con't)

- Brief Review
 - IPR: Inter partes review
 - Grounds for unpatentability limited to patents and printed publication
 - Standard: reasonable likelihood that petitioner would prevail on at least 1 claim
 - Estoppel: any ground raised or reasonably could have raised
 - CBM: Transitional Program for Covered Business Method Patents
 - **Limited to patents related to “financial services;” excludes “technological inventions;” petitioner must have been sued/threatened with suit**
 - Grounds for unpatentability: all (101, 112, 102/103)
 - Standard: more likely than not that at least 1 claim is unpatentable
 - Estoppel:
 - (a) PTO proceedings: any ground raised or reasonably could have raised
 - (b) District court/ITC: any ground raised

II. Statistics (IPR)

- IPR's Filed?
 - 158 filed through March 8th
 - 30 filed in February
- Application of Threshold: Reasonable Likelihood of Success
 - IPR has been instituted in all but 1 IPR Petition evaluated
 - However, there have only been 14 IPRs considered thus far
 - In a number of cases where IPR was ordered, it was on only a subset of petitioned claims

II. Statistics (CBM)

- **CBM's Filed?**
 - 15 filed through March 8th
 - 0 filed in February
- **Application of Threshold: Reasonable Likelihood of Success**
 - CBM has been instituted in all but 2 CBM Petitions evaluated
 - However, there have only been 10 CBMs considered thus far
 - In a number of cases, CBM was ordered on only a subset of petitioned claims

II. Statistics: Who is filing?

- By industry (IPR + CBM)
 - ~60% software or EE
 - ~20% mechanical
 - ~20% bio/chemical
- Approximately 75% of challenged patents anchor pending litigations

III. Case Study #1 (Synopsis)

Synopsys, Inc. v. Mentor Graphics Corp., slip op. IPR2012-00041 (PTAB Feb. 2, 2013)

- First IPR petition denied on all grounds
- Notable Aspects
 - Which/how many claim terms need construed in initial petition?
 - **Effectiveness of preliminary patent owner's response?**
 - High standard for establishing reasonable likelihood of success?

III. Case Study #1 (Synopsis)

Claim construction

- Petitioner relied exclusively on ordinary and customary meaning. Construed nothing.
- **Patent owner, in preliminary owner's response, argued for a construction of a claim term that distinguished petitioner's prior art.**
- PTAB performed its own claim construction analysis and agreed with Patent owner.
- No mechanism available at this stage for petitioner to establish competing construction.

III. Case Study #1 (Synopsis)

Claim construction (**con't**)

- Omit constructions from petition at your peril.
 - **Availability of preliminary patent owner's statement** means that petitioner cannot hold back arguments and assume he/she can present them later in the proceeding.
 - Different from *inter partes* reexam, where there was no preliminary **patent owner's statement**.
- Reinforces broader guidance to bring evidence at the earliest available opportunity.

III. Case Study #1 (Synopsis)

Preliminary Patent Owner Response

- While largely limited to intrinsic evidence, this affords patent owner the opportunity to challenge on substantive grounds
- Here, Patent Owner advanced a favorable construction, based on intrinsic evidence, and the USPTO validated based on dictionary definitions
- Thus, Patent owner gets the last word before trial decision...

III. Case Study #1 (Synopsis)

Reasonable Likelihood of Success (RLS)

- PTAB found petitioner's 102 and 103 arguments did not satisfy RLS standard.
- Claim charts and text failed to explain how individual elements found in prior art were arranged as recited in the claims.
- **Petitioner presented only cursory treatment of obviousness (“to the extent not anticipated by reference x, the claims would have been obvious and each challenged claim element would have been obvious”).**
- PTAB dismissed conclusory statements as insufficient to demonstrate RLS:
 - “Petitioner has not provided sufficient reasoning or facts on which to base a conclusion [of obviousness]”
 - “Petitioner does not clearly explain the reasoning behind this assertion. The Petitioner does not clearly point out the differences between the claimed invention and [the prior art]. Nor does Petitioner explain why a person of ordinary skill in the art would have found the claimed subject matter obvious in spite of those differences.”

III. Case Study #1 (Synopsis)

Reasonable Likelihood of Success (RLS)(**con't**)

- PTAB is holding petitioners to a high standard for demonstrating RLS.
- If presenting 103 grounds as alternative to 102, petitioner is still required to present a full-blown *Graham* analysis.
- Highlights importance of filing a robust, thorough petition.

III. Case Study #1 (Synopsis)

Next steps for Petitioner?

- **No estoppel because no “final written decision.”** 35 U.S.C. § 315(e).
 - Petitioner can rely upon same art in co-pending district court litigation.
 - Petitioner can file a new IPR petition based upon same art if within 1 year of being served with complaint.
 - Petitioner may receive partial refund of initial filing fee.

IV. Case Study #2 (Garmin)

Garmin International Inc. v. Cuozzo Speed Technologies LLC,
slip. op. IPR2012-00001 (PTAB Mar. 5, 2013)

- Notable aspects
 - **PTAB clarified metes and bounds of “routine discovery.”**
 - PTAB proposed standards for justifying requests for additional discovery.
 - PTAB signaled that discovery in PTAB trials will be much more limited than district court discovery.

IV. Case Study #2 (Garmin)

Routine Discovery Clarified

- 37 C.F.R. § 42.51(b)(1) defines categories of “routine discovery” to which party is entitled without prior PTAB authorization or consent of opposing party:
 - Production of exhibits cited in a paper or testimony (§ 42.51(b)(1)(i));
 - Cross-examination of opposing declarants (§ 42.51(b)(1)(ii));
 - “**Non-cumulative information that is inconsistent with a position advanced during the proceeding**” (§ 42.51(b)(1)(iii)).

IV. Case Study #2 (Garmin)

Routine Discovery (**con't**)

- PTAB held that Patent owner was not entitled to file histories of prior art included in petition under § 42.51(b)(1)(i) because petitioner did not rely upon file histories.
- No reason why Patent owner could not have obtained the file histories on its own.

IV. Case Study #2 (Garmin)

Routine Discovery (**con't**)

- Patent owner's interrogatories, document requests, and deposition notice of corporate entity did not fall under "inconsistent positions" provision of § 41.51(b)(1)(iii):

"Routine discovery under 37 C.F.R. § 41.51(b)(1)(iii) is narrowly directed to specific information known to the responding party to be inconsistent with a position advanced by that party in the proceeding, and not broadly directed to any subject area in general within which the requesting party hopes to discover such inconsistent information. [Patent owner's] attempt to label very broad discovery requests as narrowly tailored routine discovery is misplaced."

IV. Case Study #2 (Garmin)

Routine Discovery (**con't**)

Lesson:

- “Routine discovery” is not a means for a party to uncover inconsistent information in the possession of opposing party.
- “Routine discovery” refers to an affirmative obligation on each party to produce information it “knows” is inconsistent with its positions.
- Each party determines what, if any, information in its possession is “inconsistent.”
- Scope of “routine discovery” is very limited.

IV. Case Study #2 (Garmin)

Additional Discovery--“**Interest of Justice**”

- PTAB must authorize discovery beyond “routine discovery.”
- 35 U.S.C. § 316(a)(5) and 37 C.F.R. § 41.51(b)(2): moving party must demonstrate that additional discovery sought is “in the interest of justice.”
- *Garmin* suggests that this is a very difficult standard to meet.

IV. Case Study #2 (Garmin)

Additional Discovery--**“Interest of Justice” (con’t)**

PTAB proposed 5-part test for establishing “in the interest of justice”:

“(1) More Than a Possibility and Mere Allegation—The mere possibility of finding something useful, and mere allegation that something useful will be found, are insufficient to demonstrate that the requested discovery is necessary in the interest of justice. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.

(2) Litigation Positions and Underlying Basis—**Asking for the other party’s litigation positions and the underlying basis for those positions is not necessary in the interest of justice.**

(3) Ability to Generate Equivalent Information By Other Means.

(4) Easily Understandable Instructions.

(5) Requests Not Overly Burdensome to Answer.”

IV. Case Study #2 (Garmin)

Additional Discovery--**“Interest of Justice” (con’t)**

- Factor #1 —“More Than a Possibility and Mere Allegation” is key factor.
- Underscores limited nature of PTAB discovery vs. district court:

“The Essence of Factor (1) is unambiguously expressed by its language, i.e., the requester of information should already be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered. “Useful” in that context does not mean merely “relevant” and/or “admissible.” In the context of Factor (1), “useful” means favorable in substantive value to a contention of the party moving for discovery.”

IV. Case Study #2 (Garmin)

Additional Discovery--“**Interest of Justice**” (con’t)

- PTAB denied patent owner’s motion for additional discovery relating to objective evidence of non-obviousness for failure to meet threshold showings.
- Commercial success: required patent owner to demonstrate nexus between commercial success and features of claimed invention;
- Failure by others: required patent owner to show that others besides petitioner had tried and failed to show failure was widespread;
- **Copying: evidence of a telephone call between inventor and petitioner’s lawyer regarding patent infringement insufficient (“Garmin might well have independently conceived of and developed the invention”).**

PTAB standards for threshold showing similar to standards for relevance of evidence in district court trial, not lower standard in district court for supporting a discovery request.

IV. Case Study #2 (Garmin)

Additional Discovery--“**Interest of Justice**” (con’t)

- PTAB’s high standards for “interest of justice” must be viewed in context of PTAB’s mandate to complete patent trials within 1 year of petition decision:

“[I]n *inter partes* review, discovery is limited as compared to that available in district court litigation. Limited discovery lowers cost, minimizes the complexity, and shortens the period require for dispute resolution. There is a one-year statutory deadline for completion of *inter partes* review, subject to limited exceptions. 35 U.S.C. § 316(a)(11); see also 37 C.F.R. § 42.100(c). What constitutes permissible discovery must be considered with that constraint in mind.”

IV. Case Study #2 (Garmin)

Additional Discovery--**“Interest of Justice” (con’t)**

Lessons:

- In the absence of agreement, parties should assume that the only **discovery permitted will be “routine discovery.”**
- Even if parties agree, will PTAB still limit discovery to meet 1-year deadline?
- Effect on overall cost vs. district court?
- **Effect on petitioner’s choice of forum?**
- Effect on timing of petition relative to co-pending district court litigation?

V. Supplemental Examination

- Effective 9/16/12.
- Patent owner can request that the PTO “consider, reconsider, or correct information believed to be relevant to the patent.” The “information” is not limited to patents and printed publications. The information thereafter cannot form the basis for inequitable conduct.
- Std for granting : whether information raises an SNQ. If PTO determines an SNQ is raised, PTO orders reexamination.
- Cost: Basic filing fee = \$5,140. If reexam ordered, additional cost = \$16,120.

V. Supplemental Examination

- Statistics: 9 filed through February 28, 2013.
- Review completed of 2 requests.
- 1 granted, 1 denied.

V. Supplemental Examination

- Strategic considerations:
 - Does not eliminate inequitable conduct altogether. Statements made in the submission or during the reexamination could still give rise to inequitable conduct.
 - If SNQ is found, reexamination begins with uncertain outcome.
 - Effect of *Therasense*?

- In our initial 7-part webinar series titled “Challenging Patent Validity in the USPTO,” we explored details regarding several of the post grant tools, with 3 sessions dedicated to Inter Partes Review (IPR), and a final session walking through several hypotheticals, to help listeners understand how these apply to common situations.
- Audio and slides for these webinars are posted online at:
<http://www.fr.com/post-grant-webinar-series/>
- If you listen to these webinars, you will be well positioned to engage in a conversation over whether and when to use those tools and how to defend against them.

Resources

- F&R web sites:
 - Post-Grant for Practitioners: <http://www.fr.com/post-grant-for-practitioners/>
 - General: <http://www.fr.com/post-grant-practice/>
 - IPR: <http://www.fr.com/reexam-services-post-grant-ipreview/>
 - PGR: <http://www.fr.com/reexam-services-post-grant-pgreview/>
 - Rules governing post-grant: <http://www.fr.com/post-grant-practice/>
- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - Inter Partes: http://www.uspto.gov/aia_implementation/bpai.jsp

Questions?



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