

# Post-Grant for Practitioners



FR

## Part VI: Inter Partes Review—Claim Construction and Patent Owner's Preliminary Response

Karl Renner, Dorothy Whelan, and Josh Pond  
*Principals*

*Webinar Series*  
July 10, 2013

## Agenda

- I. Overview of Webinar Series
- II. Statistics
- III. Claim Construction
- IV. **Patent Owner's Preliminary Response**

## I. Overview

Where? ... see invitation

How often? ... monthly

When? ... 2<sup>nd</sup> Wednesday

Topics? ...

Important decisions

Developments

Practice tips

FR FISH & RICHARDSON

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](mailto:spadavecchia@fr.com).

## I. Overview (con't)

- Housekeeping
  - CLE
  - Questions
  - Materials
    - 2012 Webinar series: <http://www.fr.com/post-grant-webinar-series/>
    - 2013 Webinar series: <http://www.fr.com/post-grant-for-practitioners/>
    - Website

## II. Statistics (IPR)

- IPR's Filed?
  - 343 filed through July 5th
  - 65 filed in June
- Exceeds discretionary limit of 250 filings
- Application of Threshold: Reasonable Likelihood of Success
  - IPR has been instituted in almost all petitions evaluated
  - In many cases where IPR was ordered, it was on only a subset of petitioned claims

## II. Statistics (CBM)

- **CBM's Filed?**
  - 36 filed through July 5th
  - 8 filed in June
- **Application of Threshold: Reasonable Likelihood of Success**
  - CBM instituted in all but 3 CBM Petitions that were evaluated
  - In a number of cases, CBM was ordered on only a subset of petitioned claims

## II. Statistics (Stays)

- Granted (21):
  - Bd. Of Trustees of the Univ. of Illinois v. Micron Tech., Inc. (C.D. Ill. );
  - Clearlamp LLC v. LKQ Corp. (N.D. Ill.);
  - Semiconductor Energy Lab Co., Ltd. v. Chimei Innolux Corp. et al. (C.D. Cal.);
  - Network-1 Sec. Solutions, Inc. v. Alcatel-Lucent USA Inc. et al. (E.D. Tex.);
  - Bergstrom, Inc. v. Idle Free Sys., Inc. (N.D. Ill.);
  - Star Envirotech Inc. v. Redline Detection LLC (C.D. Cal.);
  - Achates Reference Pub., Inc. v. Symantec Corp. (E.D. Tex.);
  - Progressive Casualty Ins. Co. v. Safeco Ins. Co. of Ill. (N.D. Ohio);
  - Capriola Corp. v. Larose Industries, LLC (M.D. Fl.);
  - Trustees of Columbia University in the City of New York v. Illumina, Inc. (D.Del.);
  - ComplementSoft, LLC v. SAS Institute, Inc. (N.D. Ill.);
  - Centria v. ATAS International, Inc. (W.D. Pa);
  - Prolitec, Inc. v. ScentAir Technologies, Inc. (E.D. WI);
  - Escort Inc. v. K-40 Electronics, LLC (S.D. Ohio);
  - AutoAlert, Inc. v. Dominion Dealer Solutions, LLC (C.D. Cal.);
  - Nutech Ventures v. Norman Noble, Inc. (N.D. Ohio);

## II. Statistics (Stays)

- Granted (21):
  - Pi-NET International, Inc. v. The Hertz Corp. (C.D. Cal);
  - Cutsforth, Inc. v. LEMM Liquidating Co., (D. Minn.);
  - Grobler v. Apple Inc. (N.D.Cal.) (granted in part);
  - Cheetah Omni, LLC v. USA (COFC);
  - Merck v. Macoven Pharmaceuticals et al. (E.D. Tex.)
- Denied (12):
  - SRAM, LLC v. HB Suspension Prods., LLC, (N.D. Ill.);
  - Everlight Electronics Inc. v. Nichia Corp. (E.D. MI);
  - Universal Electronics v. Universal Remote Control Inc. (C.D. Cal.);
  - General Electric Co. v. Vibrant Media, Inc. (D. Del.);
  - One StockDuq Holdings, LLC v. Becton Dickinson and Co. (W.D. Tenn.)



## II. Statistics (Stays)

- Denied (12):

- Automatic Manufacturing Systems, Inc. v. Primera Technology, Inc. (M.D. FL);
- E-Watch , Inc. v. Mobotix Corp. (W.E. Tx) (denied in part);
- Warsaw Orthopedic Inc. v. NuVasive Inc. (S.D. Cal.);
- National Oilwell Varco, LP v. Omron Oilfield & Marine, Inc. (W.D. Tex);
- Ariosa Diagnostics, Inc. v. Sequenom, Inc. (N.D. Cal.);
- Davol, Inc. v. Atrium Medical Corp. (D.Del.);
- National Oilwell Varco, LP v. Pason Systems USA Corp. (W.D. Tex)

### Factors considered in denying requests for stays:

- Premature (IPR not ordered);
- Advanced stage of district court case;
- Undue prejudice to patent owner

### III. Claim Construction

*Norman Noble, Inc. v. Nutech Ventures*, slip. op.  
IPR2013-00101 (PTAB June 20, 2013)

- PTAB rejected all grounds set forth in IPR petition because petitioner failed to provide adequate evidence to support construction of the claims.
- Only the second time that the PTAB has denied a petition in full.

### III. Claim Construction

- Petitioner challenged 5 claims on multiple grounds based upon 2 primary references.
- Each independent claim recited laser pulses that were “focused down to a spot size sufficient to produce ***material removal with both linear and non-linear processes.***”
- Petitioner proposed 2 alternative constructions for the phrase “material removal with both linear and non-linear processes.”

### III. Claim Construction

- Primary construction was that the phrase merely recited an inherent feature of a focused laser pulse and thus did not further limit the claim.
- **Primary construction relied upon Examiner's statements** made during the original prosecution regarding the meaning of the phrase.
- Patent Owner urged PTAB to reject this construction because no evidence that Patent Owner acquiesced in the construction.
- **PTAB agreed with Patent Owner ("the Examiner cannot unilaterally disavow claim scope")**.

### III. Claim Construction

- Alternative construction was that the phrase meant any spot size such that the pulse intensity is at least  $10^{12}$  W/cm<sup>2</sup>.
- Petitioner did not provide any expert testimony to support this particular construction. Instead, Petitioner relied the patent specification and the prior art.

### III. Claim Construction

- In its petition, Petitioner explained its claim construction as follows:

**“The ‘589 Specification teaches that material subjected to a 50 mJ, 150 femtosecond pulse that is focused down to a 3  $\mu\text{m}$  spot size and subjected to an intensity of  $10^{18}$  W/cm<sup>2</sup>, as one example sufficient to ‘produce material removal with both linear and non-linear processes’. (‘589, 9:37-40). The ‘589 Specification also teaches that stainless steel, gold, copper, iron, nickel, titanium, silicon, and diamond have all been machined using 10-20  $\mu\text{J}$  of 150 femtosecond pulses. Assuming that the spot size is also 3  $\mu\text{m}$ , then the intensity is calculated to be on the order of  $10^{15}$  W/cm<sup>2</sup>. [The prior art] teaches a laser intensity of  $10^{12}$  W/cm<sup>2</sup> is sufficient to induce nonlinear processes .... Accordingly, the Petitioner respectfully submits that the claim language ‘a spot size sufficient to produce material removal with both linear and non-linear processes’ means subjecting the material to a laser beam of any spot size such that the intensity is at least  $10^{12}$  W/cm<sup>2</sup>.”**

### III. Claim Construction

- The PTAB rejected the Petitioner's reasoning:

“Petitioner does not identify the actual calculation it purportedly made. Petitioner also fails to explain adequately why the unknown calculation was made .... **Petitioner does not explain adequately how this evidence [regarding the prior art reference] affects the construction of the limitation at issue. Although the cited evidence may be probative of a non-linear process occurring in [the prior art] under the circumstances stated therein (including an intensity of just  $10^{12}$  W/cm<sup>2</sup>), it is not probative of what ‘material removal with both linear and non-linear processes’ means.”**

### III. Claim Construction

- The PTAB held that claim terms not defined in specification or subject to disavowal were to be given their ordinary and customary meaning. However, PTAB then **required** petitioner to provide **evidence** to establish the ordinary and customary meaning:

“The present record, however, lacks adequate evidence of what a person of ordinary skill in the art would have understood ‘material removal with both linear and non-linear process’ to mean. For example, Petitioner has not offered expert testimony or other probative evidence regarding what ‘material removal with both linear and non-linear processes’ would mean to such a person of ordinary skill.”



### III. Claim Construction

The Petitioner's failure to provide evidence of the ordinary and customary meaning of the claim term ultimately doomed its petition:

“[C]ertain claim terms in this proceeding (i.e., linear and non-linear processes) are not readily apparent from the intrinsic record alone, and Petitioner does not provide adequate extrinsic evidence to determine their meaning as would be understood by persons of ordinary skill in the art. ***Petitioner's failure to provide adequate evidence to support construction of the challenged claims is fatal to its request for inter partes review.***”

### III. Claim Construction

- Does the “ordinary and customary” meaning of a claim term require supporting evidence, e.g., in the form of expert testimony?
- Is a petitioner *de facto* required to construe claim terms and provide supporting evidence?
  - How do you determine which terms require construction?
- Note that in *Nutech* the Patent Owner did not propose an alternative construction but merely relied on “ordinary and customary” meaning, without offering more.

### III. Claim Construction

- Compare the PTAB's statements in *Nutech* with Comment 35 to the Final Rules:

**“In the absence of a special definition in the specification, a claim term is presumed to take on its ordinary and customary meaning, a meaning that the term would have to a person of ordinary skill in the art .... Therefore, petitioners are not required to define every claim term, but rather merely provide a statement that the claim terms are presumed to take on their ordinary and customary meaning, and point out any claim term that has a special meaning and the definition in the specification.”**

- Comment was in response to concerns that requiring petitioners to propose claim constructions would be burdensome and create delays.

## IV. Patent Owner's Preliminary Response

*Anova Food, LLC v. Sandau and Kowalski*, slip op. IPR2013-00114 (PTAB June 25, 2013)

37 C.F.R. § 42.107 (c) provides:

Preliminary response to petition.

(c) No new testimonial evidence. The preliminary response shall not present new testimony evidence beyond that already of record except as authorized by the Board.

In *Anova Food*, the PTAB clarified that “new testimonial evidence” was evidence created specifically for the IPR proceeding.

## IV. Patent Owner's Preliminary Response

- In its preliminary response, Patent Owner submitted two declarations. One (Zobrist) had been previously submitted in related district court proceedings. The other (Yasunaga) was created specifically for the IPR proceeding.
- The PTAB struck the Yasunaga declaration but allowed the Patent Owner to rely upon the Zobrist declaration:

**“The Declaration of Milton M. Yasunaga represents new testimonial evidence as it was created specifically for this proceeding, and authorization from the Board was not obtained before its filing. Accordingly, it will not be relied upon for purposes of institution. The evidence on which it relies, however, such as Declaration of Darren Zobrist that was filed in the United States District Court for the District of Hawaii in Civil No. CV 11 00795 Ex. 2009), is not ‘new’ testimonial evidence relied upon the Patent Owner to support the contentions in the preliminary response, and thus can be appropriately submitted with the response.”**

## IV. Patent Owner's Preliminary Response

- *Anova Food* suggests that as long as testimonial evidence is already in existence, the Patent Owner may include it in its Preliminary Response
- Applies, e.g., to declarations, trial testimony, deposition testimony, and expert reports
- Decision is consistent with PTAB practice in other proceedings:
  - *Intellectual Ventures Management LLC v. Xilinx, Inc.*, IPR2012-00018 (preliminary response included a declaration previously submitted in a district court proceeding)
  - *SAP America, Inc. v. Versata Development Group, Inc.*, CBM2012-00001 (preliminary response included trial transcripts from district court proceeding)

- 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](http://www.uspto.gov/aia_implementation/index.jsp)
  - Inter Partes: [http://www.uspto.gov/aia\\_implementation/bpai.jsp](http://www.uspto.gov/aia_implementation/bpai.jsp)



Questions?



Dorothy Whelan  
*Principal & Co-Chair of  
Post-Grant Practice*  
Twin Cities  
[whelan@fr.com](mailto:whelan@fr.com)  
612.337.2509



Karl Renner  
*Principal & Co-Chair of  
Post-Grant Practice*  
DC  
[renner@fr.com](mailto:renner@fr.com)  
202.626.6447



Joshua Pond  
*Principal*  
DC  
[pond@fr.com](mailto:pond@fr.com)  
202.783.5070

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