

Post-Grant for Practitioners



FR

Part XII: Inter Partes Review – Highlights From the First Year+





Dorothy Whelan and Karl Renner
Principals and Co-Chairs of Post-Grant Practice

Agenda

- I. Overview of Webinar Series
- II. Inter Partes Review Timeline
- III. Statistics
- IV. Reasonable Likelihood of Success Standard
- V. Redundancy
- VI. Discovery
- VII. Claim Amendments

I. Overview

- Where? ... see invitation
- How often? ... monthly
- When? ... 2nd Wednesday
- Topics? ...
 - Important decisions
 - Developments
 - Practice tips
- Housekeeping
 - CLE
 - Questions
 - Materials
 - <http://fishpostgrant.com/webinars/>
 - <http://fishpostgrant.com/practice-tips/>



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

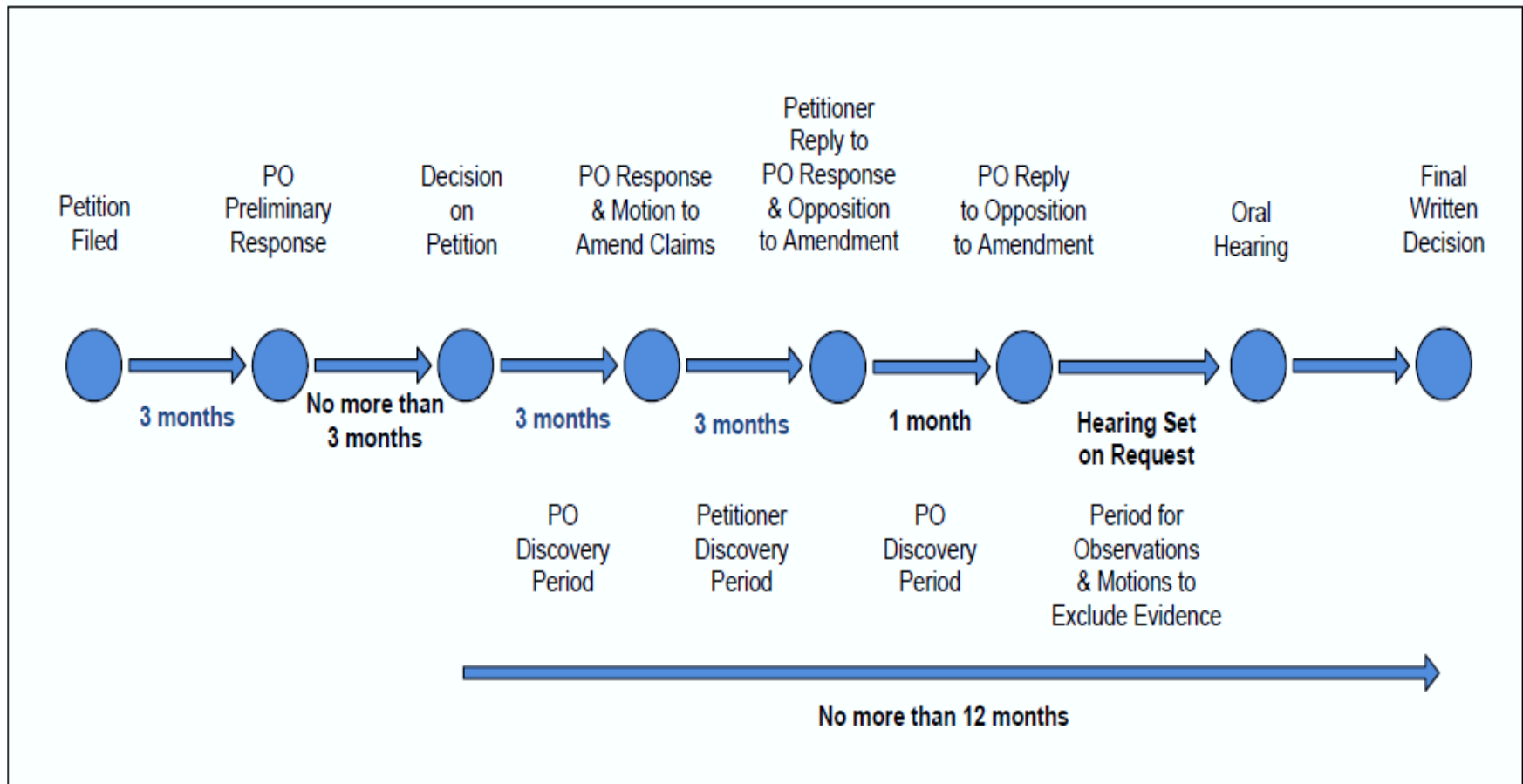
If you have questions, please contact Tracey Spadavecchia at spadavecchia@fr.com.



Agenda

- I. Overview of Webinar Series
- II. **Inter Partes Review Timeline**
- III. Statistics
- IV. Reasonable Likelihood of Success Standard
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II. Trial Proceeding Timeline



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- III. **Statistics**
- IV. Reasonable Likelihood of Success Standard
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III. Statistics (IPR)

- IPR's Filed?
 - 794 filed through December 31, 2013
 - 97 filed in December 2013
- 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
 - BUT recently there have been a number of IPR petitions denied in full.

III. Statistics (CBM)

- CBM's Filed?
 - 104 filed through December 31, 2013
 - 11 filed in December 2013
- Application of Threshold: Reasonable Likelihood of Success
 - CBM instituted in vast majority of CBM Petitions that were evaluated
 - In a number of cases, CBM was ordered on only a subset of petitioned grounds and/or claims

Post-Grant for Practitioners

IPR

794



CBM

104



TOTAL

898^{*}

Electrical/
Computer

71.5%

Mechanical

14.4%

Chemical

7.9%

Bio/Pharma

5.5%

Design^{**}

.7%

Approximately 75% of challenged patents are in pending litigation

III. Statistics (Stays)

- Frequently updated listing of district court orders related to motions to stay is provided on our post-grant website, fishpostgrant.com/stays
- Webpage contains a tally of motions for stay granted and motions for stay denied, and provides the court orders
- As of December 13th, 74 motions for stay were granted and 29 motions for stay were denied

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IV. Reasonable Likelihood of Success

Macauto U.S.A. v. Bos GmbH & KG, slip. Op. IPR2012-00004
(PTAB Jan. 24, 2013)

- Reasonable Likelihood of Success (RLS) standard clarified
 - Relevant Facts
 - The Macauto IPR Petition included multiple references
 - 3 of the references were included in an EPRx that IPR Petitioner had filed on the subject patent
 - In EPRx, the CRU confirmed the patentability of all claims
 - PTAB nevertheless instituted IPR based upon one of the references used in EPRx
 - PTAB agreed with Petitioner that, during EPRx, the CRU Examiner gave improper weight to two declarations that patent owner submitted

IV. Reasonable Likelihood of Success

Lessons learned:

- Low threshold for institution
- PTAB willing to consider rejections based upon references previously considered by the CRU or original examiners
- Has resulted in the vast number of IPR petitions being granted at least in part

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V. Redundancy

Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co., slip op. CBM2012-00003 (PTAB Oct. 25, 2012)

- Liberty Mutual filed a covered business method review of claims 1-20 of U.S. Patent No. 8,140,358. The petition included 422 grounds of rejection based on 10 references for these 20 claims. The PTAB required these grounds be substantially reduced.

V. Redundancy

Holding/Rule:

- **The PTAB determined that “multiple grounds, which are presented in a redundant manner by a petitioner who makes no meaningful distinction between them, are contrary to the regulatory and statutory mandates, and therefore are not entitled to consideration.”**
- **Two types of redundancy require “meaningful distinction”**
 - Horizontal Redundancy
 - Vertical Redundancy

V. Redundancy

Horizontal Redundancy:

- **PTAB Explanation:** “All of the myriad references relied on provide essentially the same teaching to meet the same claim limitation, and the associated arguments do not explain why one reference more closely satisfies the claim limitation at issue in some respects than another reference, and vice versa.”
- Examples
 - Assume references A, B, and C are addressed in the petition
 - Horizontal redundancy:
 - Claim 1 is rendered obvious by each of A+B and A+C
 - Claim 1 is anticipated by each of B and C
 - To gain consideration of each, must explain why each is needed
 - Why are B and C-based rejections insufficient?
 - Why does each solve the other’s deficiency?

V. Petition Drafting-Redundancy

Vertical Redundancy:

- **PTAB explanation:** “there is assertion of an additional prior art reference to support another ground of unpatentability when a based ground already has been asserted against the same claim without the additional reference and the Petitioner has not explained what are the relative strength and weakness of each **ground.**”
- Examples
 - Assume references A and B are addressed in the petition
 - Vertical redundancy exists if claim 1 is rejected based on each of A and A+B
 - To gain consideration of each, must explain why each is needed

V. Redundancy

Lessons learned:

- Most petitions granted but on a limited number of grounds
- Unclear whether estoppel applies to grounds not adopted
- Challenging decision not to adopt certain grounds:
 - Request rehearing
 - Appeal/Preserving grounds?

V. Redundancy

Lessons learned cont'd:

- Not all references are equal in quality, so you may not want certain references adopted to the exclusion of others:
 - Self select
 - Trim weak references
 - Only apply references that will prevail alone, if needed
 - Treat your petition as your trial brief, not your invalidity contentions
 - Present arguments to justify inclusion of multiple grounds, where desired

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VI. Discovery Requests

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

The PTAB did three things:

1. clarified **metes and bounds of “routine discovery”**
2. proposed standards for justifying requests for additional discovery
3. reinforced that discovery in PTAB trials will be much more limited than district court discovery

VI. Discovery Requests

- Two types of discovery: routine and additional
- 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))

VI. Discovery Requests

- 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* reinforces the challenge of this standard
 - Subsequent decisions overwhelmingly deny requests for additional discovery

VI. Discovery Requests

PTAB sets forth a 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.”

VI. Discovery Requests

Lessons learned:

- In the absence of agreement, parties should assume that **only “routine discovery” will be** available/permitted
- “Routine discovery” is very limited
- **View restrictions on discovery within context of PTAB’s** mandate to finish trials within 1 year

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VII. Claim Amendments

Idle Free Systems, Inc. v. Bergstrom, Inc., slip op. IPR2012-00027 (PTAB June 11, 2013)

- Provides the framework for claim amendments in IPR proceedings.
- One to one substitution
- Contrast with EPRx and IPRx where there was no limit on the number of claims that could be added, no requirement that new/amended claims respond to a ground of unpatentability, and no requirement to correlate new claims with original claims they were replacing.

VII. Claim Amendments

Idle Free Systems, Inc. v. Bergstrom, Inc., slip op. IPR2012-00027 (PTAB June 11, 2013)

- PTAB emphasized the need for patent owner to demonstrate how substitute claims distinguished the prior art:

“For each proposed substitute claim, we expect a patent owner: (1) in all circumstances, to make a showing of patentable distinction over the prior art; (2) in certain circumstances, to make a showing of patentable distinction over all other proposed substitute claims for the same challenged claim; and (3) in certain circumstances, to make a showing of patentable distinction over a substitute claim for another challenged claim.”
slip. op. at 6-7.

VII. Claim Amendments

Idle Free Systems, Inc. v. Bergstrom, Inc., slip op. IPR2012-00027 (PTAB June 11, 2013)

- To show patentable distinction over the prior art, patent owner must:
 - (a) specifically identify features added to substitute claim vs. challenged claim;
 - (b) present “technical facts and reasoning about those feature(s), including construction of new claim terms” sufficient to demonstrate patentability.
 - Can rely on expert testimony to demonstrate significance of added features
 - **“A mere conclusory statement by counsel**, in the motion to amend, to the effect that one or more added features are not described in any prior art, and would not have been suggested or rendered obvious by prior art, **is on its face inadequate.**” slip op. at 8 (emphasis added).

VII. Claim Amendments

Idle Free Systems, Inc. v. Bergstrom, Inc., slip op. IPR2012-00027 (PTAB June 11, 2013)

- Petitioner can oppose motion to amend “with specific evidence and reasoning, including citation and **submission of any applicable prior art** and reliance on declaration testimony of technical experts, to rebut the patent owner’s position on patentability of the proposed substitute claims.” slip op. at 8.
- Opposition not limited to prior art identified in original IPR petition.

VII. Claim Amendments

Idle Free Systems, Inc. v. Bergstrom, Inc., slip op. IPR2012-00027 (PTAB June 11, 2013)

- Patent owner's burden not limited to demonstrating patentability over prior art of record in IPR:

“The burden is not on the petitioner to show unpatentability, but on the patent owner to show patentable distinction over the prior art of record **and also prior art known to the patent owner. Some representation should be made about the specific technical disclosure of the closest prior art known to the patent owner**, and not just a conclusory remark that no prior art known to the patent owner renders obvious the proposed substitute claims.” slip op. at 7 (emphasis added).

VII. Claim Amendments

Beware the page limitations for motions!

Innolux Corp. v. Semiconductor Energy Laboratory Co. Ltd., slip. op. IPR2013-00066 (PTAB July 18, 2013)

- Motions to amend require inclusion of many items but are limited to 15 pages.
- In *Innolux*, the PTAB denied the patent owner's request to (a) extend the page limit, (b) use single spacing in its claim listing, or (c) to incorporate by reference arguments from its patent owner response into its motion to amend.

VII. Claim Amendments

Lessons learned:

- Limited ability to add new or amended claims
 - Consider reissue as an alternative
- Requires patent owner to distinguish prior art of record AND closest prior art known to patent owner
 - Admissions
 - Possibly compromise unamended claims
- Allows petitioner to oppose based upon art not of record
 - Possibly allows petitioner to improve its case

- In Fish & Richardson's 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://fishpostgrant.com/webinars/>
- 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://fishpostgrant.com/webinars/>
 - General: <http://fishpostgrant.com/>
 - IPR: <http://fishpostgrant.com/inter-partes-review/>
 - PGR: <http://fishpostgrant.com/post-grant-review/>
 - Rules governing post-grant: <http://fishpostgrant.com/>
- 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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