

Post-Grant for Practitioners

Examining Redundancy



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Agenda

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- I. Overview of Webinar Series
- II. Statistics
- III. Recent Post-Grant Developments
 - i. ADR Encouraged by PTAB
 - ii. Sealing Confidential Documents
 - iii. More Petitions From Hayman Capital
- IV. Examining Redundancy
- V. Post-Grant Resources

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Overview of Webinar Series

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

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**Post-Grant
for Practitioners**

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Examining Redundancy


The PTAB's application of the Redundancy Doctrine has evolved over time, including its latest position on its effect on estoppel. In this webinar, Josh Griswold and Stuart Nelson examine the redundancy doctrine and how strategies might be effected in the future. This webinar will also address other recent developments at the PTAB, including alternative dispute resolution being encouraged and the challenge of sealing confidential documents.

[Register](#) now for this Post-Grant for Practitioners webinar.

Wednesday, May 13, 2015
1:00 PM - 2:00 PM ET
Via the web

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Statistics

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Statistics

- **IPR's Filed?**

- **2861** filed through May 7, 2015
- **139** filed in April 2015

- **CBM's Filed?**

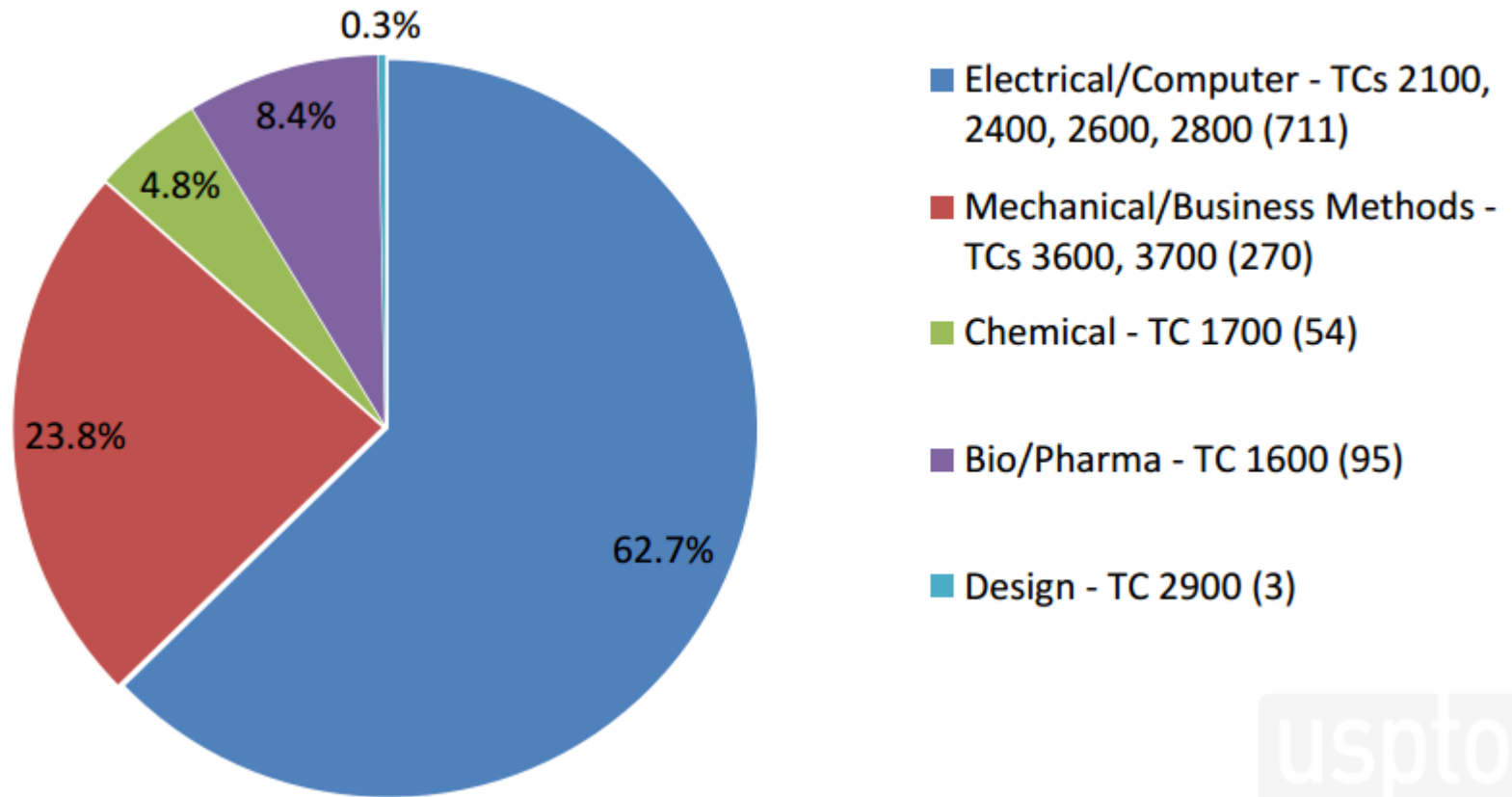
- **338** filed through May 7, 2015
- **11** filed in April 2015

- **FWD's on the Merits Issued So Far**

- IPR: **347** through May 7, 2015
- CBM: **46** through May 7, 2015

Statistics (for FY2015 through 5/7/2015)

- AIA Petition Technology Breakdown



Recent Post-Grant
Developments:
ADR Encouraged by PTAB

ADR Encouraged by PTAB

ADR Statements in the Scheduling Orders

- ADR statements are appearing in most, but not all scheduling orders since late April (see e.g. IPR2015-00024, IPR2014-01550, IPR2015-00298, CBM2015-00002)
- “The parties are encouraged” to discuss alternative means for resolution
- “petitioner is encouraged” to file an ADR statement by the due date
- Encouraged, but not required by the rules [See Office Patent Trial Practice Guide, 77 Fed. Reg. at 48768 (“Settlement”)]

ADR Encouraged by PTAB

How to comply?

- No formal guidance from PTAB for how to:
 1. conduct ADR
 2. Prepare the ADR statement
- Options:
 1. Informal ADR and reporting letter
 2. Formal ADR (e.g. procedures outlined by U.S. District Court for the Northern District of California or other U.S. District Court)
- Goal appears to be reducing Boards workload (FY2015 pace: ~2,000 IPR and CBM petitions)

Sealing Confidential Documents

Sealing Confidential Documents

Confidential Information Can be Protected (In Theory)

- “The record of a proceeding, including documents and things, shall be made available to the public, **except as otherwise ordered.**” 37 CFR 42.14.
- “A party may file a **motion to seal** where the motion to seal contains a **proposed protective order**” 37 CFR 42.54(a).
- Documents are provisionally sealed pending a motion to seal. 37 CFR 42.14.
- Confidential information in a petition can be seen by patent owner only after they agree to the protective order. 37 CFR 42.55(a).
- The Office Patent Trial Practice Guide suggests (but does not require) a “default protective order”



Sealing Confidential Documents

In Practice, Keeping Documents Sealed is Difficult

- The Board has a strong presumption in favor of keeping the record open to the public
- The parties must show documents are actually confidential
 - Assertions are not enough
 - Agreement are not enough
 - Litigation designations are not enough



Sealing Confidential Documents

Purdue Pharma L.P. v. Depomed, Inc.

IPR2014-00377, IPR2014-00378, IPR2014-00379

- 10-8-14 Stipulation for Protective Order and 10-14-14 Unopposed Motion to Seal
 - Denied – Default Protective Order instituted in place of the requested modified order
 - Denied – Motion to seal failed to show “good cause” for various proposed restrictions and confidential categories
- Parties filed 7 additional motions (or renewed motions) to seal
 - Board repeatedly scrutinized the documents and the redactions for actual confidentiality.
 - Many motions were granted only in part. Examples include:
 - “[E]ven a cursory review persuades us that those lengthy deposition transcripts contain non-confidential information.”
 - “Patent Owner has neither established good cause for sealing Exhibit 2014, nor filed a public version of that document in PRPS.”
 - Motion is granted “only upon condition that” the documents are refiled with “only confidential information is redacted”

Sealing Confidential Documents

Purdue Pharma L.P. v. Depomed, Inc.

IPR2014-00377, IPR2014-00378, IPR2014-00379

- Even when granting motions to seal, the Board warns that information may become public.
- “The parties are reminded that there is a **presumption** that confidential information relied upon in a final written decision of the Board **shall become public.**”
- “Furthermore, a motion to expunge the information will not necessarily prevail over the **public interest in maintaining a complete and understandable file history.**”
- “Each party **shall accept that risk of publication,** before placing confidential information into hazard by introducing it into these proceedings.”

Sealing Confidential Documents

Corning Optical Comms. RF, LLC v. PPC Broadband, Inc.

IPR2014-00736, Paper 37 (April 6, 2015)

- Joint motion to seal denied as too “conclusory”
- “A movant bears a burden of prove. Merely identifying information that a movant believes should be sealed on the basis of confidential information does not establish entitlement to the relief requested.”
- “Also, the engagement letter (Exhibit 2101) already is almost entirely redacted, and it is not apparent why this redacted version should be sealed.”
- Being “subject to a protective order” or “a Mutual Non-Disclosure and Fed. R. Evid. 408 Agreement” does not by itself present sufficient facts to warrant sealing a document.
- “The Motion [] fails to address the public’s interest”

Sealing Confidential Documents

Corning Optical Comms. RF, LLC v. PPC Broadband, Inc.

IPR2014-00736, Paper 38 (April 14, 2015)

- “First, the parties need to **IDENTIFY** — identify not just (1) the information believed to be confidential and sought to be sealed, but also (2) the need of the party presenting the information to rely on the information.”
- “Second, the parties need to **EXPLAIN** — explain both (1) what adverse consequences and harm would result from public disclosure of each item of information sought to be sealed, and (2) why the party presenting the item of information must rely, specifically, on the subject information, and the parties cannot stipulate away any such need.”
- “Third, the parties need to **BALANCE** — balance all three (1) the public’s interest in maintaining a complete and understandable record, (2) the harm to a party, by disclosure of information, and (3) the need of either party to rely specifically on the information at issue.”
- “Fourth, if the parties assert application of Fed. R. Evid. 408, sufficient underlying facts must be provided to establish that Fed. R. Evid. 408 indeed has application as alleged, and that no exception to that rule applies.”

More Petitions From Hayman Capital

More Petitions From Hayman Capital

- Kyle Bass/Hayman Capital/Eric Spangenberg
- 13 IPR petitions filed to date; 5 filed on 4/23/15
- Companies targeted:
 - Acorda
 - Shire
 - Pharmacyclics
 - Jazz
 - Biogen
 - Celgene

More Petitions From Hayman Capital

- “Hayman Capital...bets against companies whose patents it believes are spurious, and invests in those that would profit if the patents are invalidated” *WSJ*
- Short Selling: “the practice of selling securities or other financial instruments that are not currently owned, and subsequently repurchasing them” *Wikipedia*
- Pharmaceutical industry is pressuring Congress to take action



Redundancy

Statutory/Regulatory Basis

Redundancy between proceedings

- 35 USC § 325(d): Provides discretion to deny institution of grounds if “the same or substantially the same prior art or arguments previously were presented to the Office.”

Redundancy between grounds of the same proceeding

- 37 CFR § 42.108(a) / 42.208(a): Provides discretion to institute “on all or some of the grounds of unpatentability asserted for each claim.”

PTAB Explains Redundancy

Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.

CMB2012-00003, Paper 8 (PTAB 2012)

- 422 grounds, applying 10 references against 20 claims
- APJ Jameson Lee and expanded panel, October 2012
 - PTAB found redundancy
 - Grouped grounds by primary reference, and
 - ***Required petitioner to pick a ground for each group***
- 21 grounds instituted

PTAB Explains Redundancy

Liberty Mutual con't

The Panel explained:

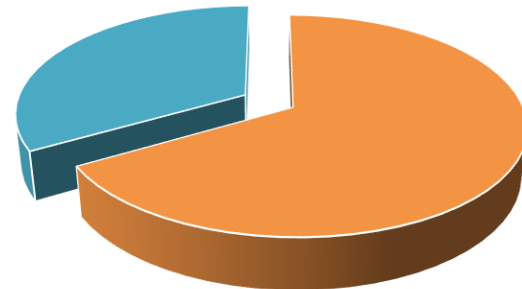
- “Horizontal redundancy” – multiple references applied as distinct and separate alternatives against the same claim
- “Vertical redundancy” – multiple references applied in partial and full combinations against the same claim
- Redundancy proper because Petitioner had failed to explain relative strengths/weaknesses of the different grounds

Redundancy Evolves

Initially – used where petitions presented many grounds/prevent abuse

Now - used routinely

- 60% of IPRs instituted in April 2015 relied on redundancy
- In many that did not, petitioner presented only 1 or 2 grounds
- Typically, no more than 1 or 2 grounds are allowed
 - In April 2015, many had 3 grounds reduced to 1
- Unlike Liberty Mutual, petitioner not given opportunity to pick between redundant grounds



Redundancy Evolves

- Initially, some analysis to support PTAB's conclusion
- Now, little or none
 - “In view of the ground on which we institute *inter partes* review, we do not institute review on the additional grounds. See 35 U.S.C. § 314(a); 37 C.F.R. § 42.108(a).”
 - Applied regardless of whether grounds are actually “redundant”
 - Common that an obviousness ground is found redundant of anticipation, and vice versa
 - Current rationale – in interests of just, speedy and inexpensive resolution

... and by the way, PTO argues redundancy is not reviewable on appeal, per 35 U.S.C. § 314(d)

Redundancy And Estoppel

PTO's Position - estoppel does not apply

- 35 U.S.C. § 315(e) estoppel applies for “any ground petitioner raised or reasonably could have raised during that *inter partes* review”
- “Any claim or issue not included in the authorization for review is not part of the review.” 77 Fed. Reg. 48680, 48689 (Aug. 14, 2012)
- After institution, Petitioner cannot subsequently raise grounds the Board chose not to include in the IPR
- Thus, no estoppel for redundant grounds

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Redundancy And Estoppel

PTO Intervenor in Appeals

Schott Gemtron Corp. v. SSW Holding Co. Inc.

No. 15-1073 (Fed. Cir.), appeal from IPR2013-00358

- Obviousness combination instituted, anticipation ground found redundant
- PTAB held claims not obvious as not analogous art
- Schott argues, *inter alia*, anticipation ground should have been heard

Shaw Indust. Group, Inc. v. Automated Creel Syst., Inc.

No. 15-1116 (Fed. Cir.), appeal from IPR2013-00132 and IPR2013-0584

- Obviousness combination instituted, anticipation ground found redundant
- PTAB held claims not obvious for lack of motivation to combine
- Shaw argues, *inter alia*, anticipation ground should have been heard

Redundancy and Estoppel

Effects of PTO's position

- Increased burden on PTAB?
 - e.g., petitioners try to preserve art by filing larger or multiple petitions to provoke redundancy findings
 - e.g., petitioners re-file on redundant grounds
- Affect court's willingness to grant stays?
 - e.g., may be less willing, given perceived narrower scope of estoppel

Strategy In View of Redundancy

Petition - Few Grounds vs. Many Grounds

- If PTO is correct on estoppel, many grounds may preserve references for subsequent challenge
- Yet, jury/judge may be skeptical of art the PTAB found “redundant”
- Presenting multiple grounds increases chances of PTAB selecting a weaker ground
- With few grounds, there is more space in limited pages to develop positions

Strategy In View of Redundancy

- Your best ground may be your only ground – make it strong
- Consider explaining differences between grounds
 - Explanation need not disparage
 - Yet, PTAB not always convinced by differences
- Choose grounds not clearly horizontally/vertically redundant
- Other strategies
 - File multiple petitions (low likelihood of success)
 - Request for rehearing (even lower likelihood of success, but is it necessary to preserve appeal)
 - Appeal after final written decision

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 - 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/>
 - Post-Grant App: <http://fishpostgrant.com/app/>
- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - Inter Partes: http://www.uspto.gov/aia_implementation/bpai.jsp

Thank You!

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