

July 17, 2014

Post-Grant for Practitioners

More from the PTAB: Prosecution Bars, CBM, and Motions to Exclude

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Webinar Series

- I. Overview of Webinar Series
- II. Statistics
- III. Motions to Exclude
- IV. Prosecution Bars
- V. CBM Developments

Overview

#FishWebinar
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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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More from the PTAB: Prosecution Bars, CBM, and Motions to Exclude

Please join us for the latest in our series of post-grant webinars. In keeping with our goal of discussing topics of interest to practitioners, this month we will discuss recent developments related to prosecution bars and CBM proceedings. We also will explore the PTAB's treatment of motions to exclude evidence.

[Register](#) now for the next program in our Post-Grant for Practitioners webinar series.

Wednesday, July 9, 2014
1:00 PM - 2:00 PM EDT
Via the web

Speakers:

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II. Statistics

II. Statistics (IPR)

- IPR's Filed?
 - **1446** filed through June 30, 2014
 - **184** filed in June 2014
- Application of Threshold: Reasonable Likelihood of Success
 - IPR continues to be instituted in most petitions evaluated
 - In many cases, however, IPR was ordered on only a subset of the grounds requested

II. Statistics (CBM)

- CBM's Filed?
 - **187** filed through June 30, 2014
 - **6** filed in June 2014
- Application of Threshold: More Likely Than Not
 - CBM also instituted in vast majority of Petitions evaluated
 - Here too, CBM is often ordered on only a subset of petitioned grounds and/or claims

II. Statistics (Final Written Decisions)

- FWD's Filed?
 - IPR: **85** through July 2, 2014
 - CBM: **11** through July 2, 2014
- Most have found all claims unpatentable
- One motion to amend claims granted to date

II. Stays (Statistics)

- 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
- Most motions for stay continue to be granted



III. Motions to Exclude

III. Motions to Exclude

Federal Rules of Evidence

- The Federal Rules of Evidence generally apply to post-grant proceedings at the Patent Trial and Appeal Board. 37 C.F.R. § 42.62 (a).
- “Parties should treat evidentiary issues in [a post-grant] proceeding just as they would in a case pending before a U.S. district court, keeping in mind the applicability of the USPTO Duty of Candor.” IPR2013-0028, Paper No. 15 at 2 (entered December 17, 2013) (citing 37 C.F.R. § 42.11).

III. Motions to Exclude

Objections to Evidence

- Timing:
 - Any objection to evidence submitted during a preliminary proceeding (e.g., an objection to evidence submitted with a petition) must be served on the opposing party within ten business days of the institution of the trial. 37 C.F.R. § 42.64 (b).
 - After institution, any objection must be served within five business days of service of evidence to which the objection is directed. 37 C.F.R. § 42.64 (b).
 - Any objection to the admissibility of deposition evidence must be made during the deposition. 37 C.F.R. § 42.64 (a).
- Grounds for an objection must be identified with sufficient particularity to allow correction in the form of supplemental evidence, which may be served within ten business days of service of the objection. 37 C.F.R. § 42.64 (b).

III. Motions to Exclude

Motions to Exclude Evidence

- To preserve any objection, a motion to exclude evidence must be filed. 37 C.F.R. § 42.64 (c).
- The motion may be filed without prior authorization from the Board. 37 C.F.R. § 42.64 (c).
- The movant has the burden of proof to establish that it is entitled to the requested relief. CBM2012-00002, Paper 66 at 59 (Jan. 23, 2014)(citing 37 C.F.R. § 42.20 (c)).
- Timing:
 - The time for filing a motion to exclude evidence is set in the Scheduling Order, and is typically midway through trial. Office Patent Trial Practice Guide, 77 Fed. Reg. 48765, 48767, 48769 (Aug. 14, 2012))

Motions to Exclude Evidence

- “A motion to exclude must explain why the evidence is not admissible (e.g., relevance or hearsay), but may not be used to challenge the sufficiency of the evidence to prove a particular fact.” CBM2012-00002, Paper 66 at 61 (entered Jan. 23, 2014) (citing Office Patent Trial Practice Guide, 77 Fed. Reg. 48765, 48767 (Aug. 14, 2012)).
- A motion to exclude evidence must also:
 - “(a) identify where in the record the objection originally was made;
 - (b) identify where in the record the evidence sought to be excluded was relied upon by an opponent;
 - (c) address objections to exhibits in numerical order; and
 - (d) explain each objection.”

Id.

III. Motions to Exclude

Numbers

Over the past twelve months, the PTAB has considered motions to exclude in 126 cases, with the following results:

- Denied (62)
- Denied as moot (46)
- Denied in part, granted in part (6)
- Additional briefing ordered (2)
- Granted (10)

III. Motions to Exclude

Numbers (cont'd)

The majority of “granted” cases deal with procedural issues

- Denied in part, granted in part (6) — substantive issues
 - New evidence or hearsay
- Granted (10) — procedural issues
 - “Patent Owner is authorized to file . . . a substitute motion to exclude, limited to 15 pages in . . . to replace Patent Owner’s original motion to exclude . . .”
 - “[T]he parties may file more than one motion to exclude, but all such motions are due by Due Date 4, and a party’s motions to exclude may not exceed fifteen pages in aggregate.”
 - “Columbia represented that the arguments would be included within the fifteen page limit for the Motion to Exclude. . . . During the call the Columbia request was GRANTED.”
- Additional briefing ordered (2) — procedural issues
 - “The Board did conclude, however, that there did not appear to be a fair examination of the witness. . . . Thus, Petitioner will file a motion requesting that the Declaration of Dr. Nelson to be given little weight, to which Patent Owner can file a written opposition.”

III. Motions to Exclude

Policy Disfavors Exclusion

Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.,
CBM2012-00002, Paper 66 at 60, 61 (entered Jan. 23, 2014):

“There is a strong public policy for making all information filed in a non-jury, quasi-judicial administrative proceeding available to the public, especially in an *inter partes* review which determines the patentability of claim in an issued patent. It is within the Board’s discretion to assign the appropriate weight to be accorded to evidence . . . [and]it is better to have a complete record of the evidence submitted by the parties than to exclude particular pieces.”

III. Motions to Exclude

Policy Disfavors Exclusion

Corning Inc. v. DSM IP Assets B.V., IPR2013-00053, Paper No. 66 at 19 (entered May 1, 2014).

- Patent Owner DSM moved for exclusion of exhibits containing “inadmissible hearsay and inadmissible hearsay within hearsay” (records of email communications between DSM’s in-house counsel and inventor’s counsel).
- The Board found Petitioner’s arguments as to why the evidence was not hearsay “unconvincing,” but nevertheless denied DSM’s motion to exclude:

“Similar to a district court in a bench trial, the Board, sitting as a non-jury tribunal with administrative expertise, is well positioned to determine and assign appropriate weight to evidence presented. . . . Thus, in this inter partes review, the better course is to have a complete record of the evidence to facilitate public access as well as appellate review.”

III. Motions to Exclude

Hearsay

EMC Corp. v. PersonalWeb Technologies, LLC, IPR2013-00087 Paper No. 69 (May 15, 2014):

- Patent Owner argued that reference, a user manual that was disseminated publicly with the software in a zip file, should be excluded as unauthenticated and inadmissible hearsay because (i) no witness had personal knowledge of the document existing prior to the critical date and (ii) electronic data is inherently untrustworthy because it can be manipulated from virtually any location at any time.

- The Board rejected both arguments:

“neither a declaration from the author, nor evidence of someone actually viewing the document prior to critical date, is required to support a finding that the document is what it claims to be Although [experts] personally did not post or review the particular version of Kantor—version 1.22, the version relied upon by EMC prior to the critical date, they have sufficient personal knowledge and working experience to provide competent testimony to establish the publication and authentication of Kantor.”

III. Motions to Exclude

Hearsay (cont'd)

Corning Inc. v. DSM IP Assets B.V., IPR2013-00043, Paper No. 94 (entered May 1, 2014):

- Patent Owner attempted to overcome hearsay objection by arguing that documents generated *post-filing* in research laboratories were admissible based on the “business record” exception to the hearsay rule. FED. R. EVID. 803(6).
- The Board rejected the argument and ruled documents were hearsay:

“Conducting specific and unique scientific experimental work is not ‘a regularly conducted activity’ . . . [and] involves unique events not normally repeated on a ‘regular’ basis. The experiments involved in this case took place solely to address issues in the case. Applicable Federal Circuit and Board precedent declines to invoke a Rule 803(6) exception to . . . laboratory generated data of properties of compositions experimentally made in laboratories.”
- The fact that exhibits were not admitted under Rule 803(6) did not preclude an expert from relying on them in forming an opinion.
 - “The documents have not been shown to be unreliable because Dr. Bowman did not personally create the documents . . . [and were not] spoon fed to Dr. Bowman through DSM or its counsel.”

III. Motions to Exclude

Lack of Factual Basis

Corning Inc. v. DSM IP Assets B.V., IPR2013-00048, Paper No. 94
(entered May 9, 2014):

“Whether a witness’s testimony fails to include underlying facts or data on which an opinion is based goes to the weight that should be accorded the testimony, and not its admissibility.”

III. Motions to Exclude

Lack of Necessary Scientific, Technical, or other Specialized Knowledge

Smith & Nephew, Inc. v. Convatec Technologies, Inc., IPR2013-00102, Paper No. 87 (entered May 29, 2014):

“[Patent Owner] argues that the declaration testimony of Dr. Stephen Coulter should be excluded because he is not qualified to testify as an expert with respect to the claimed subject matter of the '981 patent We are not persuaded . . . [Patent Owner's] objections to Dr. Coulter's testimony go to the weight and sufficiency of his testimonial evidence, rather than its admissibility. . . . It is within our discretion to assign the appropriate weight to be accorded to Dr. Coulter's testimonial evidence.”

III. Motions to Exclude

Lack of Credibility/Consistency

Liberty Mutual Insurance Company v. Progressive Casualty Insurance Co., CBM2013-00002, Paper No. 59 (Feb. 24, 2014):

“Next, Progressive questions the qualifications of Mr. Klausner as an expert because he allegedly provided false statements about his experience on his résumé Progressive’s identification of two matters where Mr. Klausner’s description of his duties was called into question does not render the additional one hundred ninety two matters irrelevant. Any such inconsistency simply would affect the weighing of the testimony offered by Mr. Klausner.”

Liberty Mutual Insurance Company v. Progressive Casualty Insurance Co., CBM2013-00009, Paper No. 68 (Feb 11, 2014):

“Progressive asserts that the testimony of Ms. O’Neil is not reliable insofar as it relates to fuzzy logic, because Ms. O’Neil is not a qualified expert on that subject and her testimony in that regard is self-inconsistent in certain ways. . . . It is not necessary to exclude any portion of their testimony. The alleged inconsistency of Ms. O’Neil’s testimony also is not sufficient reason to exclude her testimony. Any inconsistency simply would affect the weighing of the evidence.”

III. Motions to Exclude

Excluded: Untimely Evidence

The Scotts Company LLC v. Encap, LLC , IPR2013-00110, Paper No. 79 (Jan. 17, 2014):

- Patent Owner submitted a declaration in rebuttal to Petitioner’s Opposition to Motion to Amend.
- The Board granted Petitioner’s motion to exclude the declaration as untimely:

“Reading Mr. Krysiak’s Second Declaration, it is clear that the majority of the Declaration is in support of Encap’s Motion to Amend rather than in rebuttal to Scotts Company’s Opposition to Encap’s Motion to Amend or the Declarations and deposition testimony of Mr. Sundstrom and Mr. Pagilla, and is thus, untimely In our Order of August 27, 2013, we admonished Encap to refrain from attempting to use an expert declaration in such fashion.”

III. Motions to Exclude

Excluded: Improper Evidence

Corning Inc. v. DSM IP Assets B.V., IPR2013-00047, Paper No. 84 (May 1, 2014):

- Petitioner conceded that data originally submitted to support unpatentability was erroneous, and submitted new data in its place, effectively making a new “prima facie” case of unpatentability.
- The Board excluded the new data:

“The new protocol, in effect, restarts the case. To permit consideration of the “new” evidence would, in our judgment, be unfair to DSM—absent a possible rebuttal period which might have been ordered had Corning timely sought leave to file supplemental information. We do not believe it to be in the interest of justice at this late stage of the case to impose additional financial expense on DSM to respond to the “new” evidence it asks us not to consider.”
- **HOWEVER**, The Board noted that “[c]hallenging evidence as being improper reply evidence through a motion to exclude is now disfavored,” and that DSM’s challenge was considered “only because we instructed DSM to file a motion to exclude.” (citing *Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co.*, CBM2012-00002, Paper 66 at 62 (Jan. 23, 2014).

III. Motions to Exclude

Motion to Exclude Has Limited Scope

Corning Inc. v. DSM IP Assets B.V., IPR2013-00047, Paper No. 84 (May 1, 2014):

- Patent Owner cannot use motion exclude to file a sur-reply
 - “[A] motion to exclude . . . is not a mechanism to argue that a reply contains new arguments or relies on evidence necessary to make out a prima facie case. Here, Progressive’s motion to exclude contains such improper arguments, and is in the nature of a sur-reply.”

ABB Inc., v. ROY-G-BIV Corp., IPR2013-00074/00286, Paper No. 80 (Apr. 11, 2014):

- Proper procedure is to contact Board
 - “[W]e note that a motion to exclude evidence is not the proper vehicle for resolution of a dispute regarding reply arguments and evidence exceeding the proper scope of a reply. If an issue arises regarding whether a reply argument or evidence in support of a reply exceeds the scope of a proper reply, the parties should contact the Board to discuss the issue.”



IV. Prosecution Bars

IV. Prosecution Bars

buySAFE Inc. v. Google Inc., 3-13-cv-00781 (EDVa June 2, 2014)

- Defendant filed CBM petition and moved district court for protective order that extended to CBM proceeding
- Court granted defendant's motion, citing patent owner's ability to amend claims during CBM proceeding:

“If Defendant's petition for CBM review is granted, there is a significant risk that Plaintiff will make a motion to PTAB to amend the claims of its Patent ‘to distinguish them from the prior art in a manner that is informed by its knowledge of [Defendant's] highly confidential information and source code gleaned in this litigation.’”

- Prosecution bar limited to Plaintiff's counsel having access to Defendant's confidential information.
- Plaintiff's litigation counsel lacking such access could still participate in CBM proceeding

IV. Prosecution Bars

Versata Software Inc. v. Callidus Software Inc., 1-12-cv-00931 (DDel. June 19, 2014)

- Judge Robinson *sua sponte* imposed prosecution bar extending to all post grant review proceedings
- Judge Robinson noted the “growing proliferation of parallel proceedings” involving district courts and PTAB, and stated that the ability of the patent owner to amend or cancel claims during post grant review proceedings created “a risk of inadvertent use of confidential information learned in litigation.”
- Judge Robinson observed need to balance patent owner/plaintiff’s need to coordinate its litigation and post grant proceedings, and petitioner/defendant’s desire to protect its proprietary information.
- Result: Plaintiff required to designate attorneys from trial team who would not have access to defendant’s confidential information and would consult with post grant team

Take-Aways

- Both courts recognized the importance of coordinating district court litigation and post grant proceedings
- Both courts emphasized the relationship between claim amendments and access to confidential information
- What would happen if patent owner agreed at the outset not to amend claims?
- Does issue of protecting confidential information weigh in favor of staying district court litigation?



V. CBM Developments

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

- A covered business method patent is 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, except that the term does not include patents for technological inventions.” AIA § 18(d)(1).
- Patent at issue entitled “Sensitive Drug Distribution System and Method”
- Listed in Orange Book as a patent covering Risk Evaluation and Mitigation Strategies
- Patent was subject of a Hatch-Waxman suit by generic challenger

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

- Claim 1 reads as follows (emphasis added):

1. **A computerized method of distributing a prescription drug** under exclusive control of an exclusive central pharmacy, the method comprising:

receiving in a computer processor all prescription requests, for any and all patients being prescribed the prescription drug, only at the exclusive central pharmacy from any and all medical doctors allowed to prescribe the prescription drug, the prescription requests containing information identifying patients, the prescription drug, and various credentials of the any and all medical doctors;

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

Claim 1 (cont'd)

requiring entering of the information into an exclusive computer database associated with the exclusive central pharmacy for analysis of potential abuse situations, such that all prescriptions for the prescription drug are processed only by the exclusive central pharmacy using only the exclusive computer database;

checking with the computer processor the credentials of the any and all doctors to determine the eligibility of the doctors to prescribe the prescription drug;

confirming with a patient that educational material has been received and/or read prior to shipping the prescription drug;

checking the exclusive computer database for potential abuse of the prescription drug;

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

Claim 1 (cont'd)

mailing or sending by courier the prescription drug to the patient only if no potential abuse is found by the patient to whom the prescription drug is prescribed and the doctor prescribing the prescription drug;

confirming receipt by the patient of the prescription drug; and

generating with the computer processor periodic reports via the exclusive computer database to evaluate potential diversion patterns.

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

- Petitioner argued that the patent qualified for CBM:

“The challenged claims simply recite methods for centralized distribution of retail goods, specifically drugs, through a central pharmacy that encompasses steps such as interfacing with financial businesses, such as insurance companies, in order to secure payment for the prescription, rendering them incidental to a financial product or service. And these claims are directed towards methods and not any technological invention. The claims’ recitation of a generic computer processor does not change this conclusion. Moreover, the claimed distribution methods are not novel or nonobvious and do not solve a technological problem with any technological solution. CBM review is, therefore, appropriate.”

V. CBM Developments

Amneal Pharmaceuticals et al. v. Jazz Pharmaceuticals, CBM2014-00149 (June 24, 2014)

- “Financial product or service” has been interpreted broadly—but will the PTAB interpret it so broadly as to include this patent?
- Implications for Hatch-Waxman litigation/generic challengers?

Post-Grant for Practitioners

- 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.

- F&R web sites:
 - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
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 - PGR: <http://fishpostgrant.com/post-grant-review/>
 - Rules governing post-grant: <http://fishpostgrant.com/>
 - Post-Grant App: <http://fishpostgrant.com/app/> *New!*
- 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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