

September 9, 2015

# Post-Grant for Practitioners

## AIA Patent Trials: The New Proposed Rules



**Dorothy Whelan**

*Principal, Post-Grant Practice  
Co-Chair*

**Karl Renner**

*Principal, Post-Grant Practice  
Co-Chair*

**Stuart Nelson**

*Associate*

**Tasha Francis**

*Associate*

# Agenda

#FishWebinar  
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- I. Overview of Webinar Series
- II. Statistics
- III. Proposed Rule Changes
- IV. Post-Grant Resources



# Overview of Webinar Series

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

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for Practitioners**

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### AIA Patent Trials: The New Proposed Rules

Join us for a discussion on recent developments at the USPTO with the release of the new proposed rules governing PTAB trial proceedings. Fish speakers [Dorothy Whelan](#), [Stuart Nelson](#) and [Tasha Francis](#) will discuss practical tips, insights from the recent AIPLA/USPTO Road Show Series, and the implications of the rules on pending patent review proceedings.

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

Wednesday, September 9, 2015  
1:00 PM - 2:00 PM ET  
Via the web





Speakers:

 <a href="#">Dorothy Whelan</a> <a href="mailto:whelan@fr.com">whelan@fr.com</a> Principal, Post-Grant Co-Chair Twin Cities	 <a href="#">Stuart Nelson</a> <a href="mailto:snelson@fr.com">snelson@fr.com</a> Associate Twin Cities	 <a href="#">Tasha Francis</a> <a href="mailto:tasha.francis@fr.com">tasha.francis@fr.com</a> Associate Twin Cities
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**REGISTER**

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

If you have questions, please contact Crystal Chisholm at [chisholm@fr.com](mailto:chisholm@fr.com).

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Statistics

**FISH.**

- **IPRs Filed?**

- **3,457** filed through September 4, 2015
- **165** filed in August 2015

- **CBMs Filed?**

- **378** filed through September 4, 2015
- **9** filed in August 2015



# Proposed Rule Changes

## Topics

- Preliminary Response Declarations
- Rule 11 Certification
- Word Count
- BRI Claim Construction
- Oral Hearing Exhibit Timing
- No Claim Amendment Rules



## Preliminary Response Declarations

New testimony evidence not prohibited

37 CFR 107

(a) The patent owner may file a preliminary response to the petition. The response ~~is limited to setting~~ may set forth the reasons why no *inter partes* review should be instituted under 35 U.S.C. 314 and can include supporting evidence. ~~The response can include evidence except as provided in paragraph (c) of this section.~~ The preliminary response is subject to the ~~page limits~~ word count under §42.24.

\*\*\*\*\*

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

## Preliminary Response Declarations

Ev. viewed in Petitioner's favor and possible surreply

37 CFR 108

\*\*\*\*\*

(c) *Sufficient grounds.* *Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, but supporting evidence concerning disputed material facts will be viewed in the light most favorable to the petitioner for purposes of deciding whether to institute an *inter partes* review. If the patent owner submits supporting evidence with its preliminary response, the petitioner may seek leave to file a reply to the preliminary response in accordance with § 42.24(c).

## Preliminary Response Declarations

- Will preliminary response declarations be common? Claim construction?
- How often will surreplies be sought? Granted?
- Is “viewed in the light most favorable to the petitioner” significant?
- What evidence should Patent Owners save for post institution?

## Rule 11 Certification

### New power for sanctions

“To further attempt to prevent any misuse of the AIA proceedings, the Office proposes to amend § 42.11, which prescribes the duty of candor owed to the Office, to include a Rule 11-type certification for all papers filed with the Board with a provision for sanctions for noncompliance. The Board also may refer possible misconduct in the course of AIA proceedings to the Office of Enrollment and Discipline for investigation and, if warranted, further proceedings under 37 CFR 11.19-11.61.”

## Rule 11 Certification

37 CFR 42.11

(a) *Duty of candor.* Parties and individuals involved in the proceeding have a duty of candor and good faith to the Office during the course of a proceeding.

(b) *Signature.* Every petition, response, written motion, and other paper filed in a proceeding must be signed by at least lead counsel or designated backup counsel under § 42.10 in the attorney's or registered practitioner's name—or by a party personally if the party is unrepresented. The Board may expunge any unsigned submission unless the omission is promptly corrected after being called to the counsel's or party's attention.

(c) *Representations to the Board.* By presenting to the Board a petition, response, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney, registered practitioner, or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

(1) It is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of the proceeding;

(2) The claims, defenses, and other legal contentions are warranted by existing law or by a non-frivolous argument for extending, modifying, or reversing existing law or for establishing new law;

(3) The factual contentions have evidentiary support; and

(4) The denials of factual contentions are warranted on the evidence.

*(continued)*

## Rule 11 Certification

### 37 CFR 42.11 (*continued*)

(d) Sanctions—(1) In general. If, after notice and a reasonable opportunity to respond, the Board determines that paragraph (c) of this section has been violated, the Board may impose an appropriate sanction on any attorney, registered practitioner, law firm, patent agent, or party that violated the rule or is responsible for the violation. Absent exceptional circumstances, a law firm must be held jointly responsible for a violation committed by its partner, associate, or employee.

(2) Motion for sanctions. A motion for sanctions must be made separately from any other motion and must describe the specific conduct that allegedly violates paragraph (c) of this section. The motion must be authorized by the Board under § 42.20. Prior to seeking authorization to file a motion for sanctions, the moving party must provide written notice to the other party of the basis for the proposed motion. A motion for sanctions must not be filed or be presented to the Board if the challenged paper, claim, defense, contention, or denial is withdrawn or appropriately corrected within 21 days after service of such notice or within another time the Board sets. If warranted, the Board may award to the prevailing party the reasonable expenses, including attorney's fees, incurred for the motion.

(3) On the Board's initiative. On its own, the Board may order an attorney, registered practitioner, law firm, or party to show cause why conduct specifically described in the order has not violated paragraph (c) of this section.

(4) Nature of a sanction. A sanction imposed under this rule must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated and should be consistent with § 42.12.

(5) Requirements for an order. An order imposing a sanction must describe the sanctioned conduct and explain the basis for the sanction.

(e) Inapplicability to discovery. This rule does not apply to disclosures and discovery requests, responses, and objections.

## Rule 11 Certification

### Reason for the Rule: Hedge Fund Petitioners?

- Kyle Bass and CFAD Update
  - 32 IPR petitions filed to date
  - CFADs I - XI have surfaced; 15 CFADs registered
- How is the PTAB handling Bass petitions so far?
  - Denied institution 3 times
    - Acorda (2) and Biogen
    - Next decisions expected in October
  - Pending sanctions motions in Celgene
    - On 6/3/15, Celgene requested authorization to file a motion for sanctions pursuant to 37 C.F.R. § 41.12(a)(6) against Bass but not his attorneys.
    - Celgene accused Bass of abuse of process: “The identified real parties in interest (‘RPI’) in these proceedings have stated publically that they intend to use the IPR process for the purpose of affecting the value of public companies. This is not the purpose for which the IPR process was designed.”
  - Briefing requested in Shire on abuse of process
- Rule 11 certification as a way to stave off proposed legislative reform?

## Word Count

Word count replaces page limits (mostly)

37 CFR 42.24

(a) *Petitions and motions.* (1) The following word counts or page limits for petitions and motions apply and include any statement of material facts to be admitted or denied in support of the petition or motion. The word count or page limit does not include a table of contents, a table of authorities, a certificate of service or word count, exhibits, appendix, or claim listing.

(i) Petition requesting *inter partes* review: ~~60 pages~~ 14,000 words.

(ii) Petition requesting post-grant review: ~~80 pages~~ 18,700 words.

(iii) Petition requesting covered business method patent review: ~~80 pages~~ 18,700 words.

(iv) Petition requesting derivation proceeding: ~~60 pages~~ 14,000 words.

(v) Motions (excluding motions to amend): 15 pages.

(vi) Motions to Amend: 25 pages.

(2) Petitions to institute a trial must comply with the stated word counts ~~page limits~~ but may be accompanied by a motion to waive the word counts ~~page limits~~. The petitioner must show in the motion how a waiver of the word counts ~~page limits~~ is in the interests of justice and must append a copy of proposed petition exceeding the word count ~~page limit~~ to the motion. If the motion is not granted, the proposed petition exceeding the word count ~~page limit~~ may be expunged or returned. Any other motion to waive word counts or page limits must be granted in advance of filing a motion, opposition, or reply for which the waiver is necessary.

*(continued...)*



## Word Count

### 37 CFR. 42.24 (*continued*)

(b) *Patent owner responses and oppositions.* The word counts or page limits set forth in this paragraph do not include a listing of facts which are admitted, denied, or cannot be admitted or denied.

(1) The word counts ~~page limits~~ for a patent owner preliminary response to petition are the same as the word counts ~~page limits~~ for the petition.

(2) The word counts ~~page limits~~ for a patent owner response to petition are the same as the word counts ~~page limits~~ for the petition.

(3) The page limits for oppositions are the same as those for corresponding motions.

(c) *Replies.* The following word counts or page limits for replies apply and include any statement of facts in support of the reply. The word counts or page limits do not include a table of contents, a table of authorities, a listing of facts which are admitted, denied, or cannot be admitted or denied, a certificate of service or word count, or appendix of exhibits.

(1) Replies to patent owner responses to petitions: ~~25 pages~~ 5,600 words.

(2) Replies to oppositions (excluding replies to oppositions to motions to amend): 5 pages.

(3) Replies to oppositions to motions to amend: 12 pages.

(d) *Certification.* Any petition, preliminary response, patent owner response, or reply whose length is specified by type-volume limits must include a certification stating the number of words in the petition, motion, opposition, or reply. A party may rely on the word count of the word-processing system used to prepare the petition, preliminary response, patent owner response, or reply.

## Word Count

- Argument in claim charts – still a concern?
- Freedom to compose persuasively

The automated system of Kery+Guthrie would have pressure sensor tubing in combination with the electronic pressure sensor (170-5) of Guthrie to communicate via the already existing manometer port with the interior of the distributor (88), as taught by Kery, to automate pressure measurement of the distributor (88) via the microprocessor. [Ex. 1011, ¶ 79]. Kery's pressure monitoring port is the port used to allow the manometer (128) to communicate with the interior of the distributor (88). [Id. at ¶ 79]. This port must necessarily define an opening through the enclosure and into an interior of the air chamber of the distributor (88) for Kery's manometer to be in communication with the interior of the distributor. [Id. at ¶ 79]. When the valves of Kery are open (e.g., to inflate or deflate his air bed (10)), this port is necessarily in fluid communication with the at least one bladder. [Id. at ¶ 79]. Thus, Kery+Guthrie would have a "pressure monitor means including a sensor being operably coupled to the processor and being in fluid communication with the at least one bladder through a pressure monitoring port defining an opening through the enclosure and into an interior of the air chamber the pressure sensor configured for continuously monitoring the pressure in the at least one bladder during an inflate/deflate cycle". [Id. at ¶ 79].

Therefore, Kery+Guthrie makes obvious and invalidates claim 20 of the '172 patent. [Ex. 1011, ¶ 80].

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Wall of text

The '518 patent's only independent claim is anticipated by Rosenblatt, which discloses a system that has all limitations of claim 1 and dependent claim 8.

*Claim 1, Limitation 1A: "A system comprising: a thermostat disposed at a site and including a communication module capable of communicating with a mobile device associated with the site."*

Rosenblatt discloses a system that includes a thermostat disposed at a site, which Rosenblatt's FIG. 70 illustrates as the "networkable thermostat 986". NEST518-1001 at ¶¶ 20-21; NEST518-1010 at FIG. 70 & ¶ 0314. Rosenblatt's networkable thermostat works in conjunction with a mobile device ("handheld device 40"). The thermostat includes communication modules capable of communicating



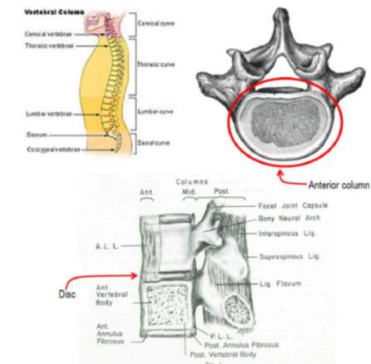
FIG. 70  
Rosenblatt at Fig. 70

with a mobile device associated with the site. NEST518-1001 at ¶¶ 22-23. For example, Rosenblatt describes such communication modules as follows:

The thermostat 986 may or may not include the NFC interface 34. If the NFC 34 is present, a user may tap the handheld device 40 to the NFC interface 34 of the thermostat 986 to create an NFC communication channel 96. Various control information may be transferred across the NFC communication channel 96 according to the tech-

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Good



Upper-left figure, above – Wikipedia.org, [retrieved on March 20, 2013]

[http://en.wikipedia.org/wiki/File:Thy Vertebral\\_column.jpg](http://en.wikipedia.org/wiki/File:Thy Vertebral_column.jpg)

Upper-right figure, above – Wikipedia.org, [retrieved on March 20, 2013]

<http://en.wikipedia.org/wiki/File:Gray44.jpg>

Bottom figure, above – McAfee et al., "The value of computed tomography in thoracolumbar fractures: An analysis of one hundred consecutive cases and a new classification," The Journal of Bone and Joint Surgery, Vol. 65-A, No. 4, pp. 461-473, April 1983 (Exhibit D)

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Great

## BRI Claim Construction

BRI applies for patents expiring after FWD

37 CFR 100

(a) An inter partes review is a trial subject to the procedures set forth in subpart A of this part.

(b) A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

\*\*\*\*\*

[same for 37 CFR 200 (PGR) and 37 CFR 300 (CBM)]

## BRI Claim Construction

“The Office agrees that the application of a *Phillips*-type claim construction for claims of a patent that will expire prior to the issuance of a final decision is appropriate. Such patents essentially lack any viable opportunity to amend the claims in an AIA proceeding. Therefore, for patents that will expire prior to issuance of any final written decision by the Office, the Office proposes to apply a *Phillips*-type standard during the proceeding.”

- *Phillips* will apply even before expiring, if expected to expire before FWD

## Oral Hearing Exhibit Timing

### Earlier service of demonstratives

37 CFR 42.70

\*\*\*\*\*

(b) Demonstrative exhibits must be served at least ~~five~~ seven business days before oral argument and filed no later than the time of the oral argument.

## Oral Hearing Exhibit Timing

- Seven days (extended from five days)
- A minor change
- Note: parties do not always serve demonstratives

## No Claim Amendment Rules

Rule-making will be by precedential/informative opinions

- “Absent a change in statutory authority, the Office cannot withdraw the opportunity to amend claims in AIA trial proceedings.”
- “the Office will continue to make improvements and clarifications via the rule-making process, by updating the Office Patent Trial Practice Guide, and by designating opinions as precedential or informative, as warranted.”
- “In addition, the Board notes the following Board decisions on motions to amend as further guidance: *MasterImage*, slip op. at 1-3); *Idle Free Systems, Inc. v. Bergstrom, Inc.*, Case IPR2012-00027 (PTAB June 11, 2013) (Paper 26) (informative); *Int'l Flavors & Fragrances Inc. v. United States of America*, Case IPR2013-00124 (PTAB May 20, 2014) (Paper 12) (informative); *Corning Optical Comms. RF, LLC v. PPC Broadband, Inc.*, Case IPR2014-00441 (PTAB Oct. 30, 2014) (Paper 19); *Riverbed Tech., Inc. v. Silver Peak Systems, Inc.*, Case IPR2013-00403 (PTAB Dec. 30, 2014) (Paper 33); *Reg Synthetic Fuels LLC v. Neste Oil OYJ*, Case IPR2014-00192 (PTAB June 5, 2015) (Paper 48).”

## No Claim Amendment Rules

- Why no rules?
  - Statute prevents eliminating amendments.
  - Liberal amendments are impossible, due to Board's inability to conduct searches and examination (and time constraints)
  - Recent changes (increased page limits, shift of burden to petitioner) may be enough to encourage some amendments
- How will parties respond



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# Post-Grant Resources

**FISH.**

- 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.

- Fish 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/>
  - Post-Grant App: <http://fishpostgrant.com/app/>
- 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)

# Thank You!

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## **Dorothy Whelan**

*Principal, Post-Grant*

*Practice Co-Chair*

Twin Cities

[Whelan@fr.com](mailto:Whelan@fr.com)

612-337-2509

## **Karl Renner**

*Principal, Post-Grant*

*Practice Co-Chair*

Washington, DC

[renner@fr.com](mailto:renner@fr.com)

202-626-6447

## **Stuart Nelson**

*Associate*

Twin Cities

[snelson@fr.com](mailto:snelson@fr.com)

612-337-2538

## **Tasha Francis**

*Associate*

Twin Cities

[Tasha.Francis@fr.com](mailto:Tasha.Francis@fr.com)

612-766-2015

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