

Post-Grant for Practitioners



FR

Joinder and CBM Eligibility



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Webinar Series
February 12, 2014

Agenda

- I. Overview of Webinar Series
- II. Statistics
- III. Joinder
- IV. CBM Eligibility

I. Overview

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



POST-GRANT PRACTICE
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Post-Grant for Practitioners: Joinder and CBM Eligibility

Wednesday, February 12, 2014
1:00 PM - 2:00 PM EST

Please join the co-chairs of Fish & Richardson's post-grant practice as they consider two topics of interest to practitioners: joinder of multiple proceedings and CBM eligibility. The discussion will include a review of significant PTAB rulings, including the PTAB's recently issued final written decision in *Liberty Mutual v. Progressive Casualty*, as well as practice tips and pointers.

Speakers:
[Karl Renner](#), Principal and Post-Grant Practice Co-Chair, Washington, DC
[Dorothy Whelan](#), Principal and Post-Grant Practice Co-Chair, Twin Cities
[Andrew Patrick](#), Associate, 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, register using your state bar information.

REGISTER

If you have questions, please contact Emma Brown at ebrown@fr.com.

About the Series

Post-Grant for Practitioners is a monthly series of complimentary webinars focusing on developments in post-grant proceedings and related practice tips.

[View Post-Grant for Practitioner Webinar Replays](#)

II. Statistics (IPR)

- IPR's Filed?
 - 872 filed through February 7, 2014
 - 60 filed in January 2014
- Application of Threshold: Reasonable Likelihood of Success
 - IPR has been instituted in almost all petitions evaluated
 - In most cases where IPR was ordered, it was on only a subset of the grounds requested
 - BUT the PTAB denied IPR petitions in full in two recent decisions

II. Statistics (IPR)

Callcopy, Inc. v. Verint Americas, Inc., IPR2013-00490

- Petitioner raised 16 grounds based on 7 references
- Patent Owner did not submit a preliminary response
- **PTAB disagreed with one of Petitioner's proposed claim constructions**
- PTAB held that prior art did not meet reasonable likelihood of success standard under its claim construction

II. Statistics (IPR)

Callcopy, Inc. v. Verint Americas, Inc., IPR2013-00492

- Petitioner raised 26 grounds based on 16 references
- Patent Owner did not submit a preliminary response
- **PTAB criticized Petitioner's claim charts for conflating 3 separate grounds of unpatentability (anticipation over reference, obviousness over reference, obviousness over reference combined with a second reference):**

“The claim charts conflate the three grounds without providing a clear distinction how the identified disclosures are applied to the individual grounds, and thus none of the grounds are supported by sufficient reasoning how the identified disclosures relates to the claim limitations.”

II. Statistics (IPR)

Callcopy, Inc. v. Verint Americas, Inc., IPR2013-00492

- PTAB also criticized Petitioner's arguments as being merely conclusory: "Such a conclusory statement does not articulate sufficient reasoning with rational underpinnings to support the legal conclusion of obviousness."
- Decision illustrates danger of trying to include many grounds/references in a single petition

II. Statistics (CBM)

- CBM's Filed?
 - 115 filed through February 7, 2014
 - 9 filed in January 2014
- 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

II. 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 January 22, 2014 98 motions for stay were granted and 43 motions for stay were denied

II. Statistics (Final Written Decisions)

- IPR: 15 final written decisions as of February 12, 2014
- CBM: 5 final written decisions as of February 12, 2014
- In every case, the PTAB found *all* claims unpatentable

III. Joinder

- The Board has the discretion to join as a party to an IPR proceeding an entity that properly files, no later than one month after the institution of the IPR, a motion for joinder. ¹
- Likewise, the Board may join as a party to an already-instituted CBM review an entity that files a motion within one month of the institution of the CBM review. ²
- Joinder may be requested by patent owners and by entities that have filed a petition for a like proceeding. ³
- Normally, a petition for *inter partes* review filed more than one year after the petitioner is served with a complaint alleging infringement of the patent is barred. However, the one-year time bar does not apply when joinder is granted. ⁵

III. Joinder

- In a representative order, the Board identified matters to be addressed in a motion for joinder.⁶ Specifically, the Board indicated that a motion for joinder should:
 - (1) set forth the reasons why joinder is appropriate;
 - (2) identify any new grounds of unpatentability asserted in the petition;
 - (3) explain what impact (if any) joinder would have on the trial schedule for the existing review; and
 - (4) address specifically how briefing and discovery may be simplified.⁷

III. Joinder

- *Microsoft Corp. v. Proxyconn, Inc.*, IPR2013-00109, Paper No. 15 (entered Feb. 25, 2013) addressed a request for joinder by a petitioner that had filed two IPR petitions against the same patent:
 - petition one, challenging claims 1, 3, 10-12, 14, and 22-24, was filed 9/18/12 and
 - petition two, challenging claims 6, 7, 9, 11, 12, and 14 was filed 1/11/13.
- **Petitioner's stated purpose in filing the second petition was to address two additional claims newly asserted against the petitioner in co-pending litigation (claims 6 and 9).**
- The complaint in the co-pending litigation was filed and served 11/4/11; the second petition was filed greater than one year after service of the complaint.
- The prior art used in the two petitions overlapped.

III. Joinder

The Board granted the motion:

- Based upon the admitted facts and our own findings, supra, we have **determined that this policy would best be served by granting Petitioner's** motion. The same patents and parties are involved in both proceedings. There is an overlap in the cited prior art. There is no discernible prejudice to either party. Petitioner has been diligent and timely in filing the motion. And while some adjustments to the schedule have been made necessary, there is not undue delay. In sum, the relevant factors of which we are aware all weigh in favor of granting this motion.⁸

IV. CBM Eligibility

Claims of a Covered Business Method (CBM) patent may be challenged in post grant proceedings initiated under the Transitional Program for Covered Business Method Patents, enacted September 2012.

Advantages of CBM:

- Estoppel in CBM is limited to grounds actually raised
- CBM permits challenges on grounds other than patents and printed publications

Further information relating to these challenges can be founds at:

<http://fishpostgrant.com/covered-business-method/>

IV. CBM Eligibility – Just One Claim

Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co., CBM2012-00002

“Section 18(d)(1) of the AIA sets forth a single threshold based on just one claim—the satisfaction of which qualifies an entire patent as eligible for review—rather than a test that must be applied on a claim-by-claim basis to justify review of each claim. Therefore, a *patent* is eligible for a covered business method patent review if the subject matter of at least one claim is directed to a covered business method.”

IV. CBM Eligibility – Definition of CBM

- Only covered business method patents are eligible for CBM review.⁹
- The AIA defines a covered business method patent as:
 - a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of [1] a financial product or service, except that [2] the term does not include patents for technological inventions.¹⁰
- The AIA’s legislative history demonstrates that the term “financial product or service” should be “interpreted broadly,” encompassing patents “claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.”¹¹

IV. CBM Eligibility – Financial Activity

- In practice, the USPTO has broadly construed the term “financial product or service.”
- In two recent cases, for example, the Patent Trial and Appeal Board the Board has established that a challenged patent may be deemed a CBM patent on the basis of claims that lack explicit reference to financial activities.¹²
- In *Volusion*, the challenged patent, U.S. Patent No. 6,834,282, related to a hierarchical representation of items in in a database, consisting of nodes that are related to one another in a tree-like structure starting with a root node.

IV. CBM Eligibility – Financial Activity

The '282 patent:

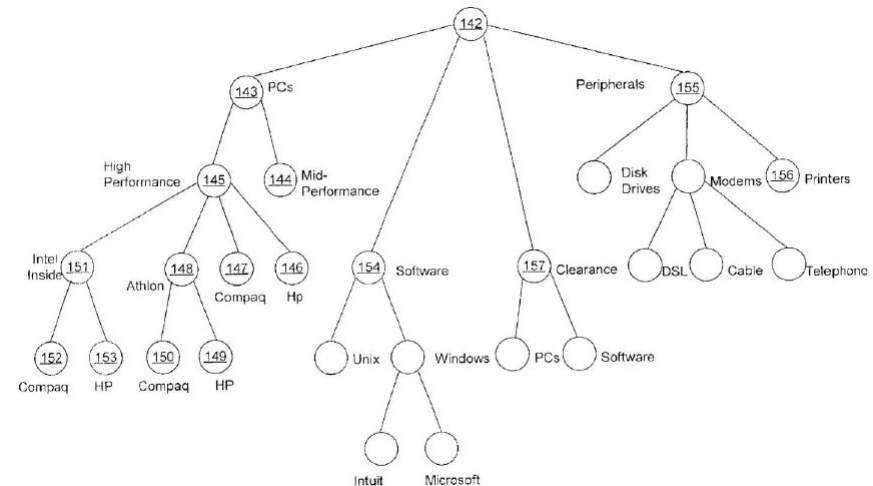
11. A method of representing a plurality of items in a database hierarchically, each of the items associated with one or more attributes, each of the attributes having one or more values, said method comprising:

apportioning the plurality of items into subsets;

representing each of the subsets with a node in a hierarchy, each of the nodes being a child of one other node, except for a root node, which is a child of no other of the nodes and is an ancestor of all of the nodes in the hierarchy;

specifying one or more constraints for each of a first portion of the nodes, the constraints defining a scope of the subset of items represented by each of the first portion relative to their parent node; and

establishing a logical grouping of the items for a second portion of the nodes, the logical grouping defining a scope of the subset of items represented by each of the second portion of nodes, no constraints being specified for any of the second portion of the nodes.



IV. CBM Eligibility

Petitioner points out that the '282 patent explicitly states that “[m]any embodiments of the present invention have application to a wide range of industries” including “*financial services*.”

Many embodiments of the present invention have application to a wide range of industries including the following: computer hardware and software manufacturing and sales, professional services, financial services, automotive sales and manufacturing, telecommunications sales and manufacturing, medical and pharmaceutical sales and manufacturing, and construction industries. Other embodiments and variations are within the scope of the invention, as defined by the appended claims.

IV. CBM Eligibility – Financial Activity

- The '282 specification stated that the claimed invention has application in the field of e-commerce, in the form of e-catalogs used by potential buyers.¹³
- On the basis of that description, the Board determined that:
 - (1) a “person of ordinary skill in the art would have understood that the items that can be displayed to a user may be associated with financial services”; and
 - (2) “Claim 11 encompasses arranging items for display to a user associated with any product or service, such as financial services.”¹⁴
- The Board therefore held that “at least one claim covers data processing or other operations used in the practice, administration, or management of a financial service.”¹⁵

IV. CBM Eligibility – Technological Invention

- The AIA excludes “patents for technological inventions” from the definition of CBM patents.¹⁶
- To determine when a patent covers a technological invention, the Board considers whether:
 - (1) the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and
 - (2) solves a technical problem using a technical solution.¹⁷
- “[A]bstract business concepts and their implementation, whether in computers or otherwise,” are not included in the definition of “technological inventions.”¹⁸
- To institute a CBM review, a patent need only have one claim directed to a CBM, and not a technological invention.¹¹ See, e.g., Ex. HWKS-1011 at 48736-37.¹⁹

- 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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