



Challenging Patent Validity in the USPTO: Strategic Considerations in View of the USPTO's Final Rules

Inter Partes Review

Presented By:

Karl Renner

Dorothy Whelan

Co-Chairs of Post Grant Practice, Fish & Richardson



Agenda

- FR Overview of Inter Partes Review
- FR Pre-Trial
- FR Trial
- FR Post-Trial

Agenda

- FR Overview of Inter Partes Review
- FR Pre-Trial
- FR Trial
- FR Post-Trial

Inter Partes Review - Details

FR Availability

- Any person, other than the patent owner, may file a petition for IPR nine months after issuance or reissue of patent (non-anonymous)
- IPR becomes available, for all patents, on 9/16/12.

FR Grounds

- 102 and 103, based on patents and printed publications

FR Threshold

- A reasonable likelihood that petitioner will prevail with respect to at least one of the challenged claims

FR Estoppel

- Raised or reasonably could have raised

Inter Partes Review: Cost

- ❖ USPTO proposed filing fees (§42.15):
 - 1 to 20 claims: \$27,200
 - **Each additional claim: \$600**
 - Discovery procedures will make IPR fees > IPRx fees
- ❖ Speed of proceeding will be frontloaded for all

Eligible Practitioners

- ❖ Attorneys registered to practice before USPTO
- ❖ Attorneys admitted *pro hac vice*. Admission is at the discretion of the PTAB and requires a showing of good cause. § 42.10(c)
- ❖ Petitioners and Patent Owners must designate both lead and back-up counsel. § 42.10(a)
- ❖ Lead counsel must be a registered practitioner. § 42.10(c)

Inter Partes Review: Consequence

Estoppel

- At the PTO: the petitioner in an IPR that results in a final written decision may not request *or maintain* a proceeding before the Office *with respect to reviewed claim* on any ground that petitioner *raised or reasonably could have raised* during IPR
- In civil actions: the petitioner in an IPR that results in a final written decision may not assert in a civil action that a reviewed *claim* is invalid on any ground that petitioner *raised or reasonably could have raised* during IPR.

Inter Partes Review: Consequence

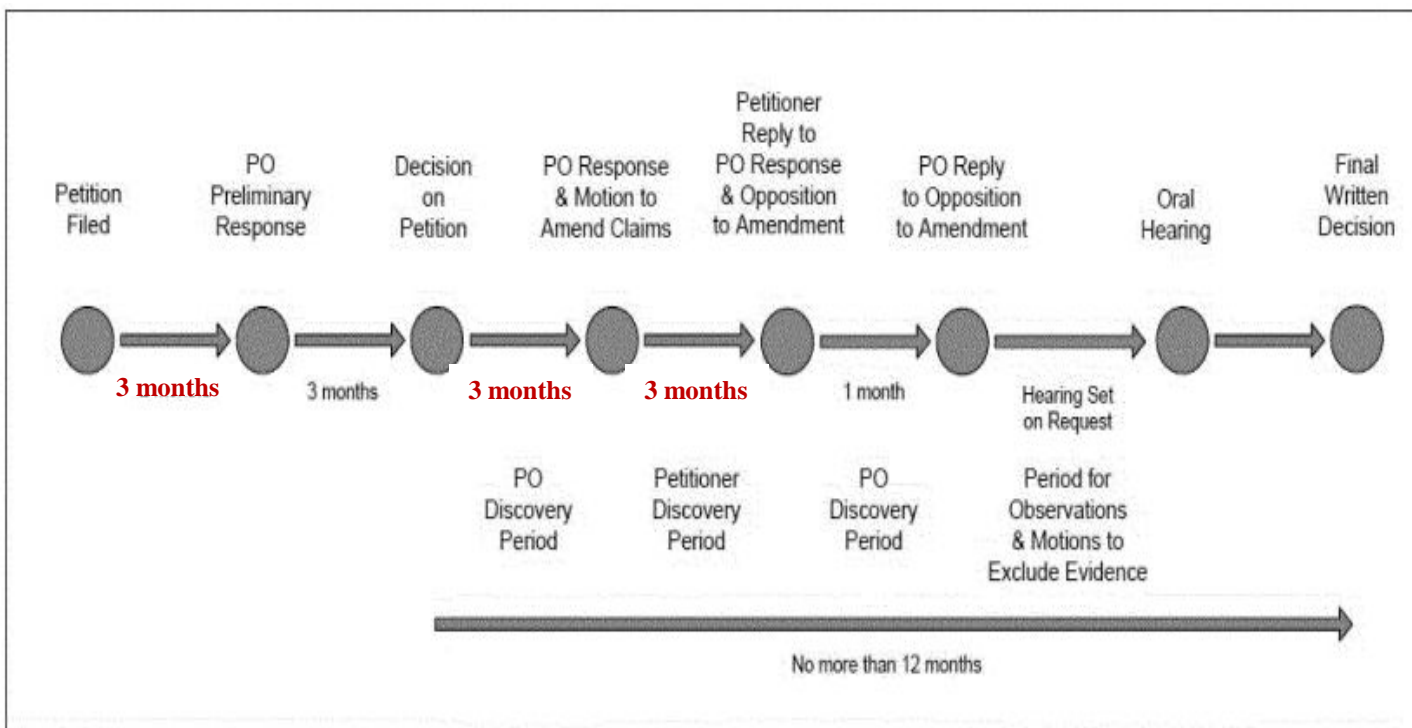
- ❖ Open Issues:
 - Impact of the changed standard:
 - IPRx: “raised or could have raised”
 - IPR: “raised or *reasonably* could have raised”
 - Bases proposed but rejected by the PTAB?
 - After-discovered prior art? ... Obscurity?
 - Can an IPR petitioner hedge bets with EPRx? Consider the implication of being estopped from “maintaining” a proceeding

Inter Partes Review: Speed

- ❖ Opens/closes quickly
 - Instituted within **6** months of petition
 - Dispensed within 12/**18** months of institution
- ❖ Speed can kill ... the unprepared
 - Patentees - put your flak jackets on!
 - Petitioners: Ready...aim...aim...aim...then, fire!



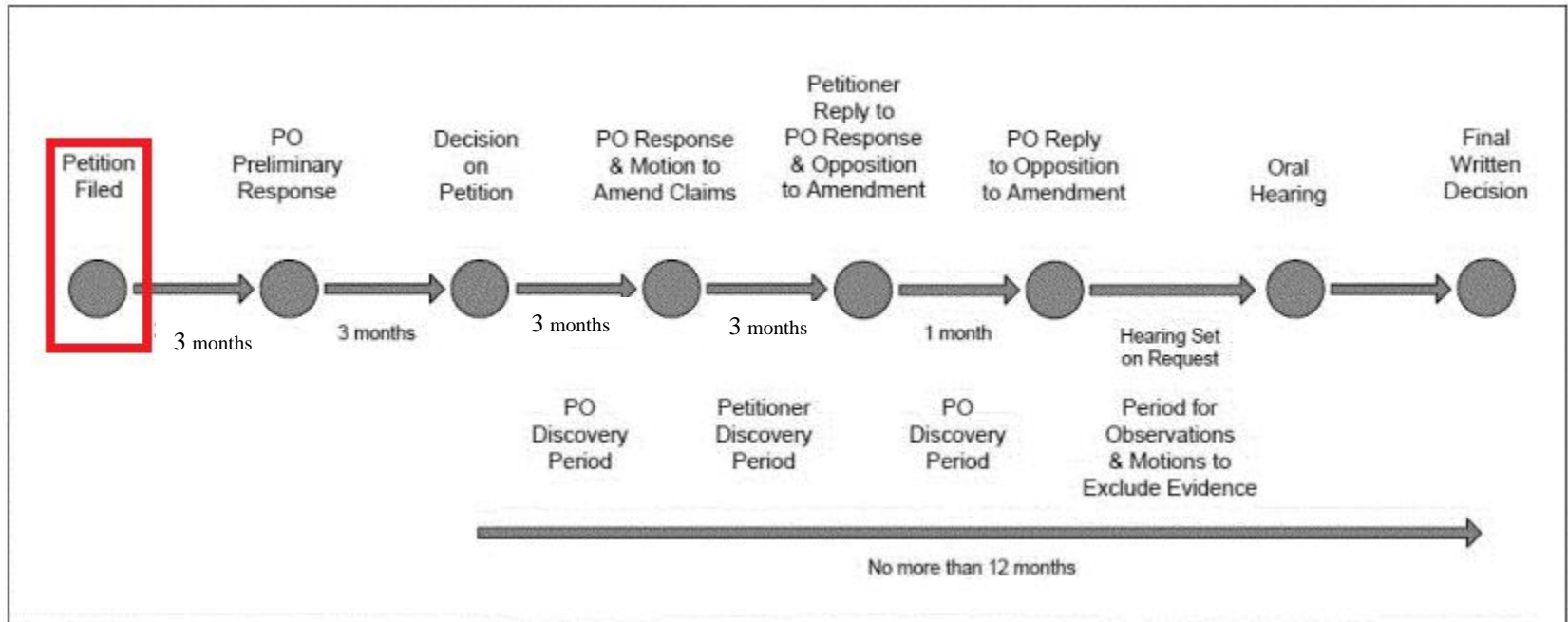
IPR Procedure: The Timeline



Agenda

- FR Overview of Inter Partes Review
- FR **Pre-Trial**
- FR Trial
- FR Post-Trial

Petition Preparation



Petition

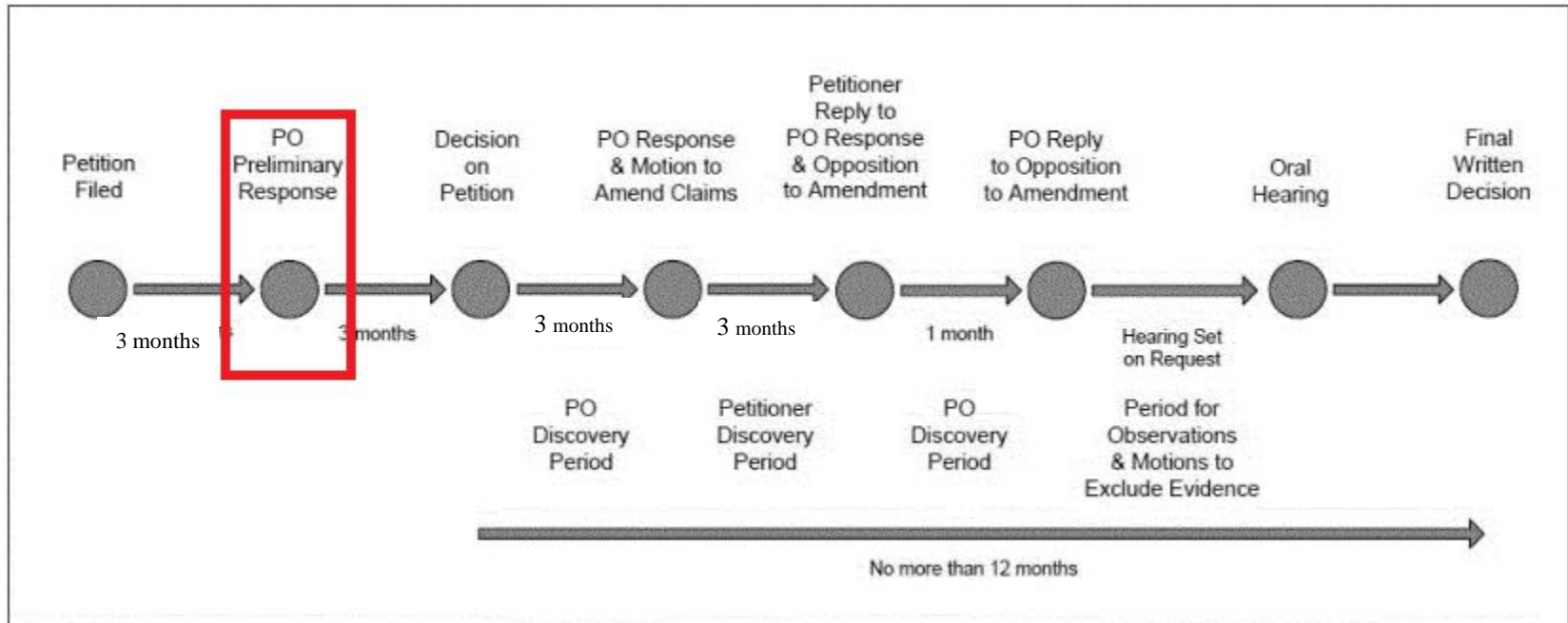
FR Contents (§§42.104 and 42.204):

- Fees & Certificate of Service
- Certifications
 - Patent must be eligible for review
 - Petitioner must not be barred or estopped
- Identify challenged claims and basis
- Provide claim constructions
- Identify proposed rejections (*claim charts?*)

FR **60 Page Limit**

- “The page limit does not include a table of contents, a table of authorities, a certificate of service, or appendix of exhibits”
- Double-spaced, 14 point font or larger (§42.6)
- Claim charts: single-spaced
- Moving for more pages: “in interests of justice”

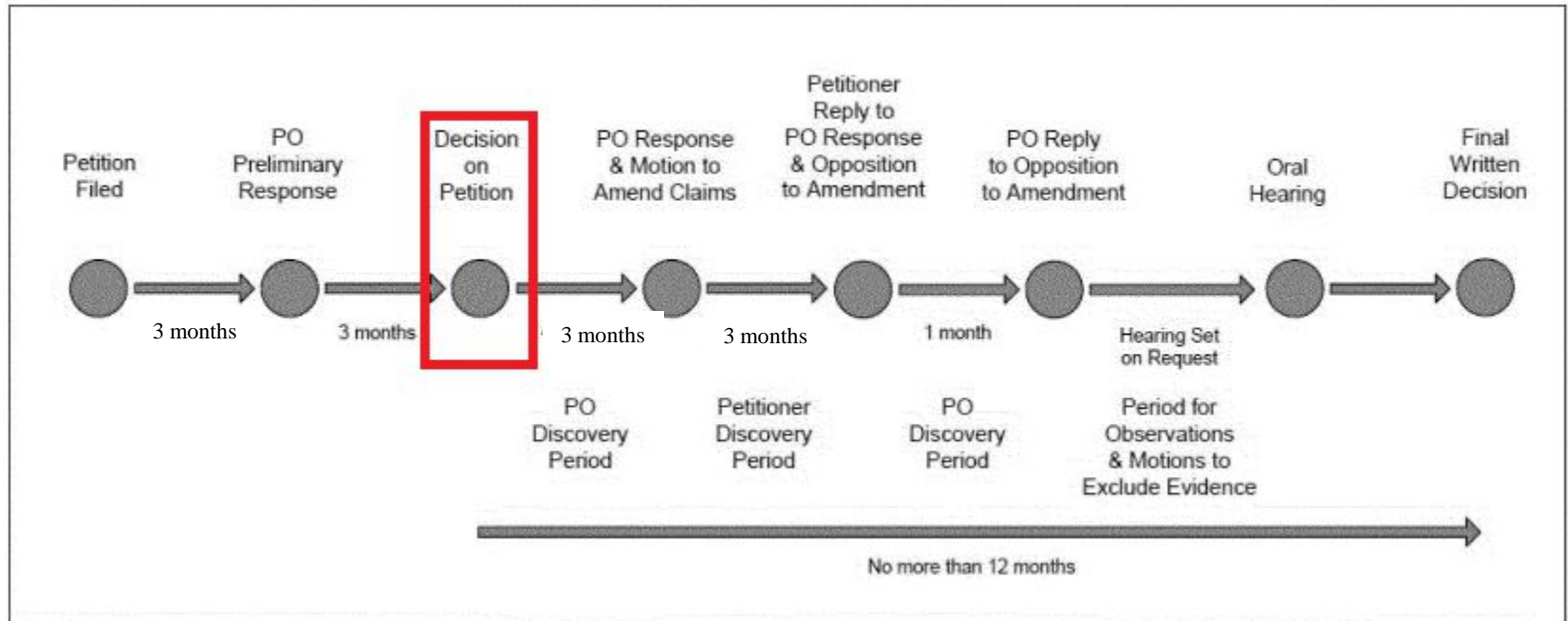
Patent Owner Preliminary Response



Patent Owner Preliminary Response

- ❖ See §§ 42.107 and 42.207
- ❖ No more than 3 months from petition filing date
- ❖ Patentee may present evidence to demonstrate that no review should be instituted
 - Why petition is statutorily barred;
 - Why asserted references are not prior art;
 - Very clear failings of prior art
- ❖ No amendments allowed, but may disclaim claims
- ❖ **Can submit testimonial evidence if “in the interest of justice”**
- ❖ May proactively waive to expedite, but why?
 - Petitioner cannot file rebuttal as a matter of right

Decision on Petition



Petition Decision

35 U.S.C. § 314(d): “No Appeal. The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

37 C.F.R. § 42.71 (c): “A decision by the Board on whether to institute a trial is final and nonappealable. A party may request rehearing on a decision by the Board on whether to institute a trial pursuant to paragraph (d) of this section. When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.”

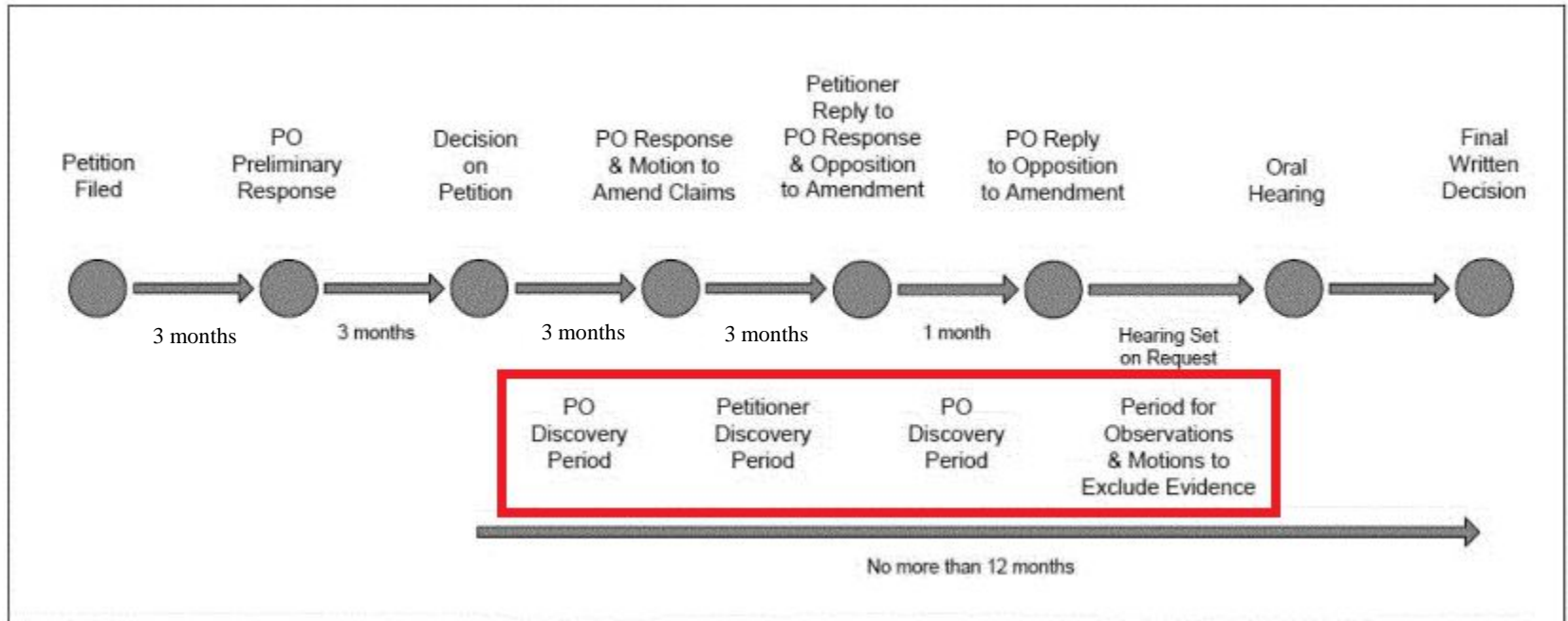
Petition Decision

- ❖ Consequences:
- ❖ Either party can challenge PTAB's decision
- ❖ Challenge limited to requesting rehearing.
 - 42.71(c) contemplates rehearings for information that the Board is believe to have “misapprehended or overlooked.”
 - Who presides? Same panel?
- ❖ Standard of review is abuse of discretion (difficult for challenger)
- ❖ If request for rehearing is denied, party cannot file an action under the APA.

Agenda

- FR Overview of Inter Partes Review
- FR Pre-Trial
- FR **Trial**
- FR Post-Trial

Trial Timeline



Scheduling Order

- ❖ Accompanies petition decision
- ❖ Sets forth 7 dates:
 - (1) PO post-institution response to petition and motion to amend (default = 3 mos.)
 - (2) Petitioner reply to PO response and opposition to amendment (default = 3 mos.)
 - (3) PO reply to petitioner opposition (default = 1 mo.)
 - (4) Petitioner motion for observation re cross-examination of reply witness, motion to exclude evidence, request for oral argument (default = 3 weeks)
 - (5) PO response to observation, opposition to motion to exclude (default = 2 weeks)
 - (6) Reply to opposition to motion to exclude (default = 1 week)
 - (7) Oral argument (set upon request)

Scheduling Order cont'd

- ❖ Parties can stipulate to different dates for Due Dates (1)-(5)
- ❖ Due Dates (6) and (7) cannot be extended
- ❖ PO may begin discovery as soon as IPR initiated

Discovery

- ❖ Sequenced discovery process, where each party provided respective discovery periods
- ❖ Discovery is limited and except in certain cases requires prior PTAB authorization
- ❖ Timing: Established in Scheduling Order/Conference
- ❖ Routine discovery – No PTAB authorization required
 - Production of cited exhibits (§ 42.51(b)(1))
 - Cross of opposing declarants; (§ 42.51(b)(2)) and
 - “Non-cumulative information that is inconsistent with a position advanced by [either party] during the proceeding” (§ 42.51(b)(3)).
 - No requirement to explain relevance of information

Discovery cont'd

Mandatory initial disclosures (§ 42.51(a)).

- Parties may agree to mandatory discovery requiring initial disclosures set forth in Trial Practice Guide.
- Two options for initial disclosures:
 - Option 1: both parties disclose identities of individuals likely to have discoverable information and provide documents they may use to support defenses
 - Option 2: if petition raises obviousness, petitioner must make disclosures regarding objective evidence
- Must file no later than due date of PO preliminary disclosure
- Upon institution of trial, parties may automatically take discovery of information identified in initial disclosure
- If no agreement, then parties must seek discovery by motion

Discovery cont'd

- ❖ Additional discovery – PTAB authorization required
 - Must file motion, unless agreement between parties
 - Standard for granting motion: “interests of justice” (very high)

- ❖ Compelled testimony and production of documents (§ 42.52 and 35 U.S.C. § 24)
 - Applies to third parties
 - Applies to testimony/production sought outside US
 - Requires PTAB authorization and explanation of relevance

Discovery cont'd

Taking Testimony (§ 42.53)

- Direct examination by affidavit. Cross examination by deposition.
- Objections to content, form, and manner of taking deposition waived unless made during deposition
- Federal Rules of Evidence apply
- Can object based upon A/C privilege or work product immunity
- Time limits imposed on depositions:
 - Compelled deposition testimony: 7 hours for direct, 4 hours for cross, 2 hours for re-direct
 - Non-compelled deposition testimony: 7 hours for cross, 4 hours for re-direct, 2 hours for re-cross

Discovery cont'd

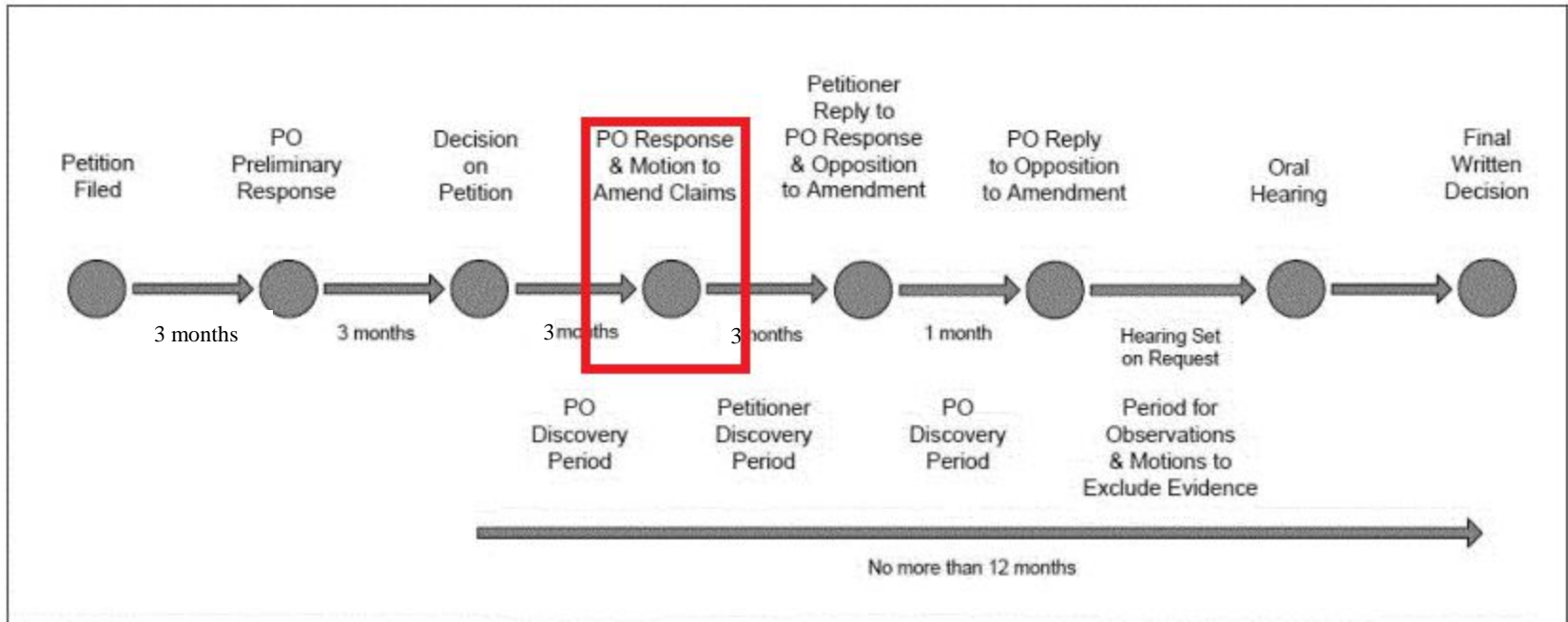
Confidentiality

- ❖ Protective Orders are available to preserve confidentiality (§ 42.54). Trial Practice Guide contains a default Protective Order.
- ❖ Mechanism: file motion to seal and include protective order
- ❖ Protective order effective upon filing of motion and remains in place until lifted by PTAB
- ❖ Parties can negotiate terms; default protective order adopted if no agreement
- ❖ NOTE: If PTAB decision relies on or refers to confidential information, expectation is that it WILL be made public. Party must file motion to expunge to maintain confidentiality.
 - Expect confidentiality issues to arise with commercial success evidence

Motions and Conference Calls

- ❖ PTAB prior approval for motions
 - No prior authorization required: motions to seal and motions filed with petitions (e.g., waive page limits)
 - Need authorization but automatically granted: requests for rehearing, motions to exclude evidence, observations on cross-examination
 - Need authorization but not automatically granted: all others (e.g., joinder, file supplemental information, judgment based on supplemental information)
- ❖ Typically, authorization for motions obtained during initial conference call, which generally occurs within one month of institution of review
- ❖ Any communications with PTAB to be handled through conference call that includes all parties. No prior notice of substance.
- ❖ No recourse if motion is denied

PO Response and Motion to Amend



PO Response and Motion to Amend

Response

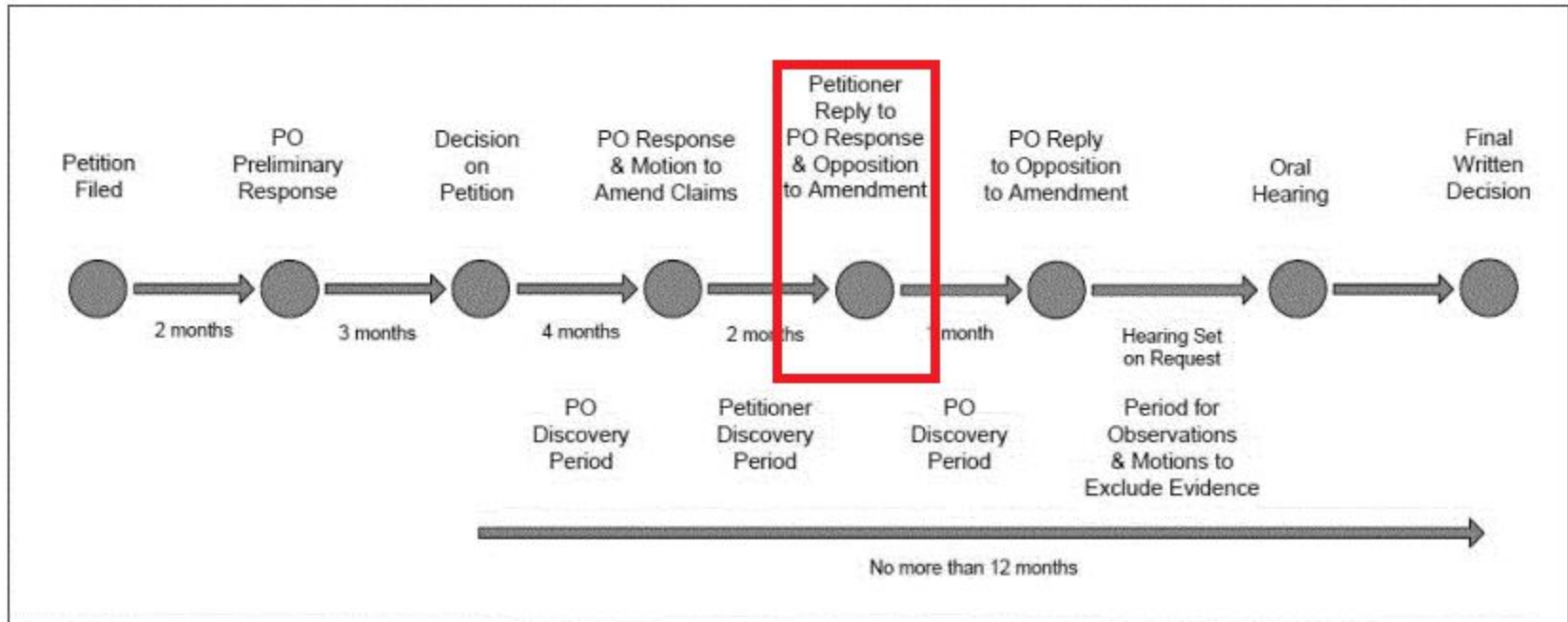
- Default due date: 3 months from institution, though will be set in scheduling order
- Primary means for PO to get evidence on record (decl'ns and documents)
- Identify all the involved claims that are believed to be patentable and state the basis for that belief
- **60 Page Limit**

PO Response and Motion to Amend

Amendment

- Only one amendment allowed by right
- “Reasonable” number of “substitute” claims (i.e., 1:1)
- “Should clearly state where the specification and any drawings disclose” amendments
- **Must notify PTAB you are amending in conference call**
- Must show “good cause” to amend more than once or after PO Response deadline, or joint request for purpose of materially advancing settlement
- Amendments must be responsive to grounds of unpatentability raised in trial
- OK to cancel claims later in proceeding

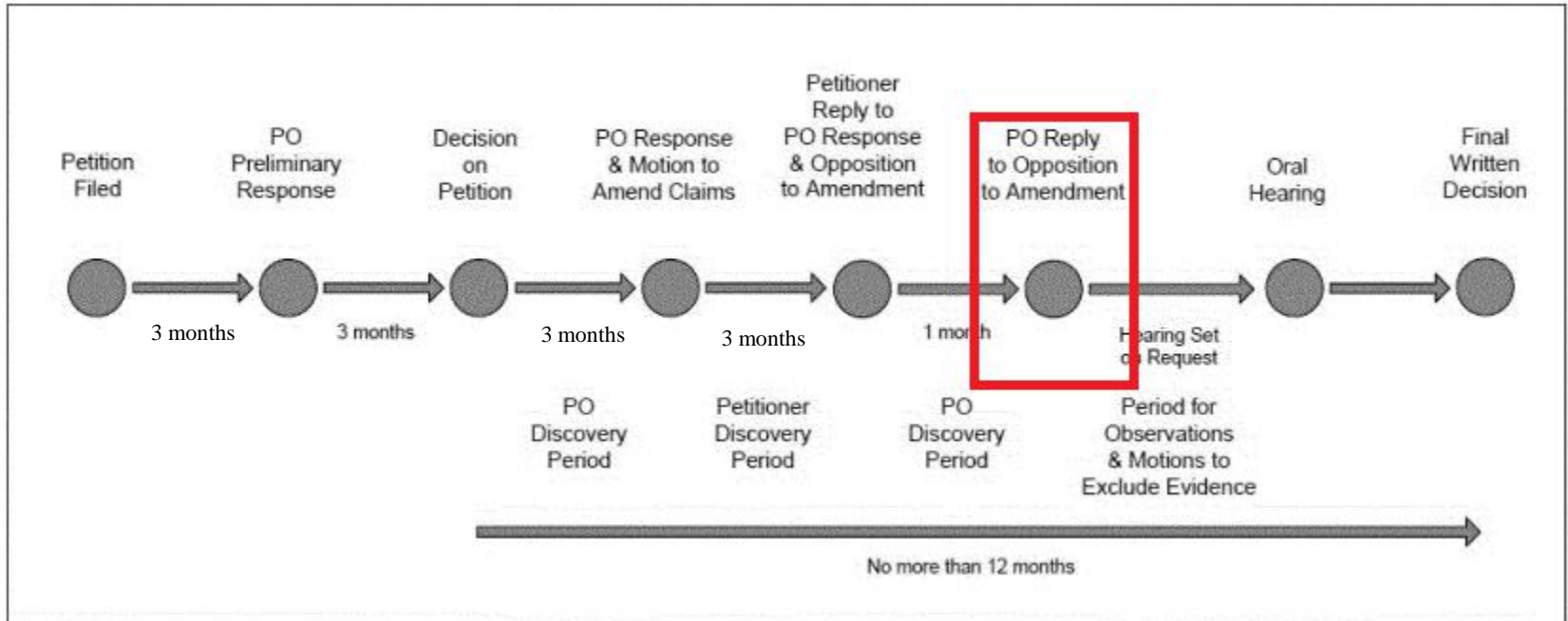
Petitioner Reply and Opposition



Petitioner Reply and Opposition

- ❖ Due date: default of 3 months after PO Response, but exact date negotiated in scheduling conference
- ❖ **Page Limit: 15 pages**
- ❖ Reply limited to arguments raised in the PO Response
 - A reply that raises a new issue or belatedly presents evidence will not be considered
 - PTAB will not sort proper from improper portions of the reply
- ❖ Petitioner may supplement evidence to respond to new issues arising from proposed substitute claims, including new declarations

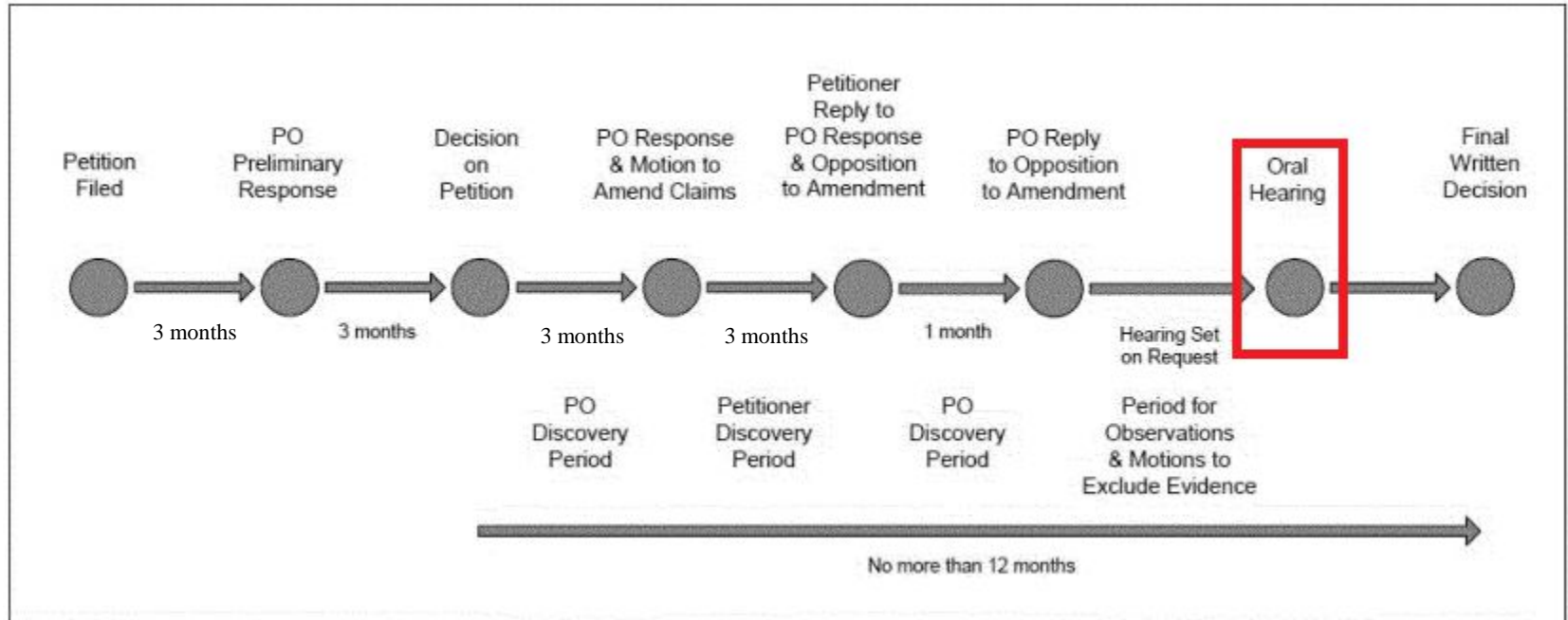
PO Reply to Opposition



PO Reply to Opposition

- ❖ Due date: generally 1 month from Petitioner Reply, though will be set in scheduling order
- ❖ Reply may only respond to arguments raised in the Petitioner Opposition to Amendment
- ❖ Generally, same evidence rules as Petitioner Reply (e.g., **page limit of 15 pages**)

Oral Hearing



Oral Hearing

- ❖ Must be requested in separate filing that outlines issues to be argued
- ❖ Timing set in scheduling order
- ❖ Three members of board will hear oral arguments
- ❖ Order of Arguments: (1) Petitioner, (2) Patent Owner, (3) Petitioner Rebuttal (though may be reversed by PTAB based on issues being presented)
- ❖ No new evidence or arguments
- ❖ Inform PTAB of any equipment needs as soon as possible
- ❖ No live testimony expected (similar to current appeals)

Agenda

- FR Overview of Inter Partes Review
- FR Pre-Trial
- FR Trial
- FR **Post-Trial**

Appeal

PTAB renders final decision on petition—What's next?

- ❖ Either party can appeal only to the Federal Circuit. No option to file civil action in district court. *35 U.S.C. §§ 141 and 319.*
- ❖ Either party can request rehearing by panel within 30 days of decision. Standard: “misapprehended or overlooked” issue. *37 CFR § 42.71.*
- ❖ Notice of appeal to Federal Circuit due within 63 days of initial PTAB decision or decision on rehearing. *37 CFR § 90.3.*

Estoppel

- ❖ PTAB decision triggers estoppel. *35 U.S.C. § 318(a)*

- ❖ Estoppel comes in 2 forms:
 - Proceedings before the PTO (*35 U.S.C. § 315(e)(1)*)
 - Civil Actions and Other Proceedings (*35 U.S.C. § 315(e)(2)*)

Estoppel

❖ Proceedings before the PTO (*35 U.S.C. § 315(e)(1)*)

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the **real party in interest or privy** of the petitioner, may not **request or maintain a proceeding before the Office** with respect to **that claim** on any ground that the petitioner **raised or reasonably could have raised** during that inter partes review.”

The petitioner ... or real party in interest or privy

... may not request or maintain a proceeding before the office

... with respect to [the challenged] claim

... on a ground that the petitioner raised or reasonably could have raised

Estoppel

FR “The petitioner ... or real party in interest or privy”

- Privy is not defined in rules
- Practice guidelines provide:

“Actual control or the opportunity to control the previous proceeding is an important clue that such a relationship [i.e. privity] existed”

Factors for determining actual control or the opportunity to control include existence of a controlling interest in the petitioner”

- Consider:
- (a) joint defendants/joint defense agreements
 - (b) customer/supplier
 - (c) licensee/licensor

Estoppel

FR “may not request or maintain a proceeding before the office”

- May not *request*
 - Petitioner cannot bring a subsequent EPRx or IPR

- May not ... *maintain*
 - Pending IPRx filed by petitioner will be terminated
 - But what about a pending EPRx filed by petitioner?
 - ... does a petitioner “maintain” an EPRx, once ordered?
 - ... different grounds?

37 CFR § 42.73(d)(1): Petitioner “is estopped in the Office from taking an **action that is inconsistent** with a judgment as to any ground that the petitioner raised or reasonably could have raised during the trial.”

Estoppel



“... with respect to [the challenged] claim”

- Estoppel applies on a claim by claim basis.
- Estoppel does not apply to claims for which IPR is not ordered.
- ... Or does it? Will collateral estoppel apply to common issues?

Estoppel

- “... on any ground ... petitioner raised or reasonably could have raised”
 - IPR limited to printed publications
 - Does estoppel apply to sale art? Public use art? 112 grounds? 101 grounds?
 - Applicable to grounds raised but not adopted by PTAB?
 - How far does “reasonably could have raised” extend the estoppel?
 - “Reasonably” added, relative to IPRx estoppel
 - Not defined
 - Consider:
 - (a) prior art locatable via routine computer search
 - (b) non-English Ph.D theses in libraries of obscure universities

Estoppel

- **Timing: in an IPR “... that results in a final written decision under section 318(a)”**

§ 318. Decision of the Board

- (a) **FINAL WRITTEN DECISION.** —If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

Estoppel

❖ Civil Actions and Other Proceedings (*35 U.S.C. § 315(e)(2)*)

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a **civil action** arising in whole or in part under section 1338 or title 28 or in a proceeding before the **International Trade Commission** under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”

- Estoppel applies to both District Court and ITC actions
- Applies to both pending and prospective actions (“may not assert”)

Estoppel

❖ Does estoppel also apply to the Patent Owner?

- Not mandated by the statute
- **BUT** 37 CFR § 42.73(d)(3) provides:

“A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

- (i) A claim that is not patentably distinct from a finally refused or canceled claim; or
- (ii) An amendment of a specification or of a drawing that was denied during the trial proceeding but this provision does not apply to an application or patent that has a different written description.”

Estoppel

- ❖ Does not apply to IPR proceedings that settle. *37 CFR § 42.73(d)(1)*
- ❖ Intervening rights applies to amended/substitute claims. *35 U.S.C. § 318(c)*

Quick Summary of Trial Timeline

- ❖ **Petition**
 - 60 Page Limit
 - Primary means for petitioner to put evidence in record
 - Includes claim charts and claim construction
- ❖ **Optional Preliminary PO Response**
 - Due three months from filing date
 - NO amendments. Testimonial evidence if “in the interest of justice”
 - Appears to be for identifying clear statutory failing(s) of petition
- ❖ **Decision**
 - PTAB applies “reasonable likelihood” standard
 - Rehearing available, but NO APPEAL

Quick Summary of Trial Timeline

FR Sequential Discovery

- Primarily limited to cross examination of opposing declarants
- Parties can submit mandatory initial disclosures governing discovery
- Protective orders available to preserve confidential info

FR PO Response & Amendment

- 60 Page Limit
- Due date set by scheduling order (default is 3 months)
- One amendment with “substitute” claims allowed by right, but must be cleared with PTAB in conference call

FR Petitioner Reply/Opposition & PO Reply

- 15 Page Limit
- No new arguments/evidence, except to respond to previous filing

FR Oral Hearing

- Must request in separate filing that outlines arguments
- Similar in structure to current appeals, but with both parties

Quick Summary of Trial Timeline

Final Decision

- Issued not more than 1 year from institution on trial
- Appealable to CAFC

Conference Calls

- Throughout trial, many matters will be handled in conference calls with PTAB and opposing party
- Most motions must be approved in conference call before filing
- Initial conference call held within 1 month of institution to discuss scheduling order and anticipated motions

Resources

F&R web sites

- General: <http://www.fr.com/Services/reexamination/post-grant/>
- IPR: <http://www.fr.com/reexam-services-post-grant-ipreview/>
- PGR: <http://www.fr.com/reexam-services-post-grant-pgreview/>
- Proposed rules governing post-grant: on web pages

USPTO sites & roadshow

- AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
- Inter Partes: http://www.uspto.gov/aia_implementation/bpai.jsp

Questions?





Thank You!



Karl Renner
Washington, DC
202-626-6447
renner@fr.com



Dorothy Whelan
Twin Cities
612-337-2509
whelan@fr.com