

For



2016 Salishan Patent Law Conference

***Enhancing The Possibilities Of Success For The
Patent Owner In AIA Post-Grant Proceedings:
Lessons From PTAB Denials Of Institution***

by

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April 2016

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PETITIONS FILED



Fiscal Year	PGR	CBM	IPR	Total
FY2012	0	8	17	25
FY2013	0	48	2	50
FY2014	2	177	1310	1489
FY2015	11	149	1737	1897
FY2016 to date	8	41	603	652

■ PGR ■ CBM ■ IPR

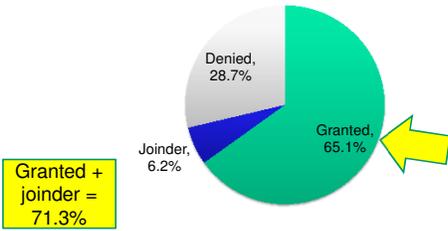
As of Feb. 29, 2016, 4181 total IPR petitions total since Sept. 16, 2012.
<http://www.uspto.gov/sites/default/files/documents/2016-2-29%20PTAB.pdf>



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IPR PETITION GRANT RATE IS HIGH!

Institution Decisions



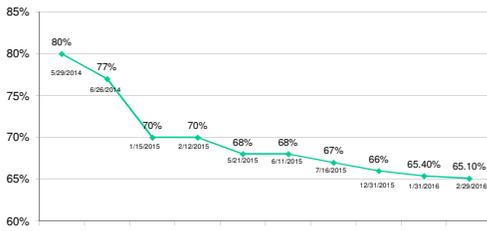
PTAB IPR Institution Decisions, Sept. 16, 2012 – Feb. 29, 2016. Adding institutions to joinder grants means that 71.3% of petitions have resulted in an IPR. Source: USPTO PTAB stats.

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BUT PETITION GRANT RATE HAS DROPPED FROM EARLY DAYS

Institution rate



Number of petitions granted as the nominator and petitions granted + petitions denied + decisions granting joinder as the denominator. Source: USPTO PTAB stats.

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IF IPR INSTITUTED, CANCELLATION RATE IS HIGH!

CLAIM AND CASE DISPOSITION

IPR Results by Claim

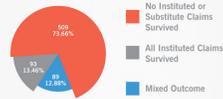


As of March 1, 2016

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CLAIM AND CASE DISPOSITION

IPR Results by Case



As of March 1, 2016

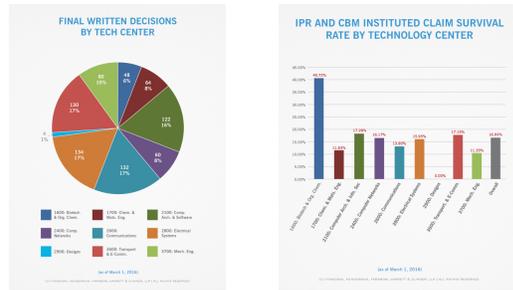
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*"Mixed outcome": at least one instituted claims survived and at least one instituted claim was canceled. As of March 1, 2016. Source: Finnegan research, <http://www.aablog.com/claim-and-case-disposition/>

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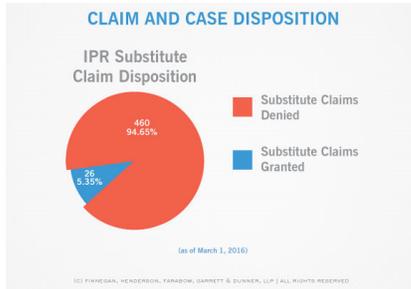
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OUTCOMES BY TECHNOLOGY



As of March 1, 2016. Source: Finnegan research, <http://www.aiablog.com/technology-breakdown/>

DON'T RELY ON BEING ABLE TO AMEND CLAIMS



As of March 1, 2016. Source: Finnegan research, <http://www.aiablog.com/claim-and-case-disposition/>

REMINDER OF BURDENS UNFAVORABLE TO PATENT OWNER

ISSUE	PGR/CBM PGR/IPR	DISTRICT COURT
Burden of proof	Preponderance of the evidence	Clear and convincing evidence
Presumption of Validity?	No	Yes
Claim construction	Broadest reasonable Interpretation (BRI)*	Phillips/Markman framework: analyze claims, specification, and prosecution history to determine how claims would be understood by one of ordinary skill in the art
Decision maker	Patent Trial and Appeal Board (APJs)	District court judge or jury

*Watch for developments in PTAB's standard of claim construction in *Cuozzo Speed Techs., LLC v. Lee*, petition for certiorari granted, U.S., No. 15-446, Jan. 15, 2016.

TACTICAL ADVANTAGES FAVORING THE CHALLENGER

- Challenger generally has time to plan attack, secure experts, and prepare detailed and compelling expert written reports.
 - IPRs can generally be filed at any time up until the patent expires.
 - Unlimited time if patent not in litigation;
 - 12 months from service of infringement complaint if patent in litigation.
 - To prepare, PGR petitioners have from publication of patent application until 9 months post-issuance.
- Strict limits on discovery.
- Petitioner estoppel not discouraging filings; Patent Owner estoppel is harsh.
- Patent Owner has only three months to file POPR and, until May 1, 2016, cannot "present new testimony evidence beyond that already of record[.]"
 - **New rule § 42.107 Preliminary response to petition.**
 - (a) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no inter partes review should be instituted under 35 U.S.C. 314 and can include supporting evidence.
 - Effective May 2, 2016 and "applies to all AIA petitions filed on or after the effective date and to any ongoing AIA preliminary proceeding or trial before the Office."

INSTITUTION DECISION NON-APPEALABLE MAKING DENIAL HIGHLY DESIRABLE FOR PATENT OWNER

- **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.**
 - Good for the Patent Owner when petition is denied.
 - Bad for the Patent Owner when petition is granted.

CAFC AFFIRMED NO APPELLATE REVIEW OF PTAB INSTITUTION DECISION

- *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. 2015)
 - No jurisdiction to review PTAB's IPR institution decision (See 35 U.S.C. § 314(d)).
 - Affirm PTAB's Final Written Decision in full (all instituted claims unpatentable as obvious)
 - No error in PTAB's application of BRI claim construction standard;
 - No error in obviousness determination; and
 - No error in denial of Cuozzo's motion to amend.
 - Lack of written description support;
 - Improper broadening

▪ Petition for certiorari granted, *Cuozzo Speed Techs., LLC v. Lee*, U.S., 136 S.Ct. 890 (U.S., Jan. 15, 2016).

NO APPELLATE REVIEW OF PTAB DECISIONS UNDERLYING INSTITUTION DECISION

- *Synopsys, Inc. v. Mentor Graphics Corp.*, --F.3d__ (Fed. Cir. Feb. 10, 2016)
 - Synopsys petition challenged 29 claims as anticipated or obvious.
 - After filing petition, Synopsys acquired entity sued by Mentor over one year earlier.
 - Mentor POPR argued patentability and that petition was time-barred.
 - PTAB instituted on 12 claims only on anticipation ground.
 - Rejected time-bar argument because no evidence that on the filing date of the petition Synopsys and other entity were in privity.
 - PTAB Final Written Decision: 3 instituted claims unpatentable.

NO APPELLATE REVIEW OF PTAB DECISIONS UNDERLYING INSTITUTION DECISION

- *Synopsys, Inc. v. Mentor Graphics Corp.* (con't)
 - FC: Affirmed unpatentability holding, FWD on fewer than all challenged claims, and nonappealability of time bar (part of institution decision).
 - 35 U.S.C. §318(a) requires to issue a FWD with respect to “any patent claim challenged by the petitioner,”
 - Interpreted as those claims on which review granted (not all claims challenged in the petition).
 - 37 C.F.R. §42.108: “authorize[s] the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”
 - “PTO’s decisions concerning the 35 U.S.C. §315(b) time bar, including determinations of the real party in interest and rulings on discovery related to such determinations, are non-appealable. ...This issue is not appealable pursuant to 35 U.S.C. §314(d).”

See also, *Achates Reference Publ's, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015)

NO APPELLATE REVIEW OF PTAB DECISIONS UNDERLYING INSTITUTION DECISION

- *Harmonic Inc. v. Avid Technology, Inc.*, --F.3d__ (Fed. Cir. March 1, 2016)
 - Harmonic petition challenged 20 claims on 7 grounds.
 - PTAB instituted on 16 claims on 1 ground; characterized 4 other grounds as “redundant” of the instituted ground.
 - PTAB: 10 claims unpatentable, 6 not unpatentable.
 - Harmonic appeal: PTAB FWD and PTAB should have considered all grounds.
 - FC: Affirmed holding and held no jurisdiction to review institution decision.

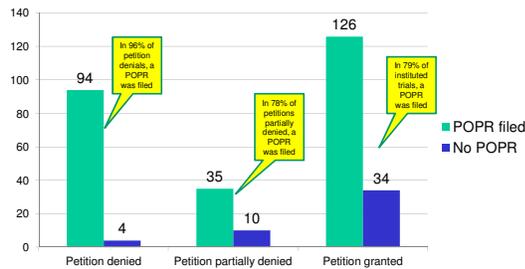
CAFC: FINAL WRITTEN DECISION NEED NOT ADDRESS EVERY CLAIM RAISED IN PETITION

- *Shaw Industries Group v. Automated Creel Systems*, --F.3d ____ (Fed. Cir. March 23, 2016)
 - PTAB instituted trial on 2 of the 3 grounds raised by ACS, but denied the third as “redundant”
 - Shaw: petition for writ of mandamus instructing the PTO to reevaluate its redundancy decision and to institute IPR on the third ground.
 - PTO: since a denied redundant ground does not become a part of the IPR, estoppel under 35 U.S.C. 315(e) does not apply because the denied ground could not have been raised **during** that IPR.
 - “proceeding” is from institution to FWD.
 - FC: Third ground not estopped.
 - Shaw did not raise—nor could it have reasonably raised—the third ground during the IPR
 - Judge Reyna’s concurrence:
 - “deeply concerned” with PTAB’s position of absolutely no reviewability of institution decision.

PATENT OWNER NEEDS TO “FRONT-LOAD” TO MAXIMIZE CHANCE OF DENIAL

- Institution decision is a substantive one.
- Don't wait with arguments, particularly insufficiency of evidence, RPI, §315(b), and §325(d) arguments:
 - *Actavis, Inc. v. Research Corporation Technologies, Inc.*, IPR2014-01126, Paper 21 (PTAB Jan. 9, 2015):
 - “Therefore, based on the record before us, we determine that Petitioner has not provided competent evidence to qualify the LeGall thesis as a “printed publication” under § 102(b). Petitioner may have recognized this deficiency. Indeed, in a footnote, **Petitioner states that it “reserves the right to supplement this Petition with additional evidence that the LeGall thesis was accessible to a POSA well before” the critical date. Pet. 36 n. 3. But a party may only submit supplemental information after a trial has been instituted (37 C.F.R. § 42.123) while we must decide whether to institute a trial based on “the information presented in the petition” (35 U.S.C. § 314(a)).** Because the Petition and the accompanying evidence are insufficient to qualify the LeGall thesis as a § 102(b) prior art, we deny the Petition regarding this ground. (emphasis added)

IN BIO/PHARMA-RELATED CASES, WAS POPR FILED?



Source: Finnegan research; review of 303 institution decisions as of Feb. 15, 2016, so POPR filed in 84% (255/303). Compare to overall, POPRs filed in 83% of IPRs; as of Dec. 31, 2015 (561 waived, 2769 filed; source: USPTO PTAB stats for FY2013-FY2016 to date).

**USE THE POPR TO TELL PTAB
WHY PETITION SHOULD BE DENIED**

- Do not make PTAB figure it out.
- PTAB just does not have time.
- PTAB looking for the concise, compelling argument.
- Support arguments with declarations from prosecution.

**WHAT ARE SOME EXAMPLES OF
THE BASES OF DENIALS?**

- Failure to name real-party-in-interest as required by 35 U.S.C. §312(a)(2) and 37 C.F.R. §42.8(b)(1).
 - Very fact-dependent.
 - This is one area where we are seeing motions for additional discovery granted.
- Time-barred under 35 U.S.C. §315(b)
- Same or substantially the same prior art/arguments under 35 U.S.C. §325(d)
 - “Same or substantially the same prior art or arguments” during prosecution
 - “Same or substantially the same prior art or arguments” in another IPR petition
- Claim construction
- Insufficient evidence to meet threshold for institution
 - 35 U.S.C. §314(a): “shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”
- Objective evidence of nonobviousness
- Reference is not prior art

ATTACK PRIORITY CLAIM

- If Petitioner, attack priority claim of challenged claims.
 - Petitions denied because petitioner did not establish entitlement to priority date of reference
 - > not prior art to challenged claims.
 - *E.g., Globus Medical, Inc. v. Depuy Synthes Products, LLC*, IPR2015-00099, Paper 15 (P.T.A.B. May 1, 2015)

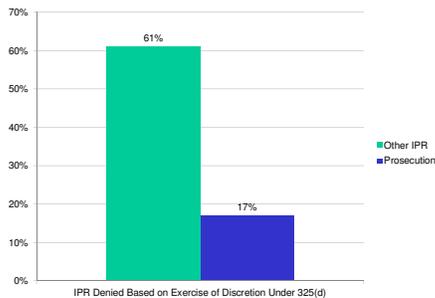
MAKE PETITIONER SHOW ENTITLED TO PRIORITY BENEFIT

- *Dynamic Drinkware, LLC v. National Graphics, Inc.*, 2015 WL 5166366 (Fed. Cir. Sept. 4, 2015)
 - Claims survived IPR.
 - Petitioner appealed.
 - FC: Affirmed PTAB.
 - Petitioner had burden to prove that prior art patent was entitled to filing date of its provisional application;
 - Substantial evidence supported PTAB's determination that prior art patent did not relate back to its provisional application.
 - “A provisional application's effectiveness as prior art depends on its written description support for the claims of the issued patent of which it was a provisional. Dynamic did not make that showing.”

GUARD AGAINST PRIORITY CLAIM ATTACK FROM PETITIONER

- *Butamax™ Advanced Biofuels LLC v. Gevo, Inc.*, IPR2013-00539, Paper 33 (PTAB March 3, 2015)
 - Petitioner challenged patent's priority claim back to the first two provisional applications.
 - Using an expert declaration, Petitioner broke priority chain by establishing that the claim limitations contained in challenged claim 1 of the patent did not have written description support all the way back to the earliest two priority applications.
 - PTAB Final Written Decision: No priority date.
 - The provisionals did not disclose a representative number of species falling within the scope of the claim, let alone “precise[ly] defin[e]” a species falling within the scope of the claimed genus.”

PATENT OWNERS NOT MUCH SUCCESS SO FAR CONVINCING PTAB TO DENY INSTITUTION BASED ON SAME ART/ARGUMENTS DURING PROSECUTION (17%). BETTER WHEN FROM OTHER PETITION (61%)



Source: Finnegan research analyzing 81 IPRs where 35 U.S.C. §325(d) was raised. LexMachina query. As of June 10, 2015.

SAME ART/ARGUMENTS RAISED IN PROSECUTION

- PTAB usually proceeds with institution:
 - Discretionary;
 - Not the same record;
 - E.g., *K-40 Electronics, LLC v. Escort, Inc.*, IPR2013-00203, Paper 6 (PTAB Aug. 29, 2013).
 - New prior art.
 - Possibly declaration filed in support of the Petition is new.
 - *Micron Tech., Inc. v. Univ. of Illinois*, IPR2013-00006, Paper 15 (PTAB March 13, 2013)
 - Petitioner not a party to the prosecution;
 - *Oracle Corp. v. Clouding IP, LLC*, IPR2013-00100, Paper 8 (PTAB May 16, 2013)
 - Do not agree with conclusions of examiner (either on patentability issues or claim construction).
 - *Toshiba Corp. v. Intellectual Ventures*, IPR2014-00317, Paper 11 (PTAB June 17, 2014)

LESSONS LEARNED: CLAIM AMENDMENTS

- Patent Owner must confer with the Board before filing a motion to amend the claims.
 - Although statute contemplates multiple motions to amend (35 U.S.C. §316(d)(2) and §326(d)(2)), no additional motions to amend granted yet; assume only get one motion to amend.
- Use PTAB decisions designated as “Representative” to guide Motion to Amend practice.

LESSONS LEARNED: CLAIM AMENDMENTS

- Motion to Amend requirements
 - Only get a reasonable number of substitute claims— one-to-one correspondence.
 - Identify the patentable distinction.
 - Provide technical facts and reasoning.
 - Provide any construction for any new claim terms.
 - Some representation should be made about the specific technical disclosure of the closest prior art known to the patent owner.

LESSONS LEARNED: CLAIM AMENDMENTS

- Motion to Amend requirements (con't)
 - For amended claims, citations to the specification for written description support for not only the patent-at-issue, but also all parent applications.
 - Address basic skill set possessed by one with ordinary skill in the art
 - Show patentable over prior art of record and known to patent owner.
 - *Remember, PTAB judges are not patent examiners. Any granted motion to amend means the claims go, unexamined, right into the patent.*
- Could require Patent Owner to change its counsel if a corresponding district court action has a Protective Order having a prosecution bar.

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REPRESENTATIVE DECISION

- *MasterImage 3D, Inc. v. RealD Inc.*, IPR2015-00040, Paper 42 (PTAB July 15, 2015)
 - Expanded panel of 6 judges.
 - Burden on Patent Owner to set forth a *prima facie* case of patentability of narrower substitute claims in a motion to amend over the “*prior art of record* and also *prior art known to the patent owner*.”
 - Follow *Idle Free*, but 3 points of clarification.

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REPRESENTATIVE DECISION (con't)

- *MasterImage* (con't)
 1. “**prior art of record**” means:
 - a) any material art in the prosecution history of the patent;
 - b) any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and
 - c) any material art of record in any other proceeding before the Office involving the patent.
 2. “**prior art known to the patent owner**” means “no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the Office under 37 C.F.R. § 42.11, in light of a Motion to Amend.
 - “initial emphasis on each added limitation”
 3. “once Patent Owner has set forth a *prima facie* case of patentability of narrower substitute claims over the prior art of record, the burden of production shifts to Petitioner...[but] the ultimate burden of persuasion remains with Patent Owner, the movant, to demonstrate the patentability of the amended claims.”

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CAFC JUST CITED MASTERIMAGE

- *Nike, Inc. v. Adidas AG*, 812 F.3d 1326 (Fed. Cir. 2016)
 - PTAB: denied Nike’s motion to amend proposing substitute claims because Nike failed to establish patentability of substitute claims.
 - Cited PTAB representative decision, *Idle Free*, IPR2012-00027, that Patent Owner needs to show patentability over “prior art not of record but known to the patent owner.”
 - Nike’s statement that the proposed claims were patentable over prior art not of record but known to Nike was insufficient.

CAFC JUST CITED MASTERIMAGE

- *Nike* (con’t)
 - CAFC:
 - Affirmed that the burden of establishing patentability of proposed substitute claims is on patent owner (as held in *Microsoft v. Proxycorn*).
 - But, PTAB’s denial of Nike’s motion to amend for failure to show patentable distinction over “prior art not of record but known to the patent owner” was not adequate basis for affirmance.
 - *MasterImage* “clarified” *Idle Free*.
 - » Question is “whether the patent owner submitted the necessary information to comply with its duty of candor to the office.”
 - In this case, the PTAB applied *Idle Free* “too aggressively.”
 - “After *MasterImage*’s explanation of *Idle Free*, we cannot see how the statement used by Nike would be inadequate, absent an allegation of conduct violating the duty of candor. We therefore conclude that this was an improper ground on which to deny Nike’s motion to amend.”

CAFC JUST CITED MASTERIMAGE

- *Nike* (con’t)
 - CAFC (con’t):
 - Vacate obviousness holding and remand for PTAB to consider Nike’s objective evidence;
 - Vacate grouping of proposed substitute claims together and remand for determination of treatment consistent with *Idle Free* and rules applying to “reasonable number” of patentably distinct substitute claims;
 - Affirmed PTAB BRI claim construction.

**OTHER DESIGNATED REPRESENTATIVE PTAB
DECISIONS RELATING TO MOTIONS TO AMEND**

- *Idle Free Systems, Inc. v Bergstrom, Inc.*, IPR2012-00027, Paper 26 (P.T.A.B. June 11, 2013)(informative)
 - Panel of 6
 - Early days (June 11, 2013)
 - Patent Owner filed Motion to Amend without having conferred with the Board first – violation of 37 C.F.R. § 42.121(a)
 - Panel dismissed, but provided discussion of several important requirements for motions to amend and provided patent owner another opportunity to file a motion to amend claims.
 - Eventually all instituted claims held unpatentable or conceded. Renewed motion to amend denied.

- *Nichia Corp. v. Emcore Corp.*, IPR2012-00005, Paper 27 (P.T.A.B. June 3, 2013)
 - Order after telephone conference.
 - Discusses requirement for written description in original patent application.

**OTHER DESIGNATED REPRESENTATIVE PTAB
DECISIONS RELATING TO MOTIONS TO AMEND**

- *Int'l Flavors & Fragrances Inc. v. The United States of America*, IPR2013-00124, Paper 12 (P.T.A.B. May 20, 2014)(informative)
 - First motion to amend granted (as to all but one proposed substitute claim).
 - No broadening of scope, written description support, patentability over prior art shown.

- *Corning Optical Communications RF, LLC v. PPC Broadband, Inc.*, IPR2014-00441, Paper 19 (P.T.A.B. October 30, 2014)
 - Order subsequent to telephone conference to satisfy the “to confer” requirement of 37 C.F.R. §42.121(a) with regard to the filing of a motion to amend claims.
 - “additional guidance regarding the requirements of a motion to amend is provided”

**STRATEGIES AND CONSIDERATIONS FOR
PATENT OWNER TO INCREASE CHANCES OF
SUCCESS IN POST-GRANT PROCEEDINGS**

BEFORE PETITION IS FILED

- Obtain strong patents.
 - Many claims with varying claim scope.
 - Increases costs/fees of proceeding for petitioner
 - Increases likelihood that one or more claims will survive
 - Multiple patents stemming from one application.
 - Maintain continuation application for important patent families.

- Strengthen existing patents.

SUBSTANTIVE DECLARATIONS IN PROSECUTION

- Strong patentability positions during drafting and prosecution.
 - Consider carefully considered strong arguments and/or declarations supporting §112 positions (written description and enablement) and §103 positions (nonobviousness)

- Consider *Therasense*.
 - Careful thought and planning.

DECLARATIONS

- Declarations need to be as solid as possible. PTAB has found that defective declarations relied on for patentability during prosecution can form an independent basis for instituting an IPR.
 - *K-40 Electronics, LLC v. Escort, Inc.*, IPR2013-00203, Paper 6 (PTAB Aug. 29, 2013)
 - PTAB reviewed a § 1.131 **declaration from the prosecution**, found it deficient, and reapplied the prior art the declaration had antedated, instituting the IPR.

 - Case also had live testimony from inventor at oral hearing.
 - One might want declarations from the inventor during prosecution that can then be referred to by the Patent Owner in the optional Preliminary Response to try to ward off institution.

**RULE CHANGE: PATENT OWNER MAY PRESENT
NEW TESTIMONY EVIDENCE WITH POPR**

- Old rule: 37 C.F.R. §42.107(c): No new testimonial evidence. The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board.

**RULE CHANGE: PATENT OWNER MAY PRESENT
NEW TESTIMONY EVIDENCE WITH POPR**

- Effective May 1, 2016: 37 C.F.R. § 42.107 Preliminary response to petition.
 - (a) The patent owner may file a preliminary response to the petition. The response is limited to setting forth the reasons why no inter partes review should be instituted under 35 U.S.C. 314 and can include supporting evidence. The preliminary response is subject to the word count under § 42.24.
- See also, § 42.108 Institution of inter partes review.
 - (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, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute an inter partes review. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.

**SO FAR, PTAB SHOWING STRICT STANDARDS AROUND
OBJECTIVE EVIDENCE OF NONOBVIOUSNESS**

- If objective evidence of nonobviousness requires additional discovery, have to request authorization to file a motion requesting additional discovery.
 - *Garmin Factors*
 - More than a possibility and mere allegation.
 - Litigation position and underlying basis.
 - Ability to generate equivalent information by other means.
 - Easily understandable instructions.
 - Requests not overly burdensome to answer.
 - *Garmin Int'l, Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-00001, Paper No. 26 (P.T.A.B. Mar. 5, 2013).

**EXAMPLE WHERE OBJECTIVE EVIDENCE IN "RECORD"
SUCCESSFULLY USED BY PATENT OWNER TO GET PETITION DENIED**

- *Omron Oilfield & Marine, Inc. v. Md/Totco, A Division Of Varco, L.P.*, IPR2013-00265, Paper 11 (PTAB Oct. 31, 2013)
 - Patent Owner requested PTAB exercise its discretion to deny the petition because of the same art/arguments before the Office during reexamination.
 - Patent Owner was able to rely on evidence in the record in a reexamination of the patent of commercial success.
 - PTAB: Petition denied.
 - Found Petitioner established a prima facie case of obviousness, and then reviewed the objective evidence of nonobviousness provided to the examiner during a reexamination, and agreed that it was persuasive.
 - "we determine that Patent Owner has presented sufficient evidence to establish a prima facie case of nexus."
 - No rebuttal by Petitioner.
 - "We find that the '142 Patent had significant commercial success, which, here, overcomes the prima facie case of obviousness."

AFTER PETITION IS FILED

- Retain experts quickly.
- Develop patentability positions.
 - Be aware of potentially narrow claim interpretations, which will affect scope of infringement.
- Infringement positions consistent with validity positions.

AFTER PETITION IS FILED (con't)

- Gather evidence of objective evidence such as:
 - Commercial success;
 - Recognition and praise by others;
 - Unexpected benefits of the claimed invention.
- Consider amendment options.
 - Offer amendments of differing scope.
 - Be aware of impact of amendment on scope of infringement.
 - Review possibility of patentably distinct claim presented in continuation application.

**CONSIDERATIONS FOR FILING A PATENT OWNER
PRELIMINARY RESPONSE**

- Issues with Petitioner’s standing?
- References are not prior art or lack a material limitation?
- Petitioner’s proposed claim interpretation is unreasonable?
- Petitioner has not explained the proposed rejections?
- Impact of claim construction and patentability positions on infringement?

PETITIONER ESTOPPEL: PGR AND IPR

PGR and IPR
Becomes effective once the Board issues a final written decision
Applies to any ground that petitioner raised or reasonably could have raised
Estoppel applies in subsequent proceedings before the PTO, in civil actions, and in ITC proceedings
No estoppel if terminate by settlement <u>and</u> there is no Final Written Decision

PATENT OWNER ESTOPPEL

- § 42.73(d)(3) 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 AT THE PTO

- **Precedential Decision:** *Westlake Services, LLC v. Credit Acceptance Corp.*, CBM2014-00176 (P.T.A.B. May 14, 2015)

– Estoppel applies only to claims addressed in a Final Written Decision

- “[E]stoppel is applied on a claim-by-claim basis. By its terms, estoppel is invoked under Section 325(e)(1) as to ‘a claim in a patent’ that ‘results in a final written decision under’ 35 U.S.C. § 328(a).”

– Estoppel does not apply against claims not instituted.

FURTHER NOTES: ESTOPPEL

- IPR and PGR estoppel only runs one way - issues raised by the **petitioner** in litigation or that could have been raised by the **petitioner** in litigation can still be relied on for PGR, IPR, or ex parte reexam.

REMEMBER: parallel and inconsistent outcomes VERY REAL POSSIBILITY

AND END OF LITIGATION MAY NOT BE END OF CASE

Fresenius v. Baxter (Fed. Cir. 2013) – litigation decision was not final, PTAB decision wiped out award.

SAP v. Versata (Fed. Cir. 2014) – Litigation decision final (because Versata waived injunction), but appeal dismissed after PTAB canceled claims.

IT AIN'T OVER 'TIL ITS OVER, BUT ITS NEVER OVER!

- *Interthinx, Inc. v. CoreLogic Solutions, LLC*, CBM2012-00007 (PTAB Jan. 30, 2014)
 - CoreLogic asserted patent in ED Tex against Interthinx and others; patent expired during litigation.
 - Interthinx filed CBM PGR on Sept. 19, 2012.
 - PTAB instituted trial on Jan. 31, 2013.
- After jury trial, parties settled litigation in Sept. 2013. (patent still at issue in a later filed ED Tex case).
- PTAB granted motion to terminate Interthinx's involvement in CBM PGR, but decided to proceed to final decision since proceeding was so far along.
- **PTAB: validity judgments of the district court did not bar PTAB. PTAB; no exception for expired patents.**
 - Canceled 4 claims as subject-matter-ineligible under 35 U.S.C. §101 and invalid as anticipated or obvious.

MORE RECENT PTAB/LITIGATION CONFLICT

- *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349 (Fed. Cir. June 18, 2015)
 - District court's modified injunction and civil contempt order against Lawson must be set aside now that the PTO has cancelled the patent claim on which it is based.
 - "This case is not distinguishable on the ground that the basis for the injunction has been removed as the result of the PTO proceeding rather than a court judgment. In *Fresenius USA, Inc. v. Baxter International, Inc.*, we held that ...the cancellation of a patent requires that non-final judgments be set aside because the "cancelled claims [a]re void ab initio." ...This case does not require us to decide whether civil contempt sanctions would survive if the injunction had been final at the time the district court imposed civil contempt sanctions. The injunction here was not final even though claim 26 had been held infringed. We go no further than we did in *Fresenius* in deciding this case."

• *Cert. denied, Feb. 29, 2016*

CONSIDER HAVING PATENT OWNER USE REISSUE

- Patent Owner Estoppel can be quite severe, reminiscent of the body of law of interference estoppel.
- So far, bad environment in inter partes IPR/PGR for patent owners.
- So maybe Patent Owner doesn't amend claims in IPR/PGR and rather provides a patentably distinct but useful claim amendment in reissue.
- Reissue likely stayed pending disposal of IPR/PGR within the one year period from institution.
- If claims of patent canceled in IPR/PGR, look for patentably distinct claims in reissue that are enforceable and still infringed.

ALSO CONSIDER KEEPING CONTINUATION APPLICATION PENDING

- Pursue claim in the continuation that is patentably distinct from the claim determined to be unpatentable in the written decision.
- PTAB indicated continuation application prosecution will not be stayed.
 - *AC Dispensing Equipment, Inc. v. Prince Castle, LLC*, IPR2014-00511, Paper (PTAB Oct. 17, 2014)
 - PTAB denied Petitioner’s request to file a motion to stay the prosecution of the continuation patent application.

CAREFUL OF FOOTFAULT INTO AIA §102

- *US Endodontics, LLC v. Gold Standard Instruments, LLC*, PGR2015-00019 (PTAB Jan. 29, 2016)
 - PTAB: Instituted PGR over Patent Owner’s argument that claims not eligible for PGR because of priority date benefit.
 - Accepted Petitioner’s arguments that claims not supported by priority document and therefore only entitled to actual filing date.
 - Claims eligible for PGR
 - “a patent that issues from an application filed after March 16, 2013, that claims priority to an application filed before March 16, 2013, is available for post-grant review ‘if the patent contains . . . at least one claim that was not disclosed in compliance with the written description and enablement requirements of § 112(a) in the earlier application for which the benefit of an earlier filing date prior to March 16, *Inguran, LLC v. Premium Genetics (UK) Ltd.*, Case PGR2015-00017, slip op. 11 (PTAB Dec. 22, 2015) (Paper 8).”
 - Initial burden on petitioner:
 - “a petitioner seeking post-grant review carries the burden to show that the patent is subject to the first-inventor-to-file provisions of the AIA and, therefore, eligible for post-grant review[.]”

Thank you!

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