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This article originally appeared in *Corporate Counsel* on September 25, 2013.

When Inter Partes Review and Patent Litigation Collide

When the America Invents Act was enacted in September 2011, it changed the post-issuance proceedings available to patent owners to correct issued patents, and provided third parties new avenues to challenge patents at the Patent and Trademark Office. These changes included the implementation of a new administrative trial proceeding to be conducted before the Patent Trial and Appeal Board: inter partes review.

Inter partes review (IPR) first became available on September 16, 2012. Literally “between the parties,” IPR offers third parties the opportunity to participate in a challenge to the validity of a patent before the Patent Trial and Appeal Board on any ground that could be raised under 35 U.S.C. §§ 102 or 103. It effectively replaced the inter partes reexamination procedures that existed prior to the AIA, though IPR differs from reexamination in significant respects.

Unlike reexamination, which proceeds before a *single* patent examiner, IPR proceeds before a panel of *three* Administrative Patent Judges. Additionally, whereas reexamination allows the patent owner a number of opportunities to amend, add, or cancel claims, IPR affords the patent owner only a limited ability to present amendments; essentially, the patent owner may make a single motion to cancel or substitute claims during the review. Review also differs in that the parties are permitted to conduct discovery, which can include

depositions of witnesses and discovery of documents related to conception and reduction to practice.

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Perhaps the most novel feature of review compared to reexamination is its relative similarity to patent litigation in district courts. Not only does IPR afford discovery, it also involves motions practice and oral arguments before the three-judge panel. The Federal Circuit has recognized the similarity, characterizing IPR as an adjudicative proceeding similar to litigation. The proceedings are deemed similar enough that a party who has filed a complaint for a declaratory judgment of patent invalidity may not also challenge the patent’s validity through IPR proceedings, as the laws governing IPR expressly prohibit this “second

bite at the apple.”

PTO proceedings such as IPR often advance in parallel with district court litigation, provided the district court does not grant a stay. Stays in district court litigation typically only occur if the PTO proceedings begin well before a complaint is filed. If both the IPR and the district court litigation arise simultaneously and continue in parallel, the first proceeding to conclude after all appeals is final. Thus, if the district court litigation concludes first, the PTO will vacate the ongoing review, as seen in *Sony Computer Entertainment Inc. v. Dudas* (E.D. Va. 2006).

When litigation and IPR continue in parallel over the same patent, the intersection of the dual proceedings may implicate the parties’ selection of counsel. Given the similarities between IPR and litigation, many clients would likely prefer to retain the same counsel for both proceedings. A key reason for this is that when review proceedings arise after litigation, the parties’ litigation counsel will have already gained significant knowledge of the general and specific subject matter of the patent-in-suit, including the pertinent claim language, the underlying technology, and the relevant prior art. Such institutional knowledge is not easily replicated or transferred to new counsel.

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However, issues may arise where the parties to the litigation have negotiated a protective order that includes a prosecution bar, which may keep the litigation counsel from also handling the IPR proceeding. Prosecution bars ensure that attorneys who gain access to confidential information of their clients’ competitors through the discovery process do not misuse or disclose—intentionally or otherwise—such information when their own clients are prosecuting patent applications. As a result, attorneys can often be prevented from participating in proceedings before the PTO involving the patent at issue in the litigation. If not worded carefully, a prosecution bar may result in a situation where a party must rely completely on new counsel to handle an IPR that arises in parallel with litigation in the district court.

Not only will a client lose the experience and knowledge of the patent-in-suit possessed by its litigation counsel if forced to hire new counsel for the IPR, but it will also be deprived of its first choice of representation. Additionally, the time and effort spent by new counsel in its attempts to get up to speed will result in duplicative work and an unnecessary increase in costs for the client.

To prevent any increased costs and decreased quality of representation, parties should draft prosecution bars with IPR proceedings in mind. Parties can do this by seeking to strike a balance that will permit litigation counsel to participate in review while also limiting litigation counsel’s role enough to avoid the misuse or disclosure of confidential information obtained through litigation. In addition, the Federal Circuit recently provided guidance regarding how litigation counsel may participate in

concurrent IPR proceedings so that the parties involved can receive the best representation while still protecting confidential information obtained through discovery in the litigation. In the eyes of the Federal Circuit, if litigation counsel plays “no significant role in crafting the content of patent applications” and no role in advising clients regarding the drafting of claims, there is little risk that litigation counsel “will inadvertently rely on or be influenced by information they may learn as trial counsel” during litigation. *In re Deutsche Bank Trust Co.*, 605 F3d 1373, 1378-80 (Fed. Cir. 2010).

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With this guidance, counsel would be wise to draft prosecution bars to expressly allow counsel with access to confidential information to participate in IPR proceedings with the caveat that litigation counsel must not play any role in the limited claim amendment option available in IPR. Precluding litigation counsel from participation in the limited claim amendment aspect of review removes any meaningful risk of inadvertent disclosure of the opposing parties’ confidential information.

Even though it’s been nearly a year since IPR proceedings became available, many still overlook the impact these proceedings can have on concurrent litigation proceedings concerning the same patent. However, through foresight and careful drafting, prosecution bars within protective orders can strike an appropriate balance between a client’s choice of counsel and an opposing party’s right to confidentiality.

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