

Inter Partes and Post Grant Review

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April 24, 2013

PTAB vs. District Court

- Broadest Reasonable Interpretation (BRI)
- No Presumption of Validity (Patentability)
- Technical Audience
- Preponderance of evidence (51%)
 - Higher Burden in Courts/ITC (Clear & Convincing)
- Claim Construction within 4-6 months
- Obtain settlement leverage faster... disrupt war chest

PTAB vs. District Court (con't)

- Much Lower Cost
 - Patent litigation \$3-5 million to trial (minimum)
 - IPR (100s of \$K) (CBM, PGR, higher)
 - *Ex Parte* Reexam (10s of \$K) (request only)
 - No significant discovery burden at PTAB
- PTAB speed changes everything

Why *Inter Partes* Review?

1. Lower settlement/licensing expectations
2. Non-infringement defenses
 - Arguments during IPR
 - Claim amendments
3. Intervening Rights
4. Avoid Injunction/Willfulness
5. Stay Litigation
6. Force Earlier Settlements
7. Damage Continuation Portfolios

Continuation Portfolios: 37 C.F.R. § 42.73(d)(2)

- A patent applicant or owner whose claim is canceled is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:
 - i. A claim that is not patentably distinct to a finally refused or cancelled claim

Why *Inter Partes* Review? (con't)

- Favorable statistics for challenger
 - No anonymity (estoppel)
- New name, *inter partes* reexam informs
- Patents and printed pubs only (limited estoppel)
- Allows challenger to input *at USPTO* for:
 - Portfolio attack
 - Claim construction
- Completed within 12 months of Order granting trial

Parallel Litigation Complications

- One year window from service of complaint
- Claims typically not identified early in litigation
- Litigation stays on partial claim filings
 - Not always
- Patentees may aggregate claims in patents to raise expenses/lower success of challenger

Considerations for Prosecution Strategy

- Pack patents full of claims to avoid a stay and prevent issues being simplified by IPR
- Present narrow claims first to avoid prosecution estoppel on later family members in case of amendment or cancellation during IPR

PTAB Nuts and Bolts

- *Inter Partes* Fees (\$23K minimum)
 - Petition \$9K (up to 20 claims + \$200/claim in excess)
 - Granted Trial \$14K (up to 15 claims + \$400/claim in excess)
 - Total fees paid up front, refund in case of denial
- *Ex Partes* Fee \$12K
 - Same fee regardless of number of claims
- Post Grant Fees (\$30K minimum)
 - Petition \$12K (up to 20 claims + \$250/claim in excess)
 - Granted trial \$18K (up to 15 claims + \$550/claim in excess)
 - Total fees paid up front, refund in case of denial

PTAB Nuts and Bolts

- IPR Request (60 page maximum)
 - IPX ~264 pages
 - Estoppel provisions
 - Redundancy
 - *Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co.*, slip op. CBM2012-00003 (PTAB Oct. 25, 2012).
 - Inclusive of claim charts (but single spacing for those)
 - Declarations
 - Encourages splitting rejections among requests
 - Same fixed page count regardless of claims
- PGR Request (80 pages maximum)

Petitions Require Claim Construction

- “The meaning of claim terms is not governed by what the Patent Owner says they mean in filing an infringement suit based on the ‘074 Patent. There is no reason to assume that the Patent Owner’s litigation position is correct...”
 - *Garmin v. Cuozzo*, IPR2012-00001, Paper 15 (Jan. 9, 2013) at 7-8.
- Use PTAB as Markman reality check
- Side step estoppel and get desired result

In re Suitco Surface, Inc.,

603 F. 3d 1260 (Fed. Cir. 2010)

The PTO's construction here, though certainly broad, is unreasonably broad. The broadest-construction rubric coupled with the term “comprising” does not give the PTO an unfettered license to interpret claims to embrace anything remotely related to the claimed invention. Rather, claims should always be read in light of the specification and teachings in the underlying patent.

In re Abbott Diabetes Care Inc.

696 F.3d 1149 (Fed. Cir. 2012)

We agree with Abbott that the Board's construction of "electrochemical sensor" is unreasonable and inconsistent with the language of the claims and the specification. As a preliminary matter, the claims themselves suggest connectivity without the inclusion of cables or wires... That suggestion is only reinforced by the specification... Here, the specification contains only disparaging remarks with respect to the external cables and wires of the prior-art sensors...

Microsoft Corp. v. Proxyconn, Inc.

IPR2012-00026

- Petition for IPR granted for six claims, but denied for claims 11 (indep), 12 (dep) and 14(dep)
- Microsoft motion for rehearing, arguing that the PTAB failed to apply the broadest reasonable interpretation of those claims, was denied
 - “Petitioner cites nothing in the specification of the ‘717 patent that leads to the conclusion that the claims are limited to ‘one run’ of the claimed method.” Decision at page 5.
 - “Petitioner’s claim differentiation argument is inconsistent with the specification and the figures showing three signals and is therefore unavailing.” Decision at page 6.

Synthon Pharmaceuticals v. Sanofi-Aventis

Reexamination Control No. 95/000,282

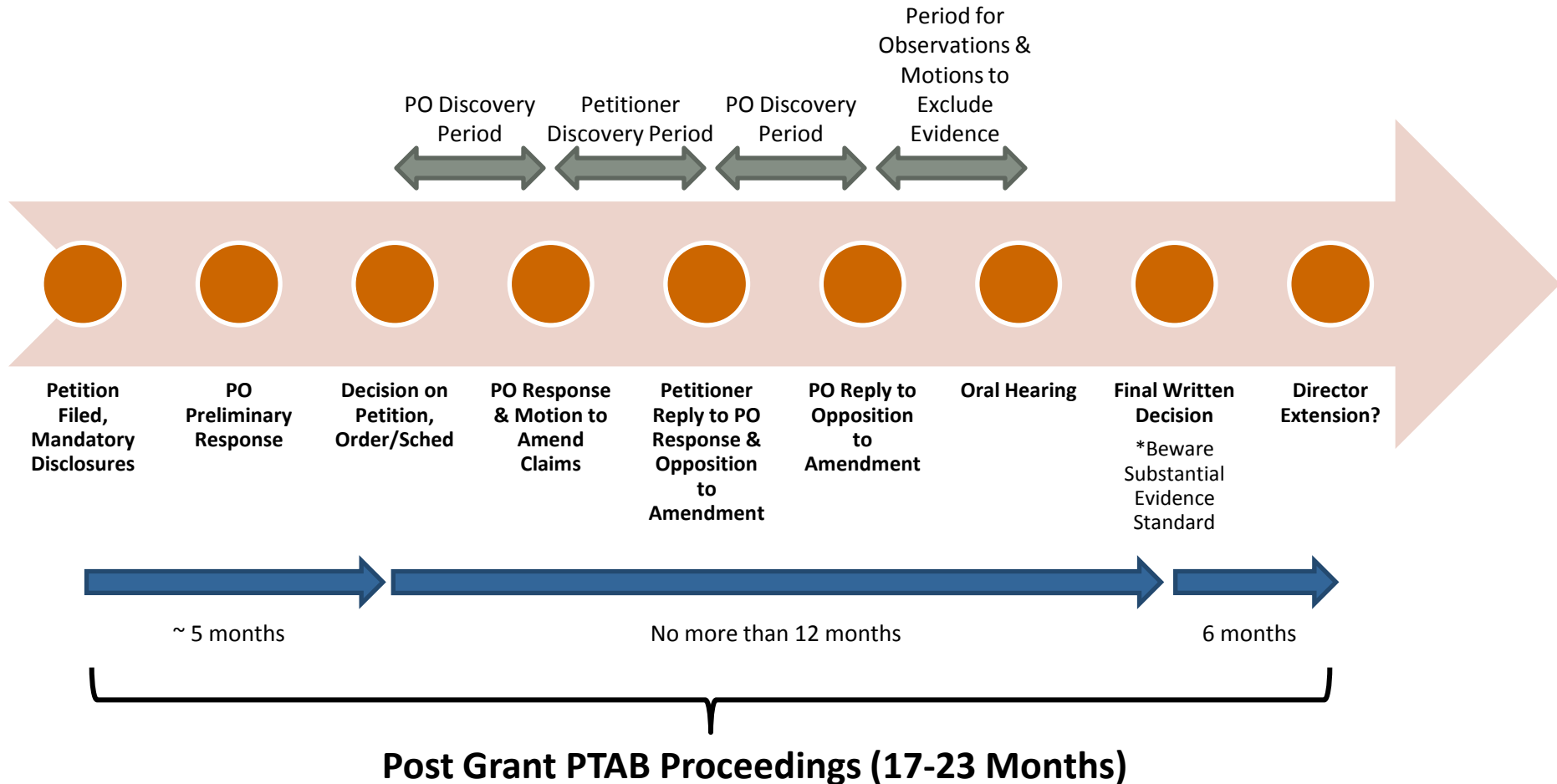
[T]he recitation of “pharmaceutical” imports the only purpose disclosed ... for the dosage form into the claim. The term “pharmaceutical” means a drug or relating to drugs. Thus, a “pharmaceutical controlled-release dosage form adapted to release zolpidem,” when read in light of the written description of the ‘531 patent, would be interpreted to mean a drug with the specific “drug” activity associated with zolpidem: to induce and maintain sleep – the only purpose for the claimed pharmaceutical described in the ‘531 patent.

Ex Parte Weatherford/Lamb, Inc.

Reexamination Control No. 90/010,342

[I]n construing the claims, the disclosure of the patent under reexamination takes precedence over the disclosure of [a cited reference].
Decision on Appeal (1/4/2012) at page 9.

PTAB Timeline



Patentee Preliminary Response

- Be realistic
- Balance against providing advance notice
- Use evidence from challenger provided in request
- Explain BRI – PTO won't adopt Markman quote
- Attack obviousness combinations
- Focus on winnable claims/challenger's weaknesses:
 - Try to get back dependents and possibly prevent stay
 - If near end of 12-month window, those claims could be winners
 - Challenge standing

Routine Discovery: 37 C.F.R. § 42.51

- Parties automatically entitled to the following:
 - If not previously served, production of any exhibit cited in a paper or in testimony,
 - Cross examination, via deposition, of the other side's declarants/affiants, and
 - Unless previously served, relevant information that is **inconsistent** with a position advanced by a party during the proceeding concurrent with the filing of the document or things that contain the inconsistency.
 - This requirement extends to inventors, corporate officers, and persons involved in the preparation or filing of the documents or things.
 - The word “non-cumulative” was deleted.
 - Difficult where patent has “big” history.

Additional Discovery: 37 C.F.R. § 42.51(b)(2)

- Parties may agree between themselves
- For IPR – 35 U.S.C. § 316(A)(5) “such discovery shall be limited to ... what is otherwise necessary in the interest of justice”
- For PGR – 35 U.S.C. § 326(A)(5) “such discovery shall be limited to evidence directly related to factual assertions advanced by either party in the proceeding”

Candor Obligations: 37 C.F.R. § 42.51

- Only disclosure is required – not explanation or characterization
- Evidentiary privileges and discovery immunities are preserved
- No definition of “inconsistent” but examples:
 - Information inconsistent with expert contentions
 - Evidence inconsistent with assertion of unexpected results
- Potential consequences for violations:
 - Sanctions under 37 C.F.R. § 42.12 Discipline

Sanctionable Under 37 C.F.R. § 42.12

- Failure to comply with an applicable rule or order in the proceeding;
- Advancing a misleading or frivolous argument or request for relief;
- Misrepresentation of a fact;
- Engaging in dilatory tactics;
- Abuse of discovery;
- Abuse of process; or
- Any other improper use of the proceeding, including actions that harass or cause unnecessary delay or an unnecessary increase in the cost of the proceeding.

Protective Order Issues: 37 C.F.R. § 42.55

- Petitions with confidential information
 - Include a motion to seal and proposed protective order (e.g., default)
 - Grant of trial is grant of motion to seal
 - Do not need to serve confidential information on opposing side
 - They only get access if they agree to the protective order proposed by petitioner,
 - Agree to one jointly entered,
 - Obtain entry of another protective order (e.g., default), or
 - Get relief from Board.
- After denial of trial or after final judgment, may file a motion to expunge the confidential information from the record. 37 C.F.R. § 42.56

Keys for Appeal

- It's never too early to think of the appeal
- Emphasize questions of law
 - Especially those issues currently “brewing”
 - Spin factual issues as legal instead
- Focus, focus, focus
- Clarify (especially on technology)
- Involve Federal Circuit appellate specialists throughout