

February 10, 2016

# Post-Grant for Practitioners

## Lessons from the First Wave of Appeals

**John Dragseth**  
*Principal*

**Craig Countryman**  
*Principal*

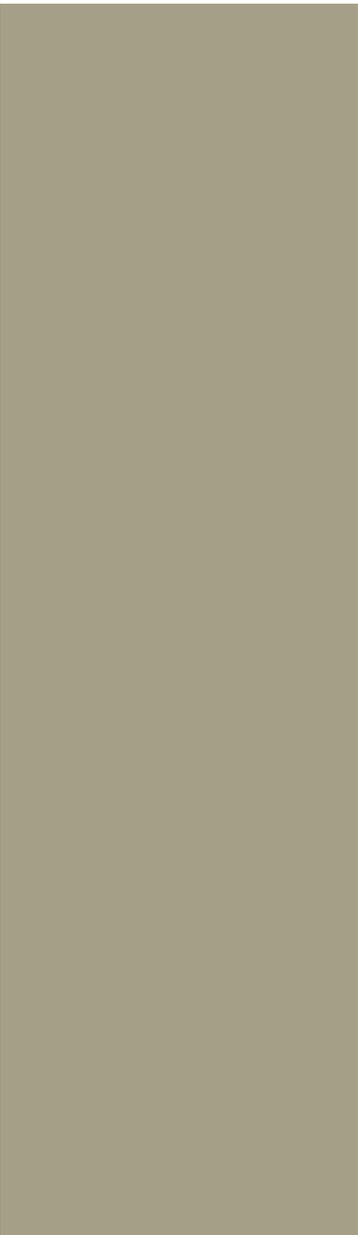


## I. Overview of Webinar Series

## II. Statistics

## III. Substance

- Challenging Institution Decisions
- Stays in District Court
- Broadest Reasonable Interpretation
- Obviousness
- Top Pending Cases to Watch
- Top Open Issues to Raise
- Tips



# Overview of Webinar Series

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

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Post-Grant  
for Practitioners

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### Lessons from the First Wave of Appeals

2015 brought the first wave of Federal Circuit decisions in appeals from final written decisions in *inter partes* review and covered business method proceedings. In its first 55 post-grant appeals, the Federal Circuit affirmed or dismissed 59%, with most being summary affirmances without opinion.

Join Fish Principals [John Dragseth](#) and [Craig Countryman](#) as they discuss the Federal Circuit's record on PTAB post-grant appeals and the fundamental legal issues that will impact post-grant cases in the future. Topics will include:

- Challenges to the PTAB's decision to institute
- Claim construction
- Obviousness
- Procedural issues

[Register](#) now for this Post-Grant for Practitioners Webinar.

Wednesday, February 10, 2016  
1:00 PM - 2:00 PM ET  
Via the web

Speakers:



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[Craig Countryman](#)  
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[REGISTER](#)

Fish & Richardson will apply for 1.0 hour of general CLE credit in most states. If you would like to receive CLE credit, register with your state bar information.

If you have questions, please contact Crystal Chisholm at [chishom@fr.com](mailto:chishom@fr.com)



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# Fish & Richardson Appellate Group

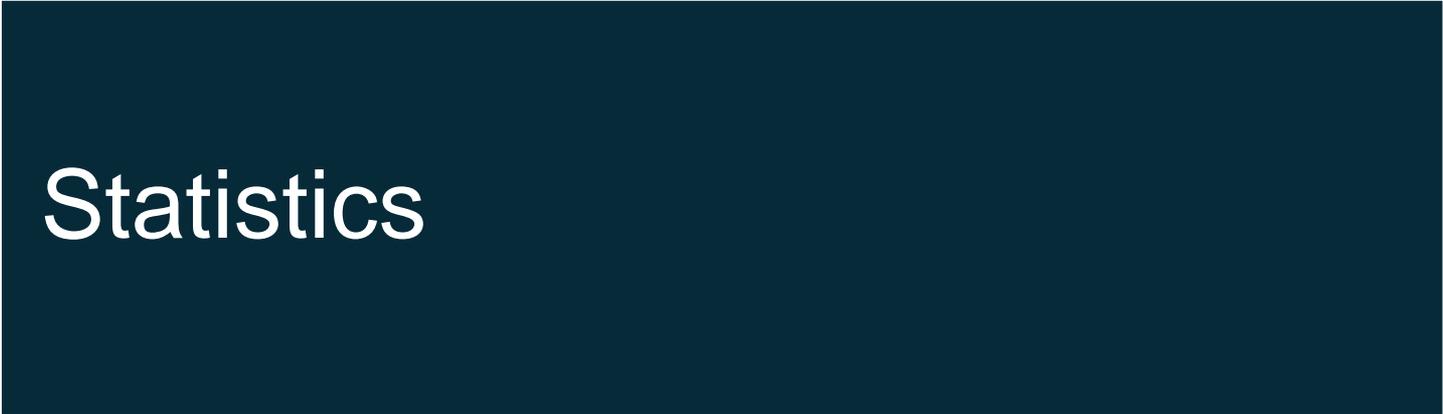
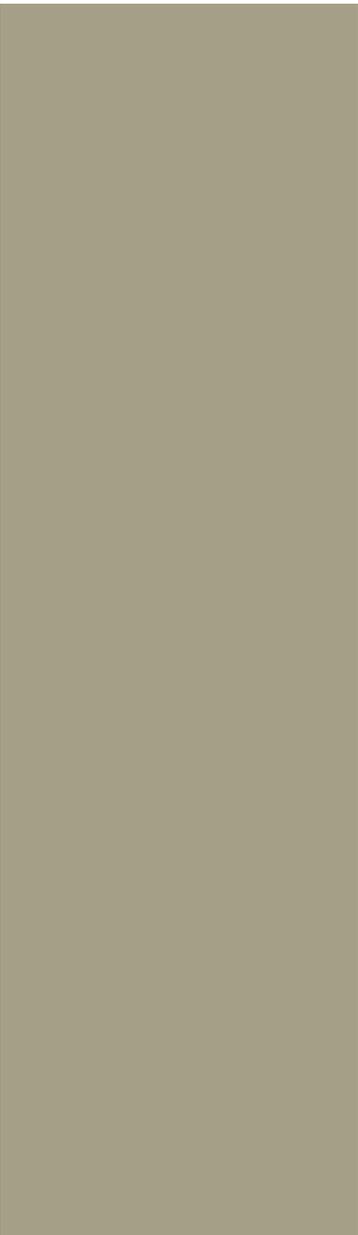
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**#1 firm at U.S. Court of Appeals for the Federal Circuit**

**More big reversals than any other firm**

- *Mayo v. Prometheus* – 9-0 reversal on patent-eligibility
- *Williamson v. Microsoft* – en banc change to means-plus-function law
- *Halo v. Pulse* – cert. granted to change willfulness law





Statistics

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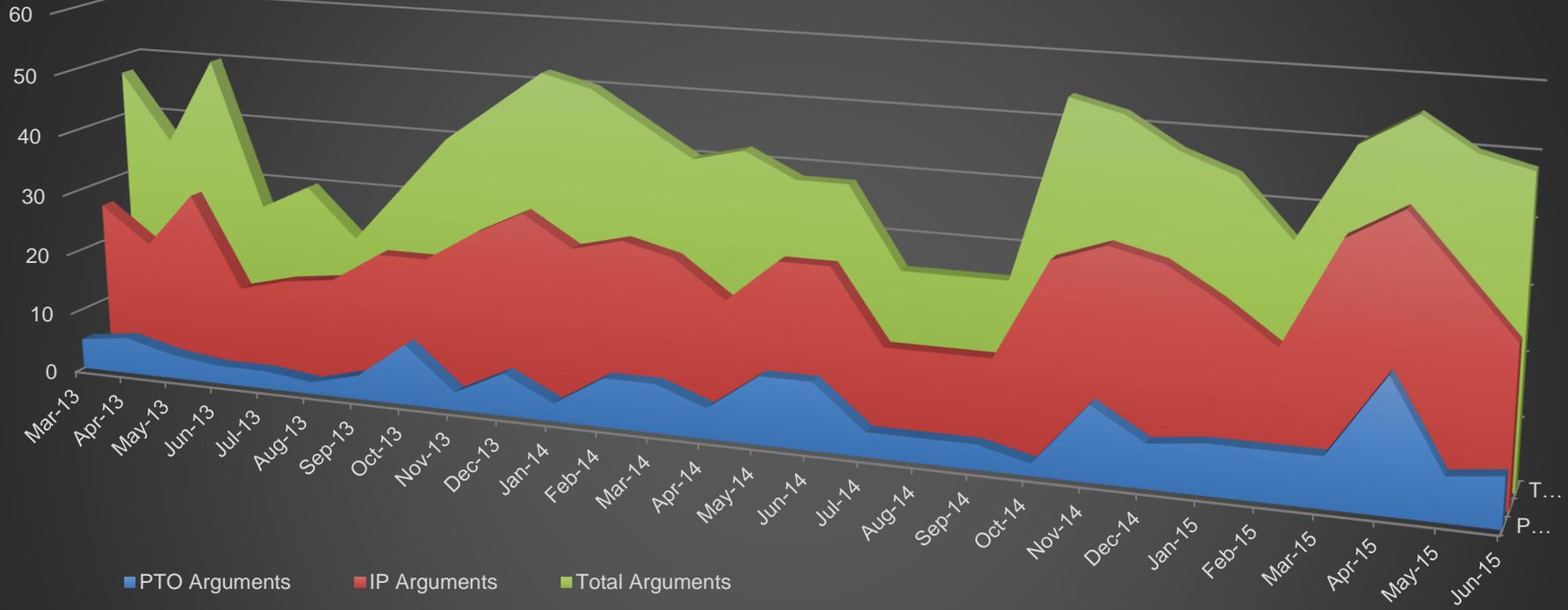
- **IPRs Filed?**

- **4,085** filed through February 10, 2016
- **96** filed in January 2016

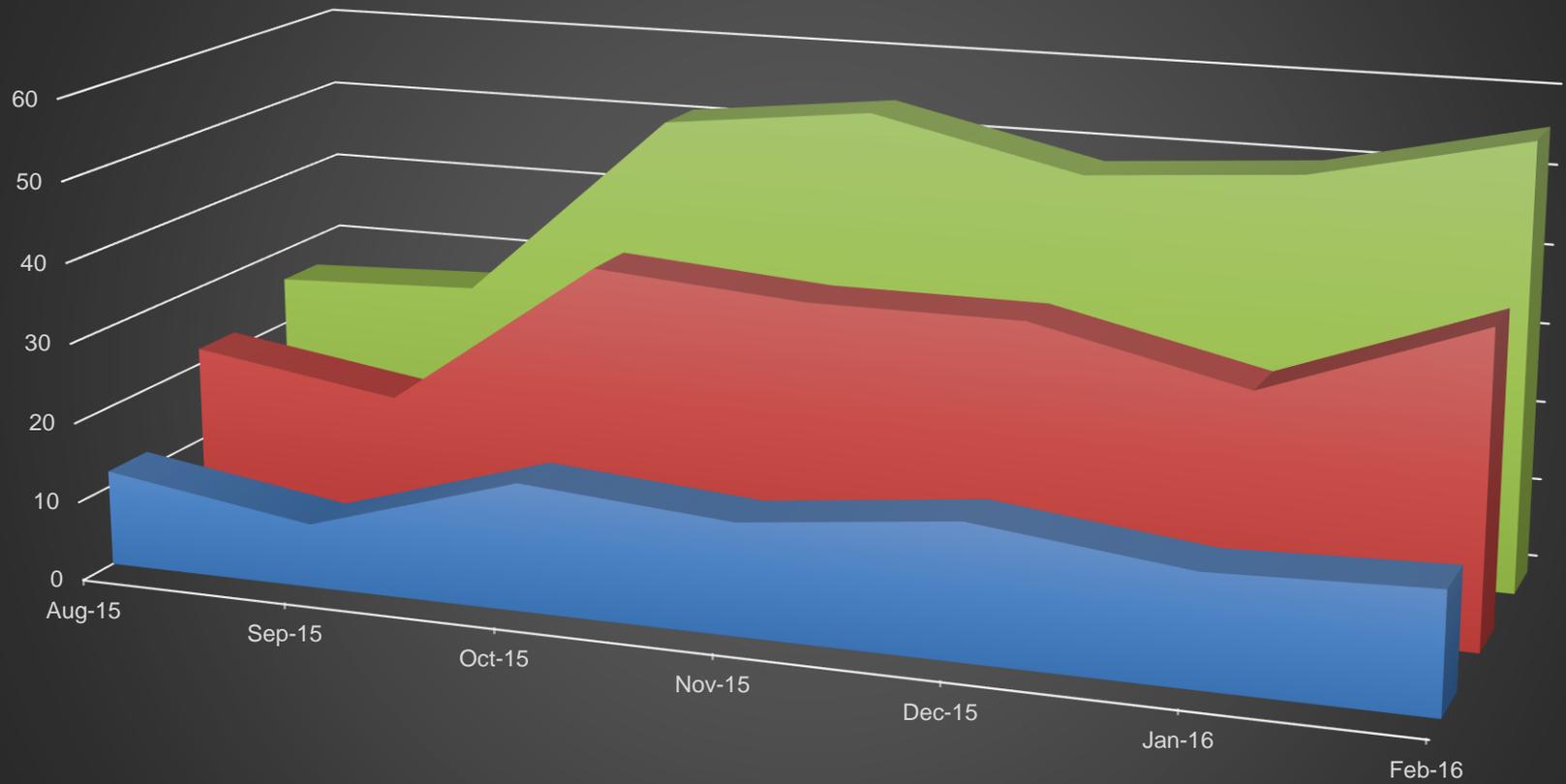
- **CBMs Filed?**

- **415** filed through February 10, 2016
- **3** filed in January 2016

# Federal Circuit Oral Arguments 2013-2015



# Federal Circuit Oral Arguments 2015-2016



# IPR/CBM Appeals to Date

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- **Total Filed: 484**
  - **Total Dispositions: 146**
    - Merits determinations: 87
    - Settlements: 29
    - Dismissals: 20
    - Mandamus denials: 12
  - **Pending IPR/CBM Appeals: 301**

# Rule 36 Affirmance Rates

Month	Total	Total R36		PTO	PTO R36
<b>Aug 2015</b>	26	10		12	7
<b>Sept 2015</b>	27	12		8	2
<b>Dec 2015</b>	48	16		17	9
<b>Jan 2016</b>	50	23		14	5
<b>Feb 2016</b>	56	25		15	7
		42%+			45%+

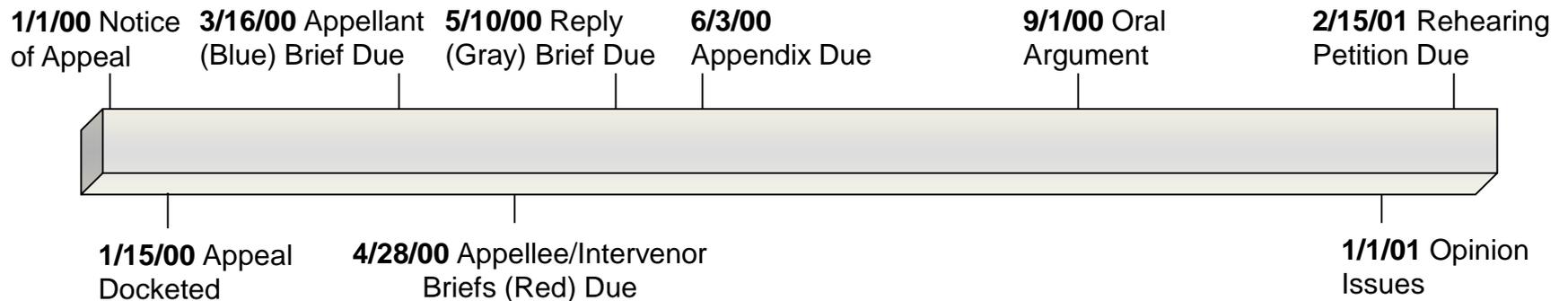
# IPR/CBM-Specific Statistics

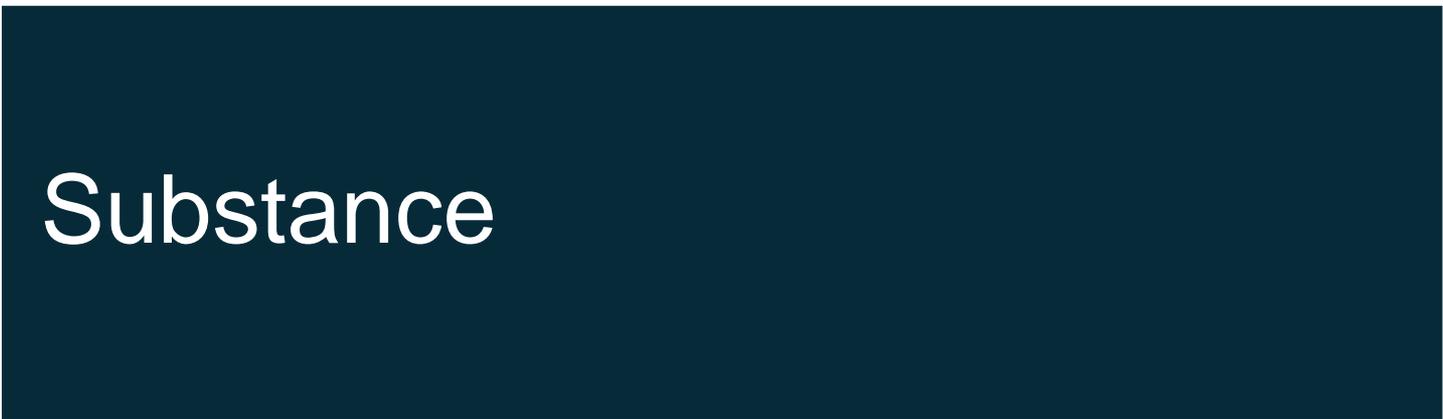
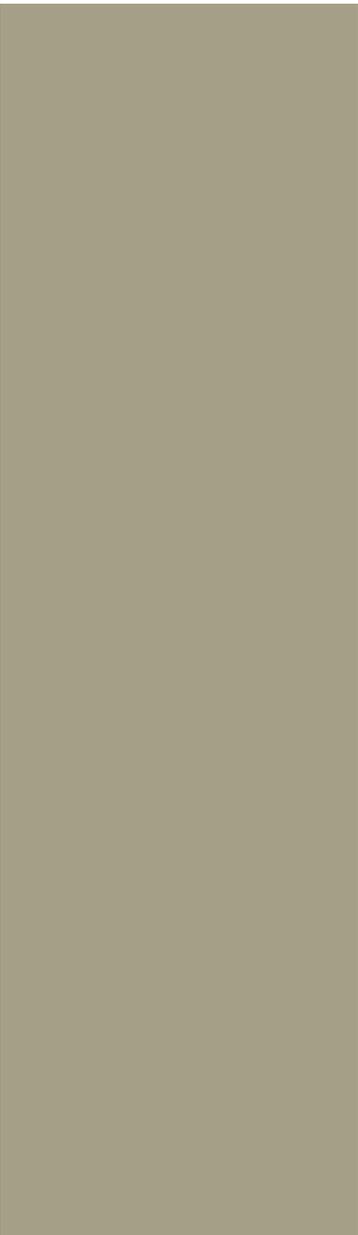
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- **Merits Dispositions: 83**
  - Affirmance Rate: 92.8% (77 cases)
  - Rule 36 rate: 56.6% (47 cases)
  - Reversal/Vacate rate: 7.2% (6 cases)

# Appeal Timeline

no extensions & no cross-appeals = 12-13 months



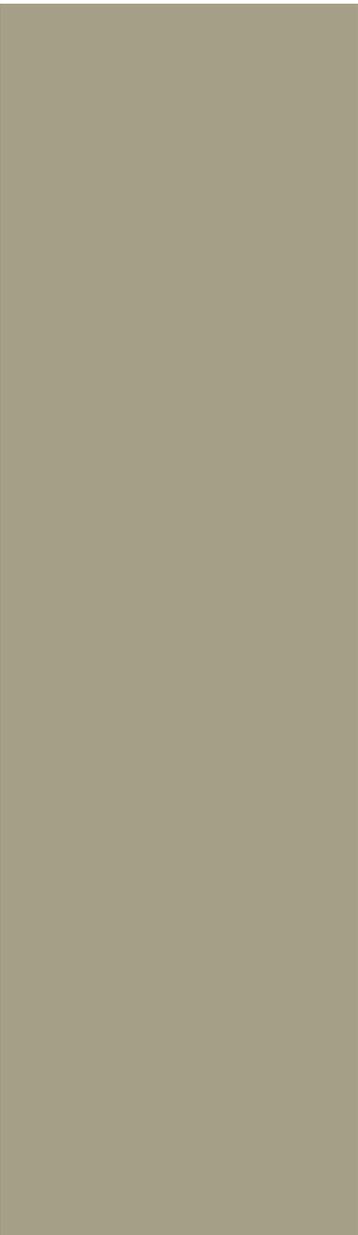


Substance

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**Challenging Institution Decisions**  
**Stays in District Court**  
**Broadest Reasonable Interpretation**  
**Obviousness**  
**Top Pending Cases to Watch**  
**Top Open Issues to Raise**  
**Tips**



# Challenging Institution Decisions

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# Challenging Institution Decisions

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- The U.S. Code (Title 35):
  - 314: No appeal of decisions “whether to institute [IPR] under this section”
  - 312: Requirements of petition, including ID of real-party-in-interest
  - 315: One-year filing limit
  - 318, 319: Rules for taking an appeal from the end of an IPR

# Challenging Institution Decisions

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- Round 1: *St. Jude Med. v. Volcano*, 749 F.3d 1373 (Fed. Cir. 2014)<sup>1</sup>
  - No appeal from institution decision
  - The overall structure of the statute – particularly rules for appeal in 318/319 – shows intent to not have appeal from denial of institution, even on non-substance grounds
- Round 2: *In re Cuozzo Speed Techs.*, 789 F.3d 1309 (Fed. Cir. 2015)
  - No appeal for institution decision even from end of an IPR
  - Maybe mandamus in such a situation (and maybe not)
- Round 3: *Versata Dev. Group v. SAP Am.*, 793 F.3d 1306 (Fed. Cir. 2015)
  - CAFC can review challenges to the Board’s “power to act” at the final written decision stage, even if decided in institution decision

<sup>1</sup> See also *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379 (Fed. Cir. 2014); *In re The Procter Gamble Co.*, 749 F.3d 1376 (Fed. Cir. 2014)

# Challenging Institution Decisions

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## ***Cuozzo* in Supreme Court**

- **Question:**

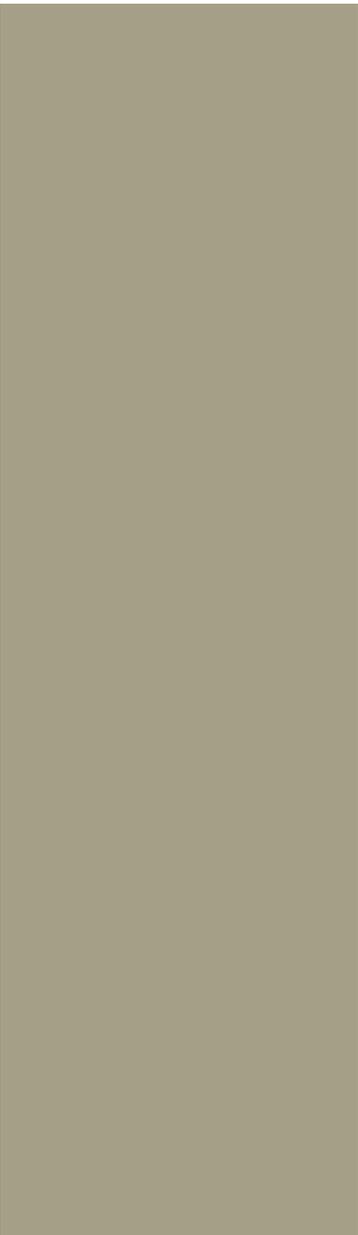
- “whether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board’s decision whether to institute an IPR proceeding is judicially unreviewable.”

- Cert. Granted January 15, 2016.

- **Highlights:**

- **Cuozzo argues:**

- Board cannot institute on grounds the petitioner did not assert
- Section 314 bars only interlocutory appeals, but not appeals from a Final Written Decision (FWD)
- CAFC majority ignored “strong presumption” in favor of admin review
- PTO decision plainly violated a statutory mandate, so is reviewable even if 314 purports to bar review
- Does the interlocutory/final distinction create odd inconsistencies?



# Stays in District Court

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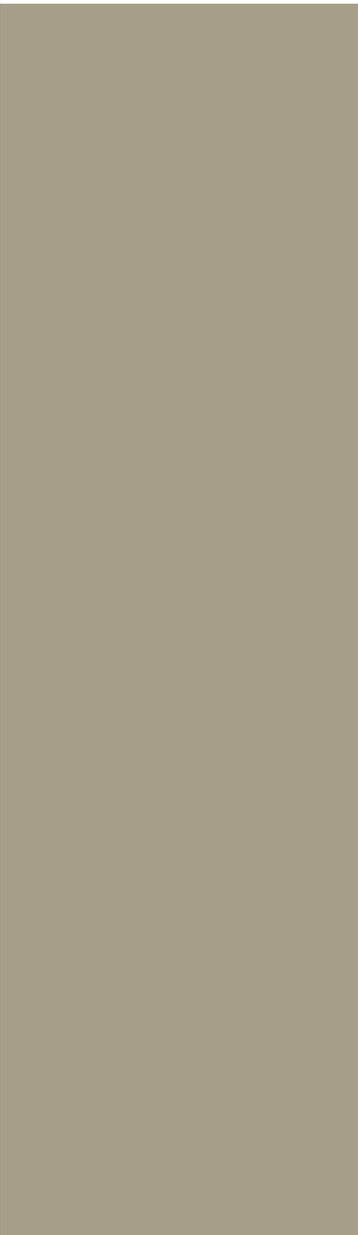
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- Main factors:
  - (1) stage of the litigation;
  - (2) whether the stay will simplify and streamline the issues to be presented in litigation; and
  - (3) whether a stay would cause undue prejudice or a clear tactical disadvantage to the non-moving party.
- Early figures: 61% granted, 22% denied, 17% denied w/o prejudice
- Courts will accept renewal of motion after review is instituted
- *Versata Software, Inc. v. Callidus Software, Inc.*, 767 F.3d 1383 (Fed. Cir. 2014)
  - Stays are easier to obtain for a CBM (AIA Section 18(d))
- *Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, 781 F.3d 1372 (Fed. Cir. 2015)
  - CAFC has jurisdiction to immediately review decision on a stay pending CBM, but only after the PTAB has instituted a CBM proceeding

# Stays in District Court

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- Tips
  - Move on all claims and all patents
  - File IPR and move early
  - Move or re-move after IPR is instituted
  - Consider giving up defenses to obtain stay



Broadest Reasonable  
Interpretation (BRI)

# Broadest Reasonable Interpretation (BRI)

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- **Rule:** The PTO applies BRI instead of the *Philips* standard for claim construction
- **Rationale:** Where there are multiple reasonable interpretations, the PTO should take the broadest interpretation to encourage an applicant to amend for clarity – good for the public
- **Standard:** The BRI is the ordinary meaning unless that is inconsistent with the specification
  - Isn't that *Philips* (at least under the “proceduralist” approach)?
  - But in practice, is it “broadest possible interpretation”?

# Broadest Reasonable Interpretation (BRI)

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## ***Cuozzo:***

- **Issue:**

- “Whether the court ... erred in holding that, in [IPRs], the ... Board may construe claims in an issued patent according to their [BRI] rather than their plain and ordinary meaning.”

- **Cuozzo’s Arguments:**

- BRI is premised on a “liberal right to amend”
- Congress set up IPR as an adjudicative proceeding that does not have the back-and-forth of examination or the ability to freely amend
- PTO rules to the contrary get no weight



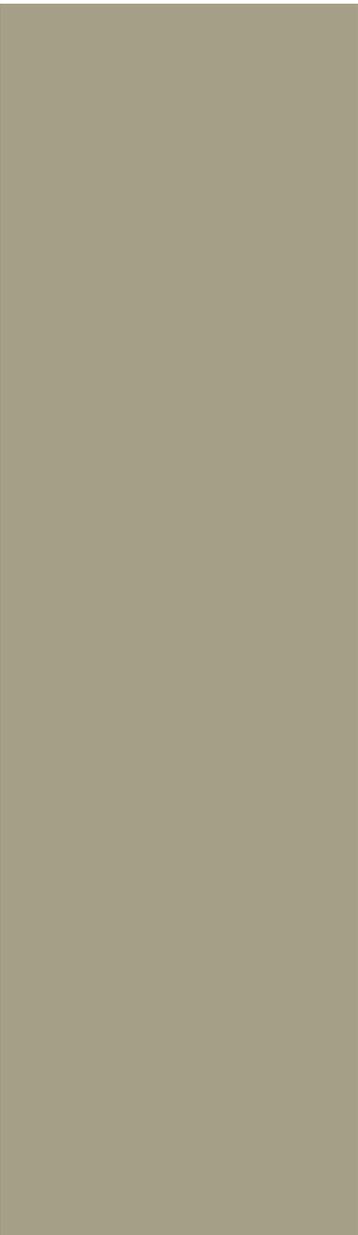
Obviousness



# Obviousness

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- Heavily fact-dependent (despite being called a legal issue), so need legal hook on appeal
- E.g., *Ariosa Diagnostics v. Verinata Health, Inc.*, 805 F.3d 1359 (Fed. Cir. 2015): remand because it was unclear if the Board had ignored a document that was evidence of the skilled artisan's knowledge even though not part of a formal obviousness combination
- The Fed Cir is also sometimes willing to invalidate dependent claims where the Board splits the baby and lets some claims through (e.g., *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064 (Fed. Cir. 2015)).
- Tips:
  - Identify short-cuts by opponent's expert
  - Identify misunderstanding of the law by opponent's expert (e.g., in deposition)
  - Consider attacking level of skill in the art, especially in peculiar fields (but watch for waiver).
  - Be careful if arguing that Board did not follow *KSR* (you will face skepticism).
  - Might be able to obtain a remand (*Cutsforth*)

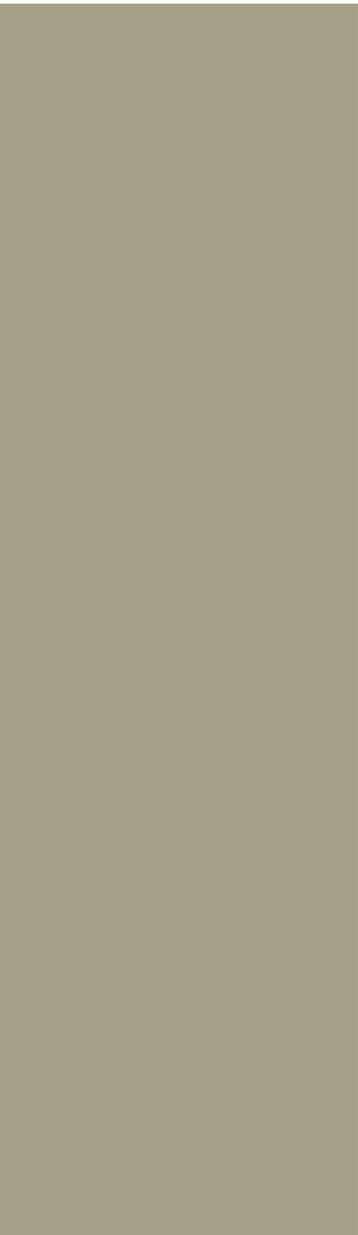


# Top Pending Cases to Watch

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- ***Harmonic v. Avid Technology and Shaw Industries v. Automated Creel***
  - Treatment of issues denied institution because they were deemed redundant
  - *Harmonic* argued in October to Judges Chen, Mayer, and Stoll
  - *Shaw* argued in November to Judges Moore, Reyna, and Wallach
- ***Blue Calypso v. Groupon***
  - Mixing and matching embodiments to sustain 102 rejection; standard for “printed publication”
- ***In re Aqua Products***
  - Burden of proof for proposed substitute claims
- ***SAS v. ComplementSoft***
  - Whether PTO can institute on a subset of claims (argued in January)
  - Judge Newman: “What’s this elaborate procedure for if we cannot resolve the issues...?”
- ***Pride Mobility Products Corp. v. Permobil, Inc.***
  - Raises issue of shifting burdens, and potential unfairness in truncated IPR proceeding
  - Argued in January to Reyna, Taranto, and Chen
- ***PPC Broadband v. Corning Optical***
  - “Poster child” for BRI/Philips distinction?
  - Argued in January to Moore, Omalley, Wallach



# Top Open Issues to Raise

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- Joinder of additional claims after one-year limit
  - *Target v. Destination Maternity*, IPR2014-00508 and 00509
- Unfairness of truncated proceedings (if preserved), especially sua sponte Board action
- Real-party in interest requirements
  - PTAB has emphasized control as a factor, if not the factor
  - Can cause you to miss one-year limit for filing
- *Chenery* issues



**FISH.** 

# IPR Appeal Tips

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## At PTAB

- Go all-in early with the Board
- Marshall all evidence you can think of – do not just provide attorney argument
- Preserve arguments for appeal without annoying the Board
- Develop interesting legal theories early, with your factual arguments – consider getting Solicitor involved if you are appellant
- Involve someone who is accustomed to developing legal arguments

## On Appeal

- Get fresh eyes for appeal
- Don't over-rely on claim construction being *de novo*
- Assume your audience is smart, but not technical
- Loosen up – don't be a prosecutor
- Be clear

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# Post-Grant Resources

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- 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.

- Fish 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/>
  - Post-Grant App: <http://fishpostgrant.com/app/>
- USPTO sites:
  - AIA Main: [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp)
  - Inter Partes: [http://www.uspto.gov/aia\\_implementation/bpai.jsp](http://www.uspto.gov/aia_implementation/bpai.jsp)

# Thank You!

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