

9 Common Pitfalls With Post-Grant Proceedings

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You are, or have been, sued in district court for patent infringement. It is highly likely that you, or your counsel, are considering filing a petition for post-grant review (e.g., inter partes review (IPR) or covered business method (CBM) review). With a year and a half of post-grant review proceedings behind us, a number of strategies for avoiding post-grant proceeding pitfalls have emerged. For instance, while the Patent Trial and Appeal Board promulgated a series of extensive rules to govern post-grant practice, not all “rules” are published. Those unpublished “rules” have developed over more than a year of PTAB practice and aid in the efficient resolution of post-grant proceedings. Below, are some tips and strategies to guide and remind both new and experienced PTAB practitioners.



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1. Be Aware: Two Deadlines for Objections to Evidence in Post-Grant Proceedings

The parties to a post-grant proceeding should be mindful that there are two deadlines for objecting to evidence. At the outset, the patent owner must object to evidence submitted with the petition within ten business days of trial institution. 37 C.F.R. § 42.64(b)(1). Thereafter, either party opposing the introduction of an exhibit must object within five business days of service of the objectionable exhibit. *Id.* The objections must identify the grounds for the objection with sufficient particularity to allow correction in the form of supplemental evidence to be served within 10 business days of service of the objections. *Id.* Objections are served on the party offering the evidence and are not filed with the board.

2. File Petition for IPR Within First Five Months to Allow Time to Refile

A petitioner should seek to file its IPR petition within the first five months of being served with a complaint alleging infringement of the patent. Pursuant to 35 U.S.C. § 315(b), the petitioner may timely file a petition up to one year after the date on which the petitioner is served with a complaint alleging patent infringement. See *Apple Inc. v. VirnetX Inc. and Science Application Int'l Corp.*, IPR2013-00348, Paper No. 14 (Interpreting 35 U.S.C. § 315(b)). From there, the PTAB must decide whether to institute a patent trial proceeding within six months of the filing date accorded to the petition.

If the PTAB decides not to institute a proceeding on all of the petitioner's art or requested grounds for

relief, a petition filed no later than five months from service of the complaint will still provide the petitioner with a month to file a second petition addressing deficiencies of the first petition. Critically, the second petition would be timely filed within the one year statute of limitations period. This approach also provides the petitioner an opportunity to address any claim construction determinations made in the decision to institute on the first petition.

3. Do Not Include Argument in Claim Charts

According to the USPTO, the most common error found in a petition is the improper usage of claim charts by including arguments, claim construction, and/or legal analysis in the claim chart. The rules require that a petition identify how the claims are unpatentable under the statutory grounds raised. The USPTO notes that this information is to be provided pursuant to the page limit requirements, which require double spacing. See 37 C.F.R. § 42.6(a)(2)(iii). Placing arguments in a claim chart to circumvent the double spacing requirement is not permitted, and any such argument may not be considered by the board.

Strict adherence to the Patent Office regulations is paramount in post-grant proceedings. The board previously accepted a few petitions with claim charts that included arguments because the procedure for filing AIA petitions was new. For example, in *Xilinx Inc. v. Intellectual Ventures I LLC*, IPR2013-00112, Paper No. 7, the board accepted the petition, but made clear that the petition was flawed because it contained defective claim charts. Specifically, the board noted that the claim charts contained analysis beyond simple comparison of the key features of a claim with specific evidence. Now, however, the board will require correction if a petition includes improper usage of claim charts. Failure to timely and properly address such necessary corrections risks a petition not being accorded a particular filing date, which can be dispositive of a party's right to file if the petition is filed close to the one-year statute of limitations to inter partes review petitions.

4. Uploaded Documents Are Public — Including All Metadata

Absent filing under seal, uploaded IPR documents are available to the public via the U.S. Patent Office website — including all metadata associated with the document. The cases involving *VirnetX Inc.* are illustrative of why this technical limitation can be important.

RPX Corp., a patent aggregation firm, recently filed IPR petitions against network security patents owned by *VirnetX Inc.* The petitions state that RPX “exercised its sole discretion” in seeking to invalidate *VirnetX's* patents and that it is “the sole real party in interest of the present petition and is not in privity with any other entity in connection with this petition.”

VirnetX disputes the veracity of RPX's claim. In response to a request by *VirnetX*, the parties and the board conducted a teleconference on Jan. 8, 2014, to address *VirnetX's* request for discovery on the issue of real party in interest. On that call, the board declined to authorize additional discovery on the issue, despite at that time first learning of potential metadata linking RPX and Apple's counsel. IPR2014-00171, Exhibit No. 1075 (redacted transcript of 1/8/14 teleconference). This is the typical outcome to most requests for additional discovery.

The metadata issue, however, was then further discussed on two follow-up teleconference calls that took place on Jan. 10 and 16, 2014. *Id.* at Exhibit No. 1076-77 (redacted transcripts of the 1/10/14 and 1/16/14 teleconferences, respectively). Based upon the information provided during the three conference calls — specifically, the metadata issue — the board ultimately authorized *VirnetX* to file a

motion for additional discovery. *Id.* at Paper No. 20. Subsequently, the board authorized VirnetX to take limited discovery to investigate whether there is a relationship between RPX and another party and to determine whether the other party controlled or directed the filing of RPX's petitions. See *id.* at Paper No. 33 (VirnetX had "demonstrated that it is in the interests of justice" to take discovery on "whether payments were made to RPX by another group in exchange for the filing of the inter partes review requests, and whether another entity was directing or controlling the filing and content of the inter partes review petitions.").

5. Appeal: 30 Days to Request Rehearing; 63 Days to File Notice of Appeal

Once the PTAB renders a final decision, either party can appeal only to the Federal Circuit (there is no option to file a civil action in district court). See 35 U.S.C. §§ 141 and 319. Two important deadlines control the appeal process.

First, either party dissatisfied with a final decision may request rehearing, without prior authorization from the board. The rehearing request must be filed within 30 days of a final decision or a decision not to institute trial. 37 C.F.R. § 42.71(d)(2). The requesting party must specifically identify all matters it believes the board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply. § 42.71(d).

The notice of appeal to the Federal Circuit must be filed with the director of the USPTO no later than 63 days after the date of the final board decision. 37 C.F.R. § 90.3(a)(1). A timely first request for rehearing, however, will reset the time for appeal to no later than 63 days after action on the request. *Id.* § 90.3(b)(1).

6. Settle Early or the PTAB May Refuse to Terminate; Issue a Final Decision

The PTAB may decide that a settlement agreement between the parties does not terminate the IPR if the proceeding is at a late stage, but without a final decision. Cf. 35 USC § 317(a); 77 Fed. Reg. 48756, 48768 (August 14, 2012). Thus, even though a settlement agreement may terminate the IPR as to the petitioner, the office may nevertheless continue the proceedings and issue a final written decision as to the patent owner's claims.

For example, in *Blackberry Corp. v. Mobilemedia Ideas LLC*, IPR2013-0036, Paper No. 60, the parties filed a joint motion to terminate the proceeding after (1) the patent owner filed a patent owner response, (2) the petitioner filed a reply, and (3) an oral hearing was held. Rather than terminate the proceeding, the board decided — due to the advanced stage of the proceeding — to instead proceed to a final decision. *Id.* at Paper No. 64; see also *Blackberry Corp. v. Mobilemedia Ideas LLC*, IPR2013-00016, Paper No. 31; *Starwood Hotels & Resorts v. LoneStar Wifi LLC*, IPR2014-00101, Paper No. 11. As a result, the petitioner settled the action and maintained confidentiality of the settlement terms, but a final decision issued. IPR2013-0036, Paper No. 65 (terminating the proceeding and holding that the differences between the claimed invention and the prior art cannot be determined because the claims are indefinite). Furthermore, the PTAB's decision did not trigger any estoppel against the petitioner since its involvement terminated by settlement.

In recognition of the board's refusal to terminate an advanced-stage IPR proceeding, patent owners should be motivated to settle early. The settlement agreement should preferably be filed before oral argument, and more preferably before the petitioner files a reply to the patent owner's response. Otherwise, the board may nevertheless issue a final written order possibly finding the claims

unpatentable, despite the patent owner having settled. And, even if the board upholds the claims, the petitioner will nonetheless avoid estoppel.

7. Review Demonstrative Slides to Ensure Support/Previous Reliance in the Record

Under the AIA, no new evidence or arguments may be presented at the oral argument. See 35 U.S.C. §§ 316(a) and 326(a); 37 C.F.R. § 42.70(a). Instead, oral argument is limited to issues “raised in a paper,” and a party “may only present arguments relied upon in the papers previously submitted.” See 77 Fed. Reg. 48756, 48768 (August 14, 2012).

In *CBS Interactive Inc. v. Helferich Patent Licensing LLC*, IPR2013-00033, Paper No. 118, the board drew a hard line on limiting oral advocacy to issues in the papers. The board explained that by the time of the oral hearing, “nothing new can be presented, no new evidence, no new arguments” because “[u]nlike trials conducted in district courts, a trial before the Board is conducted on paper.” New arguments include “different characterizations of the evidence and different inferences drawn from the evidence.” Thus, if a party failed to previously develop or explain certain testimony, “it may not be developed, discussed, explained, or summarized, for the first time, in the form of demonstrative slides at the final oral hearing.” Specifically, “figures, charts, and diagrams may serve as visual aids” in demonstratives, but “written text, setting forth various statements, characterizations, and assertions go beyond serving as visual aids, as they constitute additional briefings themselves.”

The burden is on the party presenting the demonstrative to establish that a demonstrative does not include new argument. Thus, a “party should be able to point specifically to a sentence or two, or even a paragraph, in an appropriate paper to support a demonstrative slide.” Accordingly, parties should be mindful to include any arguments that they may want to present at the oral hearing in a paper to the board.

8. Motion to Amend Must Be Made in the Context of the Entirety of the Prior Art

Under 37 C.F.R. § 42.20(c), a patent owner bears the burden to establish entitlement to a claim amendment. In particular, the patent owner must “make a showing of a patentable distinction over the prior art.” *Idle Free Systems Inc. v. Bergstrom Inc.*, IPR2012-00027, Paper No. 26. In order to meet this burden, “[s]ome representation should be made about the specific technical disclosure of the closest prior art known to the patent owner, and not just a conclusory remark that no prior art known to the patent owner renders obvious the proposed substitute claims.” *Id.*

In *ZTE Corp. v. ContentGuard Holdings Inc.*, IPR2013-00136, Paper No. 31, the board further explained that it was insufficient for the patent owner to simply address the references of record in the IPR proceeding. Instead, the “[patent owner] should have addressed the general level of ordinary skill in the art outside of the references of record.” *Id.* In particular, “[t]he cited prior art may not be presumed as the closest prior art with respect to that element which [patent owner] adds to support patentability of the claimed invention as a whole.” *Id.* Instead, the patent owner should indicate whether the added feature was: (1) known in any context; and (2) why one with ordinary skill would not have adapted known techniques to achieve the claimed use. *Avaya Inc. v. Network-1 Security Solutions Inc.*, IPR2013-00071, Paper No. 38.

9. Present Obviousness Grounds Before Anticipation Grounds

The majority of the trials instituted thus far have been instituted on obviousness grounds. While the

board has discretion to institute trial on all or only some of the grounds raised by petitioner, the board has generally declined to institute trial on all grounds — especially where the board determines that some grounds are redundant. See, e.g., Oracle Corp. v. Clouding IP LLC, IPR2013-00088, Paper No. 7. Nevertheless, where appropriate, the board will institute trial on multiple grounds. See, e.g., Adidas AG v. Nike Inc., IPR2013-00067, Paper No. 18 (determining that anticipation challenges also justified institution on obviousness grounds over the same art).

A petitioner should consider presenting its obviousness grounds first, before its anticipation grounds, because the board is more likely to be persuaded to institute on the obviousness grounds. For example, after careful analysis the petitioner may conclude that there is a possibility that some element may be found lacking in the prior art. Under these circumstances, petitioner should consider first presenting grounds of obviousness (either based on the reference alone or in combination with another reference) before a ground of anticipation. This presentation will ensure that the board first reviews the strongest ground for institution.

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