



# New Post-Issuance Procedures for Challenging Patent Validity

Boston Breakfast Seminar  
September 19, 2012

- Overview of PTO Options for Challenging Validity
- Inter Partes Review and PTAB Trials
  - Pre-Trial
  - Trial
  - Post-Trial

- Overview of PTO Options for Challenging Validity
- Inter Partes Review
  - Pre-Trial
  - Trial
  - Post-Trial

FR

# Post Reform - USPTO Proceedings

Proceeding	Availability	Threshold	Grounds (Prior Art)	Estoppel?
<b>Supplemental Examination</b>	-Available starting on Sept. 16, 2012 -Applies to all patents	Substantial new question of patentability would result in Ex parte reexam by PTO	Any information	N/A
<b>Third party pre-issuance submissions</b>	-Available starting on Sept. 16, 2012 -Applies to all patent applications	"Potential relevance to the examination of the application"	Patents/published patent apps/printed publications	N/A
<b>Citation of Prior Art and Written Statements</b>	-Available starting on Sept. 16, 2012 -Applies to all patents	N/A	Patents/published patent apps/printed publications/ patent owner statements to Federal court or the PTO	N/A
<b>Post-grant review (9 month window)</b>	-Available starting on Sept. 16, 2012 -Applies only to patents having a claim with a priority date on or after March 16, 2013 -PTO can initially limit (e.g., 250/year)	More likely than not that at least 1 claim is unpatentable	Any invalidity ground	Raised or reasonably could have raised
<b>Inter partes review (after P.G.R.)</b>	-Available starting on Sept. 16, 2012 -Applies to all patents -PTO can initially limit (e.g., 250/year)	Reasonable likelihood that petitioner would prevail on at least 1 claim	Patents/published patent apps/printed publications	Raised or reasonably could have raised
<b>Ex parte reexam (unchanged)</b>	Available now	Substantial new question of patentability	Patents/published patent apps/printed publications	None
<b>Derivation Proceedings</b>	Applies to all claims with priority dates on/after March 16, 2013 (Interference remains available for others)	Claimed invention derived from another	N/A	N/A

- Overview of PTO Options for Challenging Validity
- **Inter Partes Review and PTAB Trials**
  - Pre-Trial
  - Trial
  - Post-Trial

- Availability
  - Any person, other than the patent owner, may file a petition for IPR nine months after issuance or reissue of patent (non-anonymous)
  - IPR becomes available, for all patents, on 9/16/12.
- Grounds
  - 102 and 103, based on patents and printed publications
- Threshold
  - A reasonable likelihood that petitioner will prevail with respect to at least one of the challenged claims
- Estoppel
  - Raised or reasonably could have raised

- USPTO proposed filing fees (\$42.15):
  - 1 to 20 claims: \$27,200
  - Each additional claim: \$600
  - Discovery procedures will make IPR fees > IPRx fees
- Speed of proceeding will be frontloaded for all

- Attorneys registered to practice before USPTO
- Attorneys admitted *pro hac vice*. Admission is at the discretion of the PTAB and requires a showing of good cause. § 42.10(c)
- Petitioners and Patent Owners must designate both lead and back-up counsel. § 42.10(a)
- Lead counsel must be a registered practitioner. § 42.10(c)

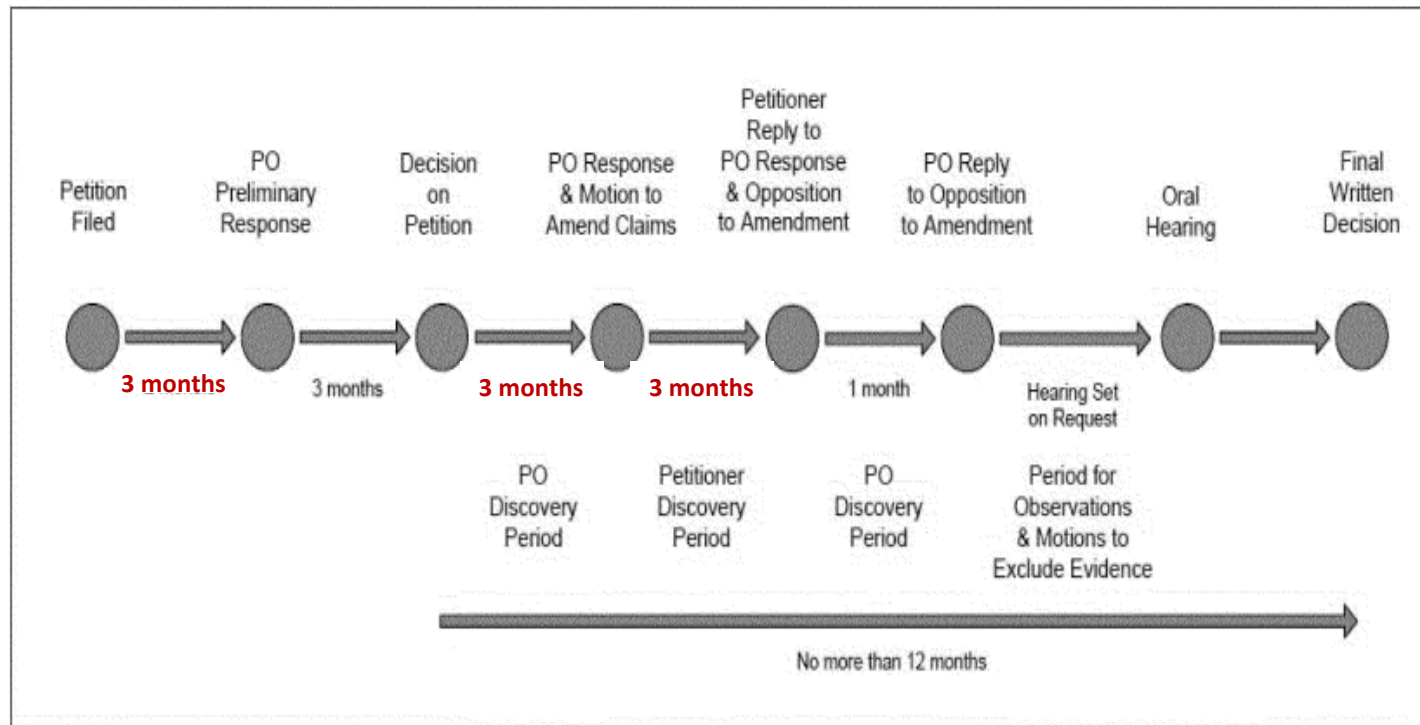


- Estoppel
  - At the PTO: the petitioner in an IPR that results in a final written decision may not request *or maintain* a proceeding before the Office *with respect to reviewed claim* on any ground that petitioner *raised or reasonably could have raised* during IPR
  - In civil actions: the petitioner in an IPR that results in a final written decision may not assert in a civil action that a reviewed *claim* is invalid on any ground that petitioner *raised or reasonably could have raised* during IPR.

- Open Issues:
  - Impact of the changed standard:
    - IPRx: “raised or could have raised”
    - IPR: “raised or *reasonably* could have raised”
      - Bases proposed but rejected by the PTAB?
      - After-discovered prior art? ... Obscurity?
  - Can an IPR petitioner hedge bets with EPRx? Consider the implication of being estopped from “maintaining” a proceeding

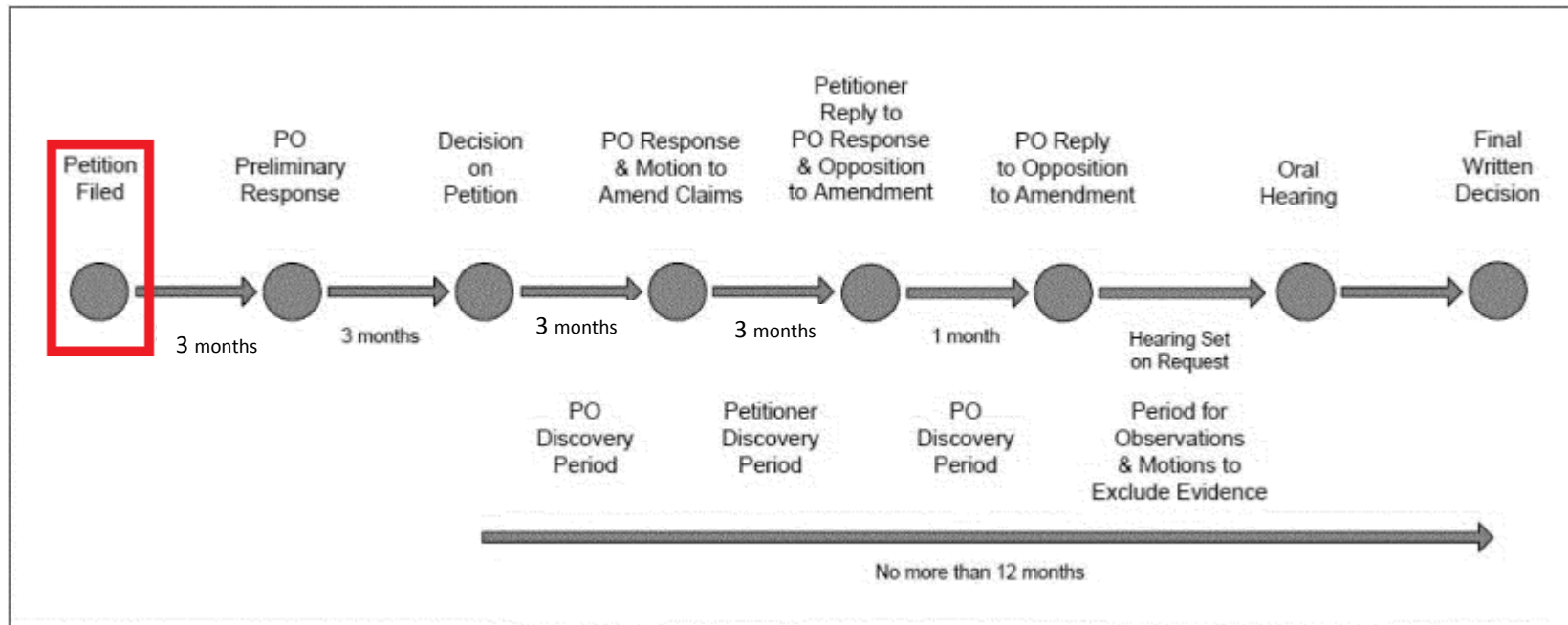
- Opens/closes quickly
  - Instituted within 6 months of petition
  - Dispensed within 12/18 months of institution
- Speed can kill ... the unprepared
  - Patentees: Very little time to react
  - Petitioners: Thorough initial preparation is key

# IPR Procedure: The Timeline



- Overview of PTO Options for Challenging Validity
- Inter Partes Review and PTAB Trials
  - **Pre-Trial**
  - Trial
  - Post-Trial

# Petition Preparation



- Contents (§§42.104 and 42.204):
  - Fees & Certificate of Service
  - Certifications
    - Patent must be eligible for review
    - Petitioner must not be barred or estopped
  - Identify challenged claims and basis
  - Provide claim constructions
  - Identify proposed rejections (*claim charts?*)
- 60 Page Limit
  - “The page limit does not include a table of contents, a table of authorities, a certificate of service, or appendix of exhibits”
  - Double-spaced, 14 point font or larger (§42.6)
  - Claim charts: single-spaced
  - Moving for more pages: “in interests of justice”

## Tactics:

- Consider limiting the number of claims asserted?
- Consider limiting the number of grounds asserted?
- Consider filing multiple petitions?

Practice tip: view the petition as a trial brief, not a set of invalidity contentions



- §42.104 Content of Petition

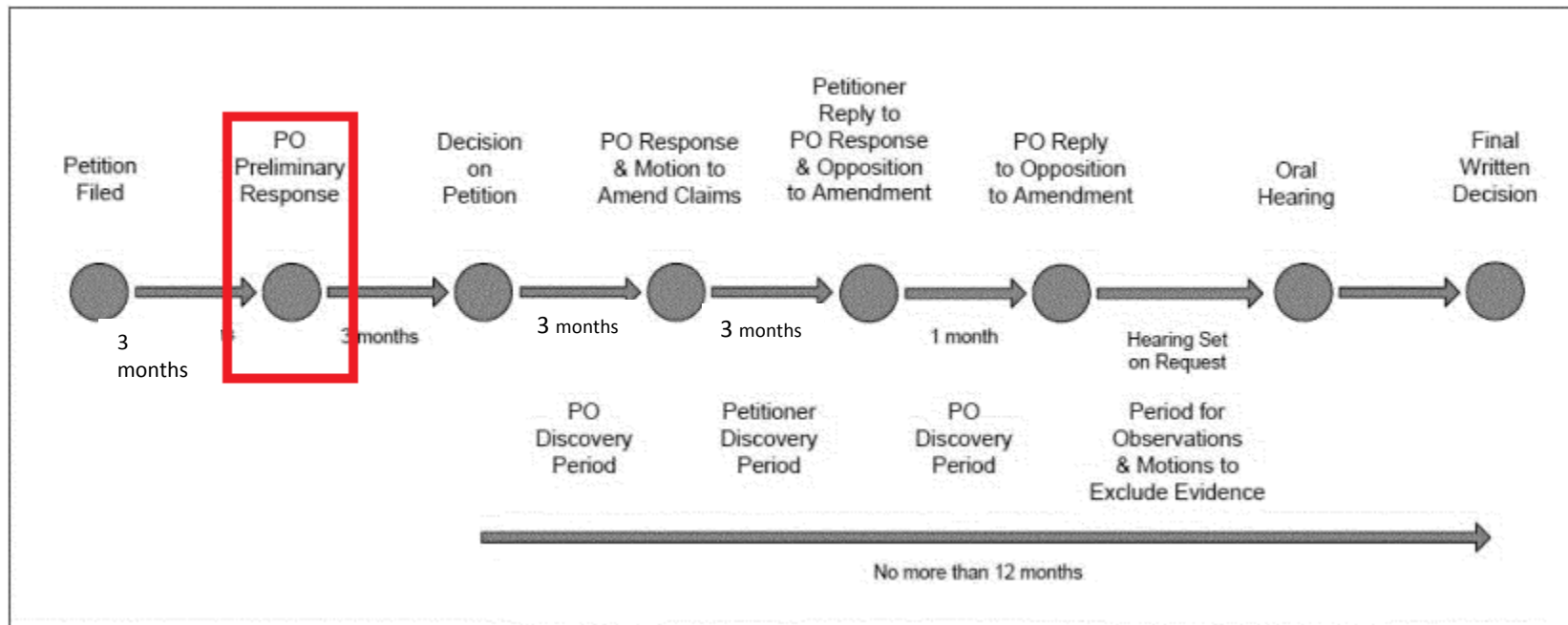
The petition must set forth:

...

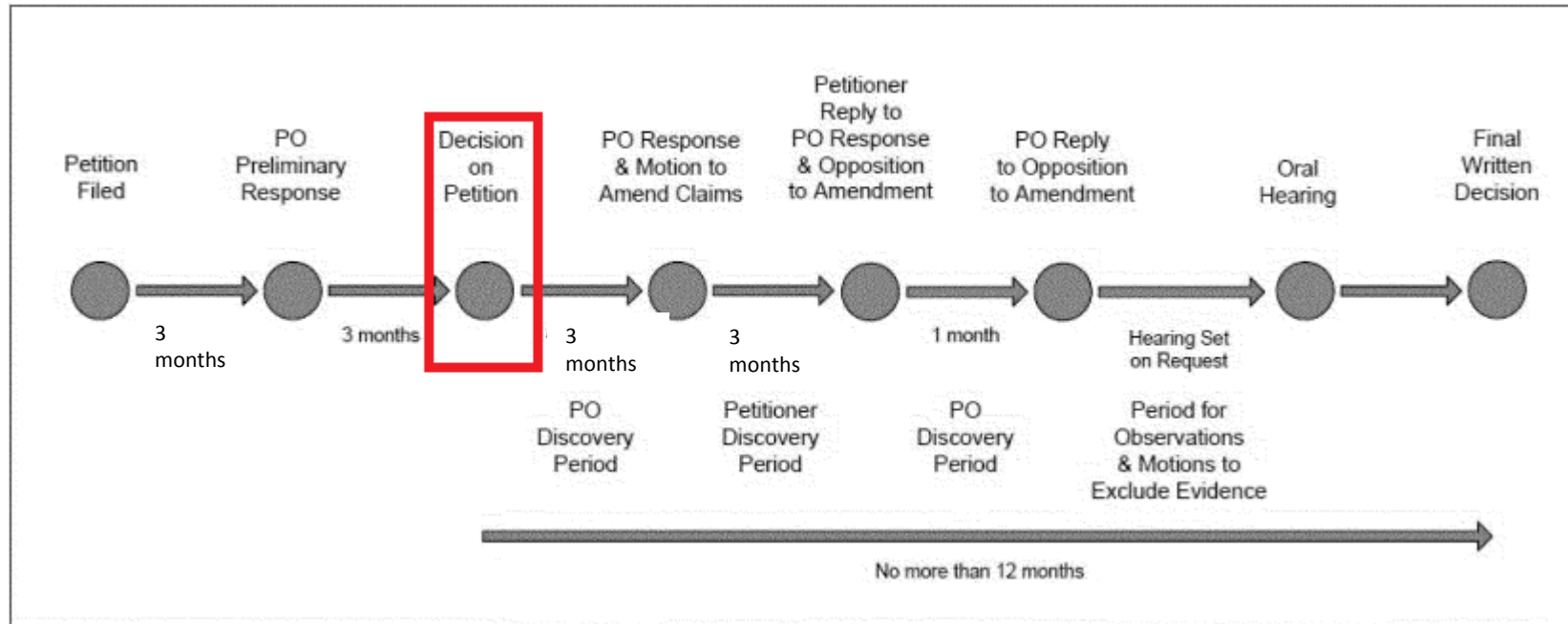
(b) Identification of challenge. Provide a statement of the precise relief requested for each claim challenged. The statement must identify the following:

***(3) How the challenged claim is to be construed.***

- Specificity? “Broadest reasonable construction consistent with the disclosure” vs. Specific meaning other than “plain meaning”
- Tension between infringement and validity constructions
  - Possible opportunity to force patent owner to amend claims



- See §§ 42.107 and 42.207
- No more than 3 months from petition filing date
- Patentee may present evidence to demonstrate that no review should be instituted
  - Why petition is statutorily barred;
  - Why asserted references are not prior art;
  - Very clear failings of prior art
- No amendments allowed, but may disclaim claims
- Can submit testimonial evidence if “in the interest of justice”
- May proactively waive to expedite, but why?
  - Petitioner cannot file rebuttal as a matter of right



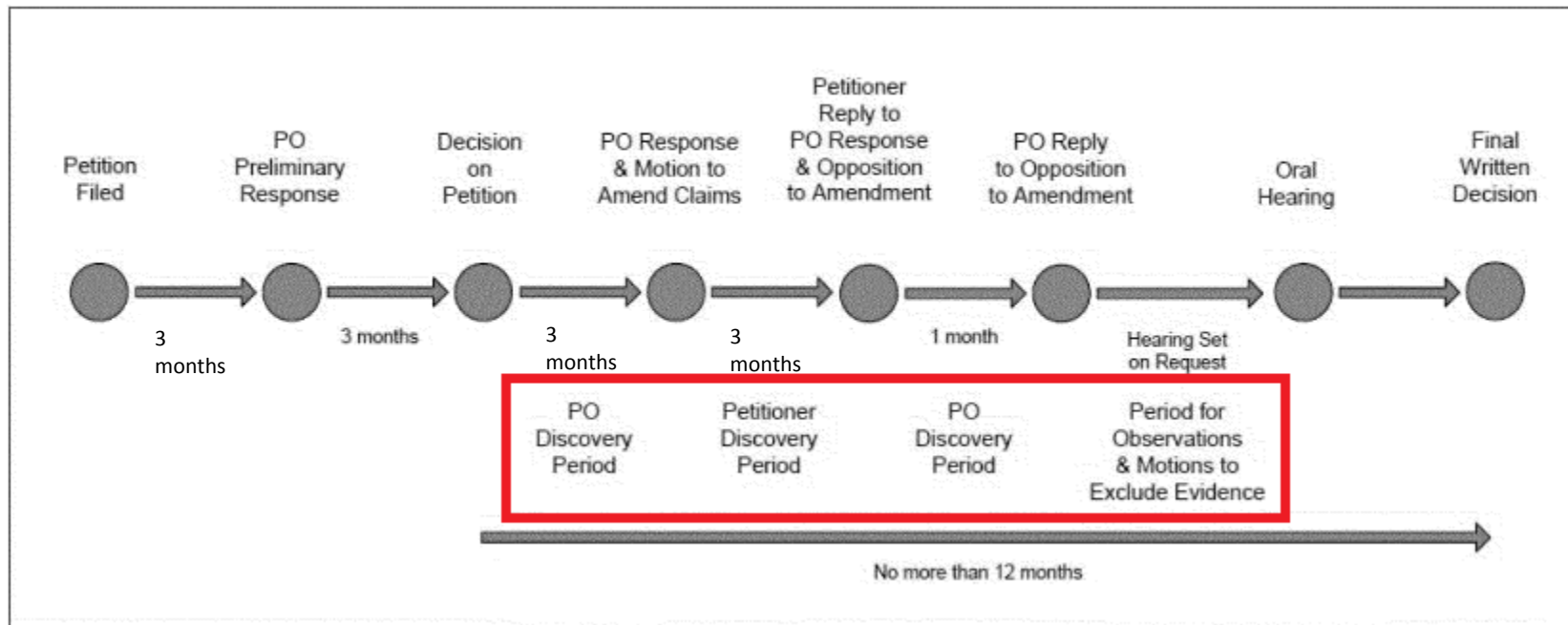
35 U.S.C. § 314(d): “No Appeal. The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

37 C.F.R. § 42.71 (c): “A decision by the Board on whether to institute a trial is final and nonappealable. A party may request rehearing on a decision by the Board on whether to institute a trial pursuant to paragraph (d) of this section. When rehearing a decision on petition, a panel will review the decision for an abuse of discretion.”

## Consequences:

- Either party can challenge PTAB's decision
- Challenge limited to requesting rehearing.
  - 42.71(c) contemplates rehearings for information that the Board is believe to have "misapprehended or overlooked."
  - Who presides? Same panel?
- Standard of review is abuse of discretion (difficult for challenger)
- If request for rehearing is denied, party cannot file an action under the APA.

- Overview of PTO Options for Challenging Validity
- Inter Partes Review and PTAB Trials
  - Pre-Trial
  - **Trial**
  - Post-Trial





- Accompanies petition decision
- Sets forth 7 dates:
  - (1) PO post-institution response to petition and motion to amend (default = 3 mos.)
  - (2) Petitioner reply to PO response and opposition to amendment (default = 3 mos.)
  - (3) PO reply to petitioner opposition (default = 1 mo.)
  - (4) Petitioner motion for observation re cross-examination of reply witness, motion to exclude evidence, request for oral argument (default = 3 weeks)
  - (5) PO response to observation, opposition to motion to exclude (default = 2 weeks)
  - (6) Reply to opposition to motion to exclude (default = 1 week)
  - (7) Oral argument (set upon request)

- Parties can stipulate to different dates for Due Dates (1)-(5)
- Due Dates (6) and (7) cannot be extended
- PO may begin discovery as soon as IPR initiated

- Sequenced discovery process, where each party provided respective discovery periods
- Discovery is limited and except in certain cases requires prior PTAB authorization
- Timing: Established in Scheduling Order/Conference
- Routine discovery – No PTAB authorization required
  - Production of cited exhibits (§ 42.51(b)(1))
  - Cross of opposing declarants; (§ 42.51(b)(2)) and
  - “Non-cumulative information that is inconsistent with a position advanced by [either party] during the proceeding” (§ 42.51(b)(3)).
    - No requirement to explain relevance of information

- Mandatory initial disclosures (§ 42.51(a)).
    - Parties *may* agree to mandatory discovery requiring initial disclosures set forth in Trial Practice Guide.
    - Two options for initial disclosures:
      - Option 1: both parties disclose identities of individuals likely to have discoverable information and provide documents they may use to support defenses
      - Option 2: if petition raises obviousness, petitioner must make disclosures regarding objective evidence
    - Must file no later than due date of PO preliminary disclosure
    - Upon institution of trial, parties may automatically take discovery of information identified in initial disclosure
    - If no agreement, then parties must seek discovery by motion
- Should patent owner agree or simply rely upon routine discovery limits?*

- Additional discovery – PTAB authorization required
  - Must file motion, unless agreement between parties
  - Standard for granting motion: “interests of justice” (very high)
- Compelled testimony and production of documents (§ 42.52 and 35 U.S.C. § 24)
  - Applies to third parties
  - Applies to testimony/production sought outside US
  - Requires PTAB authorization and explanation of relevance

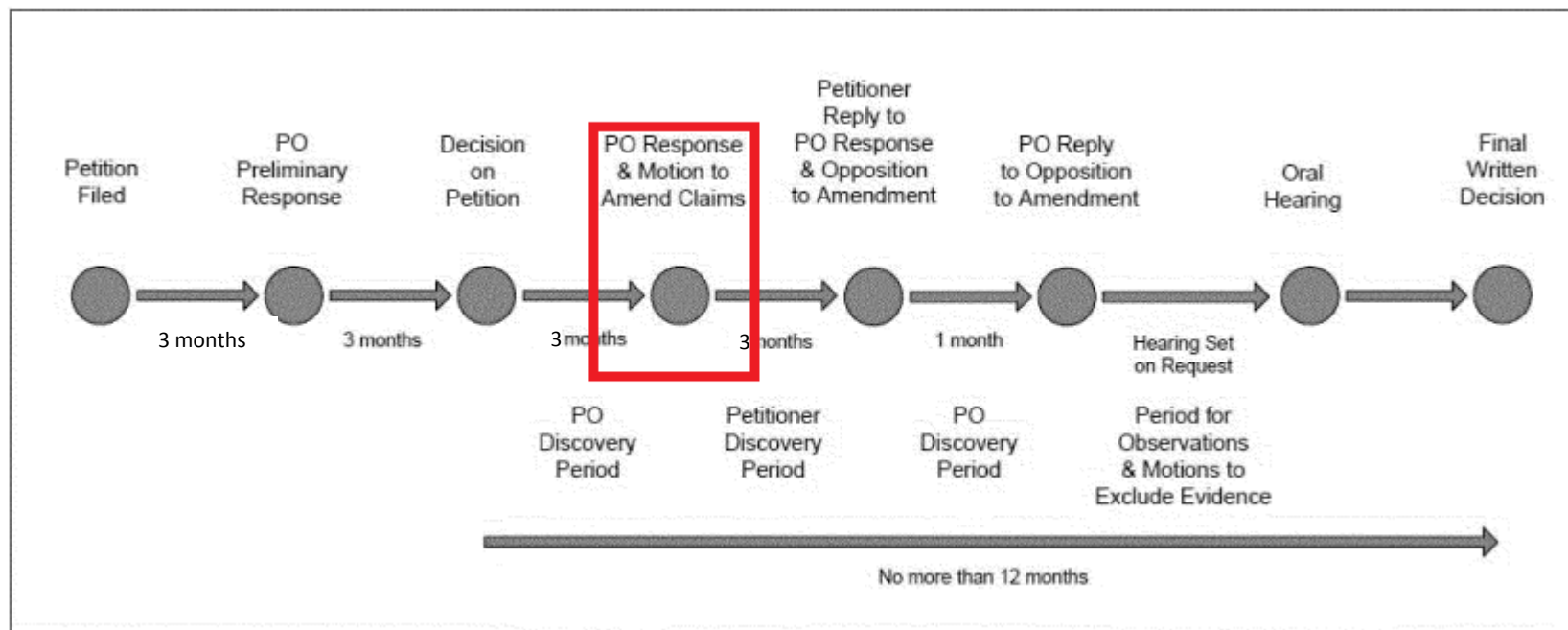
- Taking Testimony (§ 42.53)
  - Direct examination by affidavit. Cross examination by deposition.
  - Objections to content, form, and manner of taking deposition waived unless made during deposition
  - Federal Rules of Evidence apply
  - Can object based upon A/C privilege or work product immunity
  - Time limits imposed on depositions:
    - Compelled deposition testimony: 7 hours for direct, 4 hours for cross, 2 hours for re-direct
    - Non-compelled deposition testimony: 7 hours for cross, 4 hours for re-direct, 2 hours for re-cross

## Confidentiality

- Protective Orders are available to preserve confidentiality (§ 42.54). Trial Practice Guide contains a default Protective Order.
- Mechanism: file motion to seal and include protective order
- Protective order effective upon filing of motion and remains in place until lifted by PTAB
- Parties can negotiate terms; default protective order adopted if no agreement
- NOTE: If PTAB decision relies on or refers to confidential information, expectation is that it WILL be made public. Party must file motion to expunge to maintain confidentiality.
  - Expect confidentiality issues to arise with commercial success evidence

- PTAB prior approval for motions
  - No prior authorization required: motions to seal and motions filed with petitions (e.g., waive page limits)
  - Need authorization but automatically granted: requests for rehearing, motions to exclude evidence, observations on cross-examination
  - Need authorization but not automatically granted: all others (e.g., joinder, file supplemental information, judgment based on supplemental information)
- Typically, authorization for motions obtained during initial conference call, which generally occurs within one month of institution of review
- Any communications with PTAB to be handled through conference call that includes all parties. No prior notice of substance.
- No recourse if motion is denied

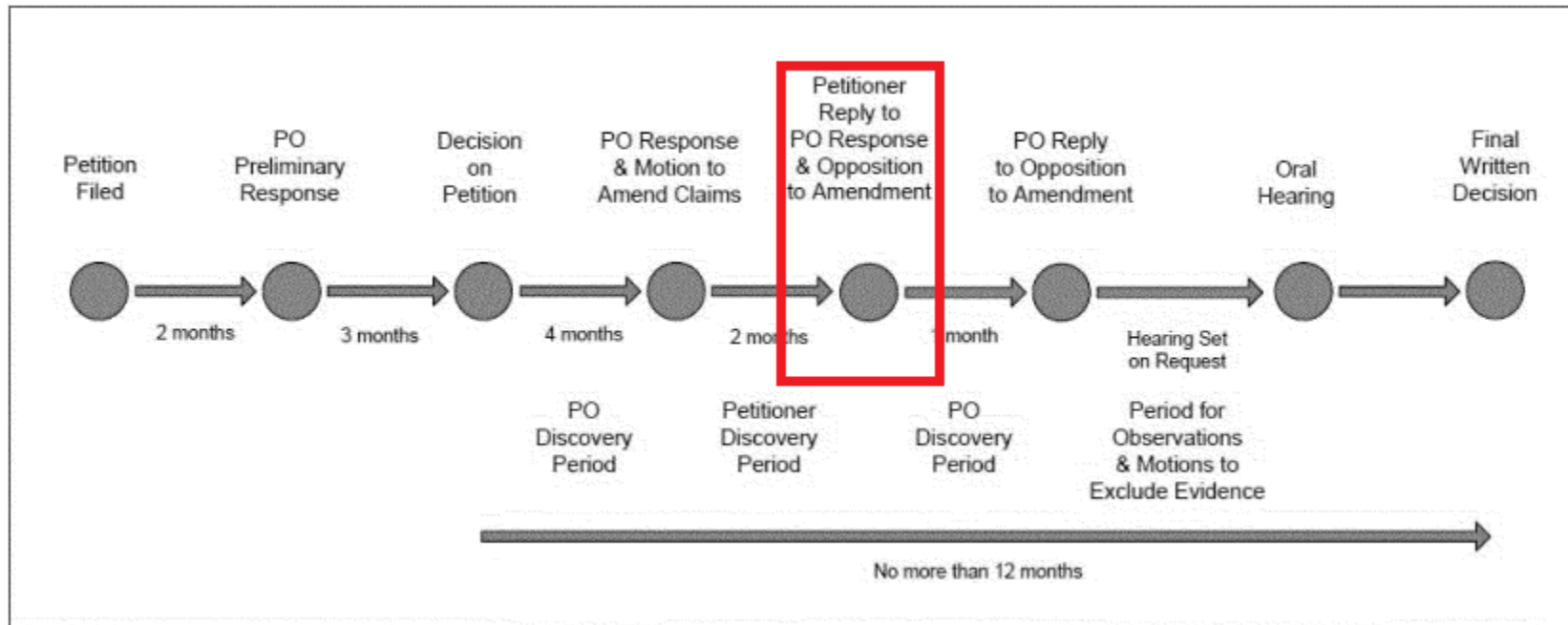




- Response
  - Default due date: 3 months from institution, though will be set in scheduling order
  - Primary means for PO to get evidence on record (decl'ns and documents)
  - Identify all the involved claims that are believed to be patentable and state the basis for that belief
  - 60 Page Limit

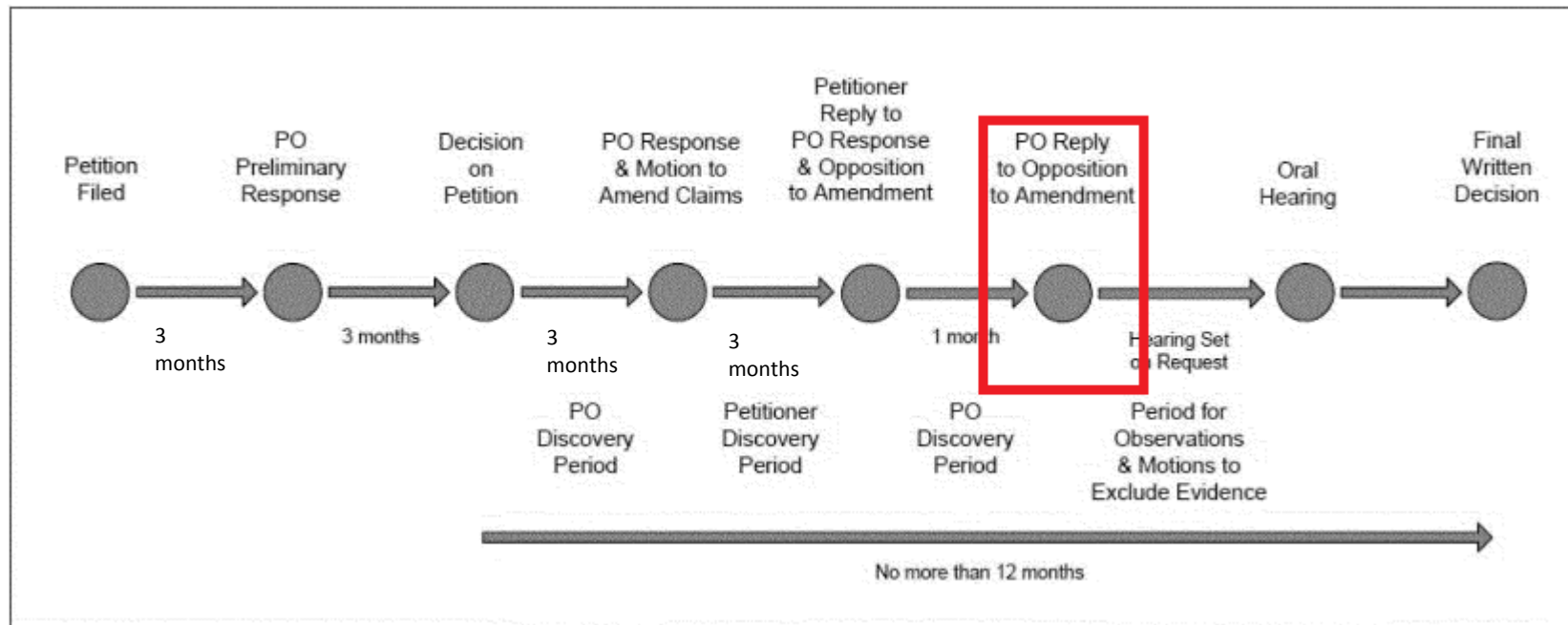
- Amendment
  - Only one amendment allowed by right
  - “Reasonable” number of “substitute” claims (i.e., 1:1)
  - “Should clearly state where the specification and any drawings disclose” amendments
  - **Must notify PTAB you are amending in conference call**
  - Must show “good cause” to amend more than once or after PO Response deadline, or joint request for purpose of materially advancing settlement
  - Amendments must be responsive to grounds of unpatentability raised in trial
  - OK to cancel claims later in proceeding

# Petitioner Reply and Opposition

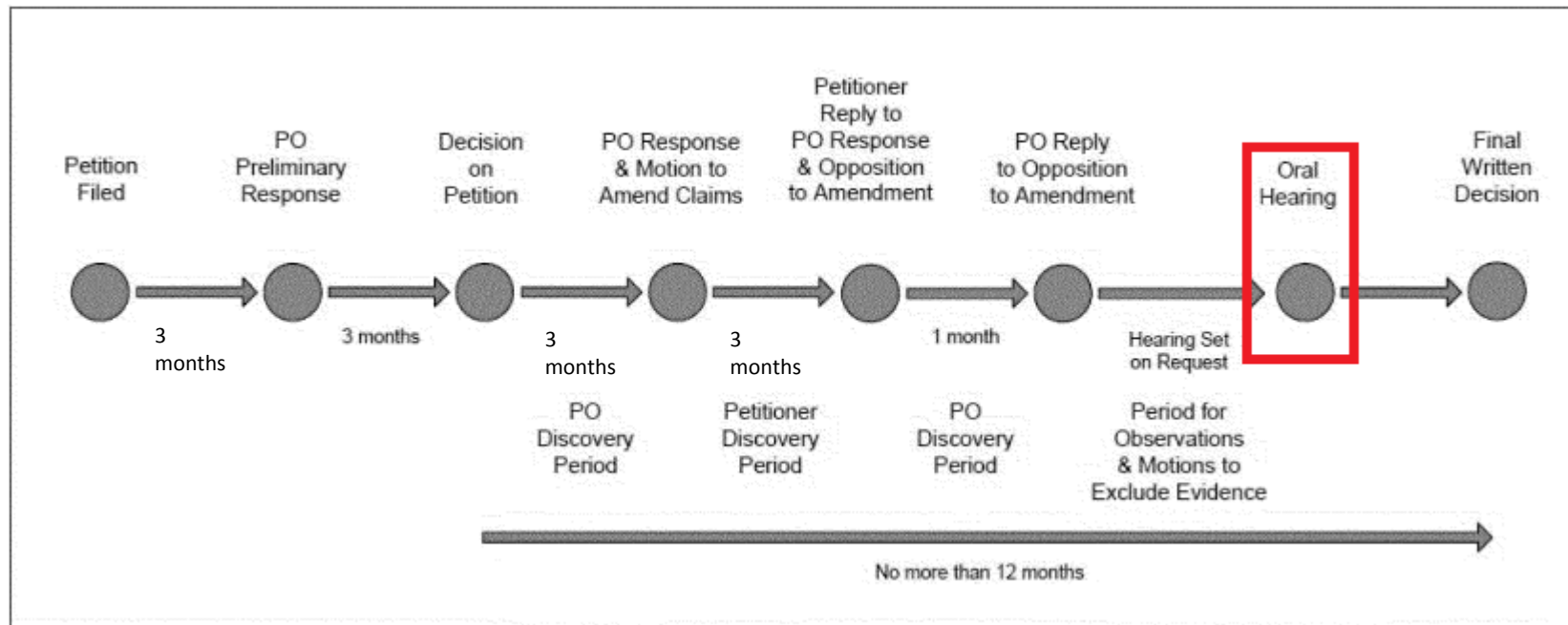


- Due date: default of 3 months after PO Response, but exact date negotiated in scheduling conference
- **Page Limit: 15 pages**
- Reply limited to arguments raised in the PO Response
  - A reply that raises a new issue or belatedly presents evidence will not be considered
  - PTAB will not sort proper from improper portions of the reply
- Petitioner may supplement evidence to respond to new issues arising from proposed substitute claims, including new declarations

# PO Reply to Opposition



- Due date: generally 1 month from Petitioner Reply, though will be set in scheduling order
- Reply may only respond to arguments raised in the Petitioner Opposition to Amendment
- Generally, same evidence rules as Petitioner Reply (e.g., page limit of 15 pages)





- Must be requested in separate filing that outlines issues to be argued
- Timing set in scheduling order
- Three members of board will hear oral arguments
- Order of Arguments: (1) Petitioner, (2) Patent Owner, (3) Petitioner Rebuttal (though may be reversed by PTAB based on issues being presented)
- No new evidence or arguments
- Inform PTAB of any equipment needs as soon as possible
- No live testimony expected (similar to current appeals)

- Overview of PTO Options for Challenging Validity
- Inter Partes Review and PTAB Trials
  - Pre-Trial
  - Trial
  - **Post-Trial**

PTAB renders final decision on petition—What's next?

- Either party can appeal only to the Federal Circuit. No option to file civil action in district court. *35 U.S.C. §§ 141 and 319.*
- Either party can request rehearing by panel within 30 days of decision. Standard: “misapprehended or overlooked” issue. *37 CFR § 42.71.*
- Notice of appeal to Federal Circuit due within 63 days of initial PTAB decision or decision on rehearing. *37 CFR § 90.3.*

- PTAB decision triggers estoppel. *35 U.S.C. § 318(a)*
- Estoppel comes in 2 forms:
  - Proceedings before the PTO (*35 U.S.C. § 315(e)(1)*)
  - Civil Actions and Other Proceedings (*35 U.S.C. § 315(e)(2)*)

- Proceedings before the PTO (*35 U.S.C. § 315(e)(1)*)

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the **real party in interest or privy** of the petitioner, may not **request or maintain a proceeding before the Office** with respect to **that claim** on any ground that the petitioner **raised or reasonably could have raised** during that inter partes review.”

The petitioner ... or real party in interest or privy

... may not request or maintain a proceeding before the office

... with respect to [the challenged] claim

... on a ground that the petitioner raised or reasonably could have raised

- “The petitioner ... or real party in interest or privy”
  - Privy is not defined in rules
  - Practice guidelines provide:

“Actual control or the opportunity to control the previous proceeding is an important clue that such a relationship [i.e. privity] existed ....”

Factors for determining actual control or the opportunity to control include existence of a controlling interest in the petitioner ....”

Consider:

- (a) joint defendants/joint defense agreements
- (b) customer/supplier
- (c) licensee/licensor

- “may not request or maintain a proceeding before the office”
  - May not *request*
    - Petitioner cannot bring a subsequent EPRx or IPR
  - May not ... *maintain*
    - Pending IPRx or IPR filed by petitioner will be terminated
    - But what about a pending EPRx filed by petitioner?
      - ... does a petitioner “maintain” an EPRx, once ordered?
      - ... different grounds?

37 CFR § 42.73(d)(1): Petitioner “is estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which it has obtained a final written decision on patentability ... on any ground that the petitioner raised or reasonably could have raised during the trial.”

- “... with respect to [the challenged] claim”
  - Estoppel applies on a claim by claim basis.
  - Estoppel does not apply to claims for which IPR is not ordered.
  - ... Or does it? Will collateral estoppel apply to common issues?



- “... on any ground ... petitioner raised or reasonably could have raised”
  - IPR limited to printed publications
  - Applicable to grounds raised but not adopted by PTAB?
  - How far does “reasonably could have raised” extend the estoppel?
    - “Reasonably” added, relative to IPRx estoppel
    - Not defined
    - Consider:
      - (a) prior art locatable via routine computer search
      - (b) non-English Ph.D theses in libraries of obscure universities

- Timing: in an IPR “... that results in a final written decision under section 318(a)”

## § 318. Decision of the Board

(a) FINAL WRITTEN DECISION. —If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

- Civil Actions and Other Proceedings (*35 U.S.C. § 315(e)(2)*)

“The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a **civil action** arising in whole or in part under section 1338 or title 28 or in a proceeding before the **International Trade Commission** under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.”

- Estoppel applies to both District Court and ITC actions
- Applies to both pending and prospective actions (“may not assert”)

- Does estoppel also apply to the Patent Owner?
  - Not mandated by the statute
  - **BUT** 37 CFR § 42.73(d)(3) provides:

“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.”

- Does not apply to IPR proceedings that settle. *37 CFR § 42.73(d)(1)*
- Intervening rights applies to amended/substitute claims. *35 U.S.C. § 318(c)*

- Petition
  - 60 Page Limit
  - Primary means for petitioner to put evidence in record
  - Includes claim charts and claim construction
- Optional Preliminary PO Response
  - Due three months from filing date
  - NO amendments. Testimonial evidence if “in the interest of justice”
  - Appears to be for identifying clear statutory failing(s) of petition
- Decision
  - PTAB applies “reasonable likelihood” standard
  - Rehearing available, but NO APPEAL

# Quick Summary of Trial Timeline

- Sequential Discovery
  - Primarily limited to cross examination of opposing declarants
  - Parties can submit mandatory initial disclosures governing discovery
  - Protective orders available to preserve confidential info
- PO Response & Amendment
  - 60 Page Limit
  - Due date set by scheduling order (default is 3 months)
  - One amendment with “substitute” claims allowed by right, but must be cleared with PTAB in conference call
- Petitioner Reply/Opposition & PO Reply
  - 15 Page Limit
  - No new arguments/evidence, except to respond to previous filing
- Oral Hearing
  - Must request in separate filing that outlines arguments
  - Similar in structure to current appeals, but with both parties

- Final Decision
  - Issued not more than 1 year from institution on trial
  - Appealable to CAFC
- Conference Calls
  - Throughout trial, many matters will be handled in conference calls with PTAB and opposing party
  - Most motions must be approved in conference call before filing
  - Initial conference call held within 1 month of institution to discuss scheduling order and anticipated motions



- F&R web sites
  - General: <http://www.fr.com/Services/reexamination/post-grant/>
  - IPR: <http://www.fr.com/reexam-services-post-grant-ipreview/>
  - PGR: <http://www.fr.com/reexam-services-post-grant-pgreview/>
  - Proposed rules governing post-grant: on web pages
- USPTO sites & roadshow
  - 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!



Karl Renner  
Washington, DC  
202-626-6447  
renner@fr.com



Sean Daley  
Boston  
617-956-5940  
daley@fr.com



Dorothy Whelan  
Twin Cities  
612-337-2509  
whelan@fr.com