



Recent Developments Regarding Post-Grant Proceedings Under The AIA

January 2014

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Three New Post-Grant Proceedings Were Introduced Under The AIA

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Inter Partes Review (IPR)

- Replaced *inter partes* reexamination
- Available as of September 16, 2012, as to any enforceable issued patent

Post-Grant Review

- Available for any issued patent with a claim that has an earliest effective filing date on or after March 16, 2013

Supplemental Examination

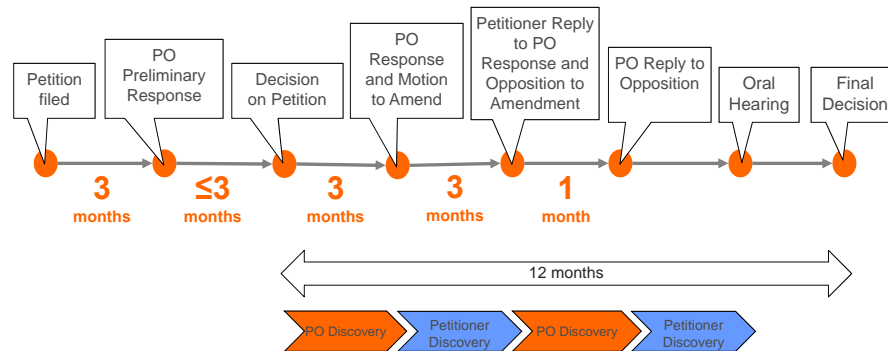
- Available as of September 16, 2013, and can be filed by patent owner for any issued patent anytime before the patent expires

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PTAB Trials

PTAB Trial Procedure and Timing



PO = Patent Owner

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A. Petition

Petitioner's principal brief

- a. Should include all fully developed arguments and evidence
- b. Petition should include a statement of how the challenged claim(s) should be construed
- c. Petitioners' briefs have typically included about 8-10 separate grounds for rejecting claims
- d. Great care should be taken in any decision to hold back information

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B. Patent Owner Preliminary Response

1. Optional – but generally should be filed
 - a. A Patent Owner Preliminary Response is filed in about 80% of cases
2. Limited to reasons why no trial should be instituted
 - a. Considered to determine whether the petition has met the substantive threshold standard or procedural timing requirements
 - b. The USPTO has commented that the Preliminary Response provides an opportunity to set forth the Patent Owner's proposed claim constructions

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C. Decision on Petition (Notice of Trial)

1. Initiates trial on a claim-by-claim, ground-by-ground basis
2. Begins the statutory 12-month time limit for issuing a final decision
3. In most cases, the Board limits the grounds of rejections at issue, e.g., by excluding proposed rejections as cumulative/redundant
4. A party dissatisfied with the inclusion or exclusion of a claim or ground in the trial can request rehearing
5. The Notice may identify the Board's proposed claim construction

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6. A Scheduling Order will be issued with the Notice setting preliminary due dates
7. The Board will initiate a preliminary conference call about one month after the notice in which the parties will discuss proposed motions and can stipulate to different due dates.
8. Two days prior to the conference call, parties must submit a detailed list of proposed motions to be filed during the trial

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- D. Patent Owner Response
1. May address any ground of unpatentability upon which the trial was ordered (including any supplemental information)
 2. Treated as an opposition
 3. Should identify all of the involved claims that are believed to be patentable, explain the basis for that belief, and be filed with all supporting evidence upon which the patent owner intends to rely

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4. Can include new evidence including new documentary evidence and new testimony evidence, such as affidavits from the patent owner's experts and/or witnesses and cross-examination of the Petitioner's experts and/or witnesses

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E. Motion To Amend

1. The Patent Owner has the right to file one motion to amend after conferring with the Board, as long as it is filed no later than the Patent Owner Response period
2. Additional or later-filed motions to amend may be granted with Board authorization
3. Amendments cannot broaden the scope of any claim

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4. An amendment will not be authorized if it is not responsive to a ground of unpatentability for which the trial was ordered
5. Generally, a Patent Owner cannot increase the number of claims by amendment. The rules presume "that only one substitute claim would be needed to replace each challenged claim." For example, patent owners may not be able to present many different backup positions in new dependent claims in a motion to amend. Whether or not a reasonable number of claims is being proposed in the motion to amend will be discussed when conferring with the Board prior to filing the motion

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F. Petitioner Reply to Patent Owner Response

1. May only respond to arguments raised in the Patent Owner Response
2. If new issues are raised or belated evidence is presented, the entire Reply may not be considered
 - a. Examples of belated evidence include:
 - Evidence necessary to make a *prima facie* case of unpatentability; or
 - Evidence that could have been presented in a prior filing

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3. Petitioners should fully present and develop arguments in the Petition—the Reply may not be effective to cure any defective or insufficiently supported arguments raised in the Petition

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G. Opposition to Amendment

1. Separate from the Reply to the Patent Owner Response
2. May respond to new issues arising from proposed substitute claims, including submitting evidence such as expert declarations that are directed to the proposed substitute claims
3. Opposition brief has a 15-page limit for petitioner to address motion to amend, unless another arrangement is agreed to by the Board

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H. Discovery

1. Two types of discovery are available:
 - a. Routine discovery includes any cited exhibits, cross-examination of affidavit testimony, and information inconsistent with a party's position
 - Inconsistent information need only be served on the opposing party—it does not need to be filed in the PTO. No explanation of the information is necessary
 - b. A party may move for additional discovery for good cause (PGR), or in the interest of justice (IPR), but limited to evidence directly related to factual assertions advanced by either party

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2. Parties can agree to mandatory initial disclosures including disclosures related to electronically stored information (ESI)
3. The Practice Guide provides a model order for E-discovery
4. Protective orders are available for confidential information

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I. Motion Practice

1. Relief requested by any party during the trial must be requested in the form of a motion
2. Most motions will not be entered without Board authorization
3. Many types of motions can be filed during trial including, e.g., motions for additional discovery, motions to exclude evidence, motions to seal, motions for joinder, motions to file supplemental information, motions for judgment based on supplemental information, observations on cross-examination, etc.

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4. Each time a party files a motion, the opposing party may file an opposition (15-page limit), and the moving party may reply to the opposition (5-page limit)

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J. Hearing

1. Oral hearing before three PTAB judges
2. Petitioner and patent owner each given approximately 1 hour, including rebuttal, to present arguments and be questioned by the judges
3. The Patent Office has indicated that witness testimony will usually not be necessary

Trends And Issues

Trends And Issues

- A. Majority of petitions are granted (so far)
 1. In the first year of the availability of *inter partes* reviews (September 16, 2012 – September 17, 2013), 87% of IPR petitions considered by the Patent Trial and Appeal Board were granted; about 95% of CBM petitions were granted
 2. More recently, this rate has dropped – of 118 petitions acted on so far by the Board in FY 2014, 88 were granted and 30 were denied (as of January 2, 2014)

Trends And Issues

- a. In the first 6 months, 96% of petitions were granted
 - b. Reasons for slowdown in rate – is the Board scrutinizing petitions more carefully? Has quality of petitions diminished with increased number of filings?
2. Timing – The Board has averaged about 63 days to decide whether to institute a trial (not taking the full 3 month period)

Trends And Issues

- B. Of 647 petitions filed from September 16, 2012 – January 2, 2014, software and electrical patents are challenged most often (71.4% of cases)
 - Mechanical – 15.3%; biotech – 5.2%; chemical – 7.4%; design – .07%
- C. Most petitions are filed by U.S. companies – about 60%
 - Japanese, Taiwanese, Canadian and Swiss companies each represent about 5-10% of petitions

Trends And Issues

D. Use of Expert Testimony

1. Use of experts is not required, but is beneficial
 - a. In approximately 75% of granted petitions, an expert declaration was submitted in support of petition
2. Technology tutorials
 - a. The USPTO has indicated that tutorials are considered very helpful, especially for complex technologies

Trends And Issues

E. District Court Stays

1. In about 85% of the IPR proceedings filed, there was co-pending litigation
 - a. In about 60% of these cases, contested motions to stay the litigation were granted (about 70% of the total number of cases were stayed)

Trends And Issues

F. Concurrent PTO Proceedings

1. PTO has wide discretion to dispose of related proceedings
2. Board has favored staying related Ex Parte Reexaminations pending IPR
3. Board has joined related IPRs into a single proceeding

Trends And Issues

G. Discovery trends

1. "Additional discovery" is difficult to justify
 - a. Only about 15% of motions for additional discovery are granted
 - b. *Garmin Int'l Inc. v. Cuozzo Speed Technologies LLC*, (March 5, 2013) (request for additional discovery denied). See also *Bloomberg, Inc. v. Markets-Alert Pty. Ltd.*

Trends And Issues

b. Five factors are considered:

- "Mere possibility" and "mere allegation" that something useful may be found is not enough
- Asking for litigation positions and underlying basis is not necessary

Trends And Issues

- If the information can reasonably be obtained through other means, a discovery request is not justified
- Complex instructions that are unclear are not allowed
- Requests should not be overly burdensome, taking into account schedule for completing the proceeding

Trends And Issues

2. The Board does not like discovery disputes
 - a. Discovery should be limited, and targeted, consistent with the goal of completing the proceeding promptly
 - b. Examples:
 - Request for all prior art known to Petitioner (beyond art relied on in petition) – denied
 - Request for information related to licensing and commercial implementation – denied

Trends And Issues

- Request for indemnification agreements – denied
 - Request for copies of joint defense agreements in related litigation – denied
3. Even though the PTO's Trial Practice Guide suggests 3 month discovery periods, the Board is setting shorter dates

Questions?