



Recent Developments And Guidelines For U.S. Inter Partes Review Proceedings

May 2016

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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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IPR Proceedings

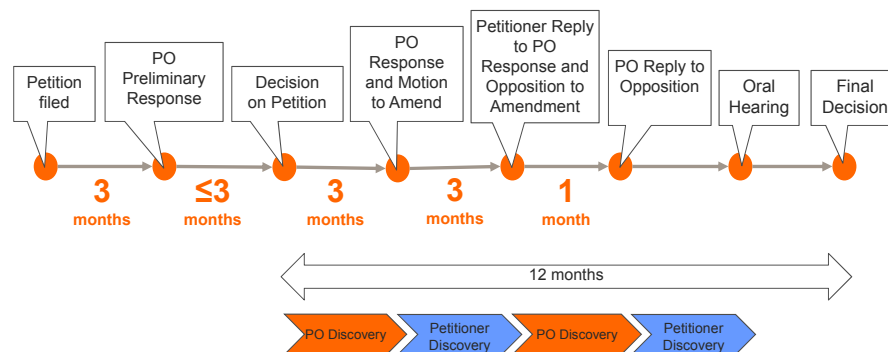
IPR Procedures

IPR procedures were designed to provide an alternative to potentially very expensive U.S. patent infringement litigation:

- Provide a comparatively quick procedure for raising invalidity issues, with very limited discovery.
- Lower burden of proof (preponderance of the evidence) and broader claim construction standard (broadest reasonable construction).
 - But claim construction standard is under review by the U.S. Supreme Court

IPR Proceedings

IPR Procedure and Timing



PO = Patent Owner

IPR Proceedings

Petition

1. Some preliminary issues:
 - a. Petition must identify "all real parties in interest."
See 35 U.S.C. §312.
 - Any party with sufficient control or monetary interest in the matter may be considered a "real party in interest."
 - Estoppels will apply to real parties in interest and privies of the petitioner. See 35 U.S.C. §315(e).
 - Challenge can be raised at any stage of IPR.

IPR Proceedings

Petition

- b. An IPR petition must be filed within one year of the date of service of a complaint alleging infringement of the patent at issue. See 35 U.S.C. §315(b).
 - c. An IPR petition cannot be filed if the petitioner previously filed "a civil action challenging the validity of a claim of the patent," e.g., a declaratory judgment action. See 35 U.S.C. §315(a)(1).
 - But challenging a claim as part of a counterclaim in a patent infringement lawsuit does not bar an IPR.

IPR Proceedings

Petition

2. Petitioner's principal brief:
 - a. Should include all fully developed arguments and evidence:
 - The petitioner ultimately has the burden of establishing that there is a "reasonable likelihood" that at least one challenged claim is unpatentable under §§ 102 or 103.
 - Petition limited to 14,000 words (no longer a 60 page limit).

IPR Proceedings

Petition

- b. Petition "must specify where each element of the claim is found in the prior art patents or printed publications relied upon." See 35 C.F.R. §42.104(b)(4).
 - Can use claim charts in the petition, but claim charts cannot include arguments. See *Xilinx, Inc. v. Intellectual Ventures I LLC*, IPR2013-00112 (Jan. 22, 2013).

IPR Proceedings

Petition

- c. The petitioner's proposed claim constructions must be included in the petition. See 35 C.F.R. §42.104(b)(3).
 - Should provide proposed constructions for any terms that the petitioner believes are likely to be disputed by the patent owner.

IPR Proceedings

Petition

- The "broadest reasonable construction" standard for construing claim terms currently applies. See *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297 (Fed. Cir. 2015).
 - The U.S. Supreme Court has granted certiorari to review the Federal Circuit's *In re Cuozzo Speed Techs* decision.
 - Oral argument heard April 25.

IPR Proceedings

Petition

- d. Petitioners' briefs often include about 8-10 separate grounds for rejecting claims, but several strong arguments may be more effective than 8-10.

IPR Proceedings

Ground	'459 Patent Claims	Basis for Rejection
I	1-3, 7, and 18	Anticipated under 35 U.S.C. § 102 by the '683 Publication.
II	4-6	Obvious under 35 U.S.C. § 103 over the '683 Publication in view of the '194 Patent.
III	1-3, 7, and 18	Anticipated under 35 U.S.C. § 102 by the '048 Publication.
IV	4-6, 16, and 17	Obvious under 35 U.S.C. § 103 over the '048 Publication in view of the '194 Patent.
V	18	Anticipated under 35 U.S.C. § 102 by the '970 Patent.

IPR Proceedings

Petition

- e. Care should be taken in any decision to hold back information – risk of estoppel:
 - Once the USPTO issues a final written decision, the patent challenger is precluded from challenging the patent claims in a later proceeding in the USPTO, U.S. District Court litigation, or a USITC proceeding, on any grounds that the challenger "raised or reasonably could have raised" in the IPR. See 35 U.S.C. §315(e).

IPR Proceedings

Petition

- f. Petition can be based on patents and printed publications that petitioner must show qualify as prior art:
 - PTAB "may take into account whether, and reject a petition because..., the same or substantially the same prior art or arguments previously were presented to the Office." See 35 U.S.C. § 325(d).

IPR Proceedings

Petition

- But in *Zhongshan Broad-Ocean Motor Co., Ltd. v. Nidec Motor Corp.*, IPR2015-00465 (June 25, 2015) we successfully instituted an IPR based on prior art of record during prosecution. See also *Microsoft Corp. v. Parallel Networks Licensing, LLC*, IPR2015-00483 (July 15, 2015).

IPR Proceedings

Petition

- g. Expert declarations supporting an IPR petition are not required, but are extremely useful:
 - Expert declarations can be used, e.g., to explain the technology; explain the broadest reasonable construction of potentially disputed terms; explain the prior art; and provide basis for motivation to combine references in an obviousness analysis.

IPR Proceedings

Patent Owner Preliminary Response

1. Optional – but generally should be filed:
 - a. A Patent Owner Preliminary Response is filed in about 80% of cases.
 - b. 30% of petitions are denied when a Preliminary Response is filed, compared to 19% when no Preliminary Response is filed.
 - c. Also has a 14,000 word limit.

IPR Proceedings

Patent Owner Preliminary Response

2. Generally limited to reasons why no trial should be instituted:
 - a. Challenge whether Petitioner has met the substantive threshold standard and procedural timing requirements.

IPR Proceedings

Patent Owner Preliminary Response

- b. Provides an opportunity to set forth the Patent Owner's proposed claim constructions and identify deficiencies in Petitioner's invalidity positions before the PTAB determines whether to institute the IPR.
- c. Can also challenge issues such as Petitioner's standing to file the petition, and whether the real parties in interest have been identified in the petition.

IPR Proceedings

Patent Owner Preliminary Response

- 3. Rules amended effective May 2, 2016 to permit testimonial evidence (expert declaration) to be submitted with Preliminary Response:
 - a. "If a genuine issue of material fact is created by testimonial evidence, the issue will be resolved in favor of petitioner solely for institution purposes, so that petitioner will have an opportunity to cross-examine the declarant during the trial."
- 4. The PTAB may permit petitioners to file a reply on a case-by-case basis.

IPR Proceedings

Decision on Petition (Notice of Trial)

1. The PTAB Initiates the IPR on a claim-by-claim, ground-by-ground basis.
2. The PTAB's decision to initiate the IPR 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.

IPR Proceedings

Decision on Petition (Notice of Trial)

4. A party dissatisfied with the inclusion or exclusion of a claim or ground in the trial can request rehearing, but a PTAB decision denying institution is not appealable to the Federal Circuit. *See In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015).
5. The Notice may identify the Board's proposed claim construction.

IPR Proceedings

Decision on Petition (Notice of Trial)

6. A Scheduling Order will be issued with the Notice setting preliminary due dates.
7. The Board may 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.

IPR Proceedings

IPR2015-00465
Patent 8,049,459 B2

DUE DATE APPENDIX

DUE DATE 1 September 18, 2015
Patent owner's response to the petition
Patent owner's motion to amend the patent

DUE DATE 2 December 11, 2015
Petitioner's reply to patent owner's response to petition
Petitioner's opposition to motion to amend

DUE DATE 3 January 15, 2016
Patent owner's reply to petitioner's opposition to motion to amend

DUE DATE 4 February 5, 2016
Motion for observation regarding cross-examination of reply witness
Motion to exclude evidence
Request for oral argument

DUE DATE 5 February 19, 2016
Response to observation
Opposition to motion to exclude

DUE DATE 6 February 26, 2016
Reply to opposition to motion to exclude

DUE DATE 7 March 22, 2016
Oral argument (if requested)

IPR Proceedings

Patent Owner Response

1. May address any ground of unpatentability upon which the trial was ordered (including any supplemental information, e.g., evidence of secondary considerations).
2. Treated as an opposition to the petition.

IPR Proceedings

Patent Owner Response

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

IPR Proceedings

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.

IPR Proceedings

Motion To Amend

3. Amendments cannot broaden the scope of any claim and must be fully supported by the specification – burden is on the Patent Owner to demonstrate patentability over known prior art.
 - a. New rule confirms that the patent owner must only demonstrate patent ability over the prior art that they know of, not all prior art if patent owner is not aware of it.
4. Recent PTAB decisions (discussed below) provide guidance on when a patentee may amend/substitute claims.

IPR Proceedings

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:

IPR Proceedings

Petitioner Reply to Patent Owner Response

- 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.

IPR Proceedings

Petitioner Reply to Patent Owner Response

3. As noted above, 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.
4. Recent case law also cautions against relying on supplemental evidence. *See Redline Detection, LLC v. Star Envirotech, Inc.*, Appeal No. 15-1047 (Fed. Cir. December 31, 2015) (affirming PTAB's denial of Petitioner's timely filed motion to supplement, which included Petitioner's expert declaration).

IPR Proceedings

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.
 - b. A party may move for additional discovery in the interest of justice, but limited to evidence directly related to factual assertions advanced by either party.

IPR Proceedings

Discovery

2. In practice, additional discovery is typically very limited, *e.g.*, to discovery directed to the real parties in interest or evidence of secondary considerations (if raised by the Patent Owner).
3. Parties can agree to mandatory initial disclosures including disclosures related to electronically stored information (ESI).
4. The PTAB Trial Practice Guide provides a model order for E-discovery, and protective orders are also available for confidential information.

IPR Proceedings

Additional 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 prior Board authorization.

IPR Proceedings

Additional Motion Practice

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.
4. Each time a party files a motion, the opposing party may file an opposition, and the moving party may reply to the opposition.

IPR Proceedings

Hearing

1. Oral hearing before three PTAB judges:
 - a. Must be requested in a post filing that lists the issue(s) to be argued.
2. Petitioner and patent owner each given approximately 45 minutes to 1 hour, including rebuttal, to present arguments and respond to questions from the judges.

IPR Proceedings

Hearing

3. Although demonstrative exhibits can be used, the PTAB Trial Practice Guide notes that "[t]he Board has found that elaborative demonstrative exhibits are more likely to impede than help an oral argument."
 - a. Demonstrative exhibits must be exchanged with opposing counsel at least 7 business days before the oral argument.

IPR Proceedings

Hearing

4. The Patent Office has indicated that witness testimony will usually not be necessary:
 - Must file a separate motion requesting presentation of live testimony.
 - In the first case in which the inventor testified at hearing, PTAB ruled that the challenged claims were invalid. See *K-40 Electronics, LLC v. Escort, Inc.*, IPR2013-00203 (Aug. 27, 2014).

IPR Proceedings

Appeal

1. Either party may appeal the PTAB decision to the U.S. Court of Appeals for the Federal Circuit:
 - *In re Cuozzo Speed Techs., LLC* (Fed. Cir. Feb. 4, 2015):
 - First appeal to the Federal Circuit from a final written IPR decision.

IPR Proceedings

Appeal

- Among other things, upheld "broadest reasonable interpretation" standard and that 35 U.S.C. §314(d) prohibits review of the decision to institute IPR, even after a final decision (under review by the U.S. Supreme Court).

IPR Proceedings

Appeal

2. The Federal Circuit has generally affirmed the PTAB decisions that have been appealed so far:
 - a. In the first 55 post-grant appeals to the Federal Circuit, 89% were affirmed or dismissed.
 - b. But deference to the PTAB is limited – in *Cutsforth, Inc. v. MotivePower, Inc.*, App. No. 2015-1316 (Fed. Cir., Jan. 22, 2016)(non-precedential), the Federal Circuit vacated a decision against the patent owner, and criticized the PTAB for not adequately and clearly explaining the basis for its obviousness ruling.

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

1. Based on USPTO FY 2015 statistics, in the nearly three years of the availability of inter partes reviews (September 16, 2012 – September 30, 2015), 3,561 IPR petitions were filed (412 Covered Business Methods (CBM) petitions filed).

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

2. Rate of Institution:

FY	% of Petitions Resulting In Institution of IPR	% Denied	Total
2013	87% (177)	13% (26)	203
2014	75% (572)	25% (193)	765
2015	68% (917)	32% (426)	1,343

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

- 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? Are Patent Owner Preliminary Responses becoming more effective?

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

- c. Settlements also account for some slowdown:
 - Pre-institution – 275 petitions settled in FY 2015
 - Post-institution – 189 trials settled in FY 2015

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

- 3. Timing – The Board was initially averaging about 76 days to decide whether to institute a trial (not taking the full 3 month period). This timing has been gradually increasing and can now take up to 6 months.
- 4. By the end of FY 2015, 2,303 (58%) of the 3,973 IPR and CBM petitions filed since these proceedings began in September 2012 reached final disposition:
 - a. "Final disposition" = (i) completion of trial; (ii) denial or dismissal of petition; or (iii) settlement.

IPR Trends And Issues

Majority of IPR Petitions Granted (so far)

5. High rate of claim cancellation in PTAB decisions for the 575 IPR petitions that were completed through to a final written PTAB decision through September 30, 2015, 87% cancelled at least one claim, and 72% cancelled all challenged claims (CBMs – 96% cancelled at least one claim, and 82% cancelled all claims).

IPR Trends And Issues

Focus is on Software and Electrical Patents

1. About 63% of petitions challenge software and electrical patents.
2. Mechanical – 23%; biotech/pharma – 9%.

IPR Trends And Issues

Amendments/Substitution of Claims

1. During an IPR, the patent owner may file a motion to amend by cancelling any challenged claim, and, optionally, for each challenged claim that it cancels, proposing substitute claims. See 35 U.S.C. §316(d).
 - a. A motion to amend will be denied if the amendment does not respond to a ground of patentability upon which institution of the IPR was based; seeks to broaden the scope of the claims; or introduces new subject matter.

IPR Trends And Issues

Amendments/Substitution of Claims

- b. A motion to amend must include a claim listing, showing the changes clearly, and must set forth the support in the original specification for each amended claim.

IPR Trends And Issues

CLAIM LISTING

18. (PROPOSED AMENDED CLAIM 18) A blower motor assembly comprising:

a variable speed motor and motor controller;

a power input coupled with the motor controller for providing operating current for powering the variable speed motor and comprising at least first, second, and third inputs for receiving AC power from an AC power source wherein each input corresponds to a different operating parameter for the motor;

at least two sensing circuits, each of said at least two sensing circuits is adapted for sensing a magnetic field generated by the operating current flowing through the power input to determine which of at least one of the first, second, and third inputs power is applied to and for delivering a corresponding signal to the motor controller for selecting [[a]] the corresponding operating parameter for the motor;

wherein the motor controller determines to which of the first, second, and third inputs power is applied by determining which of the sensing circuits sense power and which of the sensing circuits sense no power and wherein the motor controller selects the corresponding operating parameter based upon power sensed at more than one of said sensing circuits.

IPR Trends And Issues

Amendments/Substitution of Claims

2. In *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027 (June 11, 2013) and *Riverbed Technology, Inc. v. Silver Peak Systems, Inc.*, IPR2013-00402 (December 30, 2014), the PTAB provided guidance as to when claim amendments will be allowed.
3. The patent owner bears the burden of proof to establish patentability of amended/substituted claims over prior art of record and prior art known to the patent owner. See *MasterImage 3D Inc. v. RealD Inc.*, IPR2015-00040 (July 15, 2015).

IPR Trends And Issues

Amendments/Substitution of Claims

4. For each substitute claim, the patentee must make a showing of patentable distinction over the prior art:
 - The PTAB has explained that "the prior art of record" refers to (i) any material prior art in the prosecution history; (ii) any material art of record in the current proceeding; and (iii) any material prior art in any other proceeding before the USPTO involving the patent.

IPR Trends And Issues

Amendments/Substitution of Claims

- The Federal Circuit confirmed that "a patent owner does not need to show that its claims are patentable over the entire universe of incited art, but still needs to show that its claims are patentable over the prior art of record – which includes art in the prosecution history of the patent." *Prolitec, Inc. v. Scentair Techs., Inc.*, App. No. 2015-1020 (Fed. Cir., Dec. 4, 2015).

IPR Trends And Issues

Amendments/Substitution of Claims

5. Patentee should identify features added to each substitute claim, and provide "technical facts" and "construction of terms" establishing patentability.
6. A challenged claim can be replaced by only one claim:
 - PTAB evaluates substitution on a claim-by-claim basis.

IPR Trends And Issues

Use of Expert Testimony

1. As noted above, use of experts is not required, but can be very beneficial:
 - a. In approximately 75% of granted petitions, an expert declaration has been submitted in support of petition.
 - b. PTAB will often deny institution if arguments are supported by attorney argument alone.

IPR Trends And Issues

Use of Expert Testimony

2. Expert declarations can be useful to explain the prior art:
 - a. See, e.g., *Trivascular Inc. v. Shaun W. Samuels*, IPR2013-00493 (December 3, 2014) in which the PTAB confirmed certain claims of a patent directed to an inflatable stent because the petitioner failed to provide an expert declaration or other evidence "to establish that a person of ordinary skill in the art would understand [the prior art reference] to disclose" certain claimed features.

IPR Trends And Issues

Use of Expert Testimony

3. Expert declarations can be useful to support claim construction positions:
 - a. But an expert declaration must provide a thorough analysis in this regard, or it may be rejected by the PTAB. See, e.g., *Corning Incorporated v DSM IP Assets B.V.*, IPR2013-00053 (May 2, 2013)(expert opinion on claim construction was conclusory and did not include evidence upon which opinion was based, and thus was given no weight by the PTAB).

IPR Trends And Issues

Use of Expert Testimony

4. Be careful of incorporating by reference information from expert declaration into petition:
 - a. All arguments must be fully set forth in the petition – the PTAB will not consider information in an expert declaration if it is not also sufficiently discussed in the petition. See *Tempur Sealy International Inc. v. Select Comfort Corporation*, IPR2014-01419 (Feb. 17, 2015).
5. Expert declarations also can be useful in supporting patentability of proposed substitute claims.

IPR Trends And Issues

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.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

1. 90% of all IPR petitions are directed to patents that are also involved in District Court litigation.
2. One year bar applies – an inter partes review may not be instituted if the petition is filed more than one year after the date on which the petitioner, real party in interest or privy of the petitioner is served with a complaint for patent infringement. See 35 U.S.C. § 315(a)(1).

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- a. The bar applies with respect to all patent infringement complaints filed after the effective date of the AIA (September 16, 2012).
- b. But a party cannot file an IPR Petition if it first brought a declaratory judgment action for invalidity on the same patent at issue in the litigation. See 35 U.S.C. § 315(a)(1).
 - This rule does not affect the ability to file a declaratory judgment counterclaim in a response to a patent infringement complaint.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

3. Considerations in Choosing IPR vs. District Court Litigation:

a. Time to decision:

- IPR is usually instituted in about 6 months after a petition is filed, and the PTAB must issue a final decision within one year of institution.
- Some U.S. District Courts proceed to trial in less than one year (E.D. Virginia and W.D. Wisconsin), but most courts take two years or more.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

b. Discovery:

- Discovery is available in an IPR, but scope is very limited.
- Discovery is very broad in a U.S. District Court litigation, and can be burdensome and expensive.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- c. Claim Construction:
 - Broadest reasonable construction applies in an IPR, which can make it easier to invalidate claims.
 - But U.S. Supreme Court may change or modify this standard in the *In re Cuozzo Speed Techs.* case, as noted above.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- Traditional claim construction principles in U.S. District Court litigation, based on claim language, specification and prosecution history, can be narrower.
- New rule – parties can propose to have traditional *Phillips* claim construction standard apply for patents that will expire during an IPR proceeding.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

d. Estoppels:

- Once the USPTO issues a final written decision, the patent challenger is precluded from challenging the patent claims in a later proceeding in the USPTO, a District Court litigation or the USITC, on any grounds that the challenger "raised or reasonably could have raised" in the IPR. See 35 U.S.C. § 315(e).
- The estoppel provisions can affect proceedings in the USPTO (§ 315(e)(1)) or civil actions in U.S. District Courts or before the USITC (§ 315(e)(2)).

IPR Trends And Issues

IPRs and U.S. District Court Litigation

e. Estoppels will be broadly applied:

- *Dell, Inc. v. Electronics and Telecommunications Research Institute*, IPR2015-00549 (March 26, 2015) (confirming that estoppel will apply with respect to prior art that a "skilled searcher" could have discovered conducting a "diligent search").

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- f. The legislative history of the AIA further supports the view that "could-have-raised estoppel extends only to that prior art which a skilled searcher conducting a diligent search reasonably could have been expected to discover," as opposed to "a scorched-earth search around the world."
157 Cong. Rec. S1375 (March 8, 2011).

IPR Trends And Issues

IPRs and U.S. District Court Litigation

4. District Court Stays
 - a. Through September 2015, stays sought in approximately 674 cases:
 - Stay granted in 470 cases (some by stipulation or agreement).
 - Stay more likely granted after IPR has been instituted (64% v. 43%).
 - b. Success rate by popular U.S. District Courts:
 - N.D. Cal. 73%; D. Del. 56%; E.D. Tex. 29%.

IPR Trends And Issues

IPRs and U.S. District Court Litigation

c. Timing is the key:

- *Unifi Scientific Batteries v. Sony Mobile Communications, et al.*, (E.D. Texas, January 14, 2014) (motion to stay denied because plaintiff NPE's right to enforce its patent rights would be delayed, and significant discovery and other case activity had already occurred).
- *Clouding IP LLC v. SAP AG, et al.* (D.Del. January 21, 2014) (motion to stay denied where significant litigation activity, including discovery and a claim construction hearing, already occurred).

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- *General Electric Co. v. Kontera Techs., Inc.* (D. Del., December 4, 2013) (motion to stay granted, except for the completion of fact discovery, which was already under way).
- *Ultratec Inc. Sorenson Communications, Inc.* (W.D. Wisc., November 14, 2013) (fact of filing IPR does not warrant stay, and plaintiff's right to enforce its rights would be delayed given Court's quick schedule).

IPR Trends And Issues

IPRs and U.S. District Court Litigation

- d. Costs:
- IPR cost is significantly less than a U.S. District Court litigation, which can cost millions of dollars.
 - IPR cost factors include scope of prior art and number of grounds of rejection, and motion practice, particularly motions to amend.
 - Base Filing fee is \$23,000 (\$14,000 refunded if Petition is denied).
 - Additional fees depending on the number of claims challenged in the petition.

IPR Trends And Issues

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.*

IPR Trends And Issues

Discovery Trends

- c. 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.

IPR Trends And Issues

Discovery Trends

- 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.

IPR Trends And Issues

Discovery Trends

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.

IPR Trends And Issues

Discovery Trends

- 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.

IPR Trends And Issues

Discovery Trends

4. Be careful of broad, general statements in filings:
 - *C&D Zodiac, Inc. v. B/E Aerospace, Inc.*, IPR2014-00727 (April 14, 2015) (general statement about the state of the art in patent owner's preliminary response led to additional discovery).

IPR Trends And Issues

Late Settlements May Not Prevent A PTAB Decision

1. *Interthinx, Inc. v. CoreLogic Solutions, LLC*, CBM2012-00007 (January 30, 2014) (even though parties reported the matter settled, PTAB issued decision invalidating patent claims "in view of the advanced stage of the proceedings").
2. Can often be used as a tool in a negotiation:
 - a. One often helpful negotiation strategy – prepare draft IPR petition and threaten to file it if a prompt and reasonable resolution is not reached.

Questions?