

Post Grant Review: A Brave New World

Presented to: State Bar of Idaho
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Advisors for the Knowledge Economy

New USPTO Trial Procedures



- *Inter Partes* Review (IPR): 35 U.S.C. §§311-319
- Covered Business Method Review (CBM): AIA §18
- Post-Grant Review (PGR): 35 U.S.C. §§321-329
- Derivation Proceedings: 35 U.S.C. §135

Inter Partes Review (IPR)



- All patents more than 9 months from issue are eligible
- Anyone but patent owner can file a Petition
 - Charge of infringement is not a prerequisite. 35 U.S.C. §311
- Petitioner must not have filed a DJ of invalidity. §315(a)
 - Filing a DJ for non-infringement is permitted
 - Asserting invalidity as an “affirmative defense” is permitted
 - Filing DJ counterclaim of invalidity is permitted
- Petition based only on §§102 and 103. §311(b)
- Petition may not be based on §§101 or 112 issues

Inter Partes Review Timely Filing



- “An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” §315(b)
- Does not apply to “a request for joinder.” *Id.*
- A prior complaint dismissed without prejudice does not trigger the 315(b) bar. *See Oracle v. Click-to-Call Techs., LLP*, IPR2013-00312, Paper No. 40 (Dec. 18, 2013).

Covered Business Method



- Petitioner must be sued or charged with infringement
- Petitioner may challenge a CBM patent on “any ground specified in part II as a condition for patentability” or under §112 (except for best mode) or §251 (reissue).
- “Part II” of Title 35 includes §§100-212
 - “Chapter 10—”Patentability of Inventions (§§100-105)”
 - “§ 101. Inventions patentable”
 - “§ 102. Conditions for patentability: novelty”
 - “§ 103. Conditions for patentability: non-obvious”

CBM: § 112 Challenge



A patent is invalid is indefinite under § 112 if “its claims, read in light of the patent’s specification and prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.”

Nautilus, Inc. V. Biosig Instr., Inc., 134 S.Ct. 2120 (2014)

Broad CBM Patent Definition



CBM Patent-- “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a ***financial product or service***, except that the term *does not include patents for **technological inventions***.” AIA §18(d)(1)

“A patent need only one claim directed to a covered business method to be eligible for review.” *Apple v. Sightsound Techs., LLC*, CBM2013-0019, Paper No. 17 at 12 (Oct. 8, 2013)

CBM: Technological Invention



- “Technological Invention”:
 - Recites a technological feature that is novel and unobvious over the prior art; and
 - Solves a technical problem using a technical solution.
- Not a “technological invention”
 - Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.
 - Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and nonobvious.
 - Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

77 Fed. Reg. 48756, 48764 (Aug. 14, 2012).

Covered Business Method



“A system that monitors and facilitates a review of data collected from a vehicle that is used to determine a level of safety or cost of insurance comprising:

a processor that collects vehicle data from a vehicle ...;

a memory that stores selected vehicle...;

a wireless transmitter configured to transfer ...to a distributed network and a server;

a database operatively linked to the server ...;

where the server is configured to process selected vehicle data that represents one or more aspects of operating the vehicle with data that reflects how the selected vehicle data *affects a premium of an insurance policy*, safety or level of risk; and where the server is further configured to generate a rating factor based on the selected vehicle data stored in the database.”

Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co., CBM2013-0009,
Paper No. 10 (Mar. 28, 2013) (Order instituting CBM review of claims)

2016 Fee Schedule



- Inter partes review request - Up to 20 claims: \$9K
- Inter partes review post-institution - Up to 15 claims: \$14K
- Inter partes review request of each claim in excess of 20: \$200
- Inter partes post-institution request of each claim in excess of 15: \$400

- Post-grant or CBM request - Up to 20 claims: \$12K
- Post-grant or CBM post-institution - Up to 15 claims: \$18K
- Post-grant or CBM request of each claim in excess of 20: \$250
- Post-grant or CBM post-institution request of each over 15: \$550

Threshold Issues



- IPR Standard: A reasonable likelihood that petitioner would prevail as to at least one of the claims challenged. 35 U.S.C. §314(a)
- CBM/PGR Standard: More likely than not that at least one of the claims challenged is unpatentable.
- Claims are given their “broadest reasonable interpretation” that is consistent with the specification.
- “Heavy Presumption” that the claim term carries its ordinary and customary meaning.

Claim Construction



- Less emphasis on prosecution history because Patent Owner has the ability to amend (at least in theory)
- Means plus function elements are limited to corresponding structure described in the specification
 - For computer-implemented means plus function elements, Petitioner must identify the specific algorithm used to program the computer.
 - “Processor” for performing a function held to be a means plus function element. See *Ex parte Lakkala*, Appeal 2011-001526 (Mar. 13, 2013), available at http://www.uspto.gov/ip/boards/bpai/decisions/inform/ex_parte_lakkala_fd2011001526.pdf.
- Failure to identify the corresponding structure may result in the trial being terminated. *Blackberry Crop v. MobileMedia Ideas, LLC*, IPR2013-00036, Paper No. 65 (Mar. 7, 2014) (terminating trial)

Petitions



- Mandatory Notices. 37 CFR § 42.8
 - (1) Real party-in-interest.
 - (2) Related matters.
 - (3) Lead and back-up counsel
- Grounds for standing. §§ 42.104(a), 42.304(a)
- Statement of relief. §§ 42.104(b), 42.304(b)
 - Claim
 - Statutory ground (e.g., § 102 or § 103)
 - Claim construction (including corresponding structure)
 - Factual basis for contention
 - Identification of exhibits
- Certificate of service. § 42.6(e)
- 14-pt font, double spaced. § 42.6
 - Claim charts may be single-spaced
- Page Limits: 14K words/IPR; 18.7K words/CBM. §42.24(a)

Redundancy in Petitions



- “[M]ultiple grounds, which are presented in a redundant manner by a petitioner who makes no meaningful distinction between them, are contrary to the regulatory and statutory mandates, and therefore are not all entitled to consideration.”

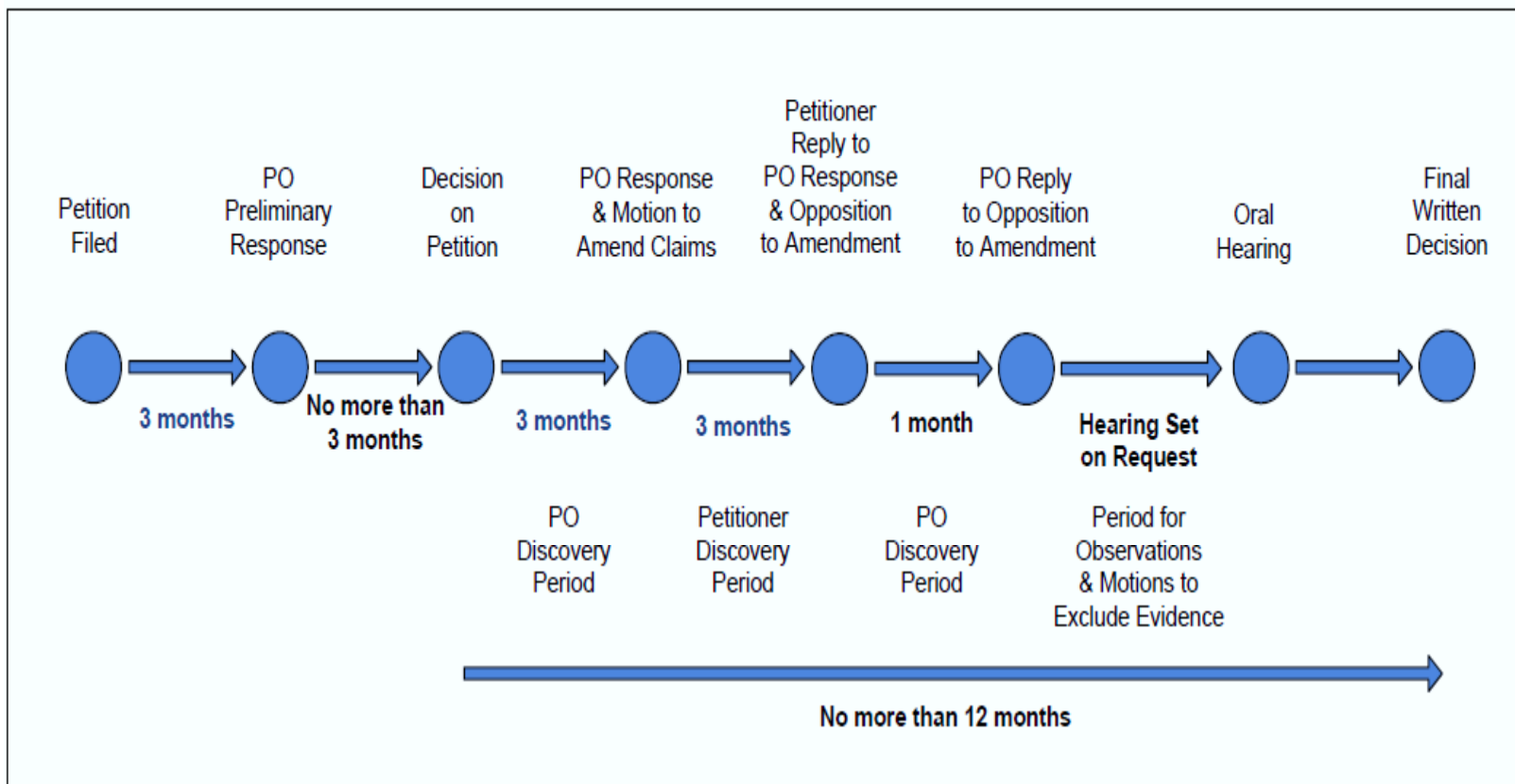
Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co., CBM2012-00003, Paper No. 7 (Oct. 25, 2012) (ordering petitioner to select small subset of 422 grounds of unpatentability)

Redundancy in Petitions

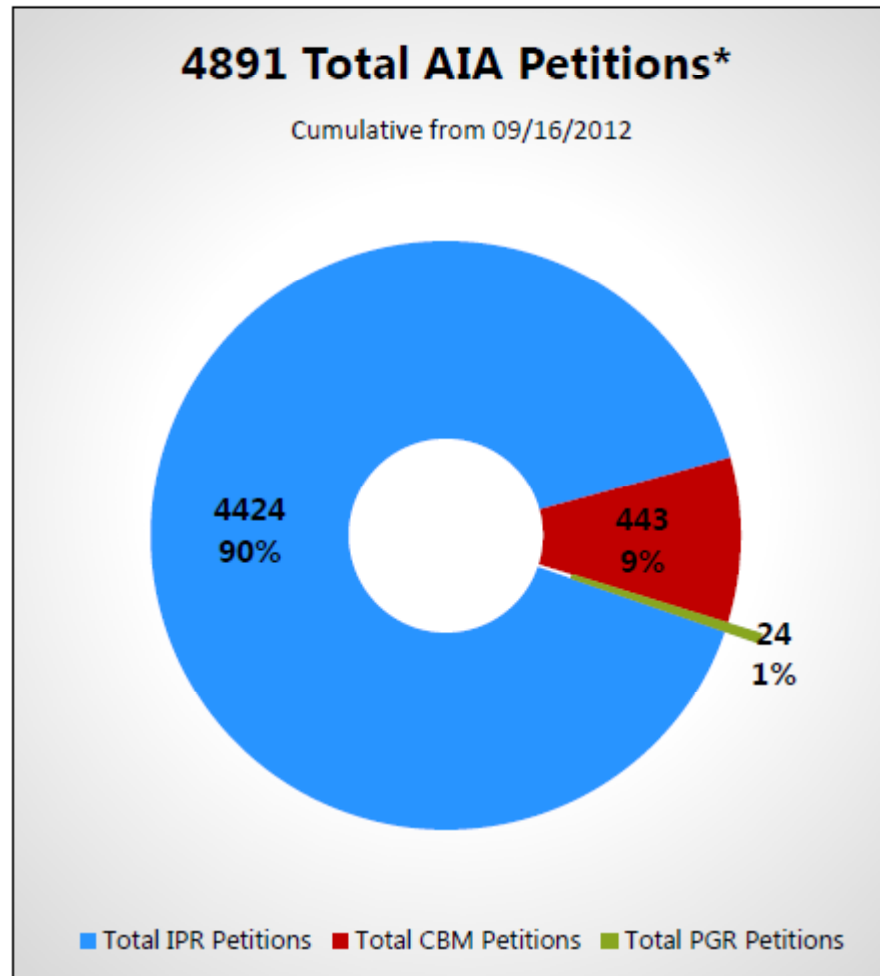


- Horizontal Redundancy: “a plurality of prior art references applied not in combination to complement each other but as distinct and separate alternatives.”
 - “Because the references are not identical, each reference has to be better in some respect or else the references are collectively horizontally redundant.”
- Vertical Redundancy: “Vertical redundancy exists when there is assertion of an additional prior art reference to support another ground of unpatentability when a base ground already has been asserted against the same claim without the additional reference and the Petitioner has not explained what are the relative strength and weakness of each ground.”
 - “There must be an explanation of why the reliance in part may be the stronger assertion as applied in certain instances and why the reliance in whole may also be the stronger assertion in other instances. Without a bi-directional explanation, the assertions are vertically redundant.”

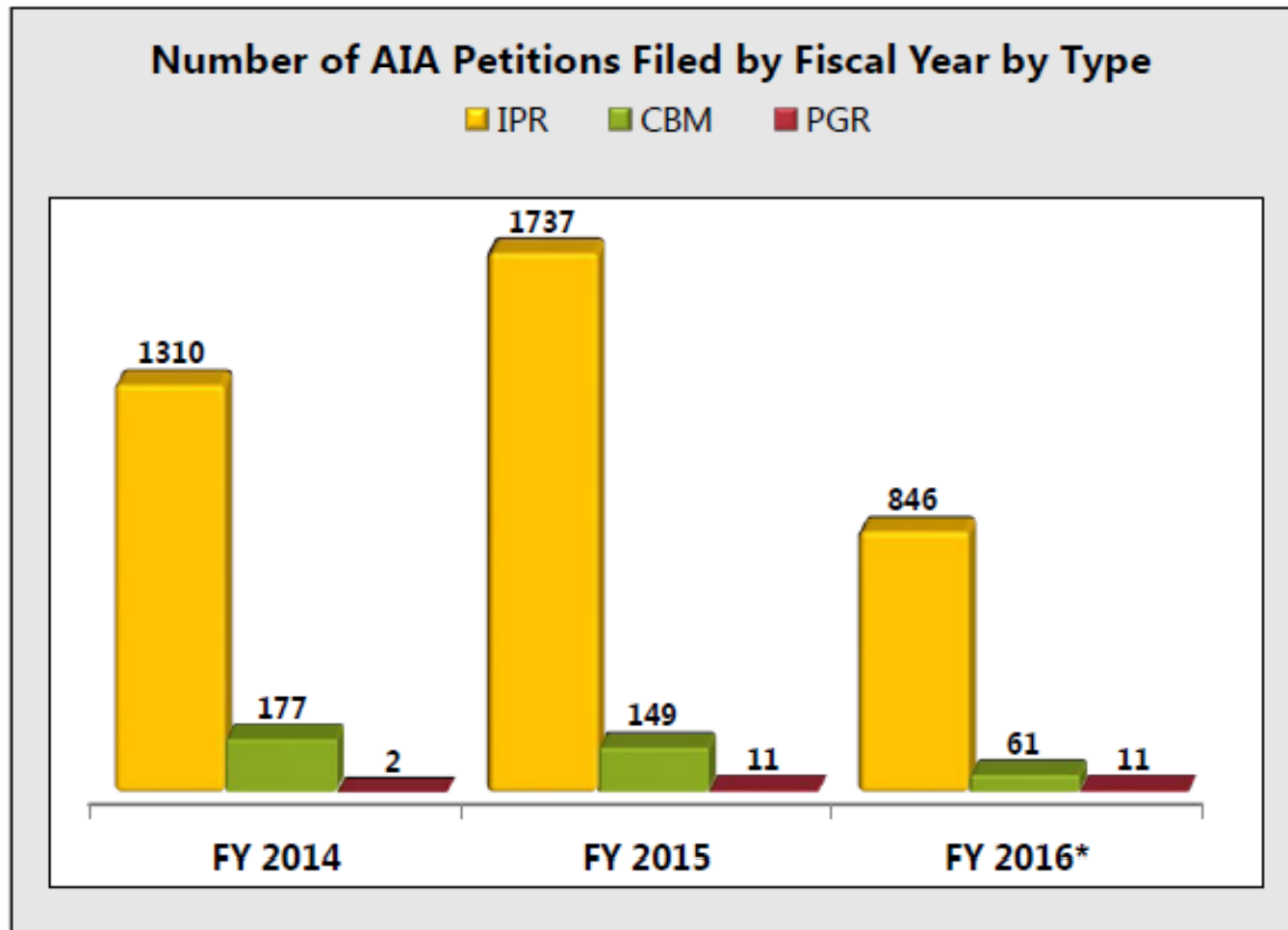
PTAB: The New Rocket Docket



AIA Petitions to Date



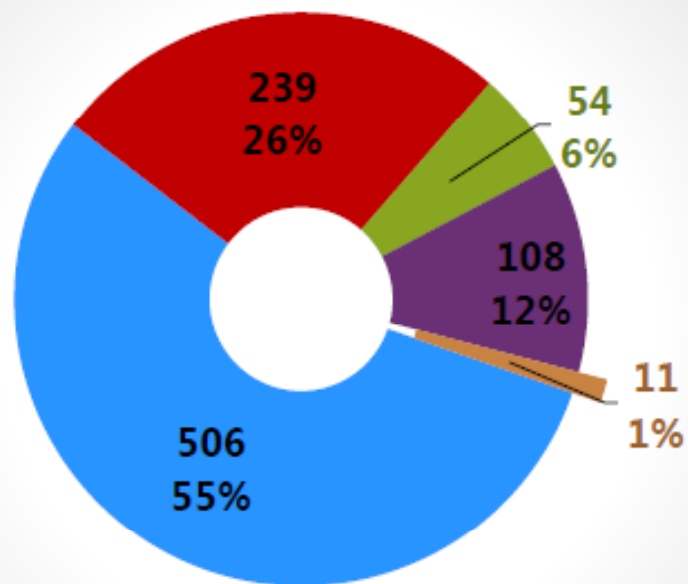
AIA Petitions to Date



AIA Petitions: Technology

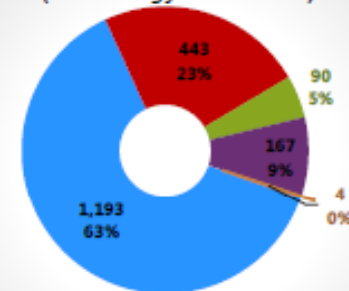


918 Total AIA Petitions in FY 16*
(Technology Breakdown)

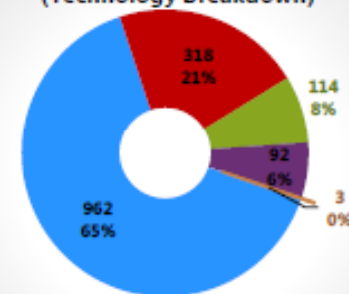


- Electrical/Computer - TCs 2100, 2400, 2600, 2800
- Mechanical/Business Method - TCs 3600, 3700
- Chemical - TC 1700
- Bio/Pharma - TC 1600
- Design - TC 2900

1897 Total AIA Petitions in FY 15*
(Technology Breakdown)



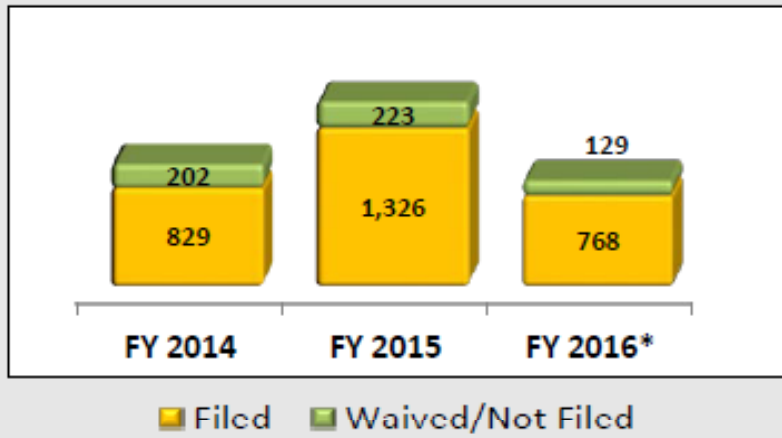
1489 Total AIA Petitions in FY 14*
(Technology Breakdown)



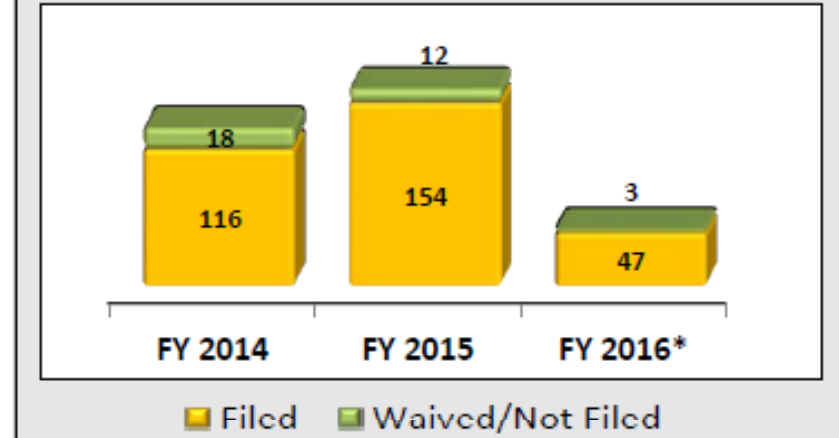
Preliminary Responses



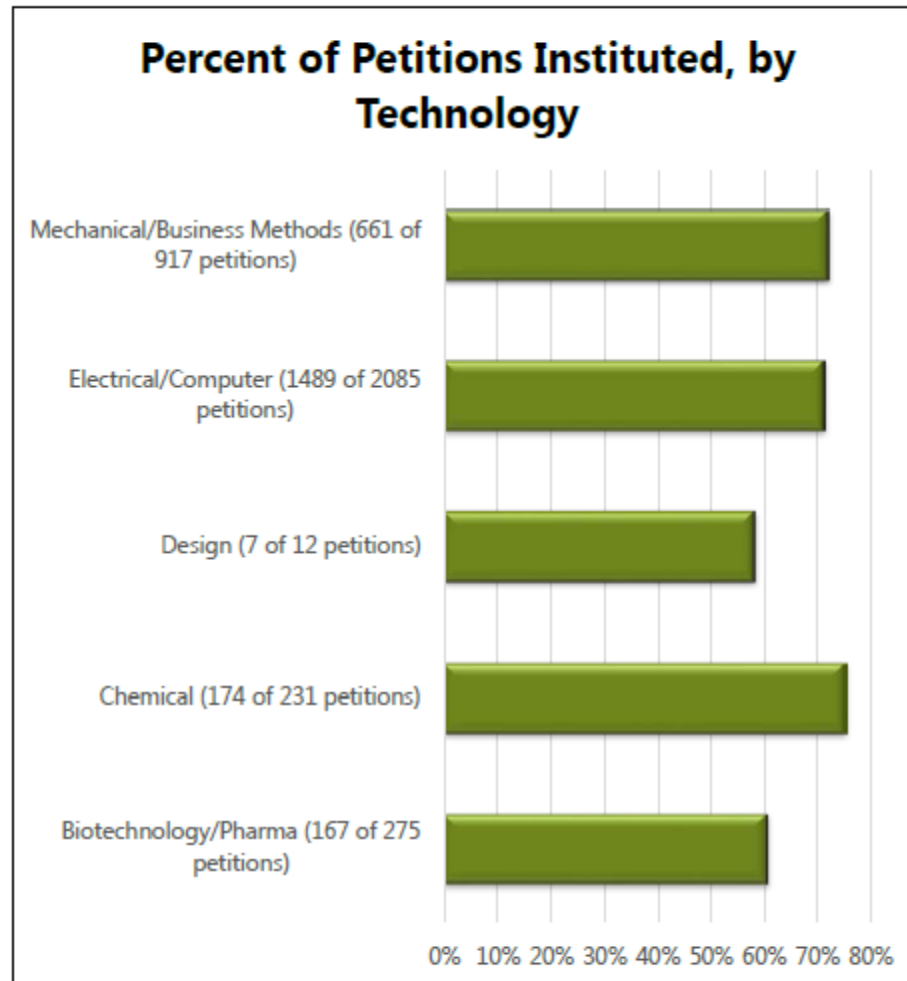
IPR - Number of Patent Owner Preliminary Responses by Fiscal Year



CBM - Number of Patent Owner Preliminary Responses by Fiscal Year



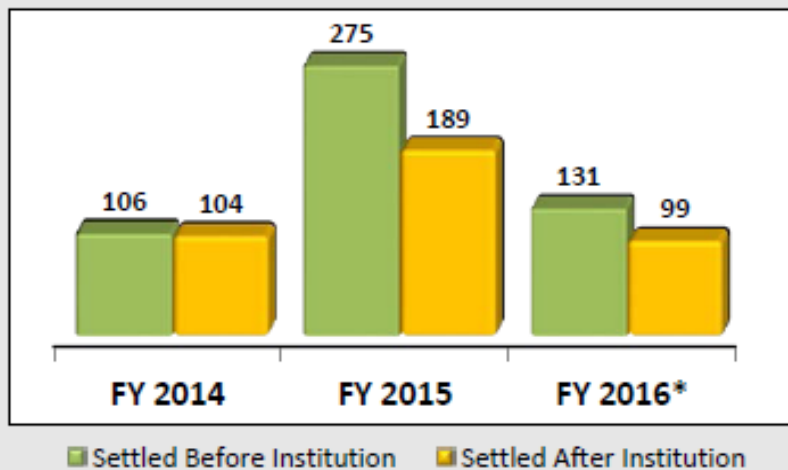
AIA Petitions: Institution Rate



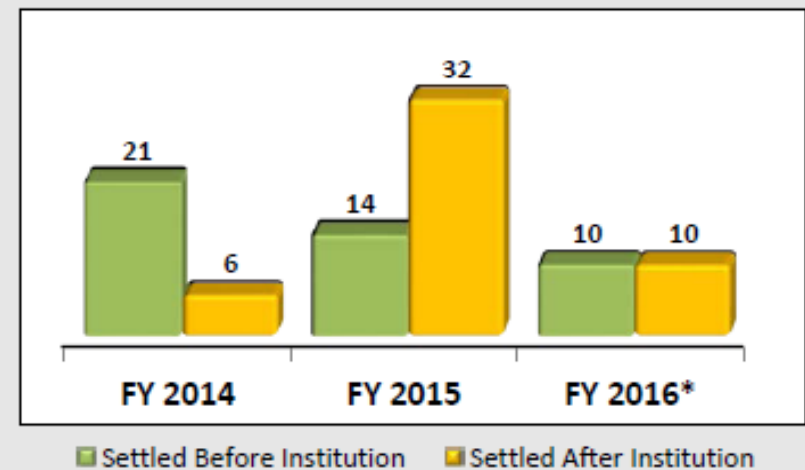
AIA Petitions: Settlement



IPR - Settlements



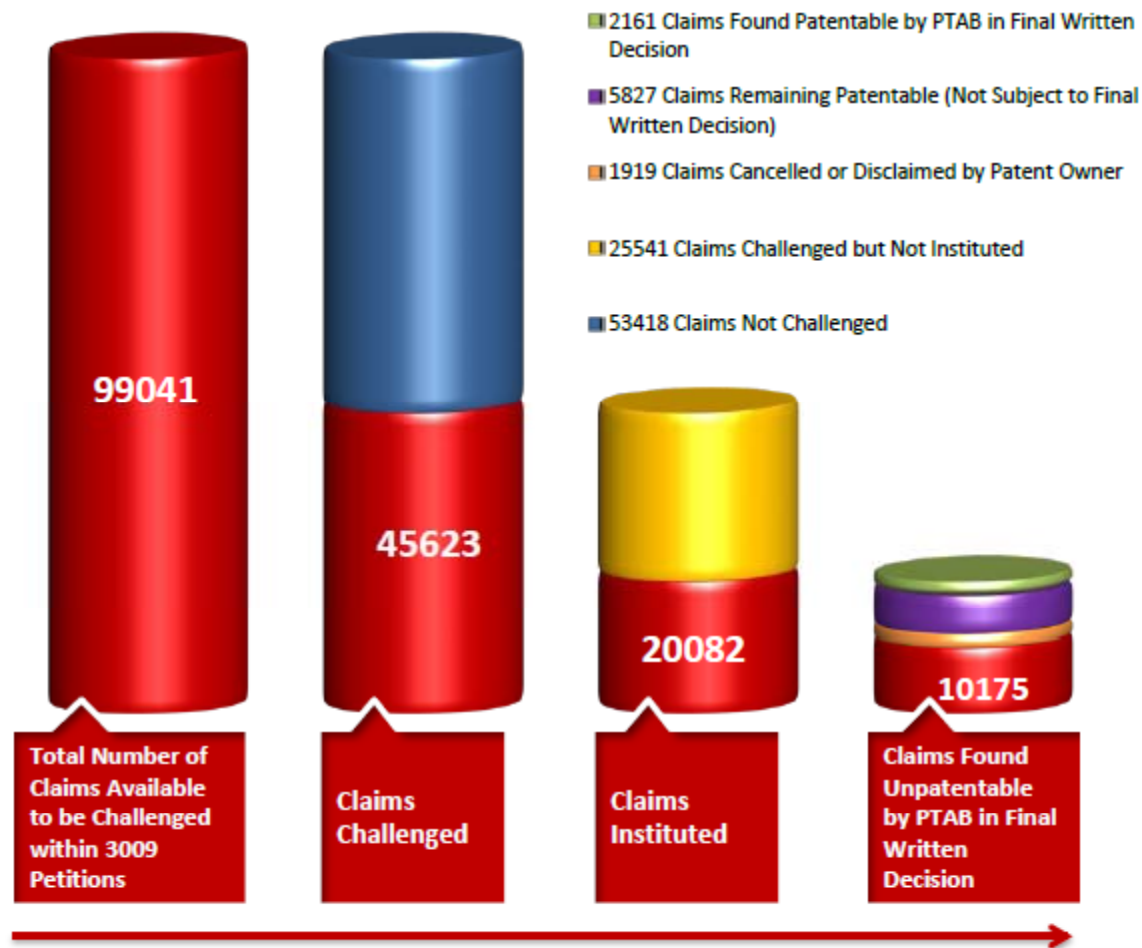
CBM - Settlements



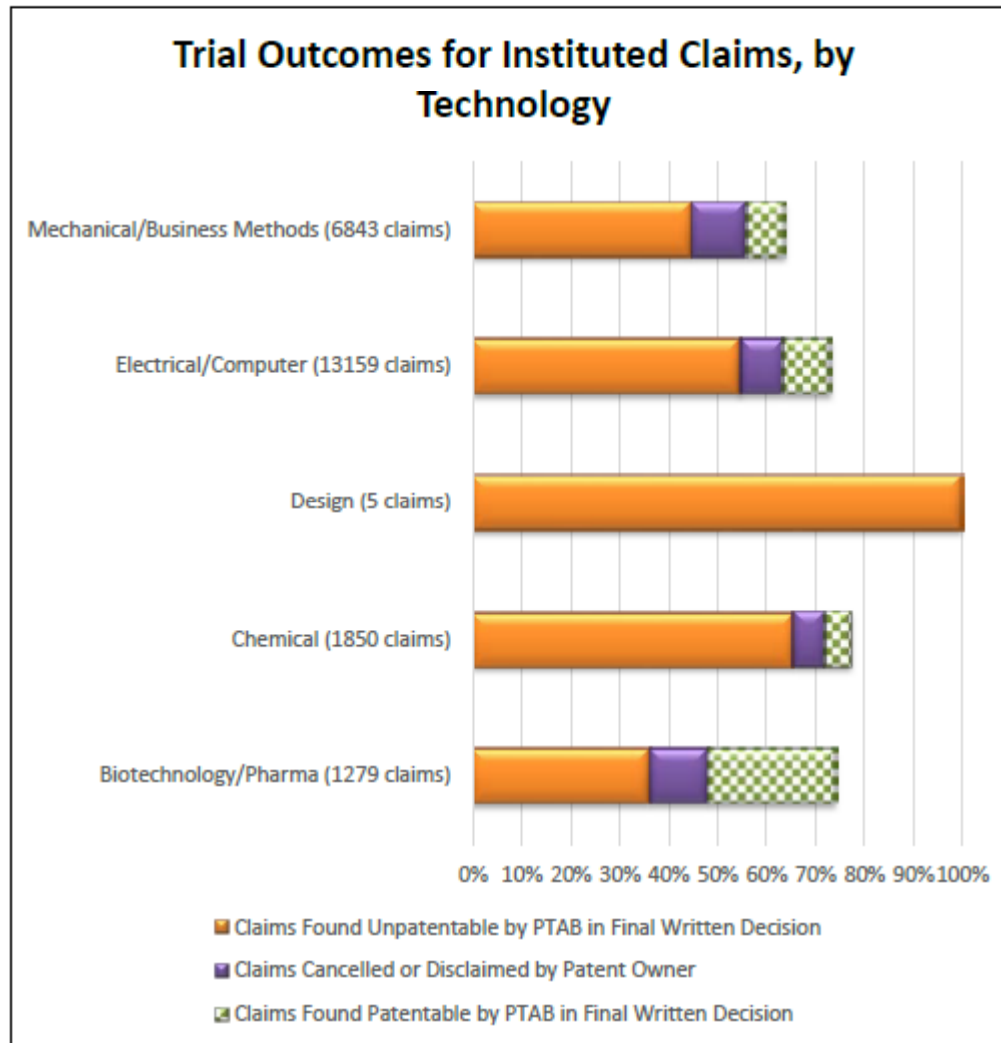
AIA Petitions: Institution Rate



IPR Petitions Terminated to Date*



AIA Petitions: Cancellation Rate



Routine Discovery Permitted



- Cited Documents
- Cross Examination of Declarants
- Information Inconsistent with Positions Advanced
- Additional Discovery by Agreement

Limited Additional Discovery



- Anything that is not “Routine Discovery”
- Additional Documents Requests
- Interrogatories
- Depositions (including 30b6 type)

SAP v. Versata, IPR2012-00001, Paper No. 26 (denying motion)

Discovery: “In the Interest of Justice”



- More than a possibility and mere allegation
- No Litigation positions and underlying basis
- Ability to generate equivalent information by other means
- Easily understandable Instructions
- Requests not overly burdensome to answer

IPR2012-00001, Paper No. 26 (denying motion); IPR2012-00042, Paper No. 24 (denying motion); see *also* CBM2012-0005, Paper No. 32 (setting forth “slightly modified” considerations for CBM review)

Limited Motion Practice



- Motion for Additional Discovery (IPR2013-00601, No. 23)
- Motion to submit new testimony evidence (CBM2013-0005, No. 15)
- Motion to Amend Claims (IPR2012-00005, Paper No. 27)
- Motion to Exclude Evidence
- Motion to Stay Reexamination (IPR2012-0004, Paper No. 11) (order staying *ex parte* and *inter partes* reexams on same patents)
- Motion for Joinder (*Id.*, No. 15 (order granting third party (Apple) leave to file motion))
- Motion to Seal/Motion to Expunge (IPR2013-00601, No. 42)

Motion Practice



- Requires Board authorization before filing.
- Page Limits
 - 15 pages for motions (may be further reduced)
 - 10 pages for oppositions
 - 5 pages for replies
- Decisions driven by policy considerations
 - Speed
 - Efficiency/Cost
 - Broad PTAB jurisdiction

Motion to Amend



- During an IPR, PO “may file 1 motion to amend the patent.”
- “The presumption is that only one substitute claim would be needed to replace each challenged claim....” 37 C.F.R. § 42.121.
- “A motion to amend may be denied where:
 - (i) The amendment does not respond to a ground of unpatentability involved in the trial; or
 - (ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter. “ Id.
- Must set forth written descriptive support.
- Must set forth any claim constructions.
- “37 C.F.R. § 42.11, requires that it address not only prior art of record but also any relevant prior art known to it.” *Shinn Fu v. The Tire Hangar Corp.*, IPR2015-00208, Paper No. 24 (Apr. 24, 2016).
- 25 page limit
- Only six motions to amend granted to dated

Trial Procedure



- Three judge panel. 35 U.S.C. §6(c)
- Oral argument: 45-60 minutes per side
- Petitioner goes first (IPR2012-00001, Paper No. 53)
- Exchange demonstratives prior to hearing
- Final Written Decision within 12 months of Initiation
- Appeal to the U.S. Court of Appeals, Federal Circuit

Demonstrative Exhibits



- “Nothing new can be presented”
 - No new evidence
 - No new argument
- “Figures, charts and diagrams may serve as visual aids”
- No additional briefing
 - “Should have already been presented” in the papers
- “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.”

CBS Interactive Inc. v. Hefairch Patent Licensing, LLC, IPR2013-00033,
Paper 118 (Oct. 23, 2013)

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“DuVal Was Diligent All During Diligence Period”

Diligence Period

Evidence of Diligence

Evidence of Diligence					Ex 2021	Ex 2022	Ex 2023	Ex 2025	Ex 2017	
MARCH	APRIL	MAY	JUNE	JULY	AUGUST	Ben Yorks	Robert Shinn	Simon Clement	Doug Martin	Stephen DuVal
							Para. 15			p. 76, Para. (H)
							Para. 15		Para. 12	p. 76, Para. 8(H)
						p. 236, 242				pp. 64(1), 803, 873
						p. 245				p. 64, Para. (2)
							Paras. 29-30	Para. 12	p. 218	p. 437
						Para. 6(H)				p. 64, Para. (I)
									Para. 12	p. 76, Para. (H)
									Para. 13	p. 78, Para. (2)
									Paras. 12, 13	p. 78, Para. (1)
									Para. 14	p. 86, Para. (2)
							Para. 27		Para. 11, 14	p. 91, Para. (2)
							Paras. 25, 26		Paras. 7, 8, 10, 14	p. 79, Para. (3)
									Paras. 0-10	p. 79, Paras. (3-5)
							Para. 24	Pgs. 2-8, 20		p. 87, Para. (5)
								Pgs. 3, 20	p. 218	p. 93, Para. (4)
								Paras. 6-7, 14	p. 218	p. 94, Para. (5)-(6)
									Paras. 15-16	p. 80, Para. (4)
							Paras. 13, 17, 24, 29			p. 87, Para. (5)
						p. 260				p. 65, Para. (6)
							Para. 17	Para. 19	Para. 16	p. 81, Para. (5)
							Para. 23	Para. 19	Para. 16	p. 96, Para. (0)

1995

IPR Estoppel



- Petitioner may not assert that the claim is invalid on any ground “that the petitioner ***raised or could have raised***” during the IPR. 35 U.S.C. § 315(e)(2)
- Applies to Petitioner, Real Party in Interest, and those in Privity with Petitioner. *Id.*
- Applies only to IPRs that result in a Final Written decision. Compare *id.* with § 318(a)
- Patent Owner is estopped from obtaining claim scope that has been finally rejected (including rejected motion to amend)

CBM Estoppel



- Petitioner “may not assert, either in a [district court case], or in [an ITC proceeding], that the claim is invalid on any ground that the petitioner *raised* during that transitional proceeding.” AIA §18(a)(1)(D) (emphasis added).
- Applies to Petitioner and Real Party in Interest
- Applies only to IPRs that result in a Final Written decision

Stay of Concurrent Litigation



- Stay of concurrent district court litigation common
- Courts apply a multi-factor test:
 - Potential simplification of the issues for trial;
 - Stage of the case; and
 - Undue prejudice or clear tactical advantage to a party; and
 - Reduce the burden of litigation on the parties and the court.
- District court has broad discretion
- AIA provides for interlocutory review of decision in CBM (but not IPR).
- Federal Circuit “review may be *de novo*” in CBM.
See Virtualagility Inc. v. Salesforce.com, Inc., et al., 759 F. 3d 1307 (2014) (quoting AIA § 18(b)(2)).

Post-Grant Review (PGR)



- Eligible Patents: With limited exceptions, only those patents issuing from applications subject to first-inventor-to-file provisions of the AIA. The first-inventor-to-file provision of the AIA went into effect on March 16, 2013.
- Time for filing: Must be filed within 9 months of issuance
- Grounds: A petitioner for post grant review may request to cancel as unpatentable one or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of 35 U.S.C. 282(b) relating to invalidity (i.e., novelty, obviousness, written description, enablement, indefiniteness, but not best mode).
- Fee: \$30K+
- To date, only 3 PGRs have been filed.

Derivation Proceeding (35 USC §135)



- Basis: Earlier inventor derived the invention from Petitioner. 35 USC §135(a)(1)
 - Must be supported by “at least one affidavit addressing communication of the derived invention and lack of authorization that, if unrebutted, would support a determination of derivation. The showing of communication must be corroborated.” 37 CFR §42.405(c).
- Who May File: An applicant for a patent. 37 CFR §42.402
- Time for filing: Must be filed within 12 months of the first publication of the derived invention. 35 USC §135(a)(2)
- Fee: \$400
- To date, no Derivation Proceedings have been filed.

Brave New PGR World



- Lower Invalidity Standard
- Faster Adjudication
- More Technical Bench
- Limited Discovery
- Lower Cost
- Likelihood of Litigation Stay at District Court

Questions



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