



Overview of Post-Issuance Patent Proceedings

Robert E. Rudnick, Esq.

Gibbons P.C.

One Gateway Center

Newark, NJ 07102

(973) 596-4727

rudnick@gibbonslaw.com

GIBBONS INSTITUTE OF LAW, SCIENCE & TECHNOLOGY

**Views from the Patent Trial and Appeal Board –
A Conversation with Honorable Grace K. Obermann
October 7, 2014**

Methods of Invalidating Patents Under the AIA

- USPTO
 - Inter Partes Review (“IPR”)
 - Post-Grant Review (“PGR”)
 - Covered Business Method (“CBM”) Patents Review
 - Derivation Proceedings
 - Ex parte Reexamination
- District Courts
 - Declaratory Judgment of Invalidity
 - Counterclaim of Invalidity

Comparison of PTO Post Issuance Proceedings (1/3)

	PGR	IPR	CBM	Ex Parte Reexam
Patents Eligible	AIA Patents (After 3/16/13)	All Patents	Business Method Patents	All Patents
Petitioner	Anyone Except Patent Owner	Anyone Except Patent Owner	Party Sued (or Charge of infringe)	Anyone
Timing	Within 9 Month of Patent Issuance	Pre-AIA Patent: Any time or within 1 yr of suit by Patent Owner AIA Patent: After (a) 9 months of patent issuance, or (b) PGR term. & within 1 yr of suit by Patent Owner	Any Time	Any Time
Basis	Prior Art and Non-Prior Art Grounds	Prior Art Only (102/103)	101, 112, and Prior Art (102/103)* No 102(e) as Basis	Prior Art Only (102/103)

Comparison of PTO Post Issuance Proceedings (2/3)

	PGR	IPR	CBM	Ex Parte Reexam
Threshold	"More Likely Than Not"	"Reasonable Likelihood"	"More Likely Than Not"	Substant. New Ques. Of Patent.
Where Filed	PTAB	PTAB	PTAB	Examiner
Estoppel	Raised or Reasonably Could Have Been Raised	Raised or Reasonably Could Have Been Raised	Dist. Ct: Actually Raised PTAB- Raised or reasonably could have been raised	Not Applicable
Duration	1 yr (or 1.5 yrs. if good cause) from Institution of PGR	1 yr (or 1.5 yrs. if good cause) from Institution of IPR	1 yr (or 1.5 yrs. if good cause) from Institution of CBM	Not Mandated by Statute

Comparison of PTO Post Issuance Proceedings (3/3)

	PGR	IPR	CBM	Ex Parte Reexam
Stays - Parallel Litigation	Statutorily Specified-Automatic (w/ Excepts.)	Not Specified in Statute – Courts Discretion	Statute Specifies Factors to Consider by Court for Granting Stay	Not Specified in Statute – Courts Discretion
Anonymous Petitioner/ Requestor	Real Party-in-Interest Must be Identified	Real Party-in-Interest Must be Identified	Real Party-in-Interest Must be Identified	Anonymous Requestor Permitted
Fees	\$30,000	\$23,000	\$30,000	\$12,000

PTAB Proceedings Statistics (1/4)

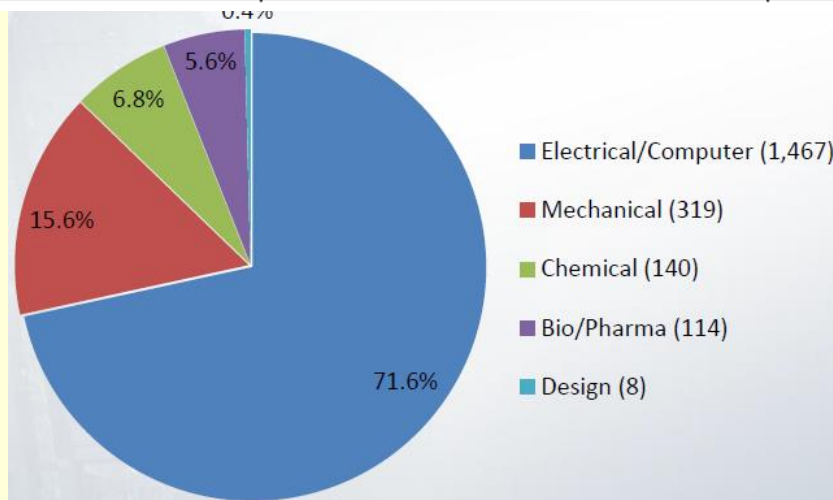
- Number of Post-Issuance Petitions Filed (Sept. 25, 2014)

FY	Total	IPR	CBM	PGR	DER
2012	25	17	8	-	-
2013	563	514	48	-	1
2014	1,460	1,290	163	2	5
Cumulative	2,048	1,821	219	2	6

PTAB Proceedings Statistics (2/4)

- Post-Issuance Petitions Technology Breakdown (Sept. 25, 2014)

Technology	Number of Petitions	Percentage
Electrical/Computer	1,467	71.6%
Mechanical	319	15.6%
Chemical	140	6.8%
Bio/Pharma	114	5.6%
Design	8	0.4%



PTAB Proceedings Statistics (3/4)

- Number of Trials Instituted/Disposals (Sept. 25, 2014)

		Trials Instituted	Joinders	Denials	Total No. of Decisions on Institution	Disposals			
						Settled	FWD*	RAJ**	Other***
IPR	FY13	167	10 ⁺	26	203	38	-	2	1
	FY14	539	15 ⁺	181	735	210	129	39	1
CBM	FY13	14	-	3	17	3	1	-	-
	FY14	77	1 ⁺	26	104	26	13	3	2
DER	FY14	-	-	3	3	-	-	-	-

*26 cases joined to 24 base trials for a total of 50 cases involved in joinder.

*Final Written Decisions on the merits.

**Judgments based on Request for Adverse Judgment.

***Includes terminations due to dismissal.

Inter Partes Review Petitions Terminated As of September 4, 2014 (4/4)

11,046 Claims in 348 Petitions

5,045 Claims Challenged
(348 Petitions)

6,001 Claims Not Challenged

3,344 Claims Instituted
(66% of Claims Challenged)
(237 Petitions)

1,701 Claims Challenged but Not Instituted
(34% of Claims Challenged)

999 Claims Found Unpatentable
(30% of Claims Instituted, 20% of Claims Challenged)
(91 Petitions)

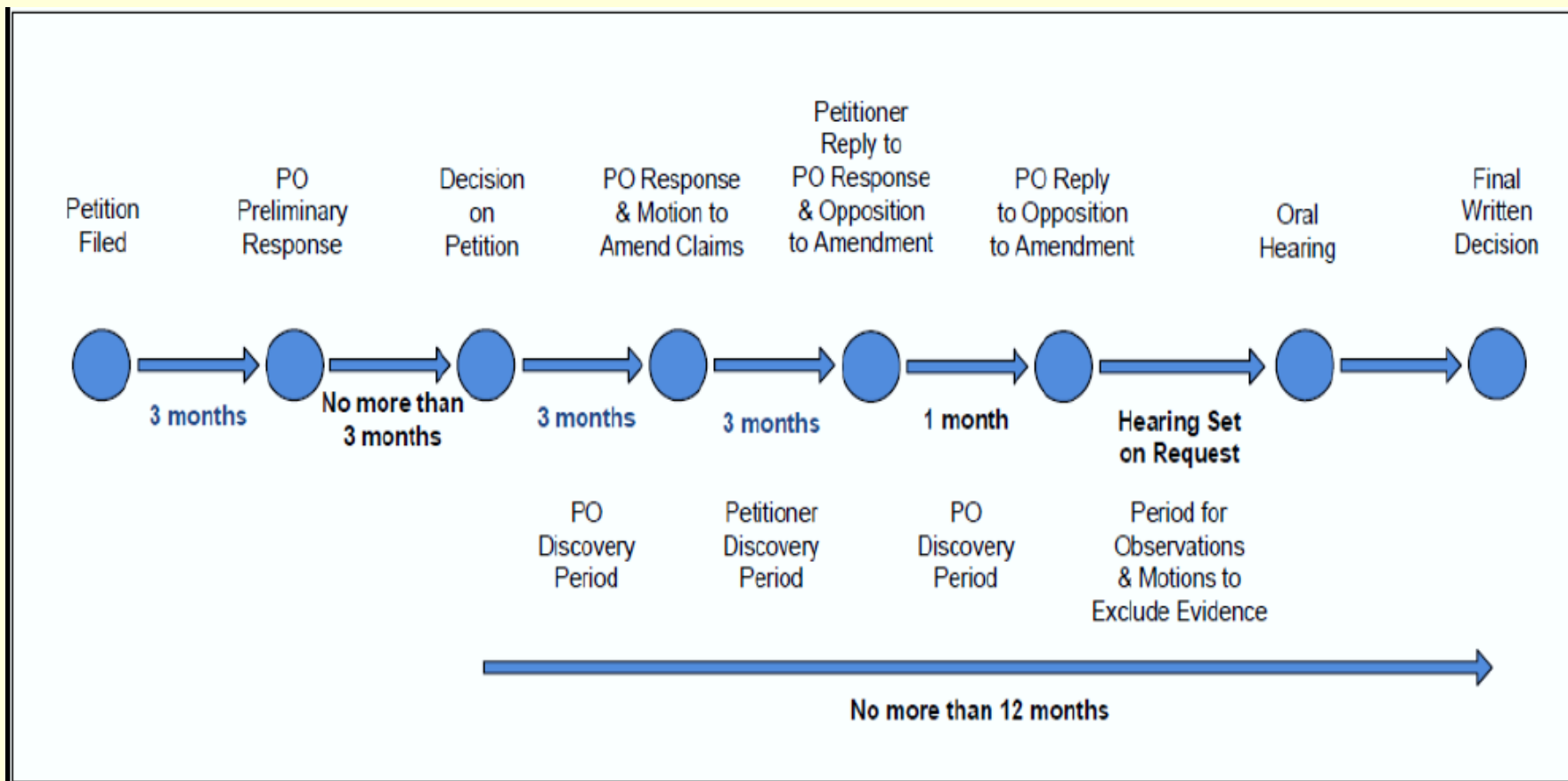
606 Claims Cancelled or Disclaimed (Non-PTAB)
(18% of Claims Instituted, 12% of Claims Challenged)

1,739 Claims Patentable
(52% of Claims Instituted, 34% of Claims Challenged)

Patent Trial Governing Rules and Resources

- Umbrella Trial Rules -- 37 CFR §§ 42.1 – 42.80
 - Inter Partes Review (“IPR”) -- 37 CFR §§ 42.100 – 42.123
 - Post-Grant Review (“PGR”) -- 37 CFR §§ 42.200 – 42.224
 - Covered Business Method (“CBM”) Patents Review -- 37 CFR §§ 42.300 – 42.304
- Office Patent Trial Practice Guide (“PTO Trial Practice Guide”)
 - www.uspto.gov/aia_implementation/trial_practice_guide.pdf
- USPTO Post-Grant Practice Hotline
 - (571) 272-7822

Timeline - IPR, PGR, and CBM



PETITIONS - Contents

- IPR and PGR
 - Certify Patent is Eligible for Consideration under IPR/PGR
 - Certify Petitioner is Not Estopped
 - Identify Patent Claims Challenged
 - Set Forth Specific Explanation(s) of the Challenge(s)
- CBM
 - Same Items for IPR and PGR Plus:
 - Demonstrate that Patent is Director to a Covered Business Method and Not Just a Device for Implementing a Business Method
 - Demonstrate that Petitioner has been Charged with Infringement (Activity Sufficient to Support a DJ Complaint)

Rehearing

- Decision on Petition is Not Subject to Appeal but is Subject to Rehearing
- Decisions on Interlocutory Motions are Subject to Rehearing
 - Decisions made by a Single Panel Member will be Re-heard by the Entire Panel
- Standard of Review: Abuse of Discretion

Some Important Practice Issues

- Submitted Papers
 - Arguments Must be Set Out in the Papers
 - No Arguments May be Incorporated by Reference to Separate Patents or Expert Reports
 - Separate Statement of Material Facts
 - Permitted, But Not Required in Petitions/Motions
 - Arguments Should be Focused and Concise with Citations to the Evidentiary Record
 - No Need for Extended Discussion of General Patent Law Principles
 - Oppositions and Replies
 - Must Include Statement of Material Facts in Dispute
 - **Undisputed Facts are Taken as Admitted**
 - List of Disputed Facts Counts Toward Page Limits

Some Important Practice Issues (Cont'd)

- Real Party-in-Interest and Estoppel
 - PTAB will not institute a PGR/IPR/CBM Unless the Petition Includes an Identification of Each Real-Party-in-Interest for the Petition
 - FWD in PTAB Proceedings Act to Estop Real-Parties-in-Interest and Privies of the Petitioner from Asserting Claims Petitioner Raised/ Reas. Could Have Been Raised in the PTAB (Actually Raised in Dist. Ct. (CBMs))
- Who is Real-Party-in-Interest?
 - Highly Fact Dependent Question
 - At a minimum, “the party or parties at whose behest the petition has been Filed.” Office Patent Trial Practice Guide (Aug. 14, 2012)
 - *Funding and Control* – Where a party funds and directly controls a Patent Trial Proceeding, it is likely that the party would be found to be a real party-in-interest, even if that party is not a privy of the petitioner.
 - Joint Defense Group - Mere Participation Alone is typically not

Discovery Overview

- 37 CFR § 42.51, the umbrella rule for discovery in contested cases, defines only three types of discovery:
 - Mandatory Initial Disclosures
 - Routine Discovery
 - Additional Discovery

Mandatory Initial Disclosures

- “Mandatory initial disclosures” is a misnomer as rules require no initial disclosures beyond mandatory notices and routine discovery
- ***Without agreement*** -- If parties fail to agree to mandatory initial disclosures, a party may seek initial disclosures by motion
- ***With Agreement*** -- Parties must submit any agreement reached on initial disclosures by no later than filing of or deadline for PO preliminary response
 - Initial disclosures filed as exhibits to agreement
 - PTO Trial Practice Guide suggests two optional types of initial disclosures

Agreed Upon Mandatory Initial Disclosures

- **Option 1** -- modeled after FRCP Rule 26(a)(1)(A)
 - Name, address, and telephone number of each individual likely to have discoverable information -- along with subjects of that information -- that disclosing party may use to support claims or defenses, unless solely for impeachment
 - A copy -- or description by category and location -- of all documents, ESI, and tangible things disclosing party has in its possession, custody, or control and may use to support claims or defenses, unless solely for impeachment
- **Option 2** -- where petition alleges 1) prior non-published public disclosure OR 2) obviousness
 - Detailed information relating to the petitioner's case concerning the non-published public disclosure (e.g., who, what, where, when of the disclosure) or obviousness (e.g., details regarding secondary indicia of non-obviousness)

Routine Discovery

- Routine discovery comprises:
 - Exhibit(s) cited in paper or testimony (must be served with citing paper or testimony)
 - Cross examination of any person providing an affidavit
 - Inconsistent information -- relevant information that is inconsistent with any position advanced by a party must be served *concurrently* with the document or thing that contains inconsistency
 - Privileged information excluded
 - Extends to inventors, corporate officers, and persons involved in preparation or filing of documents or things
 - Examples in PTO Trial Practice Guide, p. 25

Routine Discovery (cont.) – Cross Exam

- Any affiant or declarant must be made available for cross-examination, i.e., testimony is “uncompelled.”
 - Patent owner may begin deposing petitioner’s declarants once proceeding instituted (i.e., petition granted)
- Very long deposition time limits
 - Up to two (2) days of deposition testimony for each deponent including seven (7) hours cross-examination, four (4) hours redirect examination, and two (2) hours re-cross examination for uncompelled direct deposition testimony
- Speaking objections and witness coaching during testimony strictly prohibited
 - Objections limited to single word or term (e.g., “Objection, form”)
 - Sanctions may be imposed

Additional Discovery

- Any type of discovery available under FRCP, including:
 - Evidence to support patent owner's sufficient concerns regarding petitioner's certification of standing
 - Request for production of documents and things referred to during cross-examination
 - Mandatory initial disclosures
- Parties may agree to additional discovery
- Absent agreement, party must request any discovery beyond routine discovery:
 - *PGR and CBM* – moving party must show good cause AND discovery is limited to evidence directly related to factual assertions advanced by either party
 - *IPR* – moving party must show additional discovery limited to what is necessary in interests of justice

Additional Discovery – Interest-of-Justice Standard

- Five Factor Test used for evaluating additional discovery requests (*Garman v. Cuozzo*, IPR2012-00001 (26) (PTAB 2013))
 1. More Than a Possibility and Mere Allegation
 2. Litigation Positions and Underlying Basis
 3. Ability to Generate Equivalent Information by Other Means
 4. Easily Understandable Instructions
 5. Requests Not Overly Burdensome to Answer
- Requests for specific documents with a sufficient showing of relevance are more likely to be granted whereas requests for general class of documents are typically denied

Sanctions

- Per rule 42.12, Board may impose sanctions for abuse of discovery, and has discretion to impose:
 - Order holding facts established in proceeding
 - Order expunging or precluding a party from filing a paper
 - Order precluding a party from presenting or contesting a particular issue
 - Order precluding a party from requesting, obtaining, or opposing discovery
 - Order excluding evidence
 - Order providing for compensatory expenses, including attorney fees
 - Order requiring terminal disclaimer of patent term
 - Judgment in the trial or dismissal of the petition

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Thank You