INTER PARTES REVIEW
- SUCCESSFUL CHALLENGE ON US PATENTS

Mihsun Koh
Presented at KPAA seminar on August 27, 2014
Post Grant Procedure for Invalidation of Patents at the USPTO

Ex Parte Reexamination (EPX) - Continue under AIA

Inter Partes Review (IPR) Covered Business Method (CBM)

Post Grant Review (PGR) :
Patents having an effective date on or after March 16, 2013;
First case on Aug. 5, 2014.
Dynamics of IPR - Game changer?

Infringement suit (Invalidity Counter claims)

District Court

CAFC

USPTO

DJ Action;

EPX

IPX

(IPR (PTAB))
Statistics* - Petition Filing
(~Aug. 14, 2014)


<table>
<thead>
<tr>
<th>FY</th>
<th>Total</th>
<th>IPR</th>
<th>CBM</th>
<th>PGR</th>
<th>DER</th>
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<tbody>
<tr>
<td>2012</td>
<td>25</td>
<td>17</td>
<td>8</td>
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<td>2013</td>
<td>563</td>
<td>514</td>
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<td>2014</td>
<td>1,237</td>
<td>1,083</td>
<td>148</td>
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<td>Cumulative</td>
<td>1,825</td>
<td>1,614</td>
<td>204</td>
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Statistics* - Monthly Filings
(~Aug. 14, 2014)

<table>
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<tr>
<th>Month</th>
<th>Total</th>
<th>IPR</th>
<th>CBM</th>
<th>PGR</th>
<th>DER</th>
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<tr>
<td>Nov-12</td>
<td>39</td>
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<tr>
<td>Dec-12</td>
<td>46</td>
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<td>2</td>
<td></td>
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<td>Jan-13</td>
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<td>Feb-13</td>
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<tr>
<td>Mar-13</td>
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<td>May-13</td>
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<td>5</td>
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<td>Aug-14</td>
<td>166</td>
<td>166</td>
<td>7</td>
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</tr>
</tbody>
</table>

Total: 1,825
Statistics* - Petition Technology
(~Aug. 14, 2014)

2013 Fiscal year
(Oct. 2013~)

Top 5 IPR Petitioners:
Apple, Samsung,
Google, Gillette, Intel.

Top 5 POs in IPR:
Zond, Inc., Intellectual
Ventures, VirnetX,
American Vehicular
Science, Cluding IP
<table>
<thead>
<tr>
<th></th>
<th>Filed</th>
<th>Waived</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPR</td>
<td>897</td>
<td>245</td>
</tr>
<tr>
<td>CBM</td>
<td>139</td>
<td>18</td>
</tr>
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### Statistics* - Petition Dispositions
(~Aug. 14, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Trials Instituted</th>
<th>Joinders</th>
<th>Percent Instituted</th>
<th>Denials</th>
<th>Total No. of Decisions on Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPR</td>
<td>FY13</td>
<td>167</td>
<td>10*</td>
<td>87%</td>
<td>26</td>
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<tr>
<td></td>
<td>FY14</td>
<td>458</td>
<td>13*</td>
<td>75%</td>
<td>154</td>
</tr>
<tr>
<td>CBM</td>
<td>FY13</td>
<td>14</td>
<td></td>
<td>82%</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>FY14</td>
<td>66</td>
<td>1*</td>
<td>73%</td>
<td>25</td>
</tr>
<tr>
<td>DER</td>
<td>FY14</td>
<td>-</td>
<td></td>
<td>0%</td>
<td>3</td>
</tr>
</tbody>
</table>

*24 cases joined to 22 base trials for a total of 46 cases involved in joinder.
Statistics* - Final Dispositions
(~Aug. 14, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Settlements</th>
<th>Adverse Judgments</th>
<th>Final Written Decisions</th>
</tr>
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<tbody>
<tr>
<td>IPR</td>
<td>FY13</td>
<td>38</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>FY14</td>
<td>148</td>
<td>33</td>
</tr>
<tr>
<td>CBM</td>
<td>FY13</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>FY14</td>
<td>22</td>
<td>0</td>
</tr>
</tbody>
</table>
## Statistics - Claims Survived

<table>
<thead>
<tr>
<th>Date Range</th>
<th>All Claims Invalidated</th>
<th>No Claims Invalidated</th>
<th>Some Claims Invalidated</th>
<th>Total</th>
<th>Percent Surviving</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Time (6/1/2013 - 8/7/2014)</td>
<td>59</td>
<td>18</td>
<td>14</td>
<td>91</td>
<td>35%</td>
</tr>
<tr>
<td>Since June (6/1/2014 – 8/7/2014)</td>
<td>17</td>
<td>5</td>
<td>6</td>
<td>28</td>
<td>39.3%</td>
</tr>
<tr>
<td>Last 3 Months (5/7/2014 – 8/7/2014)</td>
<td>26</td>
<td>5</td>
<td>6</td>
<td>37</td>
<td>29.7%</td>
</tr>
</tbody>
</table>
Go with IPR?  
- Pros & Cons

Pros
- Faster: 12 month time limit from Initiation to Final Decision
- Low Cost: Limited discovery
- Broad Claim construction: “Broadest reasonable interpretation in the light of the specification” (BRI) standard (different from that used in district courts for invalidity or infringement action: *Phillips v, AWH Corp* (Fed. Cir. 2005)
- Low Burden of Proof: Preponderance of evidence (cf. clear and convincing evidence)
- Technology Expert Judges – PTAB
- Termination by Settlement
- Litigation Stay pending IPR
Go with IPR?
- Pros & Cons

Cons:
- Limited Grounds: 102 & 103 only
- Broad Scope of Estoppel
- No appealable PTAB decision to initiate
Pre-petition Checklist

- **Petitioner Standing**
  - Anyone but the patent owner
  - Joint IPR (Co-petitioner) or Joinder?
  - Bar: who has challenged validity in a civil action, but not as a counter claim in a suit by a patentee (e.g., *DJ action*).
    (CBM2014-00035: “No CBM is available after DJ filed” - First Precedential PTAB decision) (IPR2013-00438: “IPR standing after DJ action dismissed without prejudice”)

- **Real Party In Interest (RIP) and Privy**

- **Time bar**
  - Anytime, or after termination of post-grant review period (9 months) for the patents issued under the first-inventor-to-file system.
  - *1 year bar*: Not more than 1 year after being *served a complaint* alleging patent infringement - *First-served complaint. Apple Inc. v. Vernetx, Inc. and Science Application International Corporation*, IPR 2013-00393
Pre-petition Checklist

- Robust prior art search
- Strong grounds to select
  - 35 U.S.C. §102 (Anticipation)
  - 35 U.S.C. § 103 (Obviousness)
  - Based on patents and printed publications
  - Priority challenge based on 35 U.S.C. §112
- Qualified Expert Witness & Declaration
  - Subject to cross-examination
- Strong Articulated Analysis to catch the IPR initiation
  - Reasonable likelihood that petitioner will prevail with respect to at least one claim challenged
- Client needs
  - Settle?
  - Invalidation?
IPR Proceeding Timeline

- Petition Filed: 3 months
- PO Preliminary Response: No more than 3 months
- Decision on Petition: 3 months
- PO Response & Motion to Amend Claims: 3 months
- Petitioner Reply to PO Response & Opposition to Amendment: 1 month
- PO Reply to Opposition to Amendment: No more than 12 months
- Oral Hearing: Period for Observations & Motions to Exclude Evidence
- Final Written Decision: No more than 12 months
IPR Pretrial
IPR – Pretrial

i. Petition

- 60 Page Limit:
  - Better to provide detailed analysis for limited number of challenges
  - Consider multiple IPRs

- Sound legal analysis and Citations to evidentiary record
IPR – Pretrial

i. Petition – Cont.

- Expert Declaration
  - Complex technology
  - Underling facts and support

- Analysis in Petition itself: No incorporation by reference from declaration

- Claim Construction: needs support & analysis
  - 2 column format
  - Pinpoint references
  - Must explained in Petition
IPR – Pretrial

ii. Preliminary Patent Owner Response

- 3 months from the filing date of petition
- No new testimonial evidence
- Identify procedural and substantive reasons to deny petition
  - Statutory Bar: 1 year bar, prior civil action filed
  - Failure to identify real party in interest/privy (IPR2013-00609)
  - Substantive weakness in Petition: lack of material limitations, teaching away of prior art, unreasonable claim constructions, etc.
- No amendment, but can disclaim patent claims
IPR - Pretrial

iii. Decision to initiate IPR

- PTAB 3 administrative judges - “persons of competent legal knowledge and scientific ability.”
- Reasonable likelihood standard
- Scheduling Order: DUE DATE S1 to 7
- Motion to Object: w/in 5 days
- Request for Rehearing: w/in 14 days
  - Less than 10% of the motion for reconsideration accepted
  - Standard: PTAB’s abuse of its discretion (misapplication of the law)
    e.g., *PNY Tech., Inc. v. Phison Elec. Corp.*, (IPR2013-00472) (misapplication of the inherency)
- Joinder: w/in 1 month
  - Filing a Motion for Joiner and Petition
- Non appealable
  - Writ of Mandamus?
IPR - Trial

- DUE DATE 1
  - Petition Filed
- DUE DATE 2
  - PO Preliminary Response
- DUE DATE 3
  - Decision on Petition
- DUE DATE 4, 5, 6
  - PO Response & Motion to Amend Claims
  - PO Reply to Opposition to Amendment
  - Oral Hearing
- DUE DATE 7
  - Hearing Set on Request
  - Period for Observations & Motions to Exclude Evidence

Timeline:
- 3 months
- No more than 3 months
- 3 months
- 1 month
- No more than 12 months
IPR - Trial

i. Supplemental Information

- Request within 1 month from the institution
- Relevant to the claims of trial institution
- Show why the information reasonably could not have been obtained earlier + “the interest-of-justice”
IPR - Trial

ii. PO Response & Amendment

- 3 months from Initiation Decision
- 60 Page Limit (Motion to exceed: “interest of justice”)
- New issue not raised in PO Preliminary Response (e.g., secondary consideration) (testimonial evidence)

  - One-for-one claim substitution (claim-by-claim basis)
  - Patent Owner should identify (i) how the amendment responds to a ground of unpatentability involved in the trial and (ii) why the amendment does not enlarge the scope of the claim or introduce new matter.
  - Need to show patentable distinction (no search, no OA by PTAB)
  - Rarely granted so far.
- Petitioner Opposition to PO Amendment
- PO Reply to Petitioner Opposition to Amendment
IPR-Trial

*ii. Discovery*

- Initial disclosures
  - Routine Discovery
    - Production of any exhibit cited in a paper or testimony;
    - Cross-examination of the opposing party’s witness; and
    - Relevant information that is inconsistent with a position advanced during the proceeding.
  - Additional Discovery is only available on a showing that the requested discovery would be productive under an interest-of-justice standard: rarely allowed. *Garmin v. Cuozzo IPR2012-00001*
    - Protective orders available to preserve confidential information
15 Page Limit (motion to exceed: “interest of justice”)

No new arguments/evidence, except to respond to previous filing (e.g., second expert declaration)

PO Sur-reply may be granted under conditions (*Zodiac Pool Systems, Inc. v. Aqua Products, Inc.*, IPR2013-00159 (only rebuttal of allegation in Petitioner’s expert declaration attached to Petitioner Reply))
IPR-Trial

iv. *Oral Hearing*

- Must request in separate filing that outlines arguments
- Demonstrative exhibits should serve as visual aids
- Attorneys should be very well prepared to answer questions about the entire record.
- PTAB 3 judges either in person or via video or telephone attendance
IPR – After Trial

- Petition Filed
- PO Preliminary Response
- Decision on Petition
- PO Response & Motion to Amend Claims
- Petitioner Reply to PO Response & Opposition to Amendment
- PO Reply to Opposition to Amendment
- Oral Hearing
- Final Written Decision

Timeline:
- 3 months
- No more than 3 months
- 3 months
- 1 month
- Hearing Set on Request
- Period for Observations & Motions to Exclude Evidence

Total: No more than 12 months
IPR After Trial

i. Written Final Decision

- Issued not more than 12 or 18 months from institution on trial.
- About 1/3 of the claims instituted survived so far.
- Appealable to CAFC
- Rehearing - misapprehended or overlooked issue
IPR –After Trial

**ii. Estoppel**

- PTAB’s “final written decision”
- “Raised or reasonably could have raised” in the IPR
- Proceedings before the PTO, Civil Actions and Other Proceedings - District Court and ITC actions
- Applies to both pending and prospective actions
- Does not apply to IPR proceedings that settled
Stay Pending IPR

- About 70% district court litigations stayed pending IPR
- Prior to or after PTAB Initiation Decision
- Strong benefit for defendant in district court litigation
PTAB Decision & Court Decision

PTO’s cancellation of patented claims binds on federal district court over a case involving same claims: no reciprocal binding effect


- *In re Baxter Int’l Inc.*, 678 F.3d 1357 (Fed. Cir. 2012), reh’g en banc denied 698 F.3d 1349 (Fed. Cir. 2012): a district court finding of patent validity, even if also affirmed by the Federal Circuit, is not similarly binding on the PTO

- CBM2012-00007, Patent 5,361,201 (PTAB Jan. 30, 2014) and *CoreLogic Information Solutions Inc. v. Fiserv Inc.*, No. 2:10-CV-132-RSP (E.D. Tex.)
Settlement in IPR

- Any stage of IPR, before or after initiation
- File a joint motion to terminate a proceeding accompanied by a true copy of the settlement agreement
- Discretion of the Office to proceed to a final written decision (CBM 2012-000007 case: settlement after the PO’s response is too late to terminate)
- Multiple Petitioners: Terminate with respect to the petitioner settled
- Request the settlement agreement be treated as a business confidential
Thank You

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