



# Post Grant Proceedings Estoppel on Denied Grounds? Statistics on IPRs and CBMs

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# Overview

- Patent Trial and Appeal Board (PTAB) granting trials but on far fewer grounds than proposed
- Estoppel effect of denied grounds in post grant proceedings
- Some interesting Facts and Statistics

# PTAB Granting Trials on Fewer Grounds

- PTAB is granting trials but on fewer grounds than proposed in petition
  - Out of the 88 decisions to grant or deny trial decided, trial granted on only 29% of the proposed grounds (this includes 8 denials of trial = 0 grounds granted)
- In many cases, PTAB decides which grounds on which to proceed to trial;
  - Denies some as failing to meet the threshold standard in 35 U.S.C. § § 314(a) (reasonable likelihood that petitioner would prevail with respect to at least one claim), and 324(a) (more likely than not that at least one challenged claim is unpatentable); and
  - Denies others as Cumulative or Redundant

# PTAB Decides Which Grounds

- Unlike district court litigation, the PTAB is deciding which grounds it thinks are the most likely to prevail
- Denies petitioner the right to pursue what it perceives to be the best invalidity arguments
- Denies trial even though Petitioner satisfied the threshold in statute?
  - Does the PTO have authority to do this?
- What happens to cumulative grounds?
  - Will PTAB reconsider them if patentee prevails on granted grounds?
  - Should petitioner file another post grant petition on the cumulative grounds?

# PTAB Says it Has Authority to Deny Trial

- Some petitioners filed Requests for Rehearing challenging the decision to deny trial as an abuse of discretion
- PTAB has decided against Petitioner - CBM2012-00007 - Rules 42.1(b) and 42.208(a) authorize the Board “to proceed on all or some of the challenged claims [or grounds of unpatentability],” to ensure a “just, speedy, and inexpensive trial.”
- PTAB cited the public comments on the published rules and noted that one comment suggested trial proceed on all grounds, but this was not adopted - 77 Fed. Reg. 48680, 48703 (Aug. 14, 2012) – This portion of published rules does not support PTAB’s decision.
- PTAB decided against Petitioner – IPR2013-00014 – PTAB relied again on Rule 42.1(b) and 42.108(b) as authority – rules are to “be construed to secure the just, speedy, and inexpensive resolution of every proceeding.”

# PTAB Has Granted Requests for Rehearing

- PTAB has granted some requests for rehearing
  - Decided to institute trial on some grounds denied in original decision on petition
- Should you request rehearing?
- YES
- You just might prevail, although unaware of any party prevailing on grounds denied as cumulative or redundant
- You preserve your right to argue later that estoppel cannot apply because the ground could not have reasonably been raised in the trial
- Also will not have final written decision on grounds denied, and you will have exhausted all options at the PTO to have the grounds considered

# Is Petitioner Estopped on Denied Grounds?

- 35 U.S.C. § § 315(e)(2) and 325(e)(2): Estopped in litigation from asserting claim is invalid on any ground raised or reasonably could have been raised.
- What about grounds raised in petition that are denied?
  - Denied because of failure to meet threshold (35 U.S.C. § § 314(a) and 324(a)); or
  - Denied because cumulative to grounds on which trial is granted.
- Practical Estoppel?
- Statutory Estoppel?



# Maybe No Statutory Estoppel



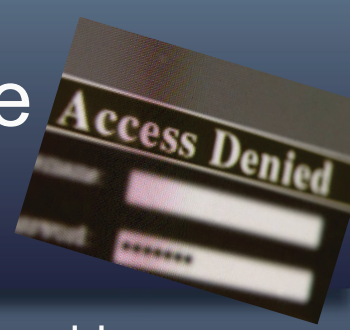
- 35 U.S.C. § 315(e)(2) (35 U.S.C. § 325(e)(2) contains similar language):
  - The petitioner in an inter partes review of a claim in a patent under this chapter that results in a **final written decision** under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.
- Debate over whether “reasonably could have been raised” estoppel in post grant review provision 325(e)(2) was a mistake when House passed HR1249 (legal articles written on this topic).
- Since the ground was denied, however, there is no final written decision
- The Ground also could not have been raised because it was denied
- Inconsistent with “intent” of statutory provision
  - Intent was to avoid harassment of patentees by permitting multiple validity challenges in different jurisdictions and forums



# Maybe No Statutory Estoppel – Legislative History

- Some of the Legislative History supports the view that estoppel should not apply to denied grounds:
- Legislative History – PTO does not apply its own estoppel (now in 35 U.S.C. §§ 315(e)(1) and 325(e)(1)) to an issue raised in a request for inter partes reexamination if the request was not granted with respect to that issue. Comments of Sen. Kyl, p. S1376; Senate Debate – 157 Cong. Rec. S1360-S1394 (March 8, 2011)
- Thus, if similar to inter partes reexamination, then estoppel may not apply.

# Maybe No Statutory Estoppel – Legislative History



- Some of the Legislative History supports the view that estoppel should apply to denied grounds:
- Senator Kyl continued: “the Office could nevertheless refuse a subsequent request for ex parte reexamination with respect to such an issue, even if it raises a substantial new question of patentability, because the issue previously was presented to the Office in the petition for inter partes or post-grant review.” *Id.*
- Senator Kyl’s earlier comments: “Current law, however, is also amenable to the interpretation that litigants are estopped from raising any issue that it would have been physically possible to raise in the inter partes reexamination, even if only a scorched-earth search around the world would have uncovered the prior art in question. Adding the modifier “reasonably” ensures 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.” *Id* at 1375

# Maybe No Statutory Estoppel – We Just Do Not Know

- It is not entirely clear whether statutory estoppel applies
- If similar to *res judicata*, then estoppel should apply to all grounds raised or reasonably could have raised, even if denied.
- But. . . ., *Belkin International, Inc. v. Kappos*, 696 F.3d 1379, 1385 (Fed. Cir. 2012) – in dicta:
  - The question whether or not the estoppel statute works to preclude citation of a piece of prior art that a requester cited to the PTO, but that the Director determined did not raise a substantial new question of patentability, is not before us. Suffice it to say here that the courts have the final say on unpatentability of claims, not the PTO. The Director’s determination that an issue does not raise a substantial new question **is not a final determination** of validity or patentability.
- This supports the argument that no estoppel applies because there is no final written decision with respect to that ground.

# Practical Estoppel



- Practical Estoppel – For grounds denied due to failure to meet threshold
- If you can't satisfy the lower threshold at the PTO, before the patent experts, and based on broadest reasonable claim construction, how can you satisfy clear and convincing threshold in district court?
- As a practical matter, you likely cannot assert invalidity on grounds denied for failure to satisfy threshold.
- But what about grounds denied because PTAB considered them cumulative or redundant, even though they met the threshold?
  - No practical estoppel
  - Maybe no statutory estoppel
- Likely will have to wait to see how district courts apply estoppel in this context.

# Strategies for filing Petitions

- PTO's stated goal in denying grounds as cumulative is to ensure just, speedy, and inexpensive resolution of proceeding.
- But if grounds are denied as cumulative, and the petitioner is not estopped on those grounds, this encourages filing petitions on multiple grounds.
  - Enables litigation of grounds denied as cumulative, thus defeating somewhat the purpose of the PTO proceeding.
- If estoppel does apply, petitioners are encouraged to file multiple petitions for PGR, which is not "inexpensive." If so, petitioner can file motion for joinder to have PGRs merged and be in the same position.

# Strategies for filing Petitions – What to do Now?

- No definitive answer on estoppel until courts decide the issue.
- For now, it may be useful to file petition with multiple grounds, preserving the right to argue no estoppel later by filing a Request for Rehearing
  - If only filed with a few grounds, estoppel applies to all that reasonably could have been raised
  - So if you were aware of a potential ground and did not assert it – you are estopped
- As an alternative, file multiple petitions – Costly
- Consider filing additional petition for grounds denied as cumulative or redundant



# Some Interesting Facts and Statistics

- First Trial held on April 17, 2013 in CBM2012-00001
- No surprise – Trial is more like oral argument than trial
  - No live witnesses
  - Few exhibits at trial
  - Consistent with Interference practice
- Board can modify times by order 37 C.F.R. §42.5
  - Board's modification may be different from rules
  - Example – Time to oppose motion for pro hac vice admission is one week from filing of the motion – set by order in IPR2013-00010 dated October 15, 2012, paper No. 6
  - See Representative Orders, Decisions, and Notices ([http://www.uspto.gov/ip/boards/bpai/representative\\_orders\\_and\\_opinions.jsp](http://www.uspto.gov/ip/boards/bpai/representative_orders_and_opinions.jsp))
  - Expect “Standing Order” by Board similar to interference practice

# Some Interesting Facts and Statistics

- As of today, 312 IPRs filed and 24 CBMs.
- As of last week, 88 decisions to grant or deny trial have been rendered
- 80 have been granted – 91%
- But only on 29% of the proposed grounds
- 8 have been denied – 9%
- 11 have been granted on all proposed grounds – 12.5%
- 89% of IPRs and CBMs filed to date have been related to litigation or other IPR or CBMs.
- 6 have been terminated due to settlement





# Questions?



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