

5 DO'S AND DON'TS IN POST-GRANT PROCEEDINGS

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Sept. 16, 2013, marked the one-year anniversary for post-grant proceedings before the U.S. Patent and Trademark Office's Patent Trial and Appeal Board (PTAB). The first oral arguments were heard in a covered business method review (CBM) and in an inter partes review (IPR) resulting in one final decision in *SAP America Inc. v. Versata Development Group Inc.*, CBM2012-0001, paper No. 70, June 11, 2013.

The PTAB also publishes representative decisions and orders in which it discusses issues ranging from scheduling orders and motions to amend to motions for additional discovery. We provide below a top five do's and don'ts list.

The representative decisions and orders issued by the PTAB provide guidance to those handling post-grant proceedings. While there are many do's and don'ts, we offer the following top five based on our experience as lead counsel in a number of these proceedings, our review of the various PTAB decisions and orders and our analysis of the statistics.

Top 5 Do's

1. File a Petition Asserting Fewer than 10 Proposed Grounds of Rejection

The petition preferably should assert fewer than five proposed grounds.

The PTAB is only granting trial on a little more than 30 percent of the grounds proposed in the petition, so if you want to propose more, you should consider filing multiple petitions.

If you file a petition, and one or more proposed grounds of rejection are denied as cumulative, as opposed to being denied due to failure to satisfy the statutory burden for the post-grant proceeding, consider filing a request for reconsideration (you cannot appeal the PTAB's decision to institute trial) to have the PTAB reconsider its denial.

This will at least establish a record that the grounds that were denied may not fall into the category of grounds that "reasonably could have been raised," thus possibly precluding estoppel on those grounds.

2. File a Patent Owner Preliminary Response

While optional, the statistics reveal that the PTAB has denied trial far more frequently when the patent owner files a preliminary response (PTAB denied trial in 15 percent of cases in which patent owner filed a preliminary response, compared to only 6 percent when no preliminary response was filed).

In addition, filing a patent owner

preliminary response can help set the stage for the post-grant proceedings, may ultimately save the patent owner money in the long run by simplifying the issues, and it forces the patent owner to begin focusing on its strategy much sooner than if no preliminary response were filed.

There may be strategic reasons not to file a preliminary response (the patent owner can waive filing a response to expedite the proceedings), but as a general rule, the patent owner should file a preliminary response.

3. Present Focused Motions and Arguments

In nearly every representative order or decision by the PTAB in which they exercise discretion over management of the proceedings, the PTAB has cited the one-year statutory requirement to complete trial as the basis for limiting discovery, amendments, motions, arguments, exhibits, etc. Practitioners therefore should file each paper with the goal of making it as easy as possible on the PTAB to consider its arguments and grant the relief requested.

4. Request Specific Documents for Additional Discovery

If the proceeding is being conducted in parallel with district court litigation in which some discovery has occurred, as many of them are, then the parties should have some familiarity with documents and should request production of specific documents and things. The PTAB will not allow general discovery requests similar to those typically requested in civil litigation.

5. Retain an Expert

Most petitions are supported by expert testimony, and consequently,

expert testimony should be used to rebut the opposing party's testimony. The PTAB encourages experts to testify with respect to what the prior art teaches and expects to receive expert testimony.

Moreover, any evidence or experimental data, even if present in the patent, must be presented through a declarant, preferably a retained expert (Rule 42.61(c)). Be careful, however, in selection of your expert. The expert should be qualified as a person of ordinary skill in the art, must provide supporting data for any results obtained (at least two petitions have been denied because of this), and the expert should be amenable to cross-examination.

Top 5 Don'ts

1. File a Petition Proposing Numerous Grounds and/or Convoluted Obviousness Rejections

If more than 10 grounds can be proposed, practitioners should consider filing multiple petitions because the PTAB likely will only consider three to five of the proposed grounds. Our statistics show that many practitioners are already doing this, with about 20 percent of CBMs and a little over 28 percent of IPRs (based on a sampling of 200 IPR proceedings) being filed on the same patent, mostly by the same petitioner, and that petitions are now being filed with fewer proposed grounds (the first 50 IPRs averaged 10.2 grounds per petition, whereas the 50 most recent IPRs averaged only 7.5 grounds per petition).

The PTAB typically grants trial only with respect to anticipation or obviousness based on two or three documents. Multiple document-obviousness rejections that require

convoluted arguments and combinations usually are denied.

2. Treat Post-Grant Proceedings Like Civil Litigation

The standard for invalidity is lower (reasonable likelihood of prevailing – or more likely than not for post-grant review and CBM – versus clear and convincing evidence in district court), claim construction is broader (broadest reasonable interpretation), and the scope of discovery is significantly reduced in post-grant proceedings.

In addition, the PTAB is comprised mostly of patent attorneys who typically will be familiar with the technology, so they are more likely to be convinced by technical distinctions than a district court judge (or jury) and less impressed with flashy presentations.

3. Significantly Amend Claims

Even if intervening rights is not an issue, the PTAB has issued orders indicating that it is reluctant to consider significant amendments, encourages patent owners to file reissues or re-examinations to significantly amend the claims and typically will only consider a one-to-one correspondence between substitute claims and issued claims.

The patent owner must be careful, however, to avoid the estoppel effect on the patent owner in other proceedings within the USPTO. Rule 42.73(d)(3)(i) precludes a patent owner whose claim is canceled during a post-grant proceeding from obtaining a claim in any other patent that is not patentably distinct from the finally refused or canceled claim.

4. Wait the One-Year Period from Filing of Complaint for Patent Infringement

The statute permits filing an IPR within one year from the filing of a complaint alleging patent infringement. If petitioners wait the full year, file the petition, and it is denied for technical reasons, or other reasons that could have been fixed, the petitioner may be precluded from filing another petition after the one-year date.

5. Expect Significant Discovery

The PTAB routinely denies blanket discovery requests and uses the

interests of justice standard in IPR and the good cause standard in post-grant reviews (and CBMs) when deciding motions for additional discovery.

The PTAB has issued orders in which it has quoted Sen. Jon Kyl's remarks in the legislative history that the "PTO will be conservative in its grant of discovery." The party requesting the discovery has the burden in establishing entitlement to the requested relief.

The PTAB considers five factors to

be important in determining whether the interests of justice standard was met when seeking additional discovery in the IPR.

Conclusion

The first year of post-grant proceedings passed quickly, and these proceedings move much more quickly than most district court litigation. Our top-five list is not intended as a one size fits all for every proceeding, but hopefully, it will help practitioners as they represent parties in post-grant proceedings before the PTAB.

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