

**CHALLENGING
A US PATENT USING
INTER PARTES REVIEW
(IPR)**

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What is an IPR?

- + procedure to invalidate an existing US Patent
- + available since September 2012
- + popular for patent challengers
- + not so popular for patent owners
- + “graveyard for patents”

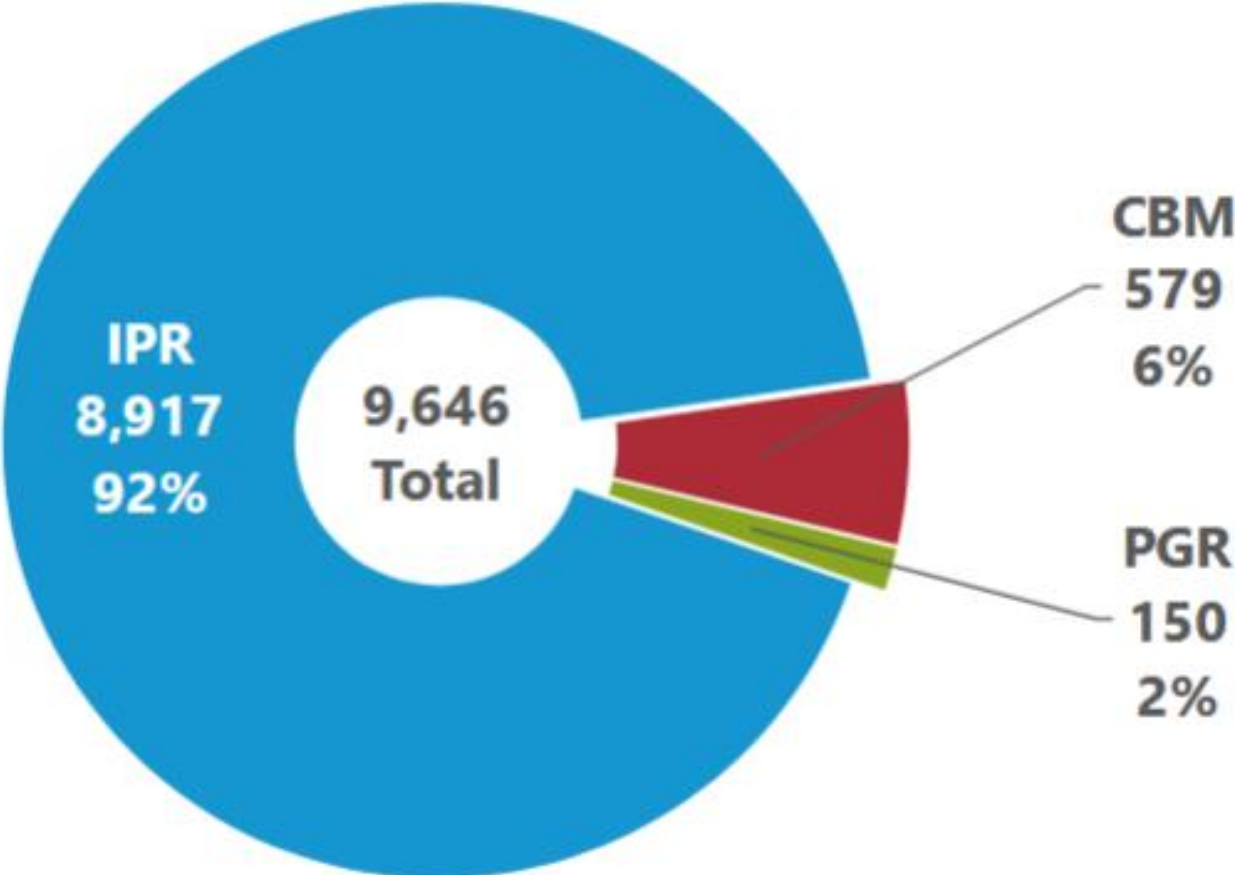


America Invents Act (AIA)

- + Enacted September 16, 2011:
 1. first-to-file
 2. new post-grant review proceedings at USPTO
 - Inter Partes Review (IPR)
 - Post Grant Review (PGR)
 - Covered Business Methods (CBM)



AIA Petitions



Source: USPTO Trial Statistics December 2018

Post Grant Procedures

	Eligible patents	Grounds	Timing
IPR	any patent	patents and printed publications	Any time*
PGR	priority \geq March 13, 2013	All grounds (§§ 101, 102, 103, and 112)	< 9 months of grant
CBM	any patent claiming a covered business method	All grounds (§§ 101, 102, 103, and 112)	After charge of infringement

* must be after PGR window and within 1 year of being sued

New!

What is New?

- + Federal Circuit: *Aqua Products* (October 2017 *en banc*): burden of proving amended claims unpatentable is on patent challenger
- + Supreme Court: *Oil States* (April 24, 2018): IPR proceedings do not violate U.S. Constitution
- + Supreme Court: *SAS Institute* (April 24, 2018): PTAB must institute trial, if at all, on all claims challenged in petition
- + USPTO: Trial Practice Guide Update (August 2018)
- + USPTO: Final Rule on Claim Interpretation (October 9, 2018): PTAB to use Phillips standard (no more broadest reasonable interpretation)

Why file an IPR?

(Advantages of IPR v. Litigation)



- + fast
- + technically and legally sophisticated decision-makers
- + no presumption of validity/lower burden of proof
- + ~~broadest reasonable interpretation~~ (not after November 13, 2018)
- + create new prosecution history estoppel/admissions
- + possibly stay of litigation
- + lower costs

New!

PTAB

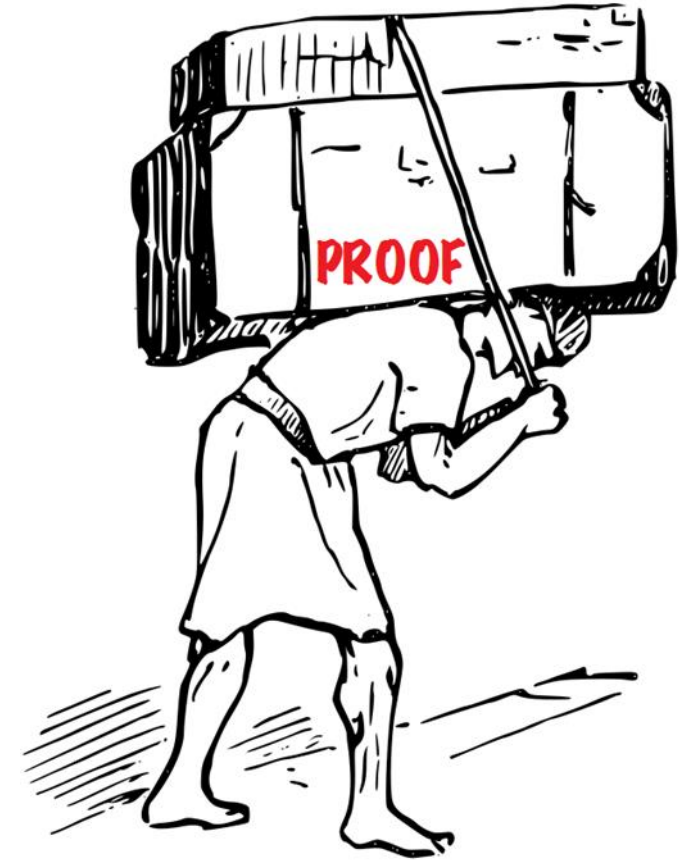
Patent Trial and Appeal Board

- + established by the AIA
- + administrative patent judges
 - appeals division: ex parte patent appeals
 - trial division: post-grant reviews
- + panel of three judges per IPR
 - typically at least 1 judge with knowledge of technical subject matter



Presumption of Validity Burden of Proof

- + no presumption of validity in IPR
- + lower burden of proof than in court:
 - district court: “clear and convincing evidence”
 - IPR: “preponderance of the evidence”



Claim Interpretation

+ District Court

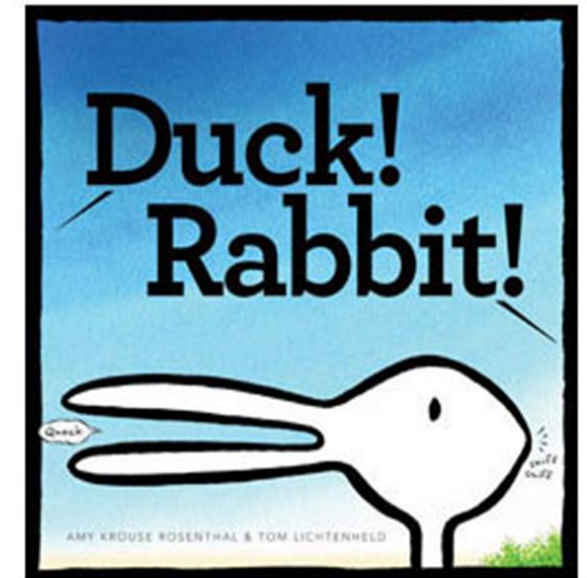


- “Phillips” interpretation
- court asks: “which interpretation would POSA find more likely?”

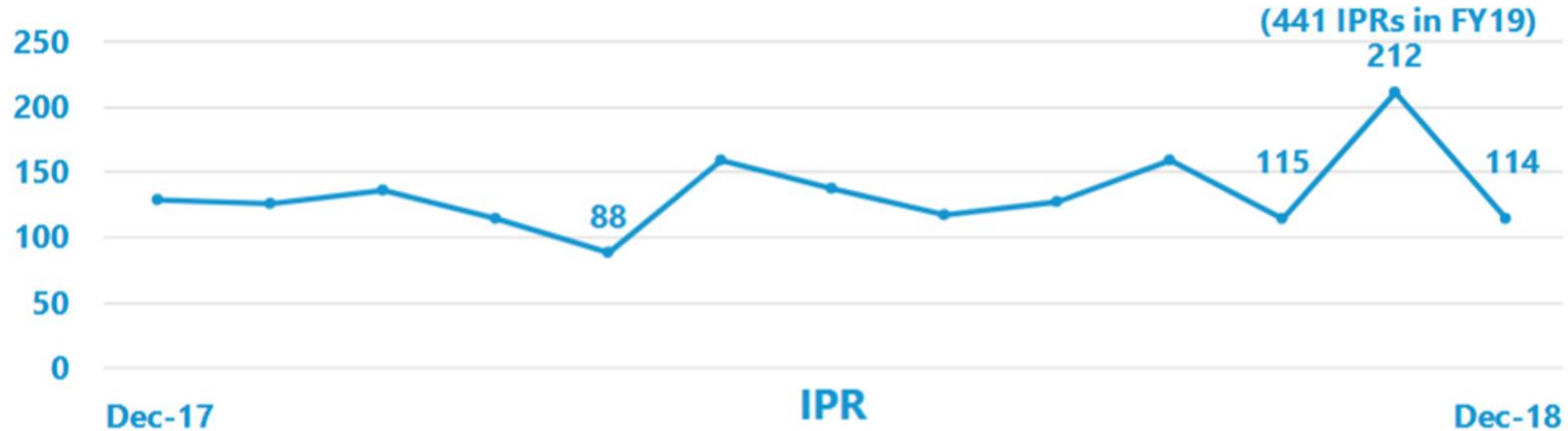
+ PTAB:



- ~~“broadest reasonable” interpretation~~
- ~~PTAB asks: “which of the two is broader?”~~
- same as District Court (since November 13, 2018)



IPR Petitions Filed by Month



Source: USPTO Trial Statistics December 2018

Motion to Stay Litigation

Motions to Stay Request in one year
(September 2016-August 2017):

Total requests to stay:	296
• Requests granted*:	205 or 70%
• Requests denied:	91 or 30%

*includes stays of stipulated requests

Source: Perkins Coie *IPR Proceedings Fifth Anniversary Report*



Limitations/Risks (IPR v. Litigation)



- + limited grounds of invalidity
- + patent owner has opportunity to amend
- + patent owner will attempt to use petitioners statements in subsequent litigation
- + claims that survive will be more difficult to invalidate
- + estoppel

Estoppel: one bite at the apple



- + takes effect after a “final written decision”
- + ground that petitioner “raised or reasonably could have raised”
- ~~+ does not apply to “non-instituted grounds.” *Shaw Industries* (Fed. Cir. 2016)~~
 - what about grounds that were not-raised? (courts split)
- + also a bar in the other direction:
 - IPR is barred by previously filed civil action

IPR Procedure Timeline



● petitioner

● patent owner

● PTAB

IPR Petition

- + only printed publications (including patents)
- + threshold: reasonable likelihood of prevailing on at least one challenged claim
- + one-year time bar from service of complaint
- + detailed reasons for *each* challenged claim
- + claim construction contentions
- + optional expert report

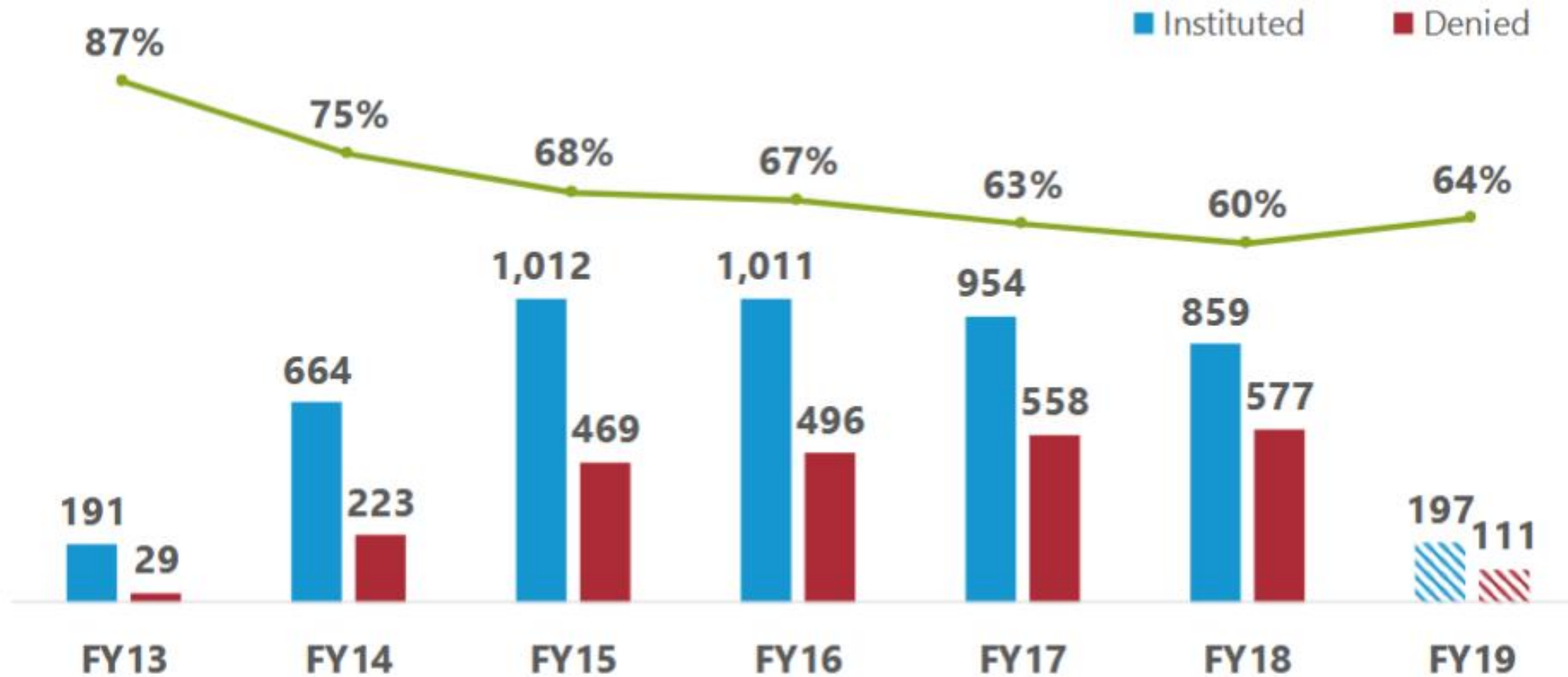


IPR Petition (cont.)

- + real party in interest
- + one patent per petition
- + include all arguments/evidence
 - estoppel
 - later arguments/evidence barred
- + word limit: 14,000
- + USPTO Filing Fee: \$30,500



AIA Petitions by Year



Source: USPTO Trial Statistics December 2018

Optional Patent Owner Preliminary Response

- + within three months of petition
- + may include expert report/evidence
- + last/best chance to prevent institution:
 - procedural deficiency
 - claim construction contentions
 - focus certain claims



Institution Decision

- + reasonable likelihood of prevailing
- + ~~claim by claim, ground by ground~~
- New!* + *SAS v. Iancu* (S.Ct. April 2018): PTAB must be on all claims and all grounds detailed preliminary opinion on merits
- + starts 12 month clock



IPR Procedure Timeline



petitioner



patent owner



PTAB

Patent Owner Response and Motion to Amend

- + Response on the merits to petition
- + Motion to amend:
 - may file one motion
 - must first confer with Board
 - no enlargement of scope
 - reasonable number of substitute claims
- + *Aqua Products* (Fed. Cir. October 2017): petitioner has burden also for proposed claim amendments



Limited Discovery

+ routine discovery:

- cross examination of expert
- any exhibit cited must be served on opponent
- relevant information inconsistent with a position taken

+ additional discovery:

- as parties agree
- in the interests of justice



Petitioner Reply/Opposition to Amendments and Patent Owner Reply to Opposition

- + Petitioner Reply:
 - no new issues/arguments
 - respond to patent owner arguments
- + Petitioner Opposition to Motion to Amend:
- + Patent Owner Reply:
 - replying to petitioner opposition to amend



Oral Hearing

- + Three-judge panel
 - detailed knowledge of record
 - active questioning of attorneys
- + each side has 60 minutes
- + can submit exhibits, but only from the record
- + no new evidence or arguments



Final Written Decision

- + within 12 months of institution
- + detailed discussion of reasons for decision
- + triggers estoppel
- + dissatisfied party may
 - request rehearing
 - appeal to Federal Circuit



Appeal

- + 3 judge panel
- + standard for review :
 - legal conclusions: “*de novo*”
 - factual conclusions: “substantial evidence”
- + 75% affirmation rate



Comparing IPR and EPO Opposition Outcomes



	IPR*	EPO Opposition**
Petitions filed	9646	4072?
Decisions	2513	4072
Patents fully revoked (no claims patentable)	64%	27%
Patents upheld in amended form (some claims patentable)	17%	42%
Patents maintained as granted (all claims patentable)	19%	31%

* = Total IPR decisions all time (Sept. 2012 to December 2018)

** = EPO decisions in single year (2017)

Comparing US And EP

	IPR	EP Opposition
Straw man?	No – real party in interest	Yes
Basis	Patents and printed publications	Novelty, inventive step, non-statutory subject matter, insufficient disclosure, inadmissible amendments
Timing	Any time*	Within 9 months from patent grant
Estoppel	Yes grounds raised or could be raised	No
Fees /Costs	\$30,500 (up to 15 claims)	785 EUR

* must be after PGR window and within 1 year of being sued

When to deploy the IPR?

- + Only after the situation has become acute:
 - you have been sued
 - you know you will be sued
 - you need legal certainty
- + But, prepare beforehand:
 - invalidity opinion
 - IPR as negotiating tactic





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