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# Preparing for the New Post-Grant Reality

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PAT. PEND.

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# Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

## Relevant Statutes & Rules

- Title 35 - America Invents Act
  - Replaces §§ 311-319 (*Inter partes*)
  - Adds §§ 321-329 (Post-grant)
- 37 CFR – PTO proposed rules
  - Replace existing rules for interferences

# Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

## Who?

Anyone (except the patent owner)

## When?

### *Inter Partes* Review

9 months after issue or reissue

### Post-Grant Review

Before 9 months after  
issue or reissue

For reissue: new  
and amended claims *only*

# Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

## How?

### *Inter Partes* Review

Patents and  
printed publications

### Post-Grant Review

Any grounds of invalidity  
(§§ 101, 102, 103, 112, etc.)

Amendments and new claims permitted

Burden of Proof: Preponderance of the evidence

Settlement allowed

# Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

## What?

### *Inter Partes* Review

Any patent

### Post-Grant Review

- (i) Effective filing date after March 16, 2013
- (ii) Covered business method patents
- (iii) Some interferences

# Introduction to Post-grant Proceedings – Overview of *Inter Partes* Review and Post-Grant Review

## Covered Business Method Review

Covered patent claims: “a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service,” but not “technological inventions”

Standing: Accused of infringement

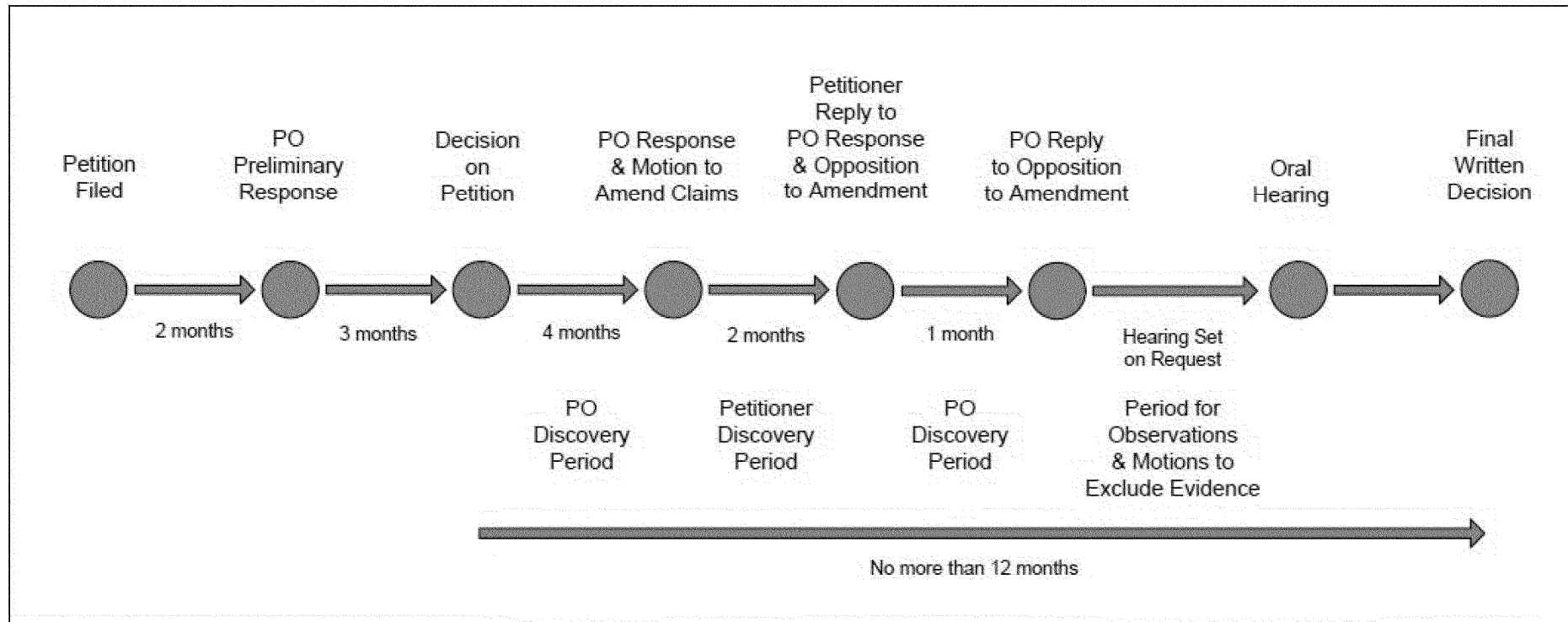
Different from PGR: No nine month filing period, limited prior art allowed, estoppel, stay provision (includes interlocutory appeal by right)

Sunset: Sept. 16, 2012 – Sept. 16, 2020

# Introduction to Post-grant Proceedings – Steep Fees Proposed by USPTO

Number of Claims	IPR Filing Fee	PGR Filing Fee
≤ 20	\$27,200	\$35,800
21 to 30	\$34,000	\$44,750
31 to 40	\$40,800	\$53,700
41 to 50	\$54,400	\$71,600
51 to 60	\$68,000	\$89,500
Each +10	+ \$27,200	+ \$35,800

# Introduction to Post-grant Proceedings – Life cycle



“Source: *Practice Guide for Proposed Trial Rules*, 77 FR 6868, 6869 (Feb. 9, 2012)” before the presentation?



# Beginning a PTO Trial – Petition, Response & Decision to Institute

## Petition

- Prior Art & Other Documents
- Real Party in Interest
- Declarations
- Request to Seal (if necessary)
- Page Limit: 70 pages

## Preliminary Response

“Reasons why ... review should not be instituted”

No testimonial evidence (by proposed rule)

Page Limit: 15 pages

# Beginning a PTO Trial – Petition, Response & Decision to Institute

## Decision

### Inter Partes Review

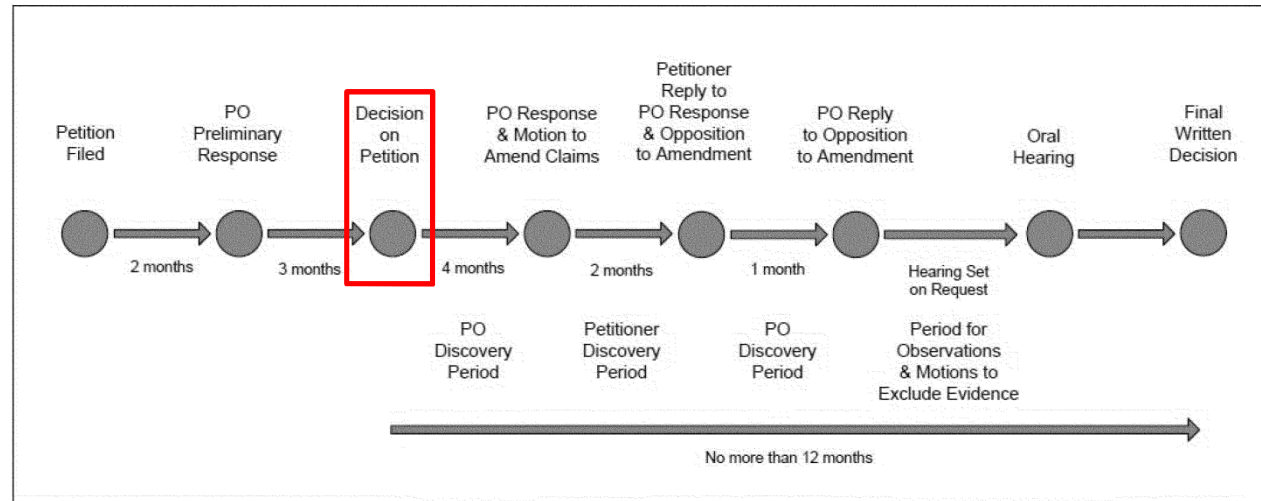
Reasonable likelihood  
to prevail on one claim

### Post-Grant Review

More likely than not  
to prevail on one claim

# Conduct of a PTAB Proceeding

## After Decision to Institute

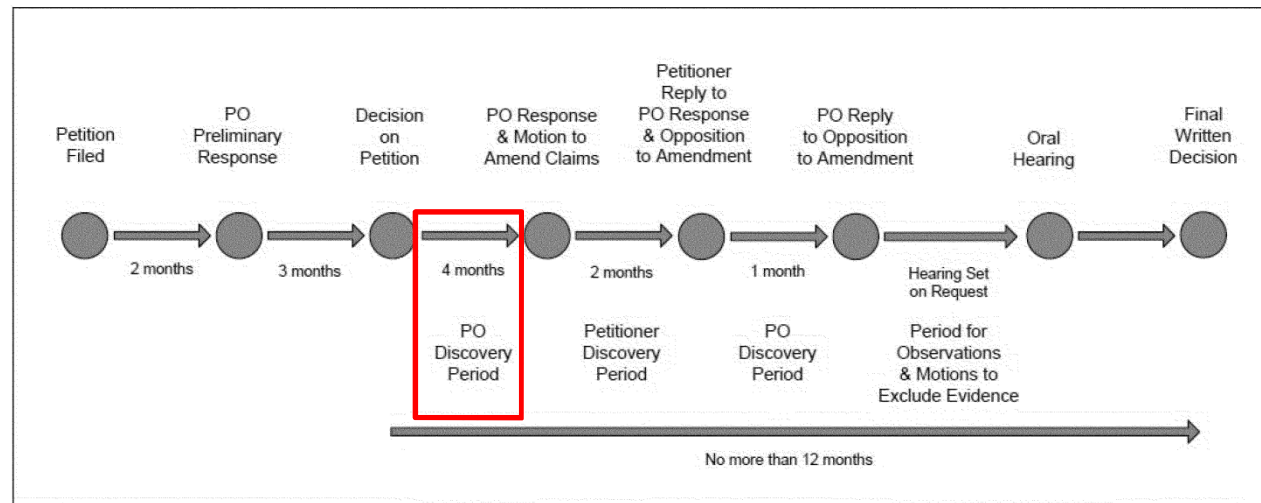


## Case schedule determined by order

- Response and Amendment
- Reply and Opp. to Amendement
- Pre-hearing motions (*e.g., Daubert*)

# Conduct of a PTAB Proceeding

## Patent Owner Discovery

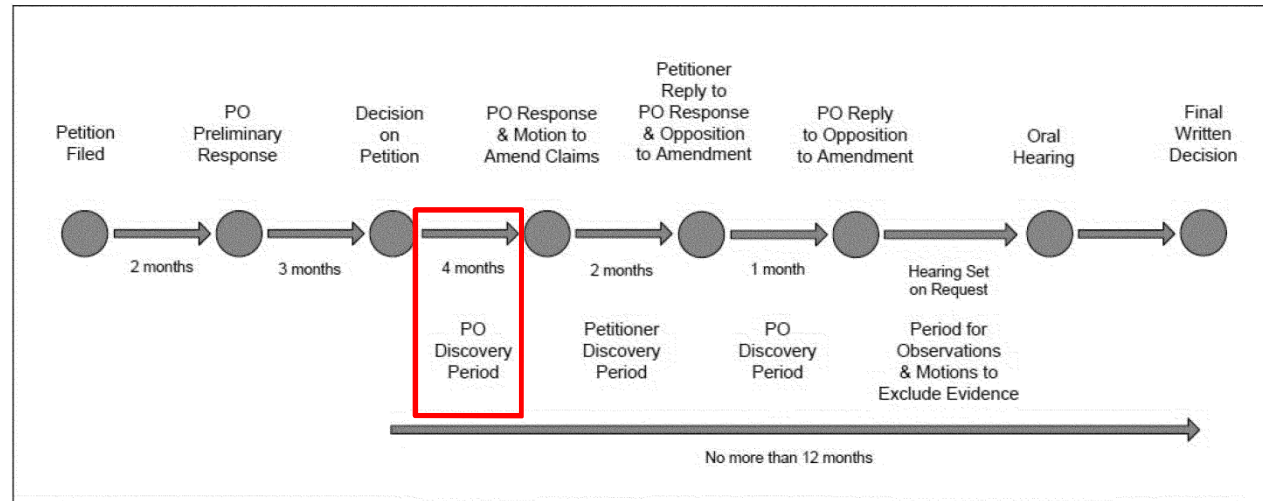


## Discovery allowed

- Exhibits
- Depositions of Declarants
- Information “inconsistent with a position advanced” by a party
- As authorized by motion – “good cause” (PGR) v. “interests of justice” (IPR)

# Conduct of a PTAB Proceeding

## Patent Owner Discovery



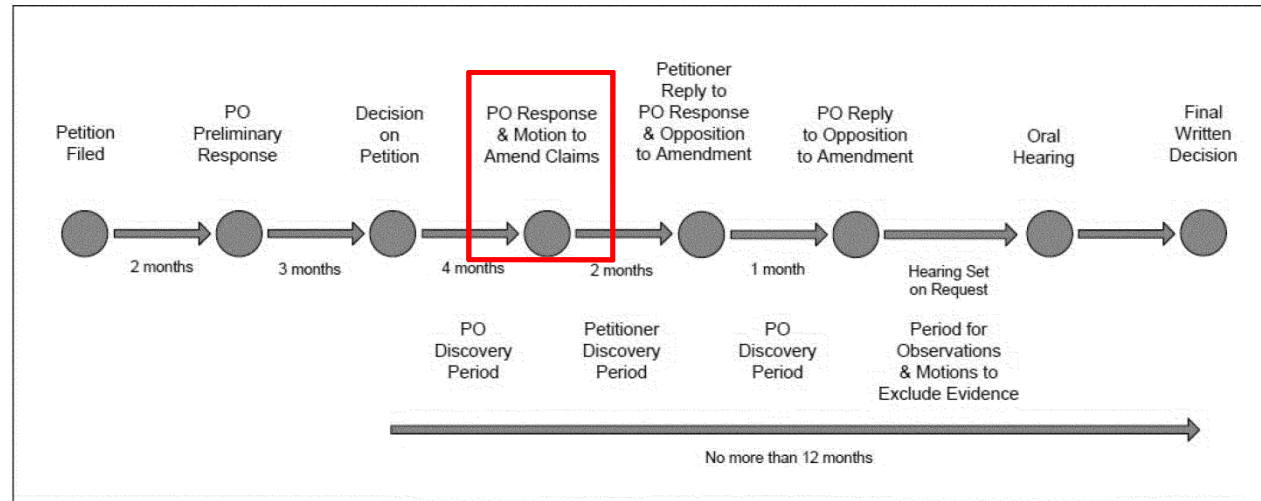
Discovery is a misnomer

Not the time to develop new theories of the case

Deposition = cross-examination

# Conduct of a PTAB Proceeding

## Patent Owner Response & Amendments



### Response to Petition

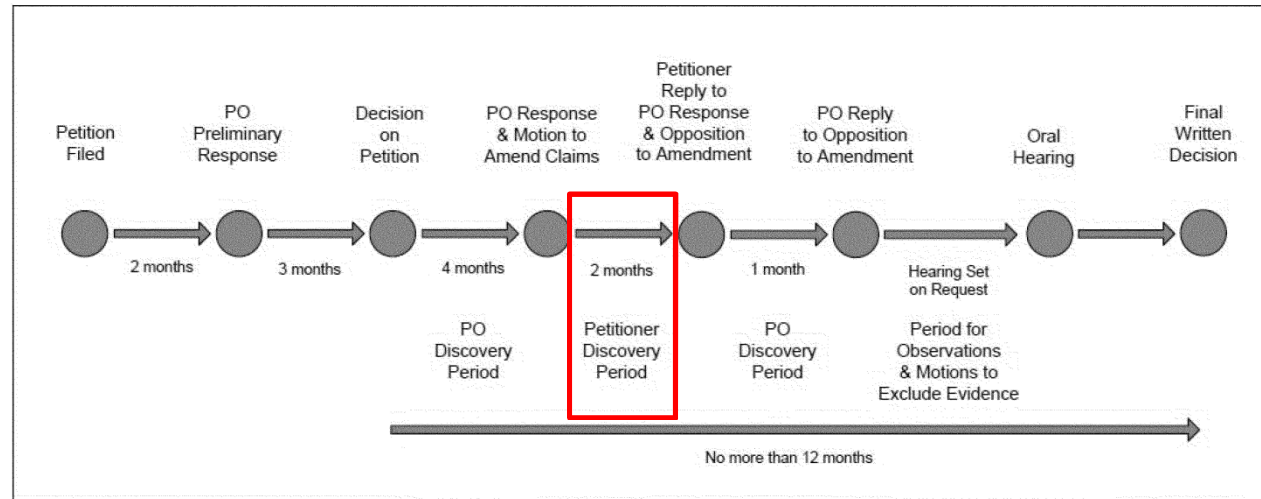
- Affirmative evidence of patentability
- Rebuttal relying on cross-examination

### Motion to Amend

- Amend, cancel, or substitute (“reasonable number”)
- Identify support in spec
- Should “clearly state the patentably distinct features”
- No broadening or new matter

# Conduct of a PTAB Proceeding

## Petitioner Discovery



### On Patentee's Response

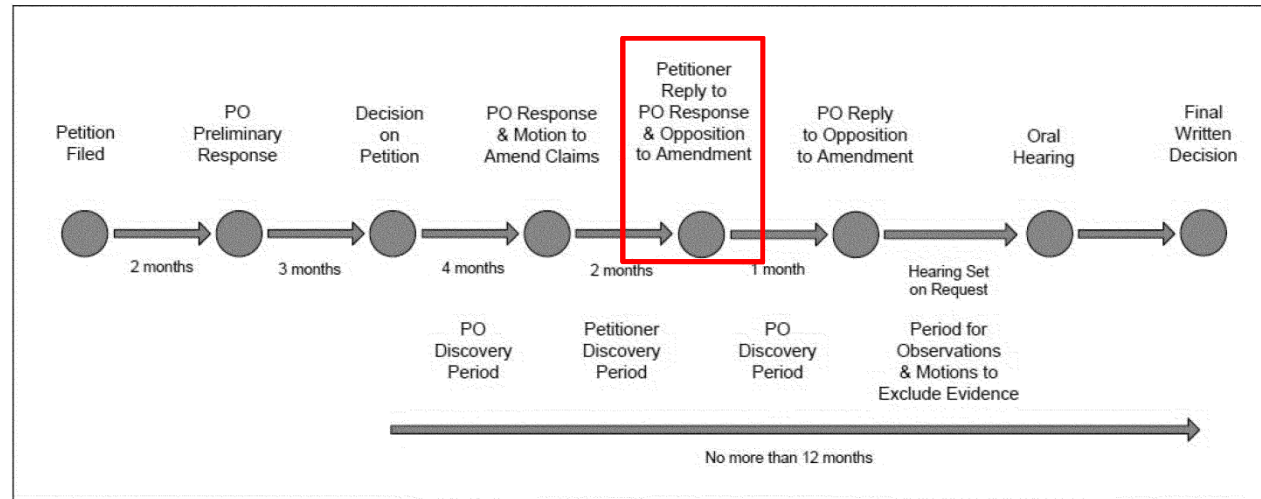
- Same scope of discovery as before
- Secondary Considerations (possibility for third-party discovery)

### On Motion to Amend

- Same scope
- Challenge support
- Challenge "patentably distinct"

# Conduct of a PTAB Proceeding

## Petitioner Reply & Opp.



### Reply ISO Petition

- Affirmative evidence, *e.g.*, rebutting secondary considerations
- Rebuttal relying on cross-examination

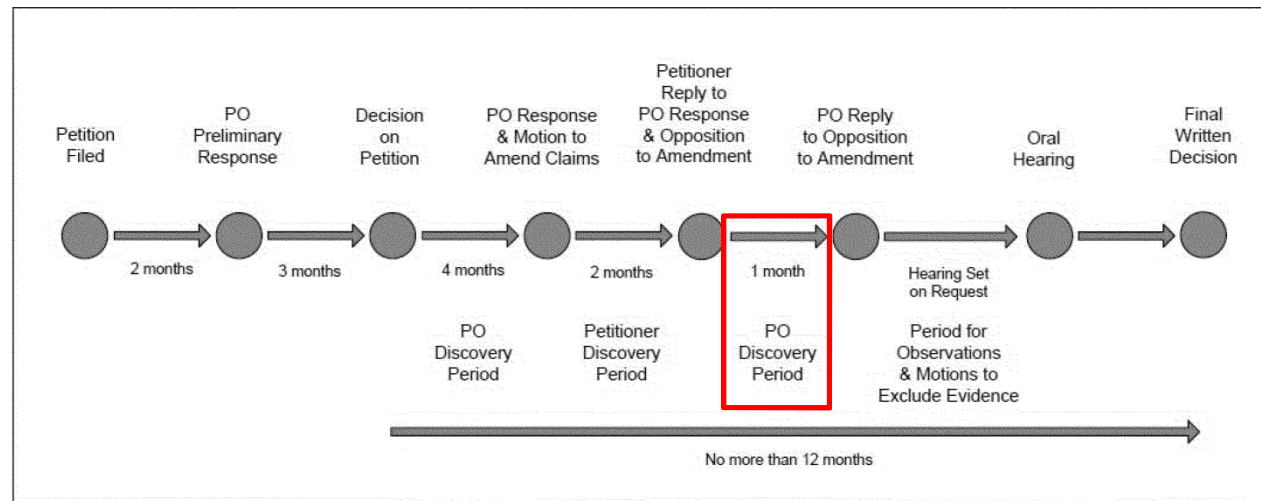
### Opp. to Amendments

- Expert testimony on new or amended claims
- Rebuttal relying on cross-examination



# Conduct of a PTAB Proceeding

## Patent Owner Discovery & Reply



### On Petitioner's Reply

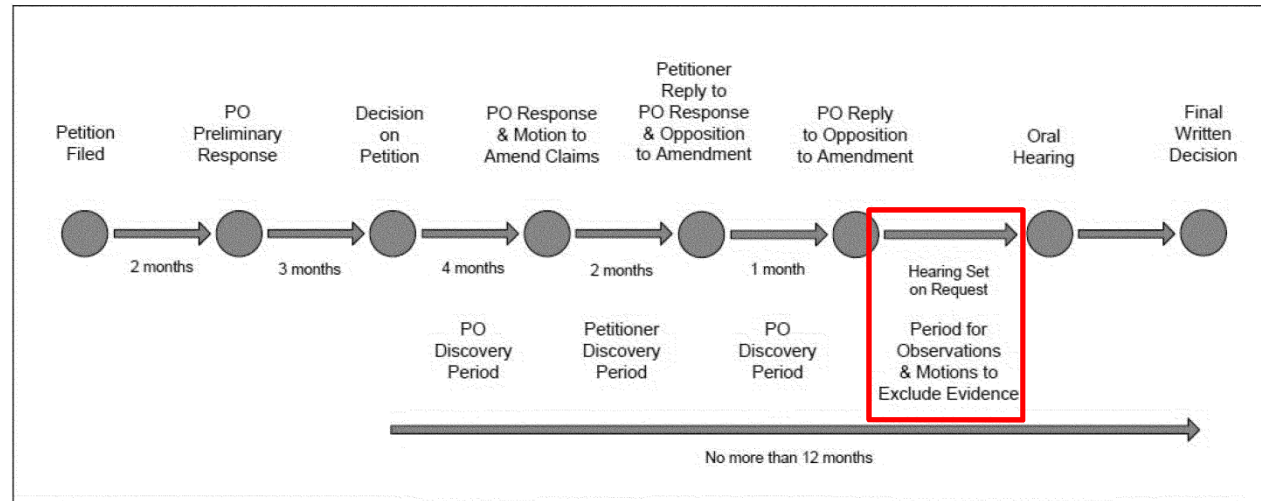
- Same scope of discovery
- "Motion for observation"

### On Petitioner's Opposition

- Same scope of discovery
- Opportunity to file a Reply  
ISO Amendments

# Conduct of a PTAB Proceeding

## Pre-Hearing Motions



### Evidentiary Motions – Federal Rules of Evidence Apply

- *Daubert* motions – APJ’s expect data, tests, methods, etc.
- Other motions to exclude (hearsay, relevance, etc.)
- Taking official notice

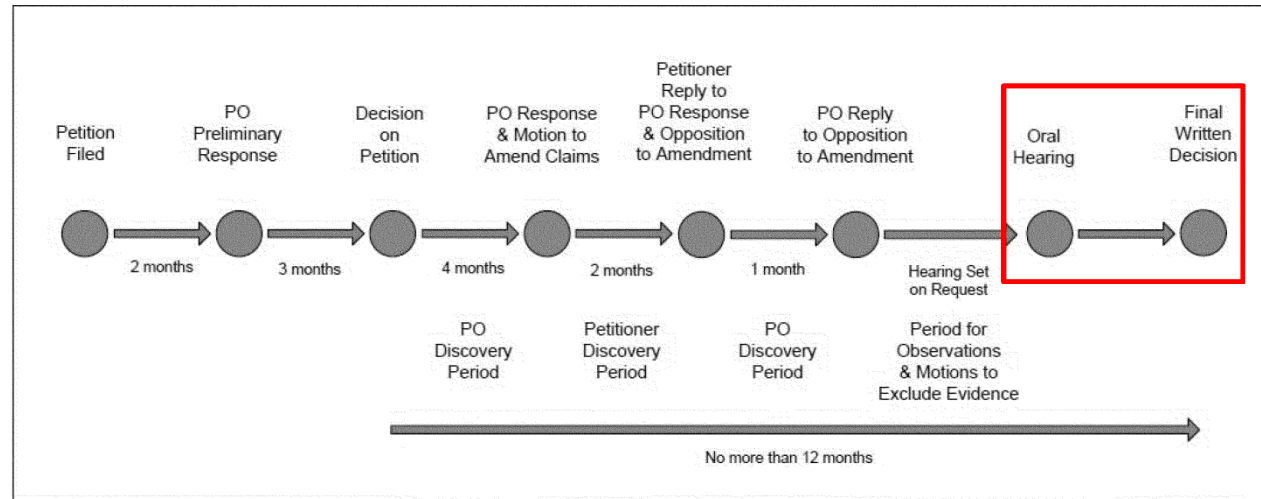
### Request for Oral Argument

### Motions for Rehearing

### No Final Briefing

# Conduct of a PTAB Proceeding

## Hearing & Final Decision



No Live Witnesses

No New Evidence

No New Arguments

Possible Exceptions for Live Testimony (Credibility, Interpreter)

Twelve months to Decision  
*from Institution not Petition*

# Strategic Considerations

- Timing
- Estoppel
- Overlapping Issues
- Choice of Forum
  - Judge or jury vs. Admin. Patent Judge
  - Cost (Potential range for IPR/PGR – \$400K-800K)
  - Speed

# Strategic Considerations – Timing

## Restrictions

- Before a DJ action *for invalidity*
- Less than 1 year after Dist. Ct. filing (applies to *Inter partes*)
- DJ action for noninfringement, counterclaim for invalidity do not preclude review

## Other Factors

- District court timelines v. PTO timelines
- Possibility of stay
- Time to prepare petition
- “Showing your hand”
- Patent owner disclosures
- Issue date

# Strategic Considerations – Timing

## Scenario 1

- Company A files an infringement action in Dist. Ct. July 2011
- Company B files request for *inter partes* reexamination Sept. 15, 2012
- Company C files petition for *inter partes* review Sept. 16, 2012
- PTO grants Company B's request
- PTO denies Company C's request as untimely, after 1-year bar

# Strategic Considerations – Estoppel

35 U.S.C. §§ 315(e)(2), 325(e)(2):

“The petitioner ... or the real party in interest  
or privy of the petitioner ...

may not assert ... that the claim is invalid on  
any ground that the petitioner raised  
*or reasonably could have raised.*”

# Strategic Considerations – Estoppel

## Scenario 1

- Company A files PGR petition on bases X & Y
- Company B files an infringement action in Dist. Ct.
- Company A files counterclaims of invalidity alleging X & Y
- During discovery in Dist. Ct. action, Co. A learns Z, amends complaint
- Before trial, PTO issues decision denying X & Y
- Does Co. A still have defenses X & Y? Does it have Z? What if Co. A's appeal from the PTO decision is still pending at trial?



# Strategic Considerations – Estoppel

## Scenario 2

- Company B files an infringement action in Dist. Ct.
- Company A files counterclaims of invalidity alleging X , Y & Z
- Company A files IPR petition on bases X & Y
- Before trial, PTO issues decision denying X & Y
- Does Co. A still have defenses X & Y? Does it have Z?

# Strategic Considerations – Overlapping Issues

## Claim construction scenario:

- Patent owner files complaint
- Accused infringer files petition 3 months into the case
- PTO’s “broadest reasonable construction” differs from District Court standard – PTO and District Court reach different constructions
- Possible Issues:
  1. Does PTO construction preclude different District Court construction?
  2. Does District Court construction preclude different PTO construction?
  3. How would the Federal Circuit deal with two different claim constructions on the same patent

# Strategic Considerations – Overlapping Issues

## Simultaneous expert discovery:

- Accused infringer files petition first
- Patent owner files complaint
- Accused infringer counterclaims for DJ of invalidity incl. same grounds as petition
- Court denies stay
- Possible Issues:
  1. Repeat depositions; expert's "clarifying" earlier testimony
  2. Documents "inconsistent with a position" at PTO
  3. Will PTO take district court testimony and vice versa?

# Strategic Considerations – Choice of Forum

## District Court vs. USPTO

Avg. Time to trial > 2 years vs. 17+ months

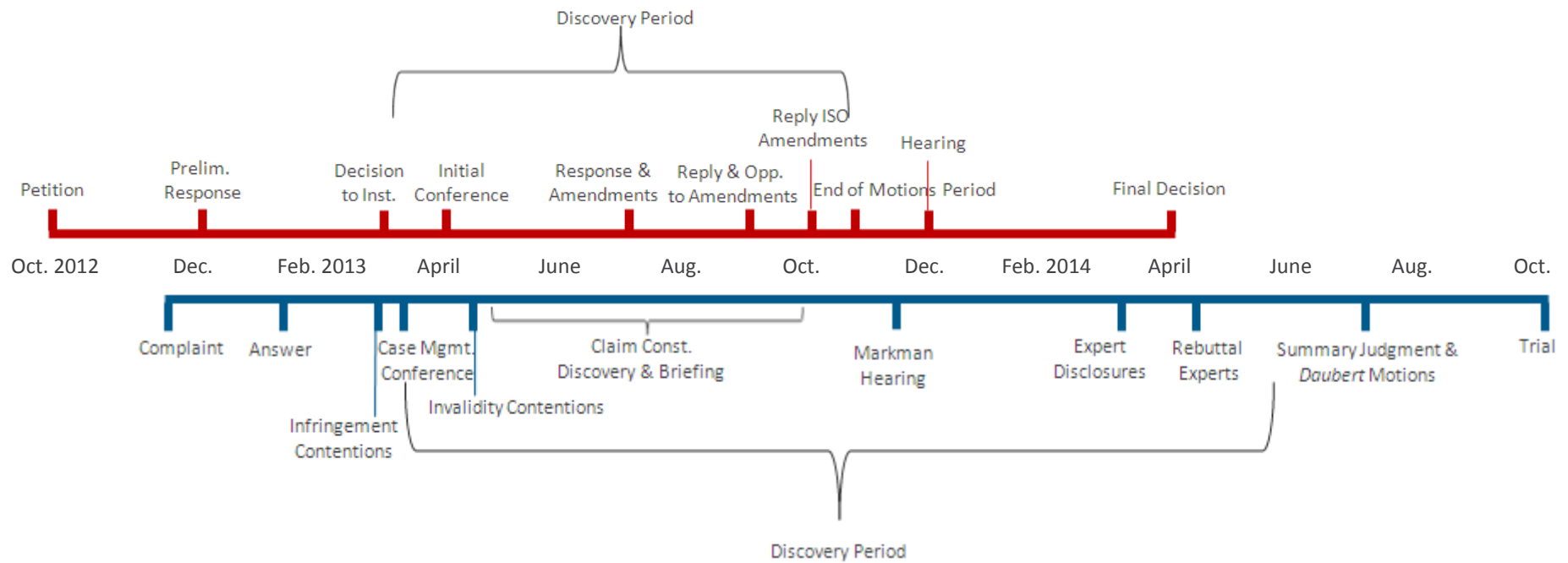
Expensive discovery vs. Expensive filing fee

Judge or jury vs. Administrative Patent Judge

Different sets of evidence

# District Court versus Post-Grant Timeline

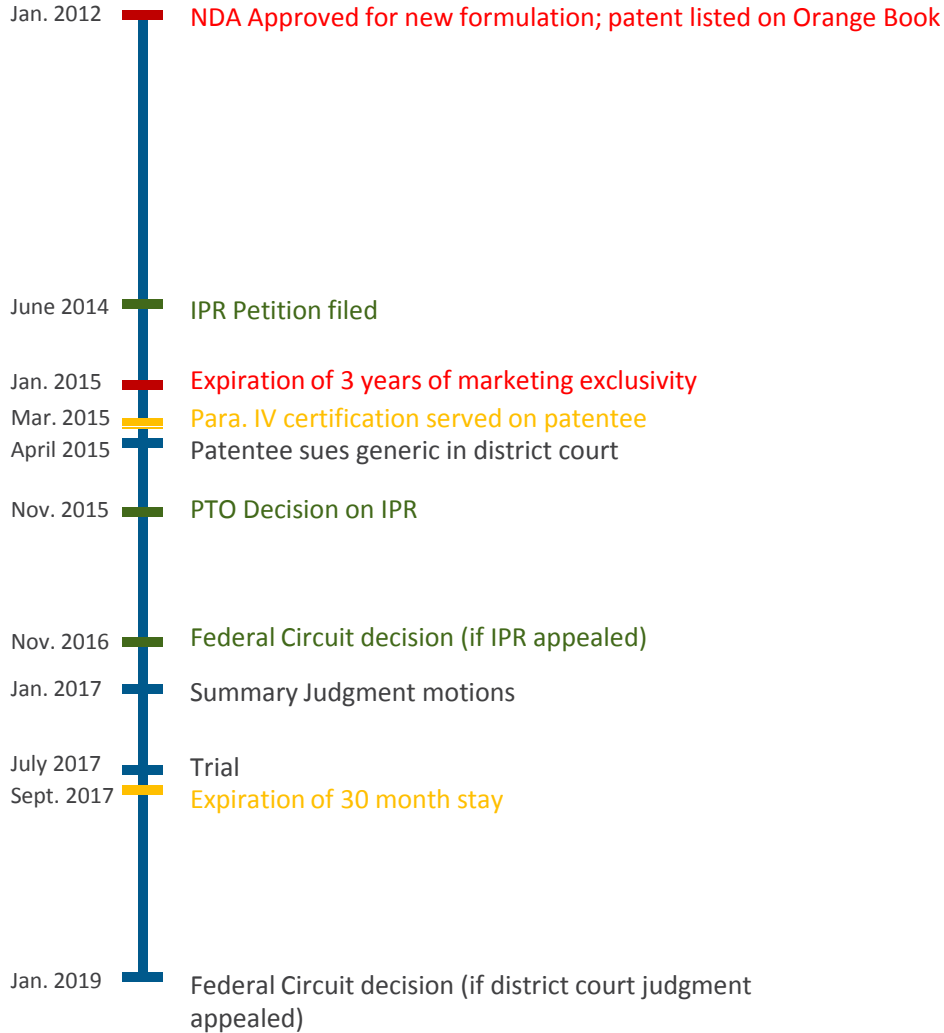
## Post-Grant Proceeding



## District Court Litigation

All dates are approximate

# IPR and Hatch-Waxman Patent Challenges



All dates are approximate

# Brief Comparison to EPO Oppositions

## Similarities & Differences

- Nine months from grant
- Standard: “balance of probabilities”
- Cost
  - > US\$6,000 initial filing
  - > US\$150,000 avg. total

## EPO Outcomes

- About 6% of patents opposed
- Outcomes (approximate)
  - $\frac{1}{3}$  claims revoked
  - $\frac{1}{3}$  claims narrowed
  - $\frac{1}{3}$  claims unchanged

# Unresolved Issues for *Inter Partes* Review and Post-Grant Review

- Discovery
  - Initial disclosures
  - Defining “inconsistent evidence” – Ex: secondary considerations
  - Documents
  - Board deposition guidelines
- Motion Practice
  - Claim amendments
  - Claim construction
- Application of Estoppel



## Actions for Near-Term Consideration

- Comment on proposed rules – April 10, 2012
- File applications before March 16, 2013 to avoid PGR
- Review monitoring system for competitor patents, applications
- Accused infringers
  - Prepare petitions for IPR for filing Sept. 16, 2012
- Patent owners
  - Monitor market for likely petition filers based on investment
  - Analyze key patents; pre-IPR preparation (experts, docs, etc.)

# Questions?

## Contact Information

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