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# Understanding the Final Post-Grant Rules and Regulations

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# Introduction to Post-grant Proceedings

## Relevant Statutes & Rules

- Title 35 - America Invents Act
  - Replaces §§ 311-319 (*Inter partes*)
  - Adds §§ 321-329 (Post-grant)
  - America Invents Act § 18 (Covered Business Method)
- 37 CFR – PTO rules
  - Part 42 – trial rules (1 *et seq*), *inter partes* rules (100 *et seq*), post-grant rules (200 *et seq*), covered business method rules (300 *et seq*)
  - Web resources: <http://www.uspto.gov/ip/boards/bpai/index.jsp>;  
<https://ptabtrials.uspto.gov/>

# Introduction to Post-grant Proceedings – Overview of *Inter Partes* & Post-Grant Reviews

## 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* & Post-Grant Reviews

## What?

### *Inter Partes* Review

Any patents

Patents and  
printed publications

### Post-Grant Review

Patents with eff. filing date  
after March 16, 2013

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

Amendments and substitute claims permitted

Burden of Proof: Preponderance of the evidence

Settlement allowed

# Introduction to Post-grant Proceedings – Overview of 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”

## Technological Inventions:

- case-by-case determination
- “claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art” and
- “solves a technical problem using a technical solution”

# Introduction to Post-grant Proceedings – Overview of Covered Business Method Review

Standing: Sued for infringement or “charged” with infringement (DJ jurisdiction standard applied per 37 CFR § 42.302(a))

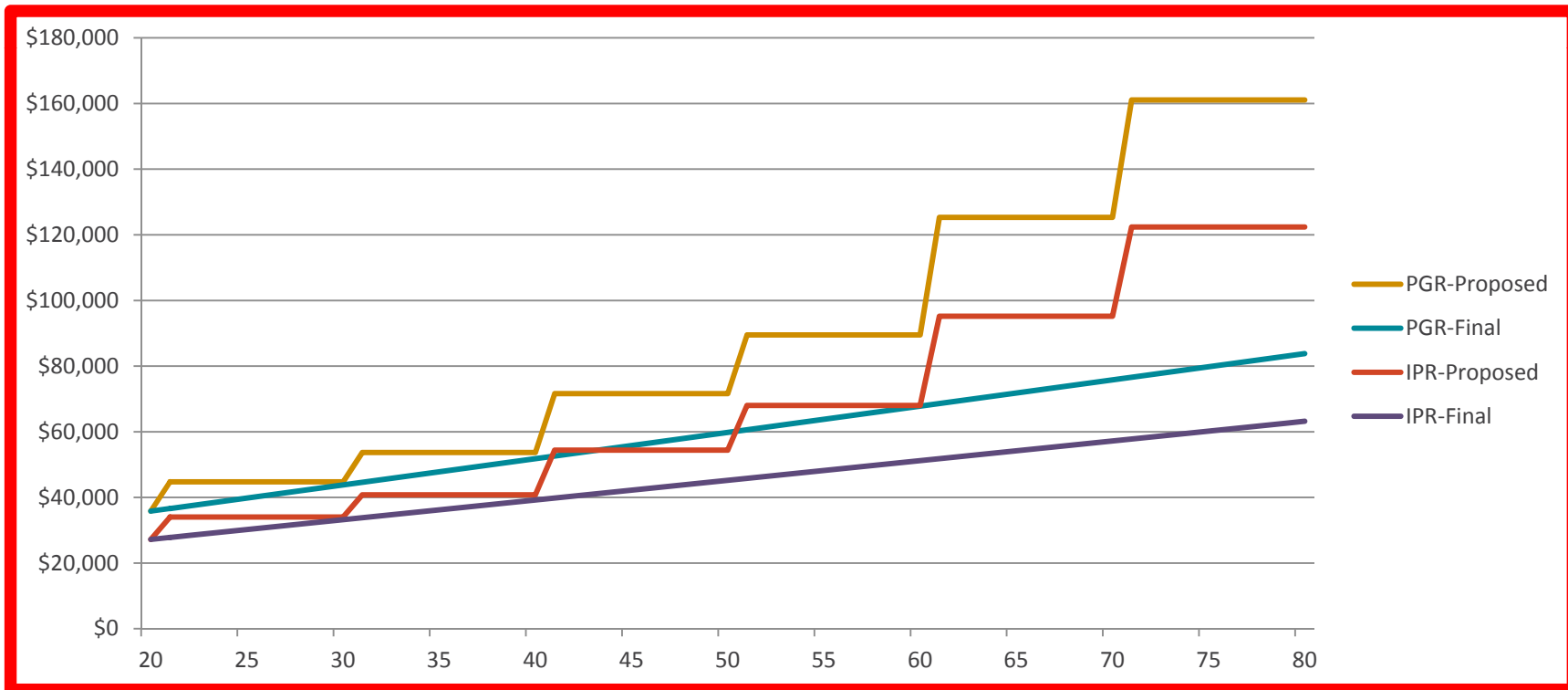
Different from PGR:

- No nine month filing period
- Any ground of unpatentability, BUT limited prior art for 102/103 challenges allowed
- No “reasonably could have raised” estoppel
- stay provision (includes interlocutory appeal by right)

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

# Introduction to Post-grant Proceedings – Fees

Number of Claims	IPR Filing Fee	PGR Filing Fee
≤ 20	\$27,200	\$35,800
Each add'l	\$600	\$800





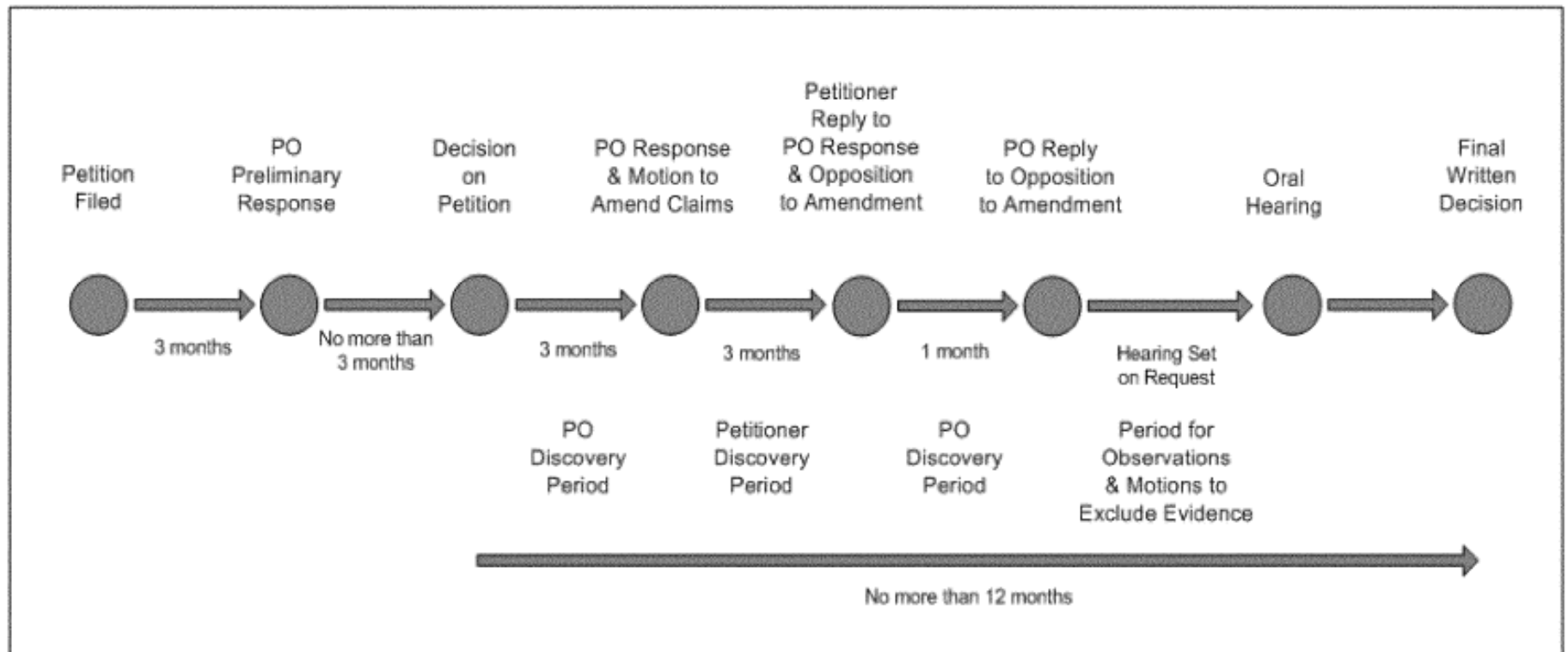
# Introduction to Post-grant Proceedings – Proposed Changes to Fees

77 FR 55028, 55069

- Staged fees – On petition & on decision to institute
- Overall decrease in total – subsidized proceeding

<b>Event</b>	<b>IPR Filing Fee</b>	<b>PGR Filing Fee</b>
Request	\$9,000	\$12,000
Each claim > 20 in Request	\$200	\$250
Trial Instituted	\$14,000	\$18,000
Each claim > 15 in Trial	\$400	\$550

# Introduction to Post-grant Proceedings – Life cycle



“Source: *Office Patent Trial Practice Guide*, 77 FR 48756, 48757 (Aug. 14, 2012)”

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

## Petition

- Prior Art & Other Documents
- Real Party in Interest
- Declarations
- Motion to Seal (if necessary)
- Page Limit: 80 pages (Post-Grant) or 60 pages (*Inter Partes*)
- Claim construction

## Preliminary Response

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

Evidence allowed, but testimony needs authorization

Page Limit: Same as Petition

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

## Decision

### Inter Partes Review

Reasonable likelihood  
to prevail on one claim

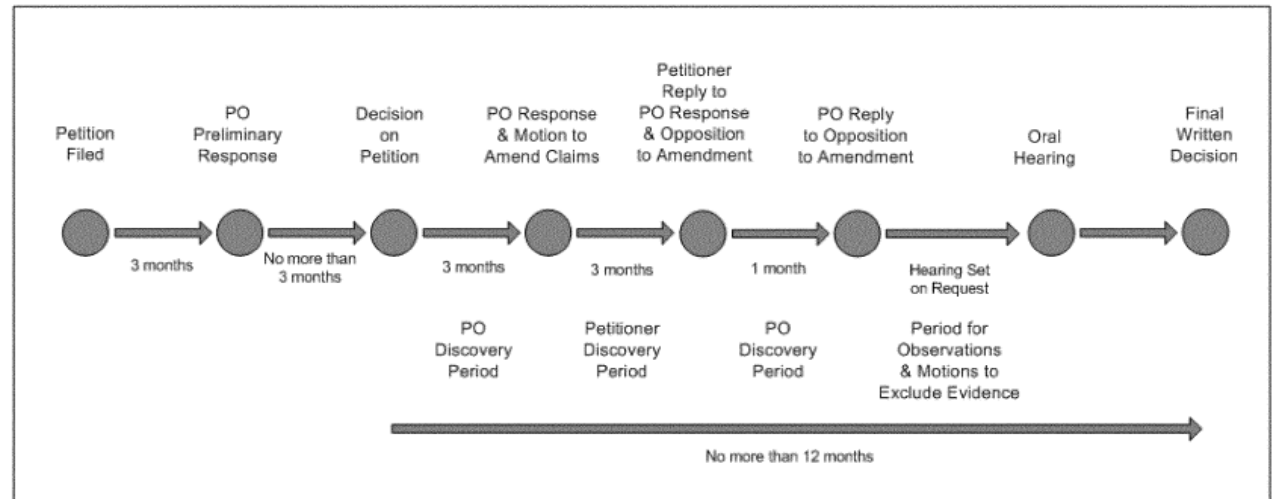
### Post-Grant Review

More likely than not  
to prevail on one claim

Not appealable, **but** decision declining to institute  
may be subject to motion for rehearing

# Conduct of a PTAB Proceeding

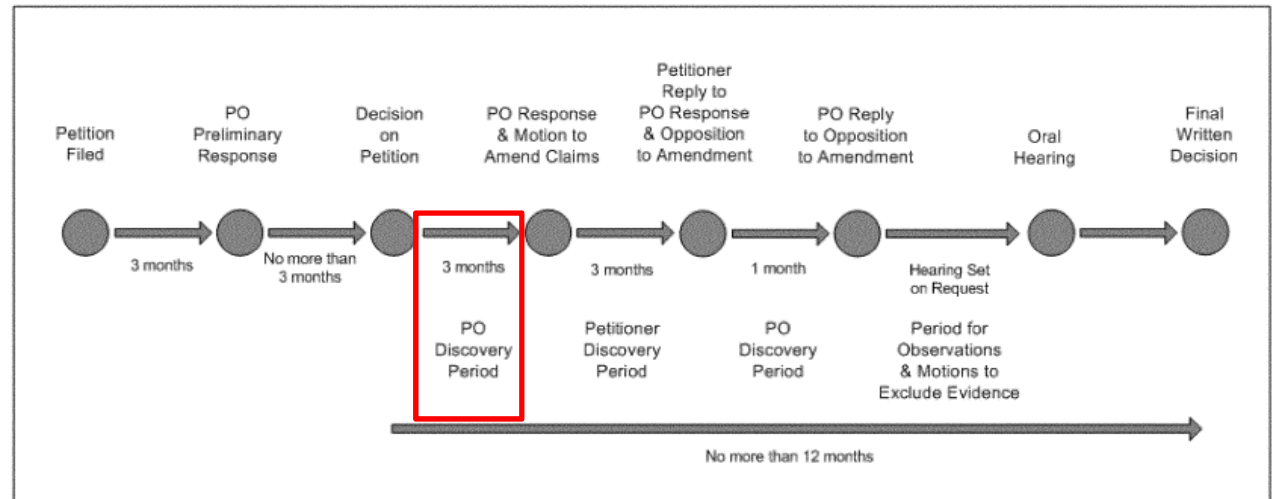
## Preliminary Issues



- Case schedule determined by order after decision to institute
- Protective order – separate for each Motion to Seal
- Objections to Petition evidence due within 10 days of decision to institute
- Initial Disclosures –
  - Agreed disclosures filed with Preliminary Response, or
  - Disclosures sought by motion

# Conduct of a PTAB Proceeding

## Patent Owner Discovery

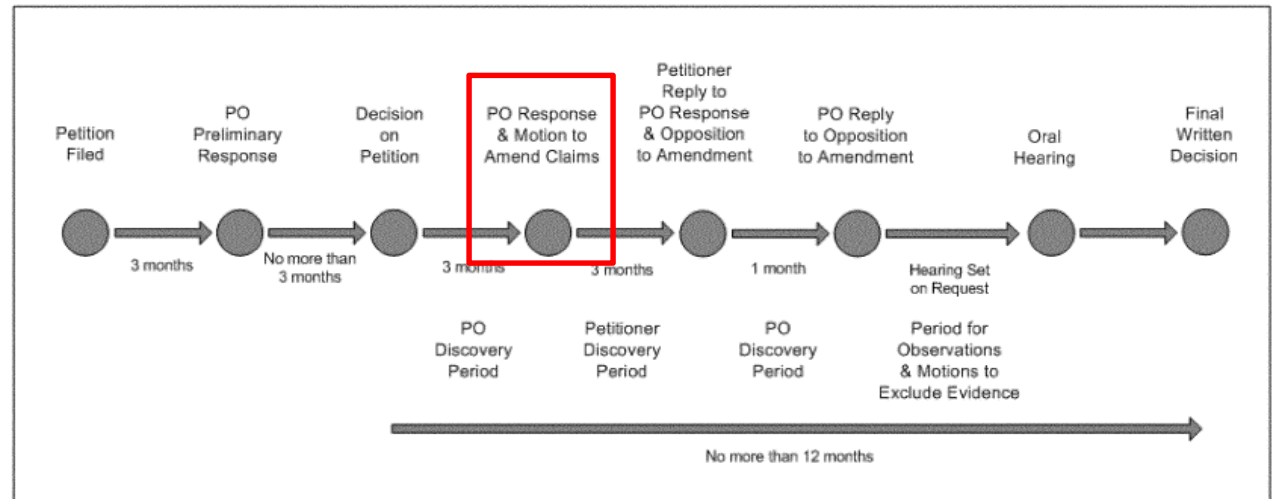


### Discovery Allowed

- “Mandatory” Initial Disclosures
- Exhibits & Depositions of Declarants
- Relevant Information “inconsistent with a position advanced” by a party
  - “Inventors, corporate officers, and persons involved in preparation or filing”
  - Served with the paper in which the position is advanced
- On motion – “good cause” & “directly related to factual assertions” (PGR) v. “interests of justice” (IPR)
  - Evidence uniquely in the possession of party raising issue

# Conduct of a PTAB Proceeding

## Patent Owner Response & Amendments



### Response to Petition

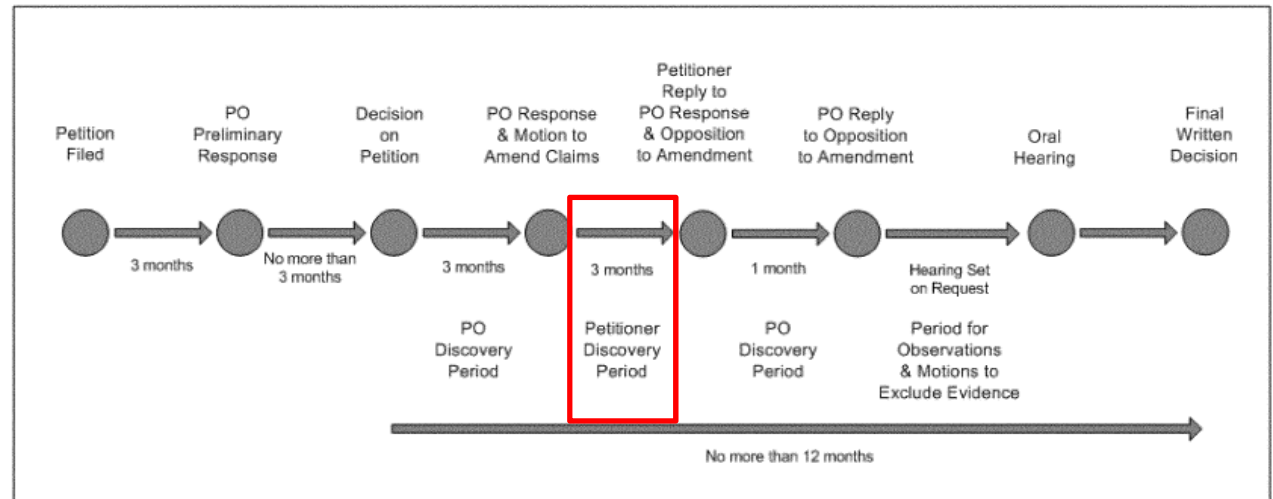
- Affirmative evidence of patentability
- Rebuttal relying on cross-examination

### 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 discovery allowed
- Secondary Considerations

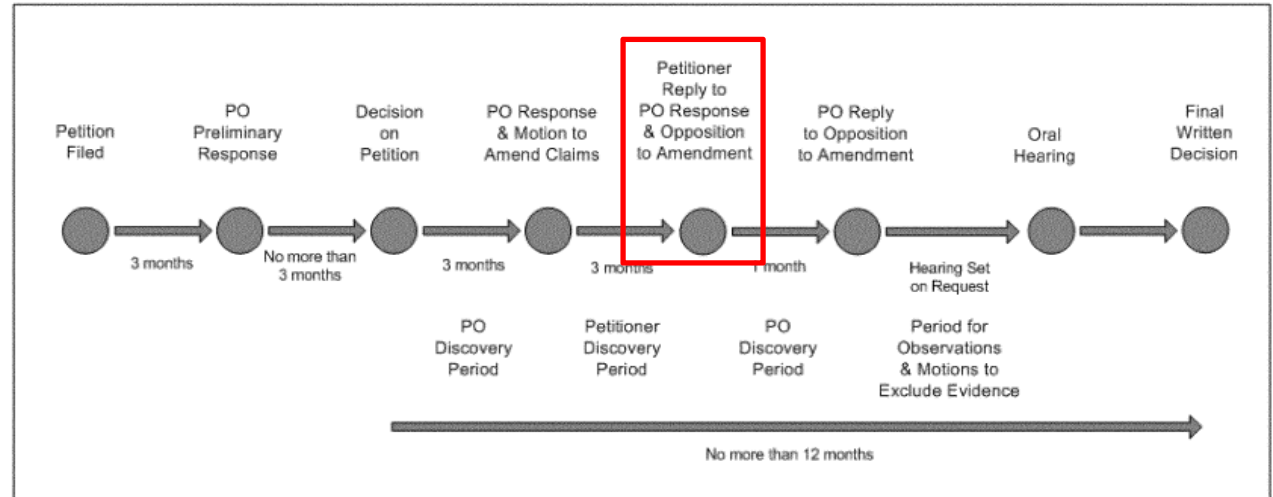
### On Motion to Amend

- Same discovery allowed
- Challenge support
- Challenge "patentably distinct"



# Conduct of a PTAB Proceeding

## Petitioner Reply & Opp.



### Reply ISO Petition

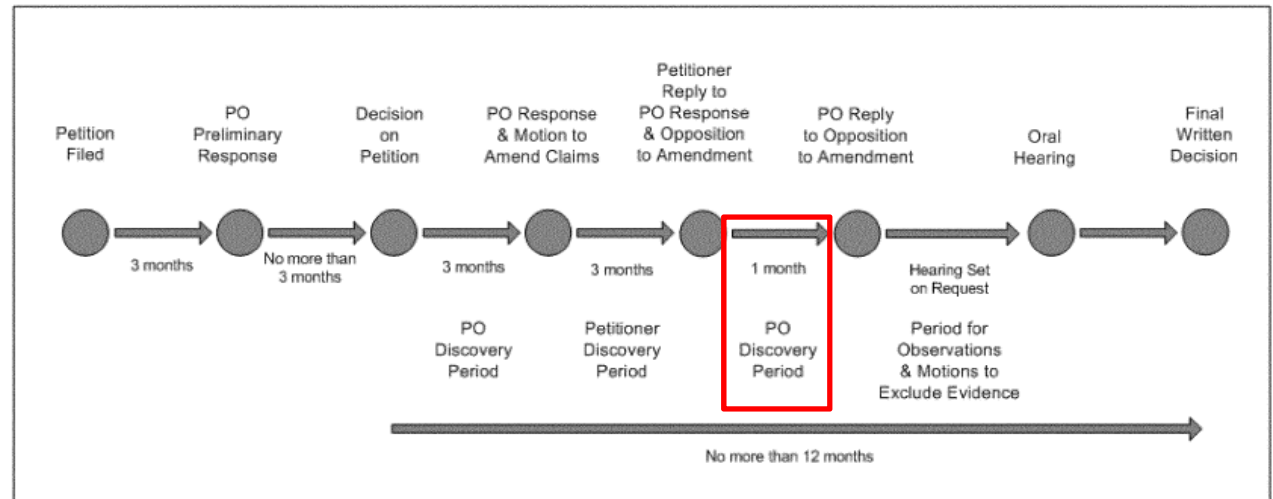
- Affirmative evidence, *e.g.*, rebutting secondary considerations
- Rebuttal relying on cross-examination

### 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

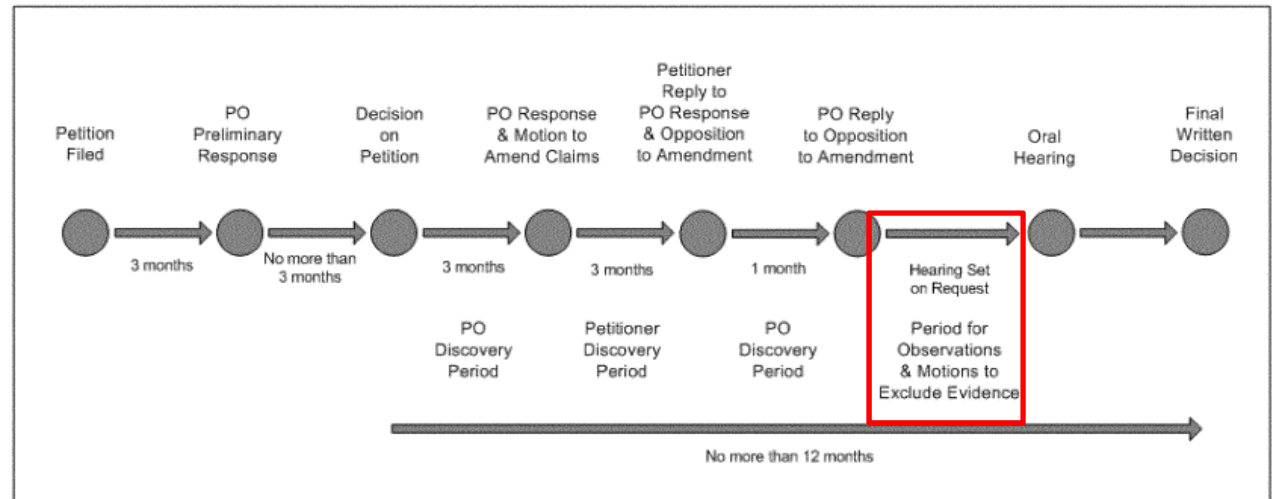
- Same scope of discovery
- "Motion for observation"

### 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 evidence as inadmissible
- Taking official notice

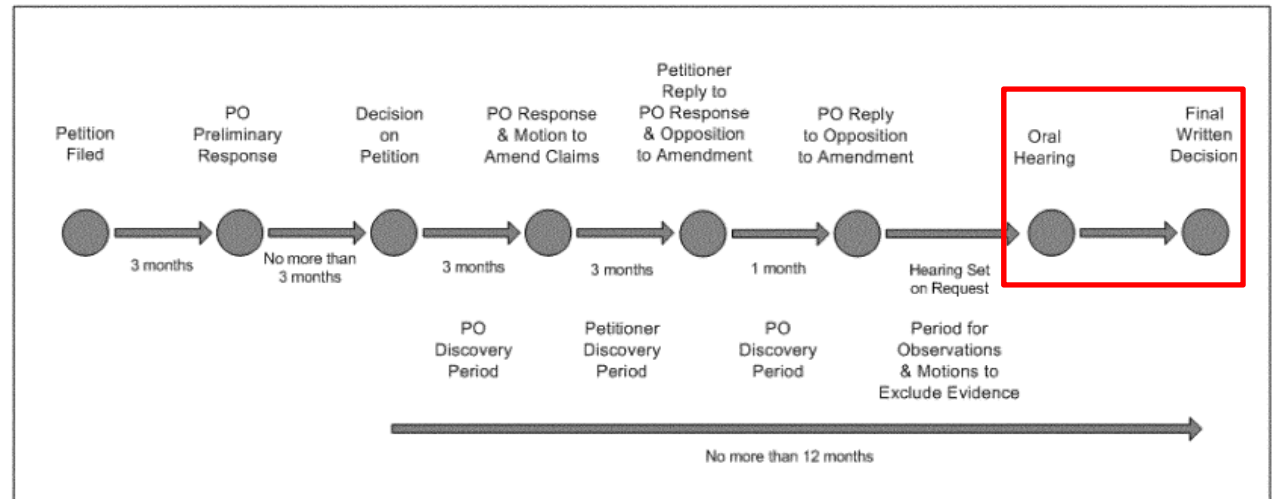
### Request for Oral Argument

### 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

# Notable Differences Between Proposed Rules and Final Rules

- Discovery –
  - Initial Disclosures;
  - E-Discovery Order;
  - “Inconsistent Information” Not Limited to Non-cumulative Information
- Patent Owner Estoppel Narrowed
- Schedules and Page Limits Expanded
- Supplemental Information – Same Rules for Both Sides
- Fees

# Discovery Under the Final Rules

- Mandatory Disclosures
  - By Agreement – 2 Options
  - Or By Motion
- Timing – automatic on institution based on discovery of information identified in initial disclosures
- Privileges Apply As a Limit on Discovery
- Additional Discovery
  - Agreed
  - Interests of Justice (IPR)/Good Cause (PGR)
- Burden on Party Seeking Discovery
- Depositions – Be Prepared

# *Inter Partes* and Post-Grant Review Advantages and Disadvantages

<b>Advantages</b>	<b>Disadvantages</b>
Lower Burden of Proof	Estoppel
Possible stay of later filed litigation	Limits on petition
Possible intervening rights	Front-loaded costs
“Broadest Reasonable Construction”	Limited Prior Art (IPR only)
Cheaper, More Focused Discovery	Potential for New Claims
Decision by 3-APJ Panel	Decision to Institute not Appealable

# Petitioner's Disadvantages Can Be Patent Owner's Opportunities

- Estoppel applies to privies
- Selection of claims challenged provides intelligence
- Amend claims to strengthen patent
- Amendments to incorporate “District Court”-style construction



# Strategic Considerations – Petitioner 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 – Patent Owner Estoppel

## 37 CFR § 42.73(d)(3)

A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent:

- (i) A claim that is not patentably distinct from a finally refused or canceled claim; or
- (ii) An amendment of a specification or a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.

# Strategic Considerations - Procedure for Amendments

## 37 CFR §§ 42.121 & 42.221

- Motion to Amend – limited to one, absent authorization
- Filed at the time of the Patent Owner’s Response
- “Reasonable number” of substitute claims (1-to-1 is presumed reasonable)
- Must identify support for claims in the disclosure, including the disclosure of any priority application or patent
- No broadening amendments
- Must respond to ground of unpatentability

# Strategic Considerations - Procedure for Amendments

## Practice Guide (77 FR 48766-67)

- No ruling on amendments prior to final ruling, but motion to amend may be denied without prejudice if original claims are upheld
- Additional motions to amend to further settlement generally allowed
- Amendments to address claim construction issues
  - May request determination that claims are substantially identical under 35 U.S.C. § 252

# Strategic Questions - Estoppel

Hypothetical: Company A is sued for patent infringement by Company B – 6 months after the patent issues.

- Company A has what it believes is strong prior art.
  - Should Company A file a petition for PGR?
  - Does the calculus change if Company A instead has what it believes is a strong 112 challenge?
- Petition is accepted.
  - Should Company B amend its claims?
  - If amended claims survive, is A estopped from challenging the validity of those amended claims in the district court action?

## Strategic Questions – Other Issues

### Freedom-to-Operate:

Many companies rely on FTO opinions as the basis for entering the market rather than pursuing current reexam proceedings due to their disadvantages. Will the new proceedings alter this view and be used more to gain clarity regarding FTO?

### Settlement:

Is the ability to settle IPR/PGR a significant advantage?

# When Considering Filing a Petition for Review ...

## Know the Business Context

- What current and future products face risk from the patent at issue?
- What R&D interests are implicated?
- Who are the competitors?

## Know the Legal Context

- What are the current infringement risks?
- What are your other defenses?
- Who is the better audience (PTO or jury)?

# When Defending Against Petition for Review ...

## Quick Reaction Is Important

- Considerations Regarding Counsel
  - Lead counsel (patent attorney): in-house or outside
  - *Pro hac vice* litigation counsel (*e.g.*, assist with discovery)
- Considerations Regarding Experts
  - Retained expert or employee(s)?
  - Inventor still employed/available?
- Other considerations:
  - Disclaiming claims?
  - Advising Business Side About Risk



# Strategies for Dealing with Patent Infringement Risk

## New Patent...

- Pre-issuance submission of prior art
- Post-grant review
- Ex parte reexam
- *Inter partes* review
- Declaratory Judgment action
- Wait and see

# Questions?

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