

License to Kill: Administrative Patent Invalidity Proceedings in the US and China

Presented by Mayer Brown LLP and King & Wood

Gary Hnath

Partner, Mayer Brown LLP

+1 202.263.3040

ghnath@mayerbrown.com

WeChat ID: G33333377

Jing Zhang

Partner, Mayer Brown LLP

+1 202.263.

jzhang@mayerbrown.com

WeChat ID: LawGirlMB

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Bryan Nese

Associate, Mayer Brown LLP

+1 202.263.3266

bnese@mayerbrown.com

WeChat ID: NJSUCCESSSTORY

Alex Wang

Associate, Mayer Brown LLP

+1 202.263.3498

awing@mayerbrown.com

Jin Mao

Partner, King & Wood

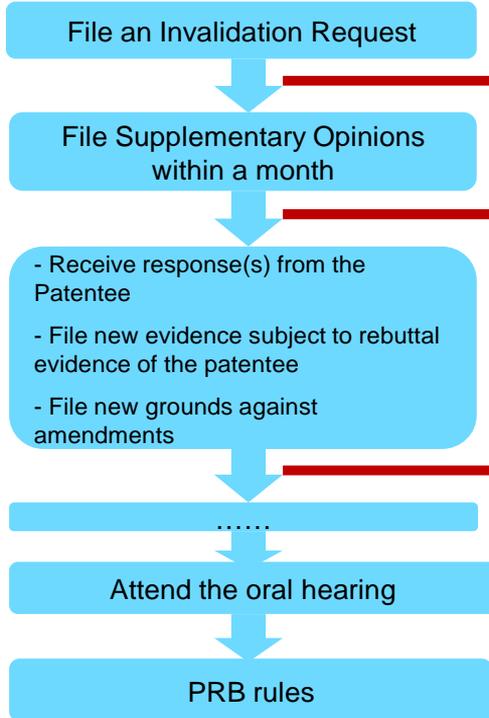
maojin@cn.kwm.com

Part I

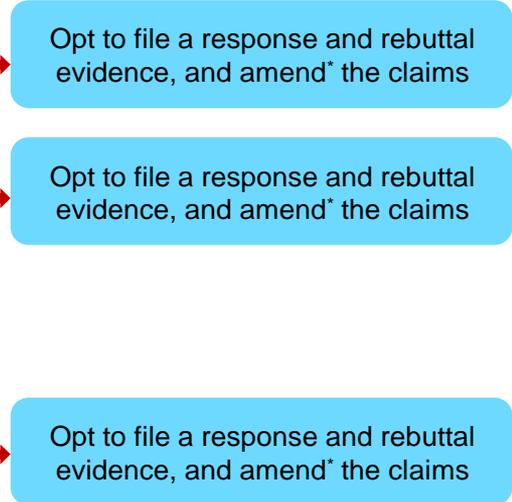
Invalidation Proceedings in China

Invalidation Proceeding

Petitioner Side



Patentee Side



Basics

- Anyone could file an invalidation request (when the patentee files the request, it could not petition to declare all the claims invalid).
- Evidence admissible---Prior Art Publications (patents, textbooks, online articles, magazines, periodicals, etc.), Prior Use Evidence (prior use, sales, etc.)
- The onus to prove the claimed invention is invalid is on the petitioner, and that to prove the claimed invention is valid, e.g., to prove technical prejudice the claimed invention has overcome, is on the patentee.



Effect

- Invalidaiton decision could be subject to judicial review exclusively by Re-examine and invalidation division of Patent office (PRB).
- Where the Invalidation decision is against the patentee, the court of infringement trial could dismiss the infringement case.
- PRB is the only entity entitled to declare a patent invalid in part or in whole (new trend?).



Key issues: amendment of claims

- Delete claims and technical solutions
- incorporate elements of other claims into a claim
 - Not allowed to add features in specification only into claim
 - Not allowed to amend depending claim only
 - Not allowed to add part of the element in other claims in to claim

Examples for claim amendment

- 1.A cellphone includes components: A, B, C;
- 2.A cellphone according to claim 1, includes components: D;
- 3.A communication process includes step: a, b, c;
- 4.A communication process according claim 3, includes step: a, b, c; in which c is c_1+c_2 ;
- Result of not accepting the amendment (only one chance in the time window)

Key issues: Estoppel

- Estoppel in claim construction in invalidation proceeding could be used in infringement case to limit the protection scope of claim;
- Difficulty in practice:
 - Paper record;
 - Video record;
 - Confirmation in invalidation as the basis to maintain the patent;

Key issues: prior arts cited in invalidation procedure

- No limitation to cite prior arts in the invalidation procedure;
- No limitation to combine prior arts to attack the claim;
- Normally, only one combination could be presented in oral hearing.
- While the presented combination fails to invalidate the claim, other combinations are more likely to be deemed as weaker than the presented one and not supported by panel. Tips:
 - High requirement for the precise assessment of the prior arts;
 - Use as less prior arts as possible;
 - Shorten the invalidation request;

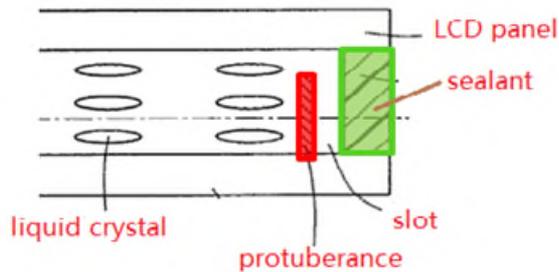
Key issues: feature disclosure in prior art

- The claim only limits technical means;
- what if the technical means is disclosed by prior art, but the technical problem to be solved and the technical solution to be achieved in prior art is not identical with the patent?
- Is the technical means limited in claim could be deem as disclosed by prior art?

Key issues: feature disclosure in prior art

➤ Patent:

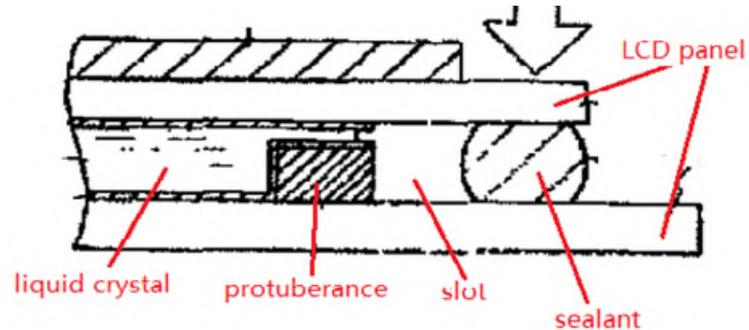
- Technical problem: liquid crystal would contain some bubble which may affect the display effect of LCD panel;
- Effect of the means: Liquid crystal containing bubble flow into the slot would not return to the display area.



patent

➤ Prior art:

- Technical problem: liquid crystal flow to contact the sealant before the sealant be solidified would contaminate the liquid crystal;
- Effect of the means: slowdown the flow speed of the liquid crystal to prevent the liquid crystal reach to sealant before the sealant get solidified.



prior art

Part II

Inter Partes Review Proceedings
at the United States Patent &
Trademark Office

US *Inter Partes* Review Proceedings – Agenda

- What is an IPR?
- How do I request an IPR?
- When can I file an IPR?
- When should I file an IPR?
- What is a typical IPR timeline?
- Why might I want to file an IPR?
- What are some recent developments in IPR proceedings?

What Is an IPR?

- A procedure that begin on September 16, 2012
- A “trial-like,” discretionary proceeding at the US Patent and Trademark Office (USPTO)
- Allows anyone to challenge the claims of a patent for being anticipated (not new) or obvious
- Decided by a panel of three administrative patent judges, who usually have a technical background



What Is an IPR?

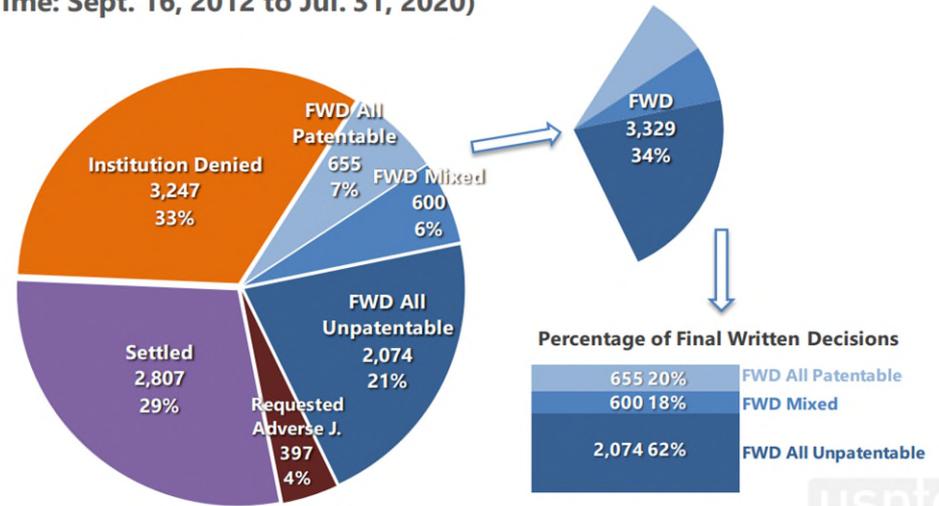
- Can argue anticipation or obviousness of patent claims based on “printed publications”
 - patents, articles, books, etc.
- Cannot argue that the claims are indefinite (§ 112), subject matter ineligible (§ 101), or unenforceable



What Is an IPR?

- From September 2012 through July 2020:
 - About 33% of IPRs were not instituted.
 - Once instituted, and if not resolved by settlement, 80% of final written decisions resulted in at least one claim being found unpatentable.

Outcome of Concluded Proceedings
(All Time: Sept. 16, 2012 to Jul. 31, 2020)



Source: USPTO Trial Statistics, PTAB, July 2020
(https://www.uspto.gov/sites/default/files/documents/trial_statistics_20200731.pdf)

How Do I Request an IPR?

- IPRs begin with the filing of a petition with the USPTO.
- The petition must include:
 - Detailed invalidity arguments (may include claim charts)
 - Any proposed claim constructions (same standard as US district courts)
 - The names of all real parties-in-interest
 - Lead and backup counsel (registered to practice at the USPTO)
 - No more than 14,000 words
- Strongly consider including an expert declaration with the petition
- If instituted, the IPR must be instituted on all grounds.

When Can I File an IPR?

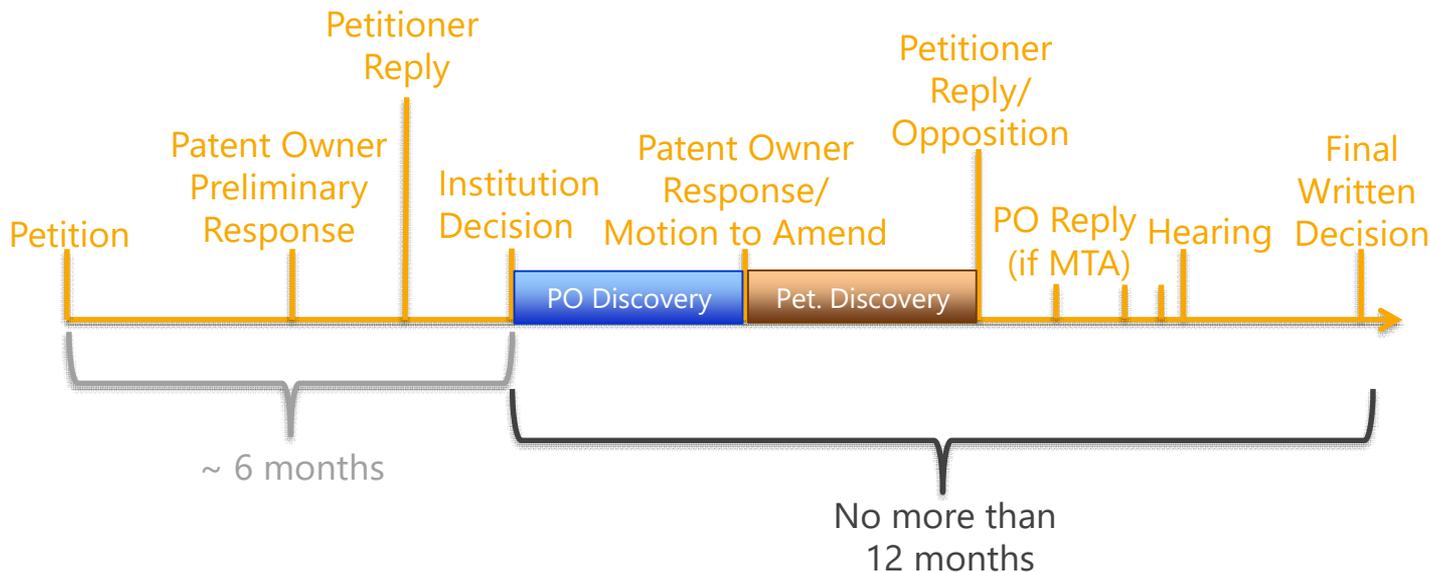


- Timing Requirements:
 - Nine months after issuance of the patent (or termination of a “post-grant review” proceeding for patents filed after March 16, 2013); and
 - Within one year of service of a complaint for patent infringement.
- Cannot petition for an IPR if you file a district court case for invalidity
 - But you can file an IPR if you are sued in district court and argue invalidity as a defense.

When Should I File an IPR?

- For a district court case, consider filing early in order to increase the chances that the case will be put on hold (stayed).
- For ITC cases, a stay is unlikely.
 - However, early filing may put pressure on patent owners for settlement.
 - On the other hand, waiting until the ITC record is more fully developed may allow for finding the best prior art and for learning about the patent owner's validity arguments.
 - *But see Certain Unmanned Aerial Vehicles & Components Thereof*, Inv. No. 337-TA-1133, Comm'n Op. at 35-36 (Sep. 8, 2020) (suspending exclusion order due to May 2020 USPTO decision finding asserted claims invalid).

What Is a Typical IPR Timeline?



Why Might I Want to File an IPR (or Not)?

Benefits of IPRs

- Fast decisions (about 18 months)
- Knowledgeable/specialized patent judges
- Lower burden of proof for invalidity (“preponderance of the evidence” vs. “clear and convincing”)

Drawbacks to IPRs

- No “live” witness testimony
- No infringement determinations
- Limited discovery (must seek leave from the Board)



Why Might I Not Want to File an IPR Petition?

- Estoppel
 - Once the IPR concludes, the petitioner is barred from making any arguments that it “raised or reasonably could have raised” during the IPR. 37 C.F.R. § 42.73(d).
 - Estoppel attaches to all grounds in the petition.
- Estoppel binds the petitioner, the real parties-in-interest, and anyone in privity with the petitioner.
- Estoppel does not apply to arguments that cannot be made in IPRs (*e.g.*, 112 issues, prior art products, etc.).



Recent Developments – POP Procedure

- The USPTO Director formed a Precedential Opinion Panel (POP) to decide issues of “exceptional importance” to the Board.
- The “POP” is a review panel that can reconsider a Board decision upon request of a party, or designate earlier decisions as precedential.
 - By default, the POP includes the USPTO Director, the Commissioner for Patents, and the Board’s Chief Administrative Patent Judge.



UNITED STATES
PATENT AND TRADEMARK OFFICE



Recent Developments – Discretionary Denials

- Two paths to discretionary denial of IPRs:
 - 35 U.S.C. § 314(a): Used to deny subsequent (or “follow on”) petitions challenging the same patent, or when district court case is in late stages
 - 35 U.S.C. § 325(d): Used to deny petitions when “the same or substantially the same” arguments were already presented to the USPTO



Recent Developments – Discretionary Denials

- The Board “recognize[s] the potential for abuse of the review process by repeated attacks on patents.” *Gen. Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, Paper 19 at 17 (Sep. 6, 2017).
- 314(a) discretion for subsequent petitions is governed by the “*General Plastic Factors*,” which include:
 - Timing of the subsequent petition, and
 - Whether patent owner or the Board commented on the earlier petition.
- 314(a) discretion also applies if a parallel district court case has advanced to a large degree. *See Apple Inc. v. Fintiv, Inc.*, Case IPR2020-00019, Paper 11 (Mar. 20, 2020). Factors include:
 - Proximity of district court trial date to Board final written decision date,
 - Investments by the district court (claim construction, etc.), and
 - Overlap of issues.

Recent Developments – Discretionary Denials

- Under 35 U.S.C. § 325(d), “In determining whether to institute or order a proceeding ..., the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”
- In a precedential decision, the Board set out a two-part test:
 - Were the same art or arguments presented to the PTO previously?
 - If so, did the petitioner show that the PTO erred in the consideration of the art/arguments “in a manner material to patentability”?

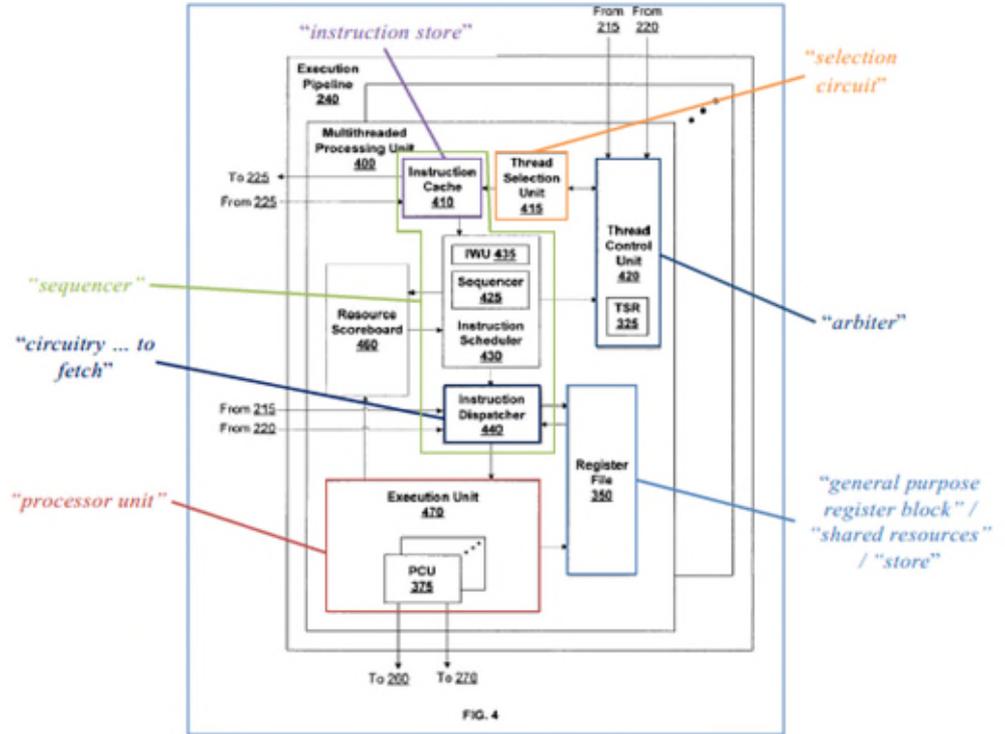
Adv. Bionics, LLC v. Med-El Elektromedizinische Geräte GmbH, Case IPR2019-014969, Paper 6 at 8 (Feb. 13, 2020)

Recent Developments – Motions to Amend

- Patent Owners may file a motion to amend the patent claims at issue (typically due about 3 months after a decision on institution).
 - Pilot program allows filing a “revised” motion to amend later.
- Motions to amend are very restrictive. For example:
 - Presumed one-to-one substitution of claims
 - No broadening of claim scope
 - Must show patentability over prior art

What Are Some General Tips for IPRs?

- Don't make every argument available.
- Don't allow the district court case to advance too far along.
- The expert declaration should do more than just parrot the petition.
- Visuals in the petition can be extremely important!





Questions?
问题 ?