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Lessons From 2 Years Of AIA Post-Grant Proceedings

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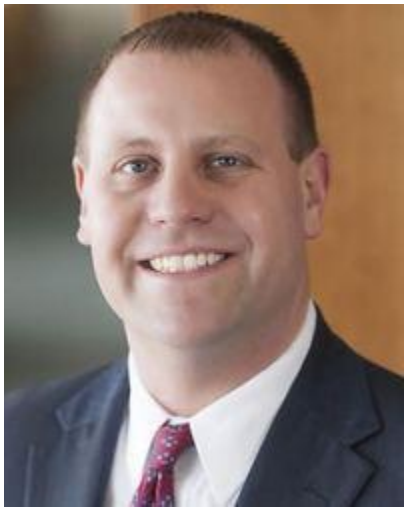

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This is the final part of our review article looking at the developments in the two years since the America Invents Act created new procedures for third parties to challenge the validity of issued patents in a contested validity trial in the U.S. Patent and Trademark Office before its Patent Trial and Appeal Board. Part 1 focused on statistics and trends. This part provides our thoughts on tips and strategies for those contemplating filing or involved in inter partes review proceedings.[1]

Tips and Strategies

With a growing body of IPR decisions to draw from, there are a number of tips and strategies for petitioners to keep in mind when proceeding with an IPR.

1. Setting Forth Grounds for Rejection in Petitions

In drafting petitions for IPR, challengers should carefully and strategically consider what grounds of rejection to use and how to present them. Of course, if cumulative or less strong grounds are raised, the PTAB may accept the stronger grounds and reject the others. However, fewer grounds for rejection can be explained in greater depth than if a scattershot approach is taken.

In setting the scope of what prior art is considered in the IPR, the petitioner must also consider the estoppel against later raising an invalidity challenge in litigation on any ground that "reasonably could have been raised." 35 U.S.C. 315(e).
Petitions should provide an in depth explanation of each ground for rejection that includes not only claim charts but an explanation of why the prior art anticipates or renders obvious the claims.

For obviousness prior art, it is very important to provide arguments explaining why the references can be combined to establish obviousness of the claims, rather than conclusory statements. A number of petitions that relied on obviousness grounds were rejected because they only showed that the multiple references together disclose all elements of the claim, without explaining why the claim was rendered obvious by the prior art. See IPR2014-00257 (denying IPR because petitions failed "to provide a sufficient reason with rational underpinning as to why one of ordinary skill in the art would have been prompted to combine the teachings of [the primary reference] with those of the other three references

to achieve the claimed systems" and supporting expert declaration only stated in conclusory manner that "any of the listed references would be combinable"); IPR2014-00294 (denying IPR because "Petitioner failed to explain the exact combinations of teachings, out of the numerous possible combinations " and "did not provide a sufficient reason for why a POSITA would have combined the teachings of the references.") Giving short shrift to an obviousness position can be very dangerous for a petitioner.

2. Claim Construction Issues

While the more expansive "broadest reasonable construction" standard applies in IPRs, that does not mean that claim construction is not a significant issue.

Petitions should state a clear position on the claim construction of key terms, including legal and factual bases supporting that position.

3. Use of Experts

As in court, tutorials are helpful for complex technologies. To date, more than 70 percent of petitions are supported by expert declarations. But don't just "expertize" your claim charts. Without underlying facts or data, expert testimony is accorded little or no weight (37 CFR 42.65(a), IPR2013-0022, Paper 43 (denying petition). However, when experts are used appropriately, anecdotal evidence indicates that the PTAB has placed a strong emphasis on expert testimony that is presented in support of briefs and at the oral hearing.

4. Streamlining Discovery

The PTAB runs a tight ship. Therefore, it is important for petitioners to plan discovery strategy ahead of time and streamline as much as possible to improve chances of success.

Discovery is far narrower than in litigation, and motions for additional discovery are largely denied in keeping with the fact that IPRs are fast-moving proceedings with typically a one-year deadline to be completed. Motions for additional discovery that are most likely to be granted are those that are limited in scope to very specific issues. A litigation-style strategy where discovery is sought that includes interrogatories, document requests and deposition testimony is unlikely to be successful.

5. Ensure That Briefing Contains All Necessary Arguments

The PTAB has routinely been preventing new arguments and evidence from being presented at oral argument. It is essential that all arguments be presented in the briefings. Failure to do so brings with it a significant risk that the parties will be precluded from relying on such arguments.

6. Explore Settlement Early

Settlement should be considered early. If it occurs late in the proceeding, the IPR hearing may not be canceled. Another reason to discuss settlement early is because the possibility of settlement and terms may be affected by rulings that come out of the IPR, including whether or not the petition is granted.

7. Strategic Filing of Multiple IPRs

One growing strategic trend has been for a petitioner to file more than one IPR for a single patent. By filing IPRs in series, the petitioner gets "a second bite at the apple." This "second bite" may also have the benefit of understanding the PTAB's rulings and reasoning regarding the patent claims and the prior art from an earlier petition.

Companies such as Microsoft Corp., Apple Inc., Oracle Corp. and Garmin Ltd. have pursued this strategy. For example, Garmin used the multiple-IPR strategy and succeeded in raising additional grounds of unpatentability for claims that the PTAB had initially denied review. In a decision on a first IPR filed by Garmin the PTAB invalidated three of 20 challenged patent claims but declined to consider the remaining claims. (See IPR 2012-00001, Paper 15, p. 25-27). Five months after the board's decision, Garmin filed a second petition requesting inter partes review of claims that the PTAB declined to review in the first petition. Despite the fact that it had previously declined to review those claims in the first petition, the PTAB instituted inter partes review for the additional claims of patent, in part, because Garmin relied on two additional references which were not considered in the first IPR with respect these claims.

Petitioners that are already involved in patent infringement actions in the district courts must be particularly mindful of the one-year bar date from the filing of the litigation, after which a petitioner may no longer file an IPR. This places added importance on a prompt detailed analysis of the prior art and the quick filing of an IPR. If a petitioner waits too long, it may not have time to receive a ruling on the first IPR petition or be able to file a second IPR petition, if strategically warranted.

The format of oral hearings has typically been more like oral argument than trial. Only one or two hearings have had live testimony.

Conclusion

The new post-grant review proceedings appear to be an extremely useful avenue for accused infringers to challenge the validity of patents in the U.S. Patent Office under a trial-like procedure. However, petitioners must still consider the downside risks of these proceedings and ensure that they are knowledgeable, well-versed in the rules and strategically prepared to take full advantage of benefits afforded by these relatively new proceedings.

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[1] Most of the tips and strategies apply likewise to the new covered business method review and post-grant review proceedings. For convenience, we focus on IPR since these are the current predominant proceeding.

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