

Post-Grant Proceedings In Patent Litigation: Perspectives From Life Sciences & High Tech

NAPABA Annual Convention, New Orleans
November 6, 2015



Today's Speakers

Panelists

- Samir Bhavsar, Esq. (Baker Botts LLP)
- Henry Gu, Esq. (Agiros Pharmaceuticals)
- Hon. Michael Kim, APJ PTAB
- Diana Luo, Esq. (Walmart)
- Naveen Modi, Esq. (Paul Hastings LLP)

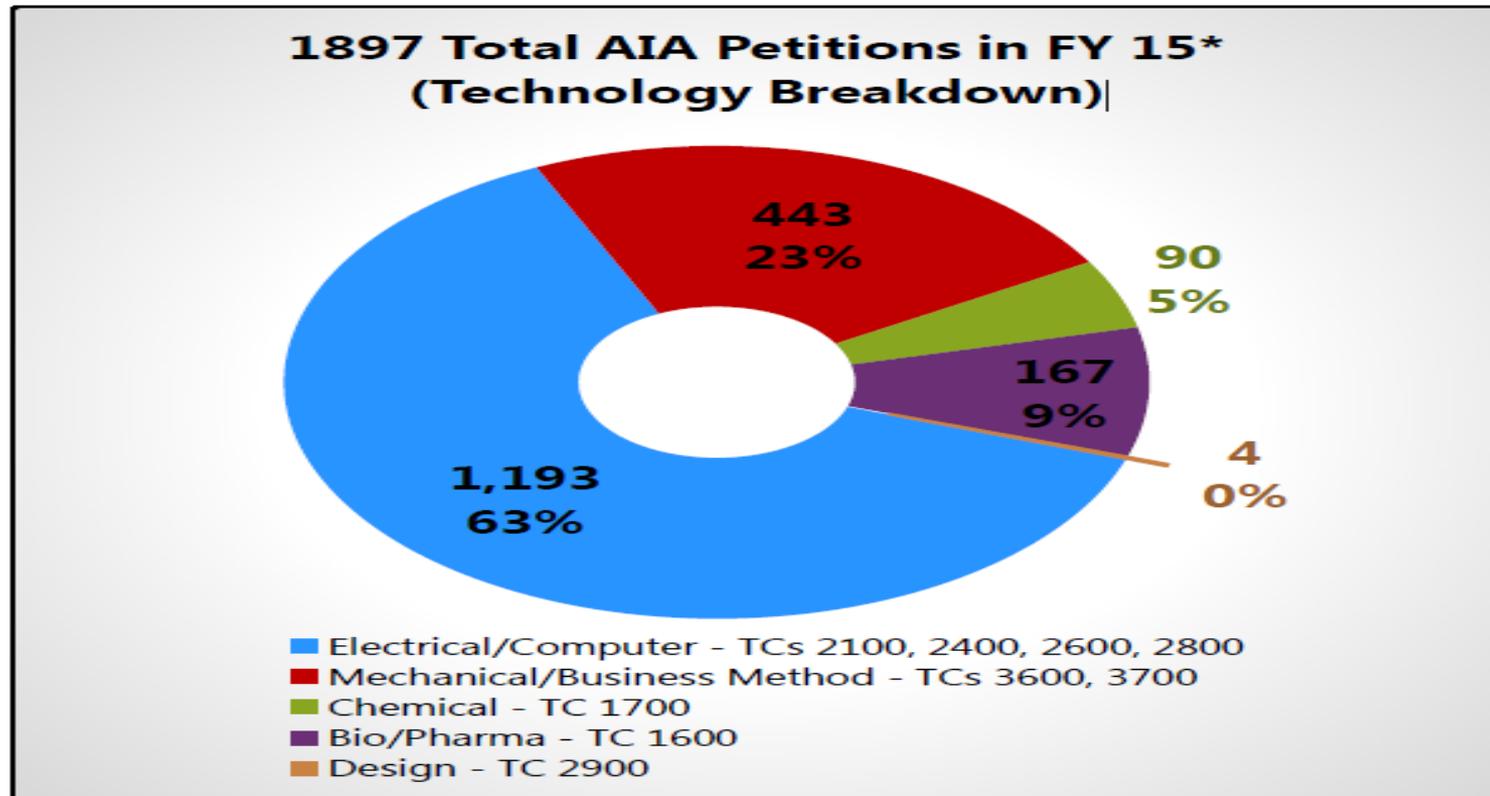
Moderator

- Hassen A. Sayeed, M.D. (Ropes & Gray LLP)

Inter Partes Reviews

- The PTO is one of the busiest U.S. jurisdictions for challenges to patent validity
- 3,578 AIA petitions filed since September 16, 2012
 - Compared to U.S. litigation, cost is low (\$200K-\$750K) and timeframe is typically faster (18 months)
- 1,897 IPRs filed to date in FY 2015
- Less than 300 in “life sciences” (9%)
 - Technology Center 1600 (includes biotechnology and chemistry)
 - Does not include medical devices (Technology Center 3700)

AIA Petition Breakdown (FY 15)



Comparing IPRs Across TCs

Technology Center 1600 -- As of October 21, 2015

- 292 petitions, 90 institution decisions, 46 final decisions
- Percent in which review has been instituted: **67.4%**
- In Technology Centers 2100, 2400, 2600 and 2800 (“Tech Centers”): **63.9-72.0%**
- Patent remains unchanged after final written decision in IPR: **32.6%**
- In Tech Centers: **6.2-13.9%**
- Patent retains at least some valid claims after final written decision in IPR: **41.3%**
- In Tech Centers: **17.1%-24.7%**

Today's Agenda

- What Explains The Differences Between High Tech And Life Industries IPRs?
- IPR Strategy
 - Best Practices And Takeaways
- Audience Questions

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Reserve Slides

Electrical/Computer IPR Statistics

Technology Center 2100 -- As of October 21, 2015

- 390 petitions
- 194 institution decisions
- 51 final written decisions

Summary

- Percent in which trial is instituted: 63.9%
- Percent in which patent remains unchanged after final written decision in IPR: 13.0%
- Patent retains at least some valid claims after final written decision in IPR: 24.7%

Electrical/Computer IPR Statistics

Technology Center 2400 -- As of October 21, 2015

- 245 petitions
- 92 institution decision
- 42 final written decisions

Summary

- Percent in which trial is instituted: 70.8%
- Percent in which patent remains unchanged after final written decision in IPR: 7.5%
- Patent retains at least some valid claims after final written decision in IPR: 18.4%

Electrical/Computer IPR Statistics

Technology Center 2600 -- As of October 21, 2015

- 647 petitions
- 204 institution decisions
- 82 final written decisions

Summary

- Percent in which trial is instituted: 67.0%
- Percent in which patent remains unchanged after final written decision in IPR: 6.2%
- Patent retains at least some valid claims after final written decision in IPR: 17.1%

Electrical/Computer IPR Statistics

Technology Center 2800 -- As of October 21, 2015

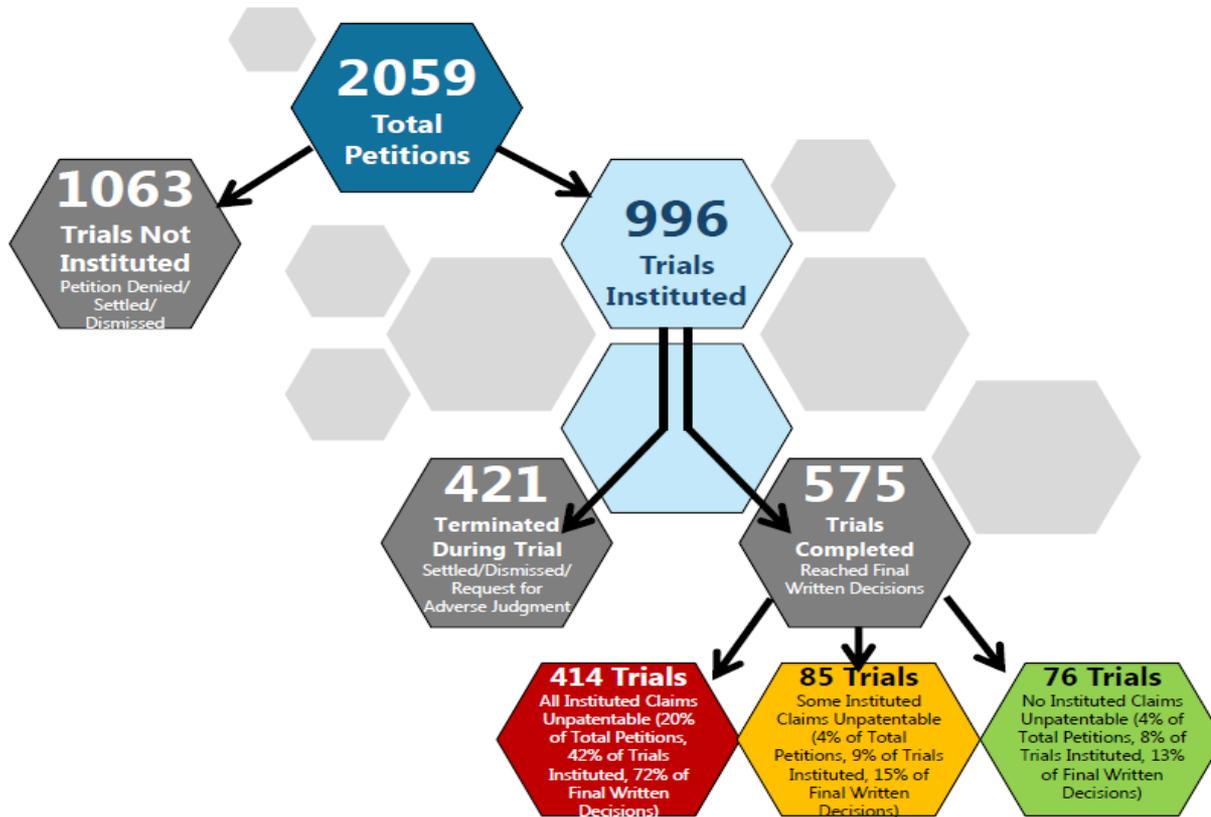
- 591 petitions
- 235 institution decisions
- 104 final written decisions

Summary

- Percent in which trial is instituted: 72.0%
- Percent in which patent remains unchanged after final written decision in IPR: 13.9%
- Patent retains at least some valid claims after final written decision in IPR: 19.8%

IPR Statistics: Patents

Disposition of IPR Petitions Completed to Date*



Narrative:

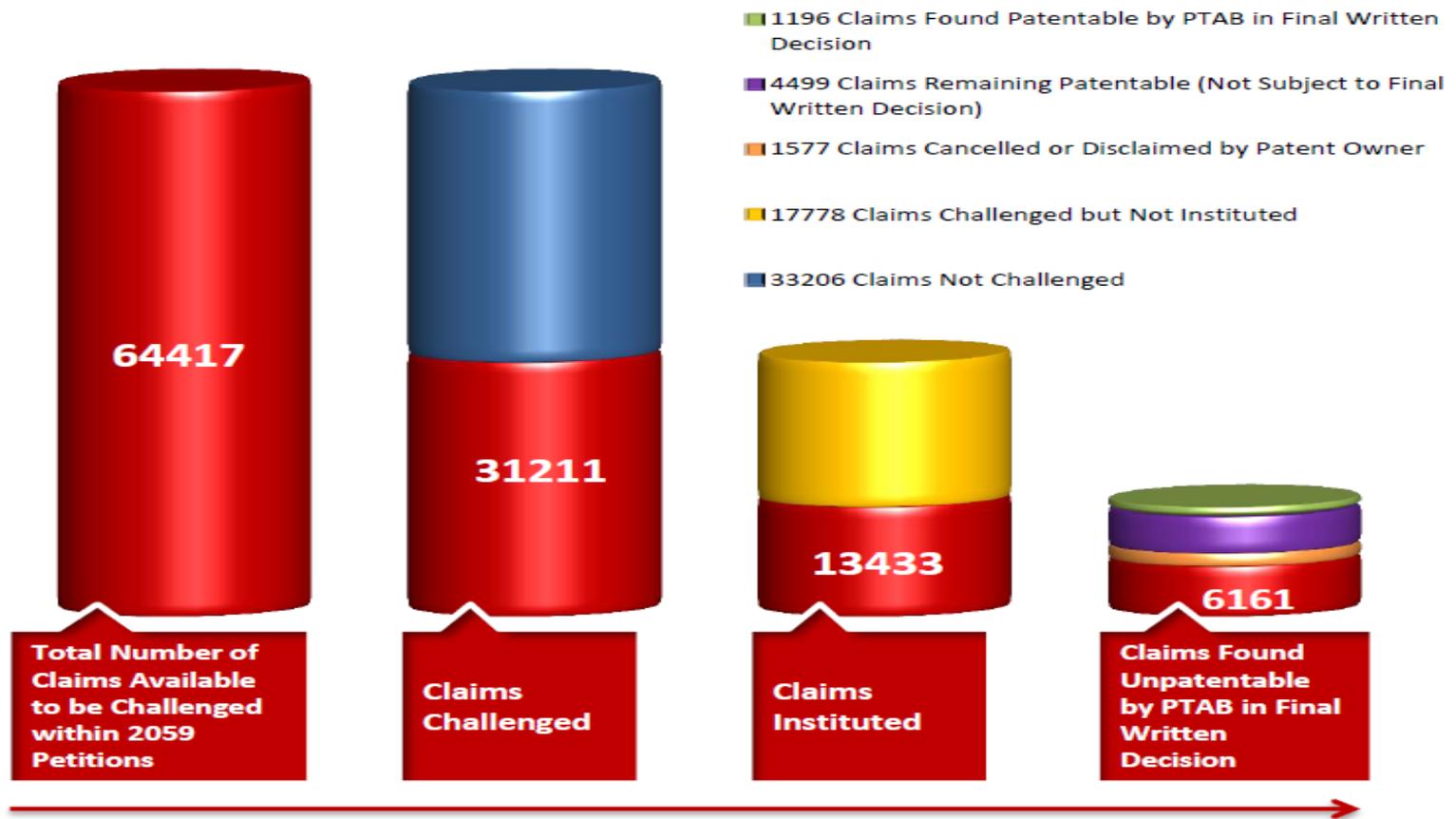
This graph shows a stepping stone visual depicting the outcomes for all IPR petitions filed to-date that have reached a final disposition.

*Data current as of: 9/30/2015



IPR Statistics: Claims

IPR Petitions Terminated to Date*



PTAB IPR Panel Outline

I. Strategic Pitfalls to Avoid

A. Potential Pitfalls Related to Timing

1. 1 Year bar not limited to complaints served on the petitioner
 - (i) May timely file up to 1 year from date of service of complaint alleging infringement. 35 U.S.C. § 315(b).
 - (ii) Time bar of 35 U.S.C. § 315(b) also extends to service of a complaint on a real-party-in-interest or privity of the petitioner
 - (iii) Real-party-in-interest will be discussed later
 - (iv) Privity is a highly fact-specific determination
 - (a) “Whether a party who is not a named participant in a given proceeding nonetheless constitutes a . . . ‘privity’ to that proceeding is a highly fact dependent question.” Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012) (citing *Taylor v. Sturgell*, 553 U.S. 880 (2008)).
 - (v) Privity depends on whether the relationship between a party and its alleged privity is “sufficiently close such that both should be bound by the trial outcome and related estoppels.” *IBM v. Intellectual Ventures II LLC*, IPR2015-01322, Paper 11, at 3 (Sept 24, 2015)
 - (vi) For example, the provisions of a manufacturer’s indemnification agreement with a customer might trigger the start of the window if the customer is sued on the same patent earlier in time
 - (vii) Degree of control over the litigation is an important factor
 - (a) “A common consideration in determining whether a non-party is in privity with a litigant is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Arris Group, Inc. v. C-Cation Techs., LLC*, IPR2015-00635, Paper 19 at 10 (July 31, 2015).
 - (viii) In *Arris Group*, PTAB found Patent Owner had not made sufficient showing of privity even though Owner relied on agreement provisions about Petitioner having sole control or full authority over any claim, evidence that a claim was made under the agreement, and privilege log entries showing numerous e-mails

between Petitioner's counsel and litigation counsel reflecting legal advice. *Id.* at 12.

- (a) PTAB found that evidence that a claim was made did not establish that it was a claim that would have triggered Petitioner's right to exercise control over the litigation (i.e. that all necessary conditions in the agreement were met)
 - (b) Further, mere provision of legal advice did not establish control.
2. 1 year bar doesn't mean you should wait 1 year to file
- (i) Ideally, file within 5 months
 - (ii) PTAB must decide whether to institute within 6 months of filing
 - (iii) If PTAB decides not to institute on some or all, still have at least 1 month to file a second petition addressing any deficiencies in first petition
 - (iv) At the same time, don't rely on getting a second bite at the apple.
 - (a) PTAB has broad discretion to reject a second petition where "the prior art and arguments are 'substantially the same'" as those presented in the first petition. *Conopco, Inc. v. Procter & Gamble Co.*, IPR2014-00506, Paper 25 at 5 (Dec. 10, 2014).
 - (b) PTAB rejected a bright-line rule "that would allow petitioners to file 'follow-on' second petitions in order to 'correct deficiencies noted' by the Board in decisions that deny a first petition. *Id.* at 4. "That approach would allow petitioners to unveil strategically their best prior art and arguments in serial petitions, using our decisions on institution as a roadmap, until a ground is advanced that results in review—a practice that would tax Board resources, and force patent owners to defend multiple attacks." *Id.*
 - (v) If a second petition becomes necessary, it will be important to include strong arguments about why the new petition is substantially different.
3. Petition must be filed before DJ of invalidity

- (i) Petitioner or Real Party In Interest (not privy) cannot have filed a DJ alleging invalidity before the date the petition is filed (35 USC § 315(a)(1))
- (ii) Can file DJ and IPR on same date. *Ariosa Diagnostics v. ISIS Innovation*, IPR2012-00022 (Feb. 12, 2013).
- (iii) Filing of DJ triggers the bar, service not required. *Anova Food v. Sandau*, IPR2013-00114 (Sep. 13, 2013)
- (iv) But can file DJ of non-infringement before IPR

B. Estoppel-Related Pitfall: Putting Too Many Grounds in the Petition

- 1. Petitioner is estopped from later raising any ground of invalidity that was “raised or reasonably could have been raised” during the IPR. 35 U.S.C. § 315(e).
 - (i) Attaches when PTAB issues final written decision
 - (ii) Legislative history suggests that “reasonably” limits the estoppel to art “which a skilled searcher conducting a diligent search reasonably could have been expected to discover,” not to all art that would have been uncovered by “a scorched-earth search around the world.” 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl)
 - (iii) Wouldn’t apply to grounds of invalidity not available in IPR
 - (a) 101 issues, written description issues, enablement issues, indefiniteness issues
 - (b) prior sales or use of a physical system. *Star EnviroTech, Inc. v. Redline Detection, LLC*, No. 8-12-cv-01861, at 5 (C.D. Cal. Jan. 29, 2015) (finding estoppel limited to “patents and publications,” which did not include a physical machine and that the physical machine was “a superior and separate reference” to the instruction manual as it embodied claimed features that were not described in the manual).
- 2. Estoppel doesn’t mean every conceivable reference and combination should be included in the petition
 - (i) Given the page limits, the prohibitions on incorporation by reference (discussed further below), and the requirement that the petition must explain each presented ground, trying to present too

many references or combinations may weaken the overall presentation and doom the entire petition

- (a) *Zetec, Inc. v. Westinghouse Elec. Co.*, IPR2014-00384, Paper No. 10 (July 23, 2014)
 - (1) Petition purported to present 68 grounds
 - (2) Because of open-ended combinations, PTAB found there were at least 127
 - (3) PTAB found that many grounds lacked the specificity required by 42.22(a)(2).
 - (4) Based on this, PTAB refused to analyze any of the presented grounds
 - (5) “[U]nder the circumstances, attempting to evaluate fully the numerous grounds and underdeveloped assertions in the Petition to determine whether Petitioner has shown that it would be likely to prevail in any unpatentability challenge would place a significant burden on the Board and contravene the efficient administration of the Office.” *Id.* at 15.
 - (6) PTAB declined “to expend our resources scouring the numerous grounds for one that demonstrates a reasonable likelihood that Petitioner would prevail,” expressing doubt that it could determine whether any ground existed within the time limits set by Congress. *Id.*
 - (ii) “Petitioners, ‘should avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record.’ (citing to 77 Fed. Reg. at 48,763) The Petition widely misses that mark.” *Apple, Inc. v. ContentGuard Holdings, Inc.*, IPR2015-00356, Paper 9 at 18-19 (June 26, 2015).
 - (a) Petition included 61 exhibits totaling 30,298 pages
 - (b) 51 of those were not cited in the petition, but only in the expert declaration
3. Estoppel means it’s important to find and present the very best art in the petition

C. Potential Pitfalls for a Patent Owner

1. Settle Early If Seeking To Avoid Final Decision

- (i) The statute allows parties to terminate an instituted inter partes review (IPR) as to the petitioner, but gives the PTAB discretion as to whether to terminate the review or proceed to a final decision without the petitioner. 35 U.S.C. § 317(a) (“If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision . . .”).
- (ii) If considering settlement, do so early in the proceeding. Certainly before oral argument, and preferably before briefing is complete (i.e., before Petitioner files reply to Patent Owner’s Response).
 - (a) *Aker Biomarine AS v. Neptune Technologies and Bioresources Inc.*, IPR2014-00126, Paper 15, at 2 (Jan 21, 2014) (granting motion to terminate filed prior to institution)
 - (b) *Sony Corp. v. Tessera Inc.*, IPR2012-00033, Paper 46, at 2 (Dec 20, 2013) (granting motion to terminate after submission of written record but prior to oral hearing)
 - (c) *Interthinx Inc. v. CoreLogic Solutions LLC*, CBM2012-00007, Paper 47, at 2 (Nov. 12, 2013) (refusing to terminate where motion filing after submission of written record but prior to oral hearing)
- (iii) Otherwise, the PTAB may continue the proceedings and issue a final decision even without the participation of the Petitioner. Patent would then remain at risk despite settlement
 - (a) Example: Parties filed joint motion to terminate after full briefing and oral hearing. PTAB decided to proceed to final decision instead given the advanced stage of the proceeding. *Blackberry Corp. v. Mobilemedia Ideas LLC*, IPR2013-00036, Paper No. 64 (Jan. 21, 2014).
- (iv) If settling late in the process, draft settlement with an eye toward the possibility that the proceeding will continue
 - (a) Ex: might designate any financial implications as contingent upon the PTAB’s termination of the proceeding prior to a final written decision.

2. Amending the Claims

- (i) Vast majority of motions to amend have been denied, but three recent successful motions help demonstrate what is required to satisfy the PTAB
 - (a) *Synthetic Fuels LLC v. Neste Oil Oyj*, IPR2014-00192, Paper 48 (June 5, 2015)
 - (b) *Riverbed Tech., Inc. v. Silver Peak Sys., Inc.*, IPR2013-00402, Paper 35 (Dec. 30, 2014)
 - (c) *Int’l Flavors & Fragrances Inc. v. USA*, IPR2013-00124, Paper 12 (May 20, 2014)
- (ii) Must be timely filed
 - (a) Must be filed “no later than the filing of a patent owner response” unless PTAB orders a different date. 37 C.F.R. § 42.121(a)(1)
- (iii) Must schedule a conference call with PTAB before filing
 - (a) Permitted to file motion to amend “only after conferring with the Board.” 37 C.F.R. § 42.121(a)
- (iv) Amendment cannot broaden scope
 - (a) Proposed substitute claims “may not enlarge the scope of the claims of the patent.” 35 U.S.C. § 316(d)(3)
 - (b) In *Riverbed*, PTAB found this requirement met because each substitute claim “includes all of the limitations of the corresponding claim for which it is as substitute, and adds additional limitations” and that “[n]o limitations are removed.” *Riverbed* at 11-12.
- (v) Must demonstrate written description support and support for any priority claim
 - (a) Must set forth the “support in the original disclosure of the patent for each claim that is added or amended” 37 C.F.R. § 42.121(b)(1).
 - (1) Original disclosure means the application, not the issued patent. *Nichia Corp. v. Emcore Corp.*, IPR2012-00005, Paper 27 at 3 (June 3, 2013).

- (b) Must set forth the “support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filing disclosure is sought” 37 C.F.R. § 42.121(b)(2).
- (c) Mere citation to portions of the disclosure without explanation of what a person of ordinary skill in the art would have understood may be insufficient
 - (1) Simply “indicating where each claim limitation *individually* described in the original disclosure may be insufficient to demonstrate support for the claimed subject matter *as a whole*. For instance, the statement ‘Proposed claim 21: See, e.g. existing claims 6, 14, and 15’ without any explanation is on its face inadequate for the patent owner to meet its burden, as each of claims 6, 14, and 15 separately depends from claim 1.” *Nichia Corp. v. Emcore Corp.*, IPR2012-00005, Paper 27 at 4 (June 3, 2013).
 - (2) In addition, where “the claim language does not appear *in ipsis verbis* in the original disclosure, a mere citation to the original disclosure without any explanation as to why a person of ordinary skill in the art would have recognized that the inventor possessed the claimed subject matter as a whole may be similarly inadequate.” *Id.*
- (vi) Must provide constructions of new claim terms
 - (a) A “patent owner should identify specifically the feature or features added to each substitute claim, as compared to the challenged claim it replaces, and come forward with technical facts and reasoning about those feature(s).” *Idle Free Systems, Inc. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26, at 7 (June 11, 2013).
 - (b) That includes “construction of new claim terms.” *Id.*
 - (c) In *Riverbed*, Patent Owner provides proposed constructions for three new terms, which PTAB found to be consistent with the broadest reasonable interpretation. *Riverbed* at 14.
- (vii) Must address all known art, not just references of record
 - (a) Patent Owner bears the burden of proving patentability of the new claims. *Riverbed Tech., Inc. v. Silver Peak Sys., Inc.*, IPR2013-00402, Paper 35 at 11 (Dec. 30, 2014).

- (b) Must explain in motion to amend “why the proposed substitute claims are patentable over not just the prior art of record, but also prior art not of record but known to the patent owner” *Id.* at 16.
 - (1) This does not mean that the patent owner is assumed to be aware of every item of prior art known to a person of ordinary skill in the art. *Id.*
- (c) Should address “the basic knowledge and skill set possessed by a person of ordinary skill in the art even without reliance of any particular item of prior art.” *Id.* at 16.
- (d) Expert testimony will likely be helpful, but is not always required per se
 - (1) “Testimony from a technical expert certainly can be helpful to show what would have been known to a person of ordinary skill in the art and explain the significance of features added in a proposed substitute claim. It is not a prerequisite for a motion to amend, however, just as it is not a prerequisite for a petition seeking inter partes review. Every case is different and will depend on its own facts.” *Id.* at 25

II. Drafting Petitions

A. Develop and Use a Reliable Petitions Checklist

1. Prepare power of attorney to be signed by client (41.10(b))
2. Petition format
 - (i) 14 point font; double spaced (including footnotes, but not claim charts) 1.5 spacing for block quotes; 1" margins (42.6)
 - (ii) Pages: 60 (42.24)
 - (a) May need to file multiple petitions if you need more pages
3. Petition contents
 - (i) Identify: Real party in interest; related matters; lead and backup counsel; where you can be served (42.8)

- (ii) Must include statement of: Standing; Grounds; Claim Construction; Claim Chart; Identification of Evidence (42.22 & 42.104(IPR) / 42.304(CBM) / 42.204(PGR))
 - (iii) May include statement of facts [admitted if not opposed in next paper] (42.22(c); 42.23)
- 4. Exhibits labeled correctly (42.63)
- 5. Exhibit list (42.63(e)) (sometimes as appendix to petition)
- 6. Serve petition on patent owner using correspondence address of record at PTO (42.105; 42.205)
 - (i) Include certificate of service (42.6(e)(4))
- 7. Claim construction - Broadest Reasonable Construction ("BRI") 42.100(b); 200(b); 300(b) (unless patent is expired)
- 8. Claim Charts
 - (i) Portrait only, not landscape
 - (ii) No claim constructions, arguments, or explanations in claim charts (limit them to recitations or depictions of the prior art disclosure)
 - (iii) Format
 - (a) "Claim charts should be presented in a readable format so that a reader (e.g., the patent owner or a deciding official) is able to locate the disputed claim limitations and the relied-upon portions of the prior art quickly. Presenting claim limitations and prior art teachings in a single column format and/or without appropriate spacing creates inefficiency and, at times, appears to circumvent the page limit set forth in 37 C.F.R. § 42.24. Claim limitations should be presented in a separate column (e.g., claim limitations in the left column and prior art teachings in the right column), and each claim should be presented in a separate chart."
- 9. Multiple Grounds
 - (i) Watch out for redundant grounds rejections
 - (a) 42.108 ("the Board may authorize the review to proceed ... on all or some of the grounds of unpatentability")

- (b) Denial is of a ground is nonappealable (35 U.S.C. § 314(d) & 42.108(b))
 - (ii) Two Types of Redundancy (Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co. CBM2012-00003)
 - (a) Horizontal
 - (1) Multiple references describe same limitation
 - (b) Vertical
 - (1) Base combination plus additional prior art, where the base combination already asserted against same claim without an additional prior art reference
 - (i) Ground 1: Claim 1 obvious over A in view of B;
 - (ii) Ground 2: Claim 1 obvious over A in view of B and C
 - (iii) BUT: Can argue sub-combinations of art included in granted ground prove obviousness (i.e. if ground is A, B, and C, can show invalid over A alone) (Mobotix v. E-Watch, IPR2013-00334 (Jan. 10, 2014))
 - (iv) Where redundant grounds proposed, PTAB expects petition to explain the strengths and weaknesses of each prior art reference
 - (a) Has obvious strategic weakness
10. FAQs on USPTO Website is a useful resource
- (i) URL: <http://www.uspto.gov/patents-application-process/appealing-patent-decisions/trials/patent-review-processing-system-prps-0>
 - (ii) Top 10 Common Petition Errors (from the FAQs)
 - (a) Improper usage of claim charts by including arguments, claim construction, and/or legal analysis in a claim chart (see FAQ D12)
 - (b) Failure to set forth claim construction of disputed or important claim terms expressly in a claim construction section;
 - (c) Exhibits do not match the documents listed in the Exhibit List;

- (d) Failure to identify related matters or provide a statement that there are no related matters;
- (e) Exhibits are not sequentially numbered in the 1001-1999 range;
- (f) Failure to identify lead or back-up counsel as required by §§ 42.8 and 42.10;
- (g) Margins less than 1 inch as required by § 42.06;
- (h) Failure to certify that the petitioner is not barred or estopped from requesting a review as required by § 42.104(a) or § 42.204(a);
- (i) The petition and supporting documents are served on the patent owner at an address that is not the correspondence address of record for the subject patent as required by § 42.105(a) or § 42.205(a); and
- (j) The petition and supporting documents are served on the patent owner later than the filing of the petition.

B. Avoid Argument by Declaration

1. Regs require that the petition must explain “how the construed claim is unpatentable” 37 C.F.R. § 42.104(b)(4)
2. In denying a petition, PTAB criticized failure to include explanation of reasons to combine references in the petition, as opposed to in an attached expert declaration
 - (i) “First, the Petition merely states that ‘[a]dditional reasons to combine the art are described in the attached Declaration,’ but does not offer any explanation of the additional alleged ‘reasons to combine’ that may be found in Dr. Stone’s declaration. See *id.*; 37 C.F.R. § 42.104(b)(4) (a petition for inter partes review must explain ‘[h]ow the construed claim is unpatentable’).” *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, IPR2014-00436, Paper No. 17 at 14 (June 19, 2014).
3. In another case, PTAB refused to consider arguments not expressly made in the Petition, even though the petition included citations to specific portions of expert declaration.
 - (i) “It is improper to incorporate by reference arguments from one document into another document.” *Cisco Sys., Inc. v. C-Cation*

Techs. LLC, IPR2014-00454, Paper No. 12 at 10 (Aug. 29, 2014) (citing 37 C.F.R. § 42.6(a)(3)).

- (ii) “The practice, here, of using footnotes to cite large portions of another document, without sufficient explanation of those portions, amounts to incorporation by reference.” *Id.* at 8.
- (iii) “This practice of citing the Declaration to support conclusory statements that are not otherwise supported in the Petition also amounts to incorporation by reference.” *Id.* at 9.
- (iv) “Accordingly, we will not consider arguments that are not made in the Petition, but are instead incorporated by reference to the cited paragraphs and claims charts of Dr. Roy’s Declaration. *Id.* at 10.

C. No Argument in Claim Charts

1. Claim charts should provide element-by-element mapping of prior art using citations to or quotations from the reference
2. “Claim charts may not include arguments, claim construction, statements of the law, or detailed explanations as to why a claim limitation is taught or rendered obvious by the prior art.” *Ford Motor Company v. Cuozzo Speed Technologies, Inc.*, IPR2014-01393, Paper 3 (August 28, 2014)
 - (i) That information is required to be presented in the petition itself.
3. Examples of prohibited argumentative language
 - (i) “To the extent that . . .,” “For the reasons described above . . .,” and reference to “well-known methods.” *Google Inc. v. Visual Real Estate, Inc.*, IPR2014-01338, Paper 3 (September 2, 2014)
 - (ii) “It would be obvious . . .” and “alternatively have been obvious.” *B/E Aerospace, Inc. v. MAG Aerospace Industries, LLC*, IPR2014-01510, Paper 3 (October 2, 2014)
 - (iii) In these cases, the PTAB granted filing date, but allowed only 5 days to make corrections.

D. Preparing a petition within a Joint Defense Group is not so easy

1. Settle on your best art and combinations early in the process (at least 2 months out, if possible).
2. Divide the drafting responsibility but make sure to set clear ground rules on format, timing, strategy, etc.

3. Drafting tips.
 - (i) Include a clear and concise introduction that explains in simple terms why the patent is invalid
 - (ii) Use portions of the patent that acknowledge elements of invention that are not new (e.g., “conventional techniques”; “using known techniques”; extensive Background of Invention section)
 - (iii) Use illustrations from the patent and the prior art to make your point (e.g., side by side comparison of figures can be impactful)
 - (iv) Clearly state your grounds for challenge and front load your best arguments
 - (v) Don’t overreach on the breadth of your proposed claim construction
 - (vi) Consider breaking up your claim charts appropriately among claim elements so you can include relevant arguments for one element before presenting chart for next element
 - (vii) Explain why your grounds of rejection are not duplicative (e.g., anticipation v. obviousness; particular reference cannot be sworn behind; varying degrees of detail on different claim elements.
4. Don’t just rely on the charts from your invalidity contentions. They are merely a starting point.
5. Make sure a partner is supervising all the work product of your associates and of other JDG members.
6. The more cooks in the kitchen, the harder it will be to reach consensus. So, work the back channels.
7. The more petitioners you have signing the same petition, the less space you will have for the substantive arguments.
8. Don’t wait until the last minute to determine your real-parties-in-interest. It will take time to get signoff from a related corporate entity. Start that process early.
9. Don’t wait until the last minute to get your Power of Attorney document signed.

10. Try to put pens down by at least noon on the day *before* the petition is to be filed. It takes time to compile all the materials, double check the checklist, and file the petition.

III. Claim Construction

A. General Standard - Broadest Reasonable Interpretation

1. PTAB gives claim of an unexpired patent its “broadest reasonable construction in light of the specification” *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268, 1275 (Fed. Cir. 2015).
 - (i) Challenged in the Federal Circuit - en banc review denied by a vote of 6-5
 - (ii) This is the law unless the Supreme Court decides to take up the issue
2. “Broadest reasonable” still has its limits
 - (i) Federal Circuit recently reversed PTAB construction finding it “unreasonably broad in light of the language of the claims and specification” *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1299
 - (ii) “Even under the broadest reasonable interpretation, the Board's construction cannot be divorced from the specification and the record evidence and must be consistent with the one that those skilled in the art would reach.” *Id.* at 1289.
 - (a) That includes consideration of the prosecution history in IPR proceedings. *Id.* (“The PTO should also consult the patent's prosecution history in proceedings in which the patent has been brought back to the agency for a second review.”).

B. Special Case - Expired Patents

1. For expired patents, apply *Phillips* standard as in litigation
 - (i) “[T]he Board’s review of the claims of an expired patent is similar to that of a district court’s review.” *In re Rambus, Inc.*, 694 F.3d 42, 46 (Fed. Cir. 2012).
 - (ii) Per *Phillips*, the words of a claim are generally given their ordinary and customary meaning as understood by a person of ordinary skill in the art at the time of the invention.

2. The same rule applies to patents that will expire before the PTAB issues a final written decision.
 - (i) *See Square, Inc. v. Cooper*, IPR2014-00157, Paper 17, at 2 (June 23, 2014) (deciding that *Phillips* standard would apply where patent was not expired at institution, but would likely expire before final written decision)
3. Strategic considerations
 - (i) Because the PTAB applies the district court standard, must be prepared to live with any construction you propose in the IPR for purposes of any related litigation as well, as you will probably be stuck with them if the IPR fails.
 - (ii) No wiggle room that would have been provided by “broadest reasonable” vs. *Phillips*.
 - (iii) Requires a balancing act and careful consideration of the strengths and weaknesses of your position
 - (a) If you choose a broad construction for the IPR, will you still have non-infringement positions in the litigation?
 - (b) If you choose a narrow construction for the IPR to preserve non-infringement positions, is your art good enough to invalidate?
4. Depending on the particulars of the case, the difference in the standards may not really change anything.
 - (i) “The broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the *Phillips* standard.” *Facebook, Inc. v. Pragmatus AV, LLC*, 582 F. App'x 864, 869 (Fed. Cir. 2014) (unpublished).
 - (ii) *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1328 (Fed. Cir. 2015) (affirming PTAB claim construction in a case where “under either formulation of the claim construction standard, the result is likely the same”).
 - (iii) *See Square, Inc. v. Cooper*, IPR2014-00157, Paper 17, at 3 (June 23, 2014) (deciding that *Phillips* standard would apply where patent was not expired at institution, but would likely expire before final written decision, but determining that application of the *Phillips* standard did not change the constructions set forth in the decision to institute review)

C. Patent Owner Considerations

1. Patent owner might be able to avoid BRI by filing a terminal disclaimer that forfeits the remaining term
2. PTAB has suggested that this approach could succeed if raised early enough in the proceedings, such as before the Preliminary Response or Response.
 - (i) “Patent Owner could have, for example, filed a terminal disclaimer with its Response had it wanted us to consider a different claim construction standard.” *Amkor Tech., Inc. v. Tessera, Inc.*, IPR2013-00242, Paper 129, at 10 (May 22, 2014).
 - (ii) In *Amkor*, patentee waited until all briefing was complete to file disclaimer. PTAB found that it would be disruptive and inefficient to redo the entire proceeding and ordered the disclaimer held in abeyance until after the final written decision issued. *Id.* at 12.
3. Obviously have to balance the benefit of a potentially narrower construction to avoid invalidation at the PTAB against the lost potential for future infringement damages. Would also require giving up opportunity to amend.
4. The ability to wait until after institution and file with the Response means you could take into account the prior art at issue as well as the PTAB’s claim interpretation in the institution decision in evaluating the benefits of this approach.

IV. Real-Party-in-Interest Issues

- A. An IPR petition must identify every “real-party-in-interest” (RPI). 35 U.S.C. § 312(a)(2).
 1. Ongoing obligation to identify RPIs - if there is a change, must file a revised notice within 21 days of the change. citing 37 C.F.R. § 42.8(a)(3).
- B. Like privity, RPI is a highly fact-dependent inquiry, but the PTAB has emphasized the factors laid out by the Supreme Court in *Taylor v. Sturgell. Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc.*, IPR2013-00453, Paper 88 (Jan. 6, 2015) (citing *Taylor*, 553 U.S. 880 (2008)).
 1. whether the third party agrees to be bound by the determination of issues in the proceeding;
 2. whether a pre-existing substantive legal relationship with the party named in the proceeding justifies binding the third party;

3. “in certain limited circumstances,” whether the third party is adequately represented by someone with the same interests;
 4. whether the third party exercised or could have exercised control over the proceeding;
 5. whether the third party is bound by a prior decision and is attempting to rehear the matter through a proxy; and
 6. whether a statutory scheme forecloses successive hearing by third parties
- C. Of the factors, the most important appears to be control.
1. “Although rarely will one fact, standing alone, be determinative of the inquiry, it is nonetheless the case that a common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.” *Aceto Agricultural Chem. Corp. v. Gowan Co.*, IPR2015-01016, Paper No. 15 at 4 (Oct. 2, 2015).
 2. When analyzing “control” issues, a number of PTAB decisions rely on a First Circuit formulation: “Substantial control means what the phrase implies; it connotes the availability of a significant degree of effective control in the prosecution or defense of the case—what one might term, in the vernacular, *the power—whether exercised or not—to call the shots.*” *Gonzalez v. Banco Cent. Corp.*, 27 F.3d 751, 758 (1st Cir. 1994) (emphasis added).
 3. Actual control is not required, just the ability to control
 - (i) Recent cases suggest that having “at least the opportunity and incentive to control the proceeding” may be enough. *Aceto* at 11.
- D. Parent corp. is not a per se RPI.
1. PTAB “has not found that the existence of a parent-subsidary relationship *alone* is sufficient to justify a parent corporation’s status as an RPI.” *Aceto* at 5.
 2. But an “involved and controlling parent corporation” may be. *Id.*
 3. Board has found parent corp to be an RPI in numerous cases where the relationship “blurred the lines of corporate separation such that the parent could control conduct” of the IPR. *Id.*
 4. Factors that have been mentioned in recent decisions finding parent corp is RPI
 - (i) Significant overlap in corporate leadership

- (a) Ex: In *Aceto*, shared not only the same CEO, but also “several other high-ranking corporate leaders.” *Aceto* at 9
 - (b) Ex: In *Reflectix*, “all but two corporate officers of Reflectix have high-ranking (Vice-President or higher) positions within” parent corp. *Reflectix, Inc. v. Promethean Insulation Tech. LLC*, IPR2015-00039, Paper 18 at 11 (Apr. 24, 2015).
 - (c) Ex: identical boards of directors. *Zerto, Inc. v. EMC Corp.*, IPR2014-01254, at 5.
- (ii) Involvement in the proceedings or related litigation
- (a) Key employee of parent signed power of attorney document for petitioner in connection with IPR. *Aceto* at 9.
 - (b) SEC filings suggested that parent may subsidize litigation losses of subs. *Aceto* at 10.
 - (c) Parent’s management team appeared at court-ordered mediation rather than sub’s team. *Zoll Lifecor*, IPR2013-00609, at 9-10.
- (iii) Source of funds for IPR
- (a) PTAB often criticizes Petitioner for not producing documentation that it, rather than the parent, paid for the filing fees and legal expenses. *See, e.g., Aceto* at 10 (“To be sure, Patent Owner has not pointed to any ‘smoking gun’ document showing that Aceto Corp. is funding or controlling this particular inter partes review proceeding. . . . Petitioner does bear the burden of proof on this issue, and taking into account that Petitioner is in the best position to provide evidence relevant to the issue of funding, we determine that Petitioner has failed to meet its burden.”).
- (iv) Parent has its own vested interest in challenging the validity of the patent
- (a) Parent sought EPA registration for a product discussed and claimed in the patent at issue. *Aceto* at 8-9.
5. Potential sources for RPI arguments
- (i) Statements in corporate/SEC filings (8-K, 10-K, etc.)

- (a) Especially any statements regarding control, operation, or management of the sub by the parent
- (ii) Statements in investor materials (prospectuses, etc.)
- (iii) Participation by parent's in-house counsel in proceedings or related litigation
 - (a) Ex: parent's counsel appearing for depositions, mediation, court hearings, etc.
- (iv) Shared in-house counsel between parent and sub