Buchanan Ingersoll & Rooney PC

PETITIONER'S GUIDE TO

INTER PARTES REVIEW

YOU HAVE QUESTIONS.
WE HAVE THE ANSWERS.

We are thinking about filing a petition for an *Inter Partes* Review ("IPR")– what should we know?

An IPR is one of the post-grant proceedings created by the America Invents Act ("AIA") and is a mechanism to challenge the validity of an issued U.S. patent. IPRs took effect on September 16, 2012. **IPRs apply to *all* patents.**

An IPR is an *inter partes* dispute handled by the Patent Trial and Appeal Board ("PTAB" or "the Board"), formerly the Board of Patent Appeals and Interferences, of the U.S. Patent and Trademark Office. An IPR is much like a trial on paper, and very similar to the Motions Phase of an interference.

An IPR may only be based upon anticipation (35 U.S.C. § 102) and obviousness (35 U.S.C. § 103) grounds. *See 37 C.F.R. § 42.104(b)(2).* No patent eligible subject matter arguments (35 U.S.C. § 101) and no written description, enablement, best mode, or indefiniteness arguments (35 U.S.C. § 112) can be made via an IPR. *Id.* **The IPR may only be based upon patents and printed publications.** *Id.*

At the conclusion of an IPR, the PTAB will issue a Final Written Decision that addresses all issues necessary to resolve the proceeding.

ARE THERE LIMITATIONS ON WHO CAN FILE AN IPR?

Yes. **IPRs are not available to several categories of potential filers.** A patent owner cannot file a Petition on its own patent. *See 37 C.F.R. § 42.101.* Also, if you or your real party-in-interest filed a civil action challenging the validity of a claim of the patent, you cannot file an IPR. *See 37 C.F.R. § 42.101(a).* Also, if you, your real party-in-interest, or privy is estopped from challenging the claims, you cannot file an IPR. *See 37 C.F.R. § 42.101(c).*

ARE THERE LIMITATIONS ON WHEN AN IPR CAN BE FILED?

Yes. A Petition for an IPR may be filed on a pre-AIA patent immediately after the patent issues. *See 37 C.F.R. § 42.102(a)(2).* For a post-AIA patent, the Petition cannot be filed until nine months after the patent issues or termination of any post-grant review, whichever is later. *See 37 C.F.R. § 42.102(a)(1).*

If you, your real party-in-interest, or privy have been served with a complaint alleging infringement of the patent, **you must file the IPR within one year from service of the complaint**. *See 37 C.F.R. § 42.101(b).*

WHERE DO WE START?

You need to choose IPR counsel. IPRs are relatively new and unique proceedings, but they are very much like the Motions Phase of an interference. IPR counsel with extensive PTAB or interference experience is a tremendous advantage.

WE'VE ALREADY BEEN SUED FOR INFRINGEMENT OF THE TARGET PATENT. SHOULD I USE LITIGATION COUNSEL AS IPR COUNSEL?

Maybe. **You are going to need to designate lead and back-up counsel for the IPR.** *See 37 C.F.R. § 42.10(a).* **Lead counsel must be registered to practice before the PTO.** *37 C.F.R. § 42.10(c).* If your litigation counsel is a registered patent attorney, he can be lead counsel. If your litigation counsel is not a registered patent attorney, the PTAB may recognize him *pro hac vice* upon a showing of good cause, made by way of an authorized Motion. *See 37 C.F.R. §§ 42.10(c), 42.20.* Also, be sure to review any Protective Order governing the existing litigation to ensure litigation counsel is permitted to participate in the IPR. IPRs are unique proceedings and the guidance of a seasoned PTAB practitioner, especially one with PTAB or interference experience (as many of the IPR procedures are modeled closely on interference practice),

will be helpful. Remember, you must file the IPR within one year of service of the infringement complaint. *See 37 C.F.R. § 42.101(b)*.

HOW LONG WILL THIS TAKE?

IPRs are fast proceedings. **IPRs are designed so that the Final Written Decision is issued within one year of institution, but that deadline may be extended by up to six months for good cause.** *See 37 C.F.R. § 42.100(c).* From the time you serve the Petition, the total time for the IPR will be about eighteen months, and possibly as long as two years.

WHAT IS THE FEE FOR FILING A PETITION?

The base fee for filing a Petition is **currently $15,500 for a review of up to 20 claims.** *See 37 C.F.R. § 42.15(a)(1).* **The post-institution fee for up to 15 claims is $15,000.** *See 37 C.F.R. § 42.15(a)(2).* The post-institution fee must be paid when the Petition is filed and will be refunded if the PTAB does not institute the proceeding. For each claim over 20, the additional fee is $300 per claim. *See 37 C.F.R. § 42.15(a)(3).* For each claim over 15, the post-institution fee is $600 per claim. *See 37 C.F.R. § 42.15(a)(4).* There are no discounts for small or micro entities.

WHAT MUST THE PETITION INCLUDE?

Only one patent may be attacked per Petition, and each Petition is limited to 14,000 words, double-spaced, using 14-point Times New Roman font. Claim charts may be single-spaced. *See 37 C.F.R. §§ 42.6, 42.24.* The Petition must set forth your grounds for standing, which identify the patent you are attacking and must indicate you are not barred or estopped from bringing the challenge. *See 37 C.F.R. § 42.104(a)*. The Petition must identify each claim challenged and the statutory basis for each challenge. *See 37 C.F.R. §§ 42.104(b)(1), 42.104(b)(2).* The Petition must indicate how each challenged claim is to be construed. For IPRs filed on or after November 13, 2018, the Board will use the federal court claim construction standard that is used to construe a claim in a civil action under 35 U.S.C. § 282(b). *See 37 C.F.R. §§ 42.100(b), 42.104(b)(3); see also Phillips v. AWH Corp.,* 415 F.3d 1303 (Fed. Cir. 2005). For older IPRs, the "broadest reasonable construction" is used. *See* 83 Fed. Reg. 51344 (October 11, 2018). The Petition must also indicate how the construed claim is unpatentable and set forth where each element of the claim is found in the prior art patents and/or printed publications relied upon. *See 37 C.F.R. § 42.104(b)(4).* This is typically done using a series of claim charts. **The claim charts may not include argument.** The Petition must also include the Mandatory Notices: the real party-in-interest, related matters, lead and back-up counsel, and service information. *See 37 C.F.R. § 42.8.* The Petition must also include a statement of the precise relief requested and a full statement of reasons for the relief requested. *See 37 C.F.R. §§ 42.22, 42.104.*

WHAT STANDARD WILL THE PTAB APPLY TO THE PETITION?

The Petition must convince the PTAB that "there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable." *See 37 C.F.R. § 42.108(c).* Only one patent may be addressed in a given Petition, but multiple Petitions may be filed on a given patent. This may be necessary in view of the 14,000 word limit.

The Petition must set forth why each claim is unpatentable. We recommend strongly that each assertion be supported by evidence and explained by an expert. Otherwise, there is a risk the PTAB will view the Petition as mere attorney argument. The expert's direct testimony will be submitted in the form of a Declaration, which will be filed concurrently with the Petition. *See 37 C.F.R. §§ 42.6(c), 42.104(b)(5).*

You need an expert who is not only excellent when it comes to the technology, but someone who can handle being deposed and the preparation that precedes it. You need an expert who is as independent as possible and able to give you the hours you need to truly learn the case and its issues. If there is concurrent litigation, work with litigation counsel to decide whether to use the same or different experts in the two proceedings.

The PTAB may consider new testimonial evidence submitted by the Patent Owner in its preliminary response. *See 37 C.F.R. § 42.107(a).* To the extent such evidence raises a genuine issue of material fact, such fact will be considered in the light most favorable to the Petitioner for purposes of the institution decision. The Petitioner may seek leave to file a reply upon a showing of good cause.

WHAT NEXT?

The first official part of an IPR is filing and serving the Petition. There is a lot of lead-up work to get that Petition on file. Keep in mind it is just that, a Petition – a request to permit you to attack one or more claims of the target patent on one or more bases. The PTAB may or may not institute a review (called a "trial").

If your Petition satisfied the clerical aspects for an IPR, the PTAB will issue a Notice of Filing Date Accorded To Petition and Time for Filing Patent Owner Preliminary Response. *See 37 C.F.R. § 42.106(a).* That Notice requires the Patent Owner to file its Preliminary Response, should it wish to do so/it is voluntary, within three months of that Notice. *See 37 C.F.R. § 42.107*. If the Patent Owner is sure it does not wish to file a Preliminary Response, it can alert the PTAB that the opportunity is being waived, thereby accelerating the pace of the proceeding. *See 37 C.F.R. § 42.107(b).* If your Petition did not satisfy the clerical aspects, the PTAB may issue a Notice and permit you to correct the deficiencies. *See 37 C.F.R. § 42.106(b).*

Within three months of when the Patent Owner's Preliminary Response was filed or was due, whichever is first, the PTAB will indicate whether it is going to institute a trial. *See* 77 Fed. Reg. 48756, 48757 (Aug. 14, 2012). If the PTAB institutes trial, the PTAB will institute as to all claims challenged in the petition. *SAS Institute Inc.*

v. Iancu, 138 S. Ct. 1348 (2018). Under current practice, the PTAB will take an all-or-nothing approach to institution. That is, if the PTAB decides to institute trial, the PTAB will institute on all challenged claims and all grounds of challenge presented in the petition. **If The PTAB decides not to institute a trial, you may request rehearing within 30 days.** *See 37 C.F.R. § 42.71(d)(2).* That said, a "request for rehearing does not toll times for taking action." *See 37 C.F.R. § 42.71(d).*

If instituted, the Patent Owner then has three months to conduct discovery and file the Patent Owner Response and, if requested, a Motion to Amend Claims.

You then have three months to conduct discovery and file your Reply to the Patent Owner Response and your Opposition to any Motion to Amend.

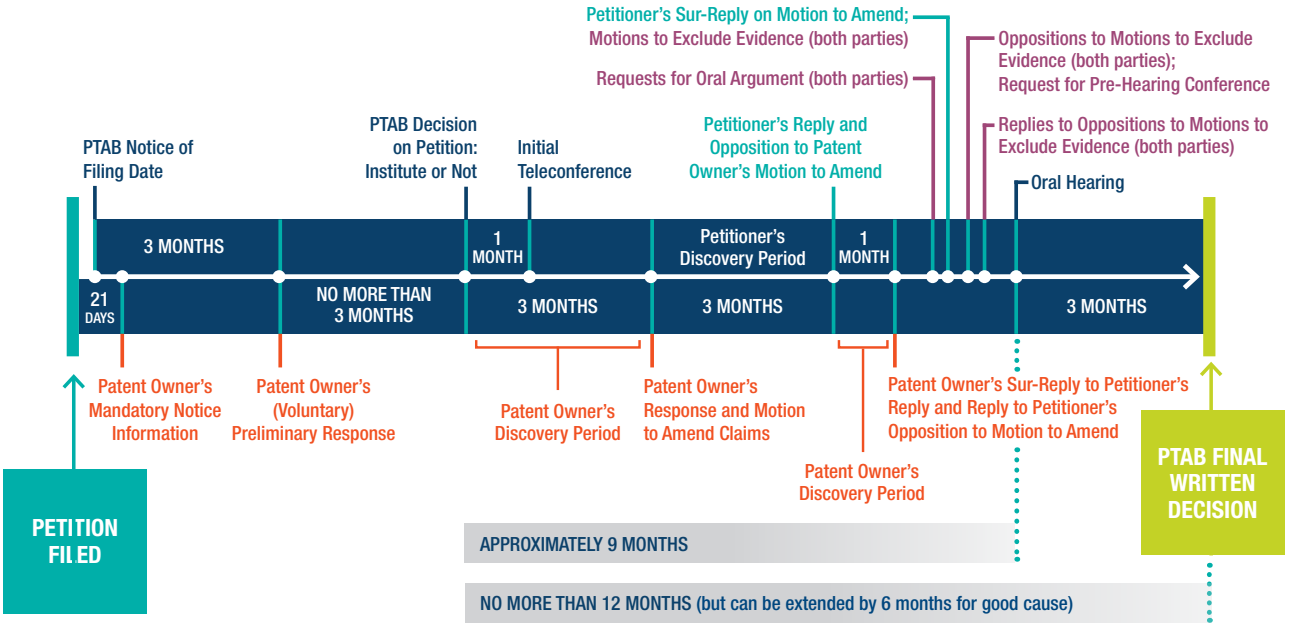
If applicable, the Patent Owner then has one month to conduct additional discovery and file its Reply to your Opposition to the Motion to Amend.

Over approximately the next six weeks a series of deadlines will be set. These will be for filing motions to exclude evidence, for filing observations, and for requesting oral argument.

At approximately nine months after the IPR was instituted, the oral hearing will occur. Within about three months of that hearing, the PTAB will issue its Final Written Decision.

THE PTAB INSTITUTED A TRIAL. NOW WHAT?

In either the Decision to Institute or in the concurrently-issued Scheduling Order, you will learn when the first teleconference with your Administrative Patent Judge ("APJ") and opposing counsel will be, if such a teleconference is mandated by the APJ. It will likely be about two to four weeks after the Decision to Institute issued. While the date and time for that first call can



be moved, you should do your best to be available/try to not request that it be rescheduled.

Be prepared for that first call. During the call the APJ will want to discuss the tentative schedule and see whether there are any issues. This means you will have to have charted-out the whole proceeding, including when expert discovery is likely to occur. Consider, especially if there are several related Petitions, whether the default seven hours of cross-examination per Declaration is enough or too much. *See 37 C.F.R. § 42.53(c).* Be aware of the status of any related litigation. After that first call, you are off to the races. Within three months of institution or by the deadline set in the Scheduling Order, the Patent Owner must file its Patent Owner Response, which is considered an Opposition to any ground of unpatentability that was not already denied by the PTAB. *See 37 C.F.R. §§ 42.120(a), 42.120(b).*

Like the Petition, the Patent Owner Response is limited to 14,000 words using 14-point Times New Roman font. *See 37 C.F.R. §§ 42.6, 42.24(b)(2), 42.120(a).*

After the Patent Owner Response is filed, you will have three months to conduct discovery, including deposing the Patent Owner's experts. Within three months of the Patent Owner's Response, you must file the Petitioner's Reply and the Opposition to Patent Owner's Motion to Amend (if applicable). *See* 77 Fed. Reg. 48756, 487584 (Aug.14, 2012). After that, the Patent Owner will have the chance to file a Reply regarding the Motion to Amend (if applicable). Then, Observations and Motions to Exclude will be filed and you may request an Oral Argument.

You will likely want to request an Oral Argument. *See 37 C.F.R. § 42.70.* This may be the only time you have to interact with the three APJs who will decide the case. The PTAB will alert you and the Patent Owner of how much time you have for argument. Demonstratives may be used, but be aware that you need to serve those demonstratives at least seven days before the oral argument and must file them by no later than the time of the oral argument. *Id.* Despite having a wonderful script to read from, the APJs will likely pepper your IPR counsel with questions very early in the argument. **It is essential that IPR counsel is thoroughly prepared for the oral argument**, and doing so is very time consuming.

WE'VE HAD THE ORAL HEARING. WE HAVE COLD FEET. CAN WE GET OUT OF THIS?

Yes, but doing so may not stop the bus. "The parties may agree to settle any issue in a proceeding, but the Board is not a party to the settlement and may independently determine any question of jurisdiction, **patentability**, or Office practice." *37 C.F.R. § 42.74(a)* (emphasis added). The take-home message from this, and recent cases where the PTAB has invalidated patent claims despite a settlement, is that **settlement should be considered early and finalized as early as possible in the proceeding.**

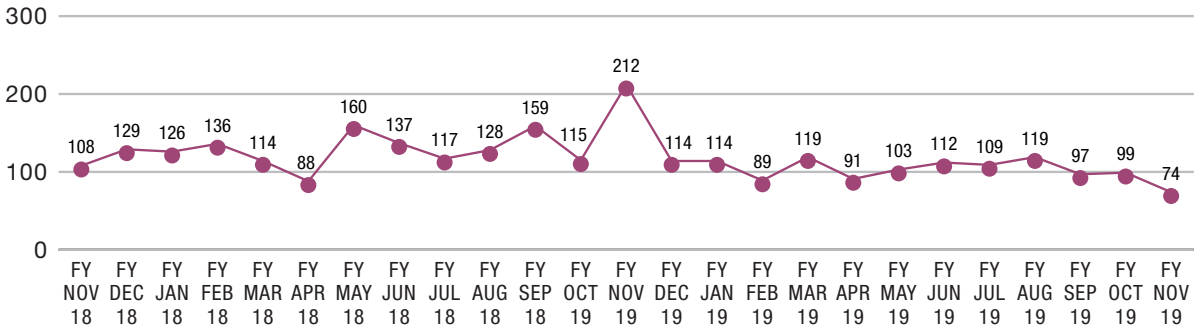
Any settlement agreement should be reduced to writing and a copy should be given to the PTAB before the trial is terminated. *See 37 C.F.R. § 42.74(b).* You can request that the settlement be kept separate and treated as business confidential information. *See 37 C.F.R. § 42.74(c).* But, the settlement may be made available to a Government agency who files a written request or to any other person, if, in addition to the written request, they provide the required fee and make the showing of good cause. *Id.*

I KEEP HEARING ABOUT ESTOPPEL. WHAT IS ALL THE FUSS ABOUT?

Estoppel is an important issue in IPRs and, unfortunately, an issue about which little is certain. A judgment in an IPR, "except in the case of a termination, disposes of all issues **that were, or by motion reasonably could have been, raised and decided**." *37 C.F.R. § 42.73(a)* (emphasis added). Also, you as Petitioner (as well as the real party-in-interest or privy) are "estopped in the Office from requesting or maintaining a proceeding with respect to a claim for which [you] have obtained a final written decision on patentability in an inter partes review, post-grant review, or a covered business method patent review, on any ground that [you] raised or reasonably could have raised during the trial, except that estoppel shall not apply to a [you], or to the real party in interest or [your] privy . . . who has settled under 35 U.S.C. 317 or 327." *See 37 C.F.R. § 42.73(d)(1).* Thus, it is important to explore all theories and present them in the IPR, otherwise you risk losing the right to do so at a later date.

USPTO DATA AS OF NOVEMBER 30, 2019

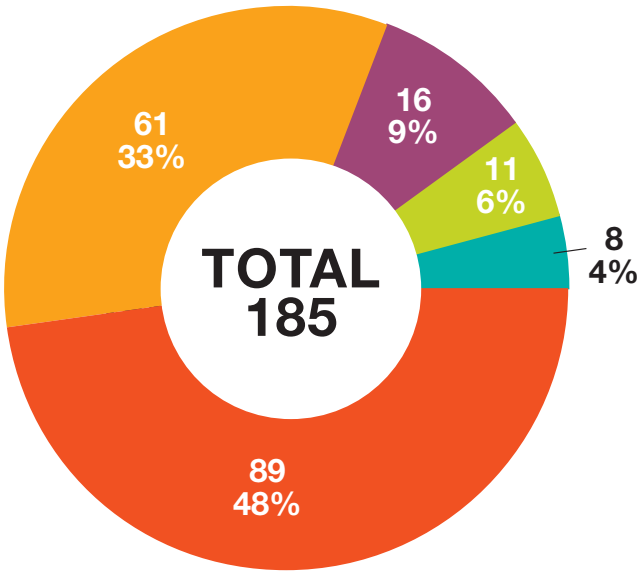
Number of IPR Petitions Filed by Month



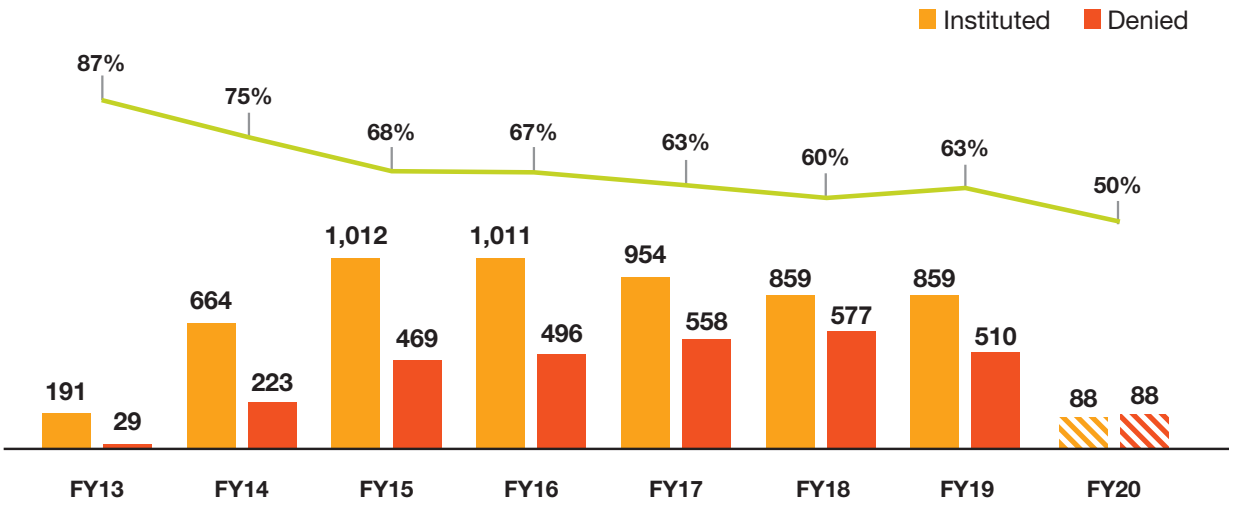
- Number of IPR Petitions Filed = 10,043 (93% of all AIA Petitions)

Technology Breakdown of Fiscal Year 2019 AIA Petitions:

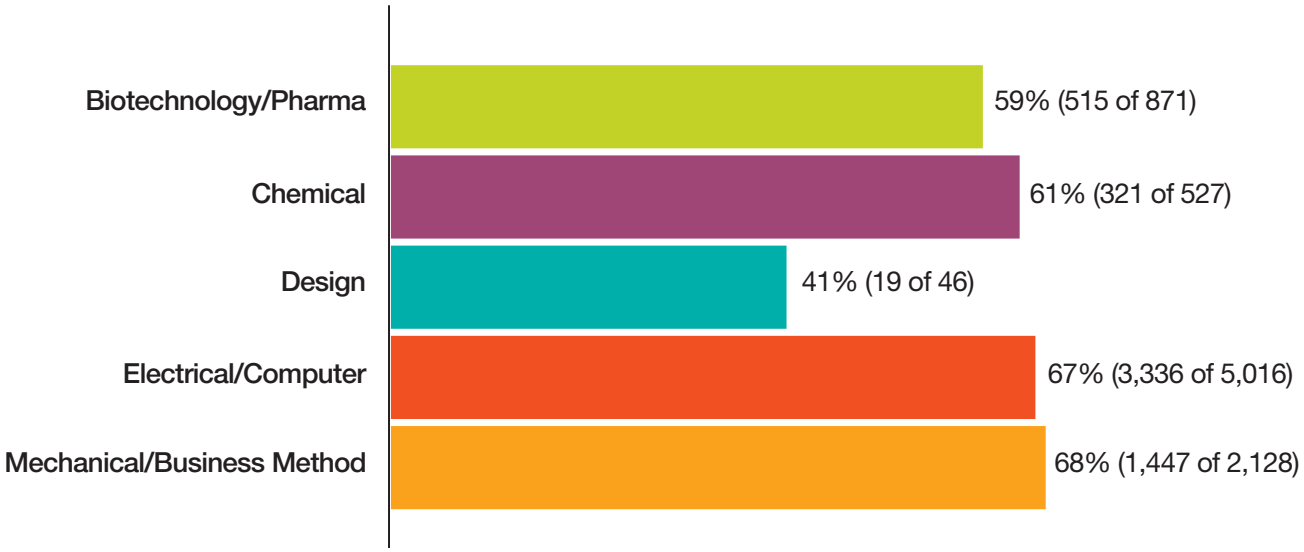
- Electrical/Computer - TCs 2100, 2400, 2600, 2800
- Mechanical/Business Method - TCs 3600, 3700
- Bio/Pharma - TC 1600
- Chemical - TC 1700
- Design - TC 2900



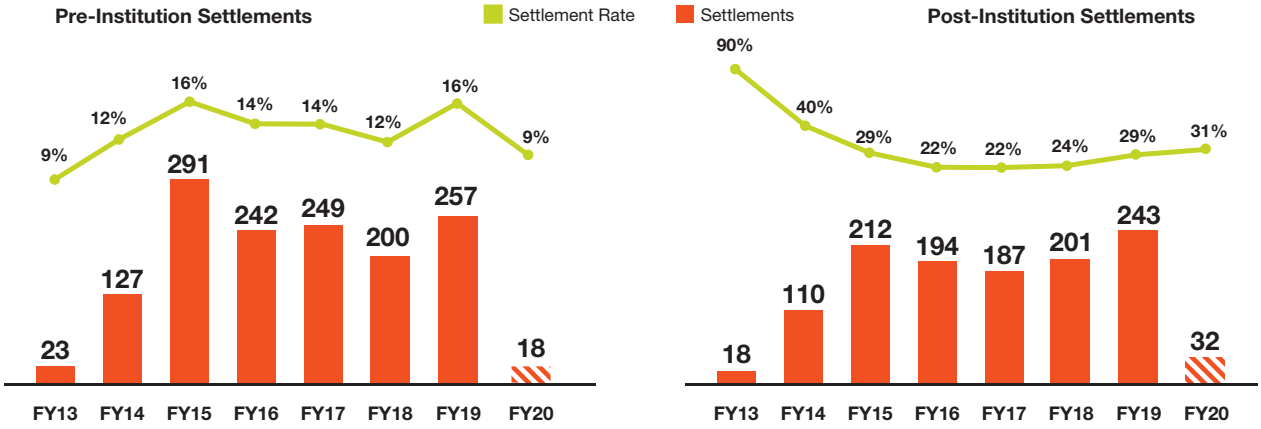
Institution Rates



Percent of AIA Petitions Instituted by Technology



Settlement Statistics for AIA Trials

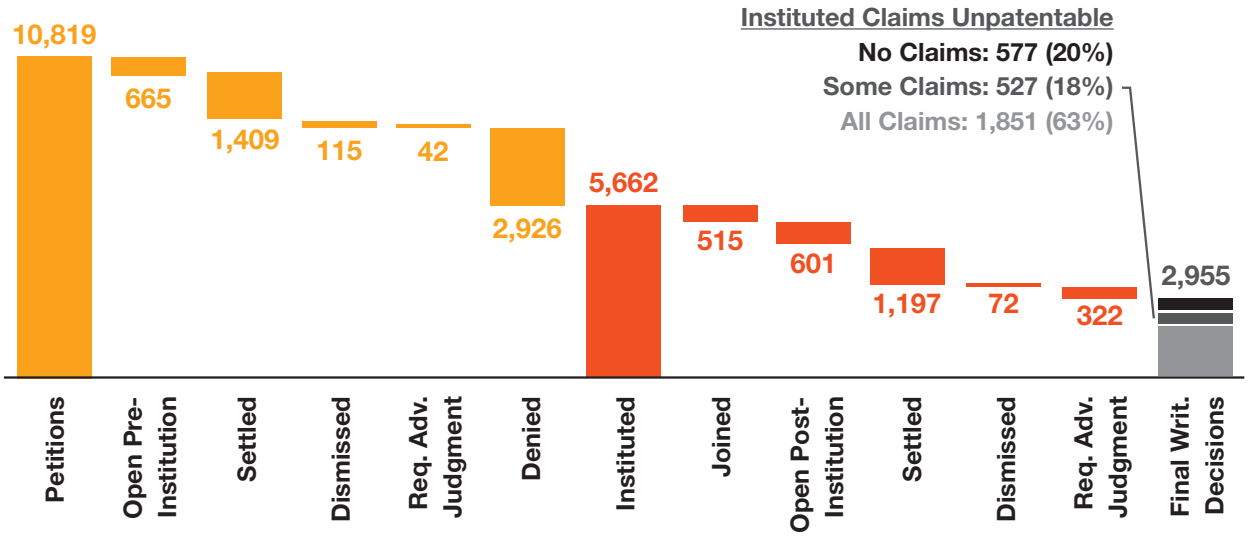


Settlement rate for each year is calculated by dividing pre-institution settlements by the sum of proceedings instituted, denied institution, dismissed, terminated with a request for adverse judgment, and settled before decision on institution.

Settlement rate for each year is calculated by dividing post-institution settlements by proceedings terminated post-institution (i.e., settled, dismissed, terminated with a request for adverse judgment, and final written decision), excluding joined cases.

Status of Petitions

(All Time: 9/16/12 to 11/30/19)



These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.

We're Here to Help

Having handled hundreds of interferences and *inter partes* matters before the PTAB, our Patent Office Litigation team is uniquely positioned to assist you with the AIA trial proceeding. We have handled over one hundred and five AIA trial proceedings, assisting both patent owners and petitioners. We welcome the opportunity to work with you.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Helpful Links

Board Trial Rules and Practice Guide
https://www.uspto.gov/patents-application-process/appealing-patent-decisions/resources/board-trial-rules-and-practice

Representative Orders, Decisions, and Notices
https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions

To Access the PTAB
https://www.uspto.gov/patents-application-process/patenttrialandappealboard

PTAB's End-to-End System (For access to Documents Filed in AIA Trials)
https://ptab.uspto.gov/#/login

For AIA
http://www.uspto.gov/aia_implementation/

For Most Recent 37 C.F.R., M.P.E.P., etc
http://www.uspto.gov/patents/law/index.jsp

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