



PATENT OWNER'S GUIDE TO

INTER PARTES REVIEW

YOU HAVE QUESTIONS.
WE HAVE THE ANSWERS.

A petition for *Inter Partes* Review has been filed against our patent – what is happening and what should we do?

WHAT IS AN *INTER PARTES* REVIEW (“IPR”)?

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.

WITHIN 21 DAYS

You need to get your house in order and recognize that the clock is already ticking. First, when was the Petition served? **Within 21 days of service of the Petition you need to file your Mandatory Notices.**

The Mandatory Notices are: the real party-in-interest, related matters, lead and back-up counsel, and service information. See 37 C.F.R. § 42.8. You must also file a Power of Attorney, unless designated counsel is already of record. See 37 C.F.R. § 42.10(b).

WHERE DO I START? HOW LONG WILL THIS TAKE?

You need to choose counsel and you need to choose quickly. If necessary, you can file the Mandatory Notices within 21 days listing counsel you have in place, and file Revised Mandatory Notices with new counsel once you have identified IPR counsel. That said, the sooner you have IPR counsel in place, the better.

Why? Because these 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 are served with the Petition the total time for the IPR will be about eighteen months, and possibly as long as two years.

WE'RE ALREADY LITIGATING THIS 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 interference experience (as many of the IPR procedures are modeled closely on interference practice), will be helpful.

WHAT HAPPENS FIRST? WHAT IS THE WHOLE TIMELINE?

You've already witnessed the first part, *i.e.*, the filing and service of the Petition. Keep in mind it is just that, a Petition – a request by the Petitioner to permit them to attack one or more claims of your patent on one or more bases. The PTAB may or may not institute a review (called a “trial”).

PATENT OWNER'S GUIDE TO INTER PARTES REVIEW

If the Petitioner satisfied the clerical aspects for the IPR, the PTAB will issue a Notice of Filing Date Accorded To Petition and Time for Filing Patent Owner Preliminary Response. 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. Note, if you are sure you do not wish to file a Preliminary Response, you can alert the PTAB that you are waiving the opportunity, thereby accelerating the pace of the proceeding. See 37 C.F.R. § 42.107(b).

Then, 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

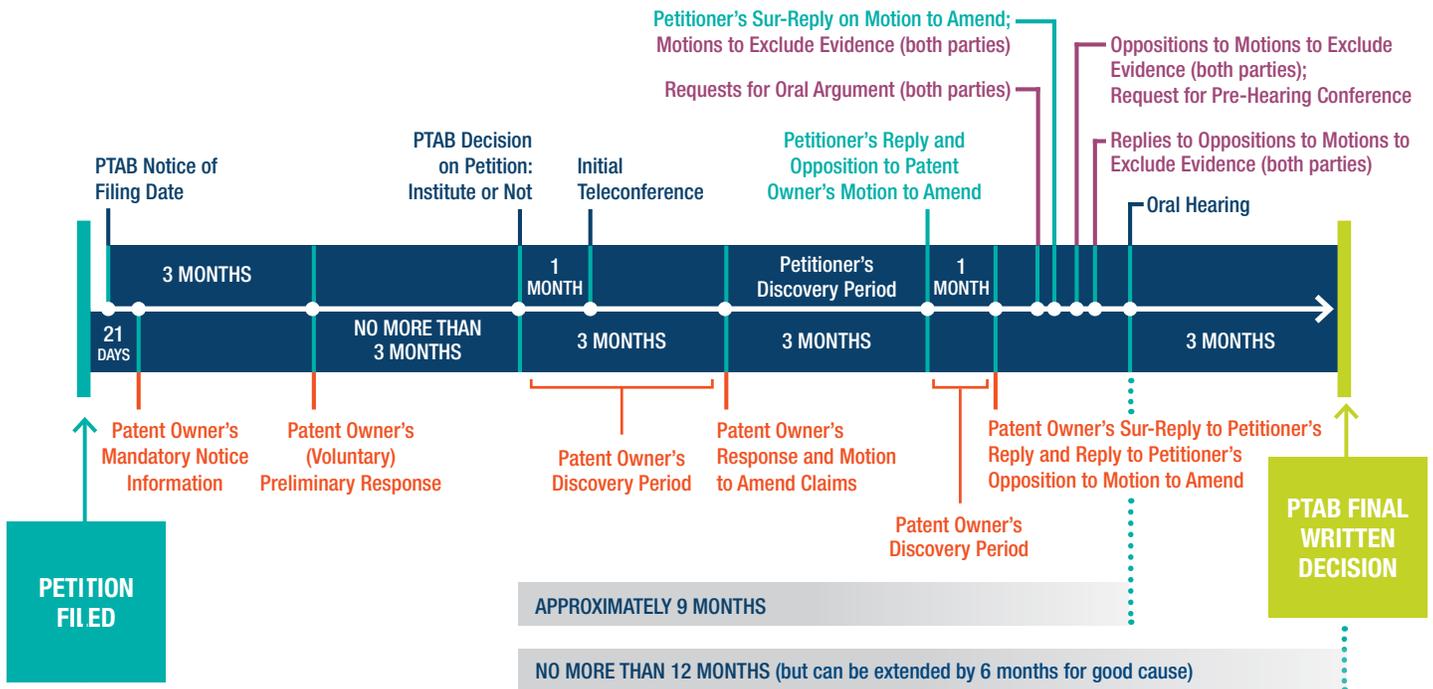
the petition. SAS Institute Inc. v. Iancu, 138 S. Ct. 1348 (2018). Under current practice, the PTAB will take an all-or-nothing approach to institution. That is, if the PTAB decides to institute trial, the PTAB will institute on all challenged claims and all grounds of challenge presented in the petition.

If instituted, you, as the Patent Owner, then have three months to conduct discovery and file the Patent Owner Response and, if requested, a Motion to Amend Claims. On March 15, 2019, the PTAB implemented a Motion to Amend (MTA) Pilot Program allowing patent owners to (1) request non-binding preliminary guidance from the Board on an initial MTA and (2) file a revised MTA after receiving the petitioner's opposition and the Board's preliminary guidance. Use of the Pilot Program is optional. The timeline below does not set forth the procedure and pleadings due under the Pilot Program.

Petitioner then has three months to conduct its discovery and file its Reply to the Patent Owner Response and its Opposition to any Motion to Amend.

You then have about a month to conduct additional discovery, if applicable, and file your Sur-Reply to Petitioner's Reply and any Reply to the Petitioner's Opposition to the Motion to Amend. Thereafter, motions to exclude evidence, oppositions, and requests oral argument are due.

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.



PATENT OWNER'S GUIDE TO INTER PARTES REVIEW

WHAT DO I LOOK FOR IN THE PETITION? WHAT DO I DO FIRST? SHOULD I BE CONCERNED?

You should take the Petition seriously.

Again, you need to get counsel and you need to get counsel quickly. Once in place, they will likely address the following issues:

Are there reasons why the Petition is defective? If the Petitioner or real party-in-interest previously filed a civil action challenging the validity of the claim, that party may not bring an IPR. See 37 C.F.R. § 42.101(a). Was the Petition filed more than one year after Petitioner or Petitioner's real party-in-interest or privy was served with a complaint alleging infringement of the patent? See 37 C.F.R. § 42.101(b). Is the Petitioner or Petitioner's real party-in-interest or privy estopped from challenging the claims on the grounds identified in the Petition? See 37 C.F.R. § 42.101(c). If so, the Petition is defective, you can bring that to the PTAB's attention, and the proceeding should not be instituted.

The Petition may also be defective on clerical grounds, but such grounds are not likely to invalidate the Petition. For example, the Petition may exceed the 14,000 word limit, may not use the mandatory 14-point Times New Roman font, may not be double-spaced (although claim charts may be single-spaced), may include argument in the claim charts, etc. Generally, the PTAB notes these issues and accords a filing date, but requires the Petitioner to try again. *Keep in mind, your three-month clock for the Patent Owner Preliminary Response keeps ticking, even if Petitioner is given a do-over.*

Does the Petition address claim construction in a reasonable way?

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).

If the Petition is substantively defective and/or fails to address claim construction when it should have or advances absurd constructions, filing a Patent Owner Preliminary Response may be advisable.

You will have to weigh whether filing a Patent Owner Preliminary Response addressing the alleged grounds is wise.

You may decide to not "show your hand" at such an early stage, at least because doing so affords Petitioner additional time to study your case. Alternatively, you may decide to proceed with a Preliminary Response so that you get some sense from the PTAB whether they consider your arguments meritorious.

The Preliminary Response may rely upon new testimonial evidence beyond that already of record. See 37 C.F.R. § 42.107(a). Also, **you cannot file any amendments as part of the Preliminary Response.** See 37 C.F.R. § 42.107(d). However, **you may file a statutory disclaimer disclaiming one or more claims in the patent and no IPR will be instituted on a disclaimed claim.** See 37 C.F.R. § 42.107(e).

WHILE IN THE DOLDRUMS, PREPARE

Whether you filed a Patent Owner Preliminary Response or waived the option to do so (be it actively or passively), you now have about three months of "inactivity" while the PTAB decides whether to institute a trial. **Do not consider this a time of inactivity. Prepare.** While it is true that the PTAB may elect to not institute a trial, decisions to date suggest otherwise.

What should we be doing during this time?

Lots. You need to find one or more experts. You need an expert who is not only excellent when it comes to the technology, you need someone who can handle being deposed and the preparation that precedes it. You need an expert who is hopefully independent and able to give you the hours you need to truly learn the case and its issues. If there is concurrent

litigation you need to work with counsel to decide whether to use the same or different experts. **You need to map out your case.** Keep in mind what you said during prosecution and, potentially, what you've said around the world [when prosecuting family and related patents]. **If there is concurrent litigation, your IPR and litigation counsel (should they be different) need to be in frequent contact.** You need to make sure your positions are thoroughly thought-out and consistent. **You need to decide whether you need to amend.** In an IPR, you can cancel any challenged claim and/or propose a reasonable number of substitute claims (there is a presumption that only one claim will be needed to replace a given challenged claim). See 37 C.F.R. § 41.121(a)(3). You need to confer with the PTAB before filing a Motion to Amend and unless otherwise instructed, the deadline for filing that Motion is the time for filing the Patent Owner Response. *Id.* You also need to decide whether to make use of the options available under the PTAB's Motion to Amend Pilot Program discussed above. **Also, you need to decide whether you want to object to any of Petitioner's evidence.** In IPRs, the Federal Rules of Evidence generally apply and this is an area where many parties fall down. See 37 C.F.R. § 42.62. Much like in interferences, you can serve and file objections to Petitioner's evidence and you must do so within ten business days of the institution of the trial. See 37 C.F.R. § 42.64(b)(1). Petitioner will then have another chance, within ten business days of service of the objections, to get it right, should they agree they've made a misstep. See 37 C.F.R. § 42.64(b)(2). Here, the distinction between weight and admissibility is very important. For example, Petitioner's expert may be awful and their Declaration a mess. In that case you may want to forego objections and instead simply argue the expert's testimony should be afforded little or no weight. Otherwise, Petitioner will have a chance to improve that Declaration. You will need to weigh the pros and cons of objecting to a given piece of evidence with your IPR counsel. Keep in mind, though, that if you

PATENT OWNER'S GUIDE TO INTER PARTES REVIEW

do not object you waive the right to file a Motion to Exclude later in the proceeding. See 37 C.F.R. § 42.64(c).

THE PTAB INSTITUTED A TRIAL. NOW WHAT?

The threshold for institution is whether the Petition demonstrated a reasonable likelihood that the Petitioner would prevail with respect to at least one of the challenged claims. See 37 C.F.R. § 42.108(c). Be aware that you can, within fourteen days, request rehearing on whether a trial should have been instituted. See 37 C.F.R. §§ 42.71(c), (d). That said, a "request for rehearing does not toll times for taking action." See 37 C.F.R. § 42.71(d).

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") panel and opposing counsel will be, if such a teleconference is mandated by the APJ.

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 when objections to evidence (if appropriate) will be served and potentially cured, which in turn governs when you can depose Petitioner's experts. 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). If Petitioner has several witnesses, you get to choose the order in which the witnesses are deposed. See 37 C.F.R. § 42.53(d)(2). You should be aware of the status of any related litigation. You should also have a good idea by this time whether you are going to amend your claims and should keep open that option during the call.

After that first call, you are off to the races. You will need to conduct your discovery and work with your experts to prepare their Declarations. Those Declarations will support the 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). 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). The deadline for filing the Patent Owner Response will be set forth in the Scheduling Order. Otherwise, the deadline is three months from institution. See 37 C.F.R. § 42.120(b).

After the Patent Owner Response is filed, the Petitioner will have the chance to depose your experts and file a Reply. Petitioner may also oppose your Motion to Amend, if you filed one. After that, you have the chance to file a Reply regarding the Motion to Amend. Then, a Sur-Reply to Petitioner's Reply and Motions to Exclude may 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 Petitioner 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 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, a Patent Owner is precluded from taking action inconsistent with an adverse judgment, including obtaining in any patent a claim that is not patentably distinct from a finally refused or canceled claim. See 37 C.F.R. § 42.73(d)(3). Thus, it is important to explore all theories and consider whether they should be presented in an IPR taking into account the overall litigation strategy, otherwise you risk losing the right to do so at a later date.

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 thirty 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>

Patent Trial and Appeal Case Tracking System (P-TACTS)

<https://ptacts.uspto.gov/ptacts/ui/home>

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>

www.Buchanan-IP.com/PTAB