ADJUSTING FOR THE NEW NORMAL: THOUGHTS ON ENHANCING THE POSSIBILITIES OF SUCCESS FOR THE PATENT OWNER IN AN AIA POST-GRANT PROCEEDING

AMANDA MURPHY, STACY LEWIS, DEBORAH HERZFELD, NINGLING WANG, WEN LI, AND TOM IRVING
FINNEGAN, HENDERSON, FARABOW, GARRETT, & DUNNER, LLP

I. INTRODUCTION

The America Invents Act (AIA) ushered in several changes to U.S. patent practice with the goal of moving U.S. patent practice closer to that of the rest of the world. The AIA changes became effective in stages, and what was supposed to be the hallmark of this new patent world -- the first-inventor-to-file provision -- was quickly upstaged by the unexpected boom in post-grant proceedings: *inter partes* reviews (IPRs)[1] and post-grant reviews (PGRs).[2] Post-grant proceedings have led to such swift and numerous losses of patent rights that, within its first year of existence, the Patent Trial and Appeals Board (PTAB) (the renamed and slightly reorganized Board of Patent Appeals and Interferences) was referred to as a "death squad[] . . . killing property rights."[3]

Congressional intent behind the AIA post-grant proceedings was to provide an alternative to patent litigation.[4] However, the reality is that a patent owner must be prepared for both patent litigation AND administrative post-grant challenges, sometimes simultaneously.[5] Furthermore, post-grant proceedings currently[6] have less opportunity for a patent owner to offer extrinsic evidence to support patentability. Accordingly, a patent owner's

[1] *See* 35 U.S.C. § 311(c) (2013) (inferring A.I.A. *Inter Partes* Review is available for any patent until expiration, and if it is filed "after the later of either – (1) the date that is 9 months after the grant of the patent or issuance of a resissue of a patent; or (2) if a post-grant review is instituted…, the date of the termination of such post-grant review.").

[2] *See* A.I.A. § 6(f)(2)(A) (stating Post-Grant Review is available for a patent or application that contains or contained at any time a claim with an effective filing dating after March 15, 2013). A Petitioner can challenge a patent on any ground in 35 U.S.C. § 282(b)(2) or (b)(3) ("(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability [§ 101, § 102, and § 103]. (3) Invalidity of the patent or any claim in suit for failure to comply with – (A) any requirement of section 112, except that the failure to disclose the best mode shall not be basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or (B) any requirement of section 251"), but only during the first nine months after issuance (35 U.S.C. § 321(c)). Covered Business Method Post-Grant Reviews were authorized as of Sept. 16, 2012. We do not discuss CBMs in this article.

[3] Ashby Jones, *A New Weapon in Corporate Patent Wars: Patent Trial and Appeal Board Can Upend PTO Decisions, but Some Say It Goes Too Far*, WALL ST. J. (March 10, 2014), http://www.wsj.com/articles/SB10001424052702304020104579431393308282698 [http://perma.cc/ZF25-2EAV].

[4] *See* CONG. REC. S5411 (daily ed. Sept. 8, 2011).

[5] *See* Brian J. Love & Shawn Ambbwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. Dialogue 93 (2014) (stating it is estimated that about 60% of instituted IPRs have a corresponding litigation).

[6] On August 20, 2015, the USPTO released proposed Amendments to the Rules of Practice for Trials before PTAB (80 Fed. Reg. 50720-01) that would allow patent owners to include expert declarations and other testimonial evidence generated for the IPR in their response to a petition.

best chance of surviving a petition for a post-grant proceeding starts at the very beginning of the patenting process: in drafting and prosecution.

IPR petitions are not automatically granted; PTAB decides whether or not to institute an IPR after reviewing the petition and, if one is filed, the Patent Owner's Preliminary Response (POPR). The statutory threshold an IPR petitioner must meet for institution is a "reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."[7]

Therefore, the first goal for the patent owner is to prevent IPR institution. What can a patent owner do to have enough support in the patent file history or other relevant publicly-available documents to show that the petitioner is unlikely to prevail and hence achieve denial of institution?

In this article we will first discuss the patent owner-unfriendly aspects of *inter partes* reviews (IPRs). We will then explore drafting and prosecution strategies to enhance the possibilities of success for the patent owner in IPRs. PGRs will not be a focus of this article because, as of August 20, 2015, only 13 petitions for PGR have been filed, 3 have been instituted, and none has had a final written decision.[8]

II. SO FAR, IPRS HAVE BEEN EXTREMELY FAVORABLE TO CHALLENGERS

A. Procedural Factors

Procedurally, IPRs favor petitioners for a number of reasons, one of which is time. IPRs can be filed anytime up until a patent expires.[9] If a patent is not in litigation, the petitioner has nearly unlimited time to prepare a petition, including finding an expert and preparing an expert declaration to support the petition. If a patent is in litigation, the petitioner has up to twelve months from service of the complaint in which to file a petition.[10] But even one year seems an eternity compared to the three months a patent owner has to prepare a POPR[11] in an effort to have the IPR petition denied.

In addition, petitioners are allowed to generate and submit declaratory

---

[7] 35 U.S.C. § 314(a) (2013).

[8] *See* Larose Indus. v. Choon's Design Inc., PGR2014-00008 (P.T.A.B. filed Aug. 5, 2014); Accord Healthcare, Inc. v. Helsinn Healthcare S.A., PGR2014-00010 (P.T.A.B. filed Sept. 2, 2014); American Simmental Assn. v. Leachman Cattle of Colo., LLC, PGR2015-00003 (P.T.A.B. filed Aug. 27, 2013); American Simmental Assn. v. Leachman Cattle of Colo., LLC, PGR2015-00005 (P.T.A.B. Jan. 30, 2015).

[9] *See* § 311(c).

[10] *See* 35 U.S.C. § 315(b) (2011).

[11] *See* 37 C.F.R. § 42.107(b) (2014) ("The preliminary response must be filed no later than three months after the date of a notice indicating that the request for an *inter partes* review has been granted a filing date.").

evidence to bolster the petition,[12] while patent owners currently are not allowed to "present new testimony evidence beyond that already of record" in the POPR.[13] However, patent owners may be able to rely on testimony generated during the prosecution of the challenged patent or even related patents.[14]

In addition to the lack of temporal limits to filing an IPR on any given patent (up until a patent expires or the claims are held unpatentable), there is also no limit on the number of petitions that may be filed on any given patent. While PTAB does sometimes consolidate IPRs, or refuse to institute IPRs, for "redundancy" reasons,[15] it is possible for a patent owner to face multiple IPRs and/or district court litigation on the same patent, simultaneously or in succession. As one can imagine, this sort of multiplicity will further dilute a patent owner's resources. Currently, the only deterrent preventing a petitioner from filing multiple petitions is the cost of filing itself—there is no "loser pays" clause in the statute or disciplinary rules to act as deterrent.

B. Substantive Factors

Against the backdrop of the procedural factors favoring petitioners,[16] one must also add the substantive features that come with PTAB as the forum, rather than a district court. First and foremost, the threshold for instituting an IPR is that "there is a reasonable likelihood that the petitioner will

---

[12] *See* 37 C.F.R. § 42.104 (2014).

[13] *See* 37 C.F.R. § 42.107(c) (2014) ("The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board.").

[14] *See* Anova Food, LLC v. Sandau, IPR2013-00114, Paper 11 (P.T.A.B. June 25, 2014) ("37 C.F. R § 42.107(c) applies only to 'new' testimony that was taken specifically for the purpose of the *inter partes* review proceeding at issue, as supported by the discussion and the comments that accompanied the rule. For example, a party submitting the prosecution history for the challenged patent may include a copy of the declarations contained therein. The Declaration of Milton M. Yasunaga represents new testimonial evidence as it was created specifically for this proceeding, and authorization from the Board was not obtained before its filing. Accordingly, it will be not be relied upon for purposes of institution. The evidence on which it relies, however, such as Declaration of Darren Zobrist that was filed in the United States District Court for the District of Hawaii in Civil No. CV 11 00795 (Ex. 2009), is not 'new' testimonial evidence relied upon by the Patent Owner to support the contentions in the preliminary response, and thus can be appropriately submitted with the response.").

[15] *See* 35 U.S.C. § 325(d) (2012) (". . . . In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, 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."). So far in PTAB decisions, "presented to the Office" has meant both in prosecution (including original prosecution, reexamination, and reissue) or in another IPR.

[16] *See infra* Article 2, Stacy Lewis and Tom Irving, *Very Few Appreciated Just How Bad AIA Inter Partes Reviews (IPRs) Would Be for Patent Owners, Although IPR Denials Have Been, for Patent Owners, A Glimmer of Hope*.

prevail."[17] If an IPR is instituted, the petitioner carries the burden of persuasion to establish unpatentability by a "preponderance of the evidence."[18] This is a lower burden of proof on the petitioner to show that a claim should be cancelled as "unpatentable," compared to the district court standard of "clear and convincing evidence" of invalidity.

Patent owners must also defend claims before PTAB under a different claim construction standard than that of a district court. In considering the patentability of the claims, PTAB uses the "broadest reasonable interpretation" (BRI) standard for claim construction. PTAB's use of this standard was recently upheld by Federal Circuit.[19]

There is also no presumption of validity before PTAB, as there is in a district court. Moreover, PTAB does not have to defer to other administrative proceeding decisions or judicial decisions, whether interim (e.g. claim construction[20]) or final.[21]

Moreover, amending claims that may appear too broad under the broadest reasonable interpretation standard has been nearly impossible in IPR so far, unlike in the old *inter partes* reexamination.[22] For example, in the 339 IPR Final Written Decisions to date,[23] it is estimated that substitute claims were submitted in about 22% (75/339) of cases.[24] Yet the motions have been granted in only 4 cases (1.2%, 4/339 cases overall; 5% 4/75 cases in which substitute claims were considered).[25]

C. Reality

Current statistics reveal that IPR petitions are granted at a rate of 67% (1389/2084), and at a rate of 73% if joinder decisions are included

---

[17] *See* 35 U.S.C. § 314(a) (2012).

[18] *See* 35 U.S.C. § 316(e) (2012).

[19] *See generally In re* Cuozzo Speed Techs., LLC, 793 F.3d 1268, 1278-79(Fed. Cir. 2015).

[20] Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,697 (Aug. 14, 2012); *see also* 37 C.F.R. § 42.100(b) (2014); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 Fed. Reg. 48,680, 48,697 (Aug. 14, 2012); Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766 (Aug. 14, 2012).

[21] *See* 35 U.S.C. § 325(d) (2012); Fresenius USA, Inc. v. Baxter Int'l., Inc. (Fresenius II), 721 F.3d 1330 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 2295 (2014); *In re* Baxter Int'l, 678 F.3d 1357 (Fed. Cir. 2012).

[22] *See infra* Article 6, Stacy Lewis and Tom Irving, *Amending Rather Than Cancelling Claims in Inter Partes Reviews*.

[23] *See* Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research (March 1, 2015), http://www.aiablog.com/claim-and-case-disposition/ [http://perma.cc/N9Q8-RARZ] (with thanks to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

[24] *Id.*

[25] *Id.*

(1521/2084).[26] Thus, the threshold for petitioners to show "a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition[,]"[27] does not appear to be a significant barrier to institution. And once instituted, there is currently a very high rate of claims being found unpatentable: 74% (3562/4829).[28]

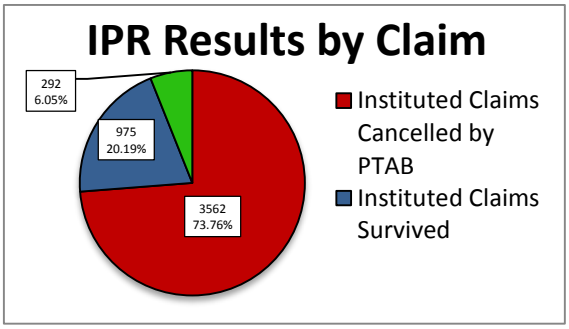
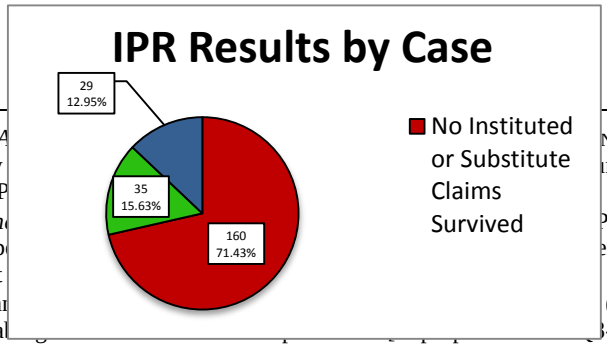


Exhibit A: IPR Results by Claim. As of July 1, 2015. Source: Finnegan research.



[26] *See AIA* ND TRADEMARK OFFICE (July ments/2015-07-31%20PTAB.P

[27] *See gen* PGRs, 35 U.S.C. § 314(a), not b r, it may not be much different

[28] *See* Fin (July 31, 2015), http://www.aia -RARZ] (with thanks to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

.

Exhibit B: IPR Results by Case. As of July 1, 2015. Source: Finnegan research. A "mixed" outcome means at least one claim was held unpatentable and at least one claim survived.

III. DRAFTING US PATENT APPLICATIONS TO ENHANCE CHANCES OF SUCCESS AT WITHSTANDING IPR PETITIONS

A. Several claims with varying claim scope increase likelihood that one or more claims will survive

Patent applications should be drafted to allow for flexibility during prosecution, which means including as many embodiments of the invention as possible. Patents with several claims of varying claim scope have an increased likelihood that one or more claims will survive in a subsequent IPR proceeding. Ideally, the claim set should include both broad and narrow claims. The narrower claims, assuming that they are likely to be infringed, will provide the strongest patentability position during both prosecution and subsequent efforts to have IPR petitions denied. The broader claims can offer context for claim interpretation of the narrower claims, as well as protect the invention from design-around variants.

Numerous claims of varying scope may also deter the filing and institution of IPRs. A patent with 100 claims will require a petitioner to either file multiple IPRs to challenge every claim, or to pick and choose claims to attack. It may very well be that a patent owner is willing to cancel a few of the challenged claims if certain other, more important, claims are left unchallenged. Once there is a Final Written Decision issued in an IPR, the petitioner (and real party in interest with privity) will be estopped from further challenging any of the claims of that patent on "any ground that the petitioner raised or reasonably could have raised during that *inter partes* review."[29]

Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001,[30] highlights why patent owners should consider reciting important

[29] *See* 35 U.S.C. §315(e) (2012).

[30] *See* Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 59 (P.T.A.B. Nov. 12, 2013), *aff'd sub nom. In re* Cuozzo Speed Technologies, LLC, 793 F.3d

subject matter in a narrow claim. Garmin challenged 20 claims of Cuozzo's patent, U.S. 6,778,074. PTAB instituted trial only on 3 claims: 10, 14, and 17, which read:

> 10. A speed limit indicator comprising:
> a global positioning system receiver;
> a display controller connected to said global positioning system receiver, wherein said display controller adjusts a colored display in response to signals from said global positioning system receiver to continuously update the delineation of which speed readings are in violation of the speed limit at a vehicle's present location; and
> a speedometer integrally attached to said colored display.
>
> 14. The speed limit indicator as defined in claim 10, wherein said colored display is a colored filter.
>
> 17. The speed limit indicator as defined in claim 14, wherein said display controller rotates said colored filter independently of said speedometer to continuously update the delineation of which speed readings are in violation of the speed limit at a vehicle's present location.

Original claim 18, which was not instituted, read: "The speed limit indicator as defined in claim 10, wherein said speedometer comprises a liquid crystal display.

Cuozzo filed a Motion to Amend Claims by substituting proposed new claims 21-23, which read:

> 21. (Proposed substitute for original claim 10): A speed limit indicator comprising:
> a global positioning system receiver <u>determining a vehicle's present location, a vehicle's present speed and a speed limit at the vehicle's present location</u>;
> a display controller connected to said global positioning system receiver, wherein said display controller adjusts a colored display in response to signals <u>indicative of the speed limit at the vehicle's present location</u> from said global positioning system receiver to continuously update the delineation of which speed readings <u>determined by the</u>

1268 (Fed. Cir. 2015).

> global positioning system receiver are in violation of the speed limit at [[a]] the vehicle's present location; and
> a speedometer integrally attached to said colored display, wherein the speedometer comprises a liquid crystal display, and wherein the colored display is the liquid crystal display.

22. (Proposed substitute for original claim 14): The speed limit indicator as defined in claim 21, wherein said global positioning system receiver compares the vehicle's present speed and the speed limit.

23. (Proposed substitute for original claim 17): The speed limit indicator as defined in claim 21, wherein the display controller continuously adjusts the liquid crystal display to show speed readings in a first color or colored region when the vehicle's present speed exceeds the speed limit at the vehicle's present location and a color or colored region different from the first color when the vehicle's present speed is less than the speed limit at the vehicle's present location.[31]

PTAB denied Cuozzo's motion to amend because proposed substitute claim 21 added more than just limitations of original dependent claims. Compared to original claim 10, proposed substitute claim 21 added "wherein the speedometer comprises a liquid crystal display, and wherein the colored display is the liquid crystal display." Original claim 18 only recited "that the speedometer comprises a liquid crystal display, not also that the colored display is that same liquid crystal display."[32] According to proposed substitute claim 21, the speedometer has to integrally attach to a colored display, and that colored display is a liquid crystal display and a component of the speedometer.[33]

PTAB held, however, that this proposed substitute claim would violate the statutory prohibition on broadening the scope of the claims or introducing new matter.[34] PTAB found that the patent owner did not show written description support for the proposed substitute claim limitation in the original

---

[31] *See* Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 32 (P.T.A.B. March 11, 2013).

[32] *See* Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 59 (P.T.A.B. Nov. 13, 2013), *aff'd sub nom. In re* Cuozzo Speed Technologies, LLC, 793 F.3d 1268 (Fed. Cir. 2015).

[33] *See id.* at 4-5.

[34] *See* Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 59, at 47 (P.T.A.B. Nov. 13, 2013). *See* 35 U.S.C. § 316(d)(3) (2012).

disclosure "that the colored display is the liquid crystal display comprised by the speedometer."[35] According to PTAB, the "original disclosure . . . does not describe an embodiment using a single liquid crystal display to show the speed readings of a speedometer as well as the delineations of which speed readings violate the speed limit at the vehicle's present location[.]"[36] Thus, PTAB concluded that proposed substitute claims 21-23 enlarged the claim scope because original claims 10, 14, and 17 did not cover a speedometer and a colored display subsumed completely within the speedometer, "[y]et, that arrangement would be within the scope of substitute claim 21[.]"[37]

The take-home message from *Garmin v. Cuozzo* is clear: If the patent owner had drafted narrower claims covering additional embodiments, with corresponding description in the specification, there would have been no need to try and amend the claims to avoid an unpatentability holding by PTAB. Thus, drafting several claims with varying claim scope increases the likelihood that one or more claims will survive.

B. Several patents from one patent application

Pursuing continuation applications after issuance of a parent patent to pursue additional claim scope has long been considered good practice. But in today's post-AIA world, keeping a family member alive[38] can help a patent owner facing an IPR challenge as well. For example, if PTAB does not allow the patent owner to enter a particular proposed substitute claim, such subject matter can still be pursued in a pending family member, assuming the subject matter of the proposed substitute claim is patentably distinct from any canceled claims.[39]

In *A.C. Dispensing Equipment Inc. v. Prince Castle LLC*, IPR2014-00511, PTAB refused to authorize petitioner to file a motion to stay patent owner's prosecution of a continuation application, noting that "whether any of the claims in the '497 patent will be canceled is an issue that is not yet decided and will not necessarily be decided until a final written decision is entered in this case and appeals from it are exhausted. To bar Patent Owner

---

[35] *See* Garmin Int'l, Inc. v. Cuozzo Speed Technologies LLC, IPR2012-00001, Paper 59, at 47-48 (P.T.A.B. Nov. 13, 2013).

[36] *Id*. at 48.

[37] *Id*. at 49.

[38] *See* Tafas v. Doll, 559 F.3d 1345, 1362 (Fed. Cir. 2009) (cautioning to avoid "unreasonable and unexplained delay"); Symbol Technologies, Inc. v. Lemelson Medical, Educ. & Research Found., 422 F.3d 1378, 1381 (Fed. Cir. 2005) (cautioning to avoid "unreasonable and unexpected delay"); *In re* Bogese II, 303 F.3d 1362, 1367 (Fed. Cir. 2002) (cautioning to avoid "unreasonable and unexplained delay").

[39] *See generally* 37 C.F.R. § 42.73(d)(3) (2014). *But see* A.C. Dispensing Equip. Inc. v. Prince Castle LLC, IPR2014-00511, Paper 18 (P.T.A.B. Oct. 17, 2014) ("Patent Owner will not be permitted to obtain in a patent any claims that are not patentably distinct from any claim that is canceled as a result of this proceeding.").

from prosecuting claims now that may be patentably indistinct from the claims under review thus would be premature."[40]

Similarly, in *Game Show Network, LLC v. John H. Stephenson*, IPR2013-00289,[41] PTAB denied petitioner's motion to terminate or stay patent owner's concurrent reexamination proceeding. In the reexamination, patent owner had requested amendments of the claims at issue in the IPR. PTAB did not interpret any part of the AIA to "prohibit[] a patent owner from requesting an ex parte reexamination to amend claims at issue in a concurrent IPR."[42] PTAB also looked to the guidance of *Idle Free Sys., Inc. v. Bergstrom, Inc.*, IPR2013-00027, Paper 26 (June 11, 2013),[43] indicating that patent owners "may pursue new claims in another type of proceeding before the Office during trial."[44] There is no rule "that any other form of amendment to claims challenged in an IPR must be obtained within the IPR.[45] There is only a rule that "preclude[s] patent owner from taking action inconsistent with an adverse judgment in this IPR, including obtaining a claim that is not 'patentability distinct' from a claim that is canceled in this proceeding. 37 C.F.R. §42.73(d)(3)(i)."[46]

Additionally, evidence and arguments submitted in the prosecution history of other applications could be referenced in a POPR to support the patentability of the claims challenged in the IPR.[47] The benefit of these submissions is further discussed below.

---

[40] *See* A.C. Dispensing Equip. Inc. v. Prince Castle LLC, IPR2014-00511, Paper 18 (P.T.A.B. Oct. 17, 2014).

[41] *See* Game Show Network, LLC v. Stephenson, IPR2013-00289, Paper 31 (P.T.A.B. Mar. 21, 2014).

[42] *See* 35 U.S.C. § 316(d) (2012); Game Show Network, LLC v. Stephenson, IPR2013-00289, Paper 31 (P.T.A.B. Mar. 21, 2014).

[43] *See Informative Opinions*, UNITED STATES PATENT AND TRADEMARK OFFICE (Mar. 6, 2015), http://www.uspto.gov/patents-application-process/appealing-patent-decisions/decisions-and-opinions/informative-opinions-0 [http://perma.cc/T68W-2RC7] (identifying Idle Free Sys., Inc. v. Bergstrom, Inc., IPR2013-00027, Paper 26 (P.T.A.B. 2013) as an informative opinion).

[44] *See* Game Show Network, LLC v. Stephenson, IPR2013-00289, Paper 21 (P.T.A.B. Jan. 21, 2014).

[45] Game Show Network, LLC v. Stephenson, IPR2013-00289, Paper 31 (P.T.A.B. Mar. 21, 2014).

[46] *Id*. at FN 2.

[47] *See* 37 C.F.R. § 42.107(c) (2014) ("*No new testimonial evidence*. The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board."); *see also* Anova Food, LLC. v. Sandau, IPR2013-00114, Paper 11 (P.T.A.B. June 25, 2014) ("37 C.F. R § 42.107(c) applies only to 'new' testimony that was taken specifically for the purpose of the *inter partes* review proceeding at issue, as supported by the discussion and the comments that accompanied the rule. For example, a party submitting the prosecution history for the challenged patent may include a copy of the declarations contained therein."). But note that the USPTO's amended rules released Aug. 20, 2015, if adopted, would relax these prohibitions.

C. Obtain Desired Claim Scope

Claim construction is an important part of PTAB's decision whether or not to institute an IPR,[48] and, if instituted, is typically an important part of PTAB's Final Written Decision. Our research indicates that so far, of 339 final written decisions analyzed, 96% have addressed claim construction.[49]

Claim construction may even be the basis for denial of a petition. For example, in *Polygroup Ltd. v. Willis Electric Co., Ltd*., IPR2014-01264,[50] PTAB denied the petition because, based on its claim construction, the references did not disclose the claim limitations.[51]

As during prosecution, the claims of a patent in an IPR are given their broadest reasonable interpretation (BRI) by PTAB.[52] Usually PTAB's final written decision BRI is based on intrinsic evidence,[53] but PTAB has not been reluctant to use dictionary definitions.[54]

Obviously, it is in the patent owner's interest to have PTAB adopt a BRI that does not render the claims unpatentable. However, in an IPR, the patent owner may be forced to argue a proposed claim construction without knowledge of the petitioner's intended product (e.g. in a POPR), and with strict limits on discovery. Therefore, the patent owner needs to consider laying the foundation for a desired claim construction when drafting the claim language and specification.

This means following fundamental drafting principles, such as checking whether each claim term is necessary, clearly defined, and consistently used. Perhaps it also means using patent profanity words such as "critical," "key," "fundamental," "necessary," and "essential," deliberately and judiciously, considering the dual objectives of patentability and proving infringement. Profanity for some embodiments could put limits on the BRI and could be

---

[48] *See* Corning Inc. v. DSM IP Assets B.V., IPR2013-00043, Paper No. 14 (P.T.A.B. May 13, 2013) ("As a step in our analysis for determining whether to institute a trial, we determine the meaning of the claims. Consistent with the statute and the legislative history of the AIA, the Board will interpret claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent.").

[49] *See* Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research (July 1, 2015), http://www.aiablog.com/claim-and-case-disposition/ [http://perma.cc/N9Q8-RARZ] (with thanks to Dan Klodowski, Kai Rajan, Elliot Cook, and Joe Schaffner).

[50] Polygroup Ltd. v. Willis Electric Co., Ltd., IPR2014-01264, Paper 12 (P.T.A.B. Jan. 30, 2015).

[51] *Id.* at 10-11 ("Accordingly, these structures are not "light strings" as we have construed the term. Therefore, Petitioner has not shown, on this record, that [the references] describe "light strings" as required by independent claims 1 and 7.").

[52] 37 C.F.R. § 42.100(b) (2014); *see* In re Cuozzo Speed Techs., LLC, 793 F.3d 1268, 1278-79 (Fed. Cir. 2015).

[53] Cook, Rajan & Schaffner, *Claim Construction*, FINNEGAN AMERICA INVENTS ACT BLOG, http://www.aiablog.com/claim-construction/ [http://perma.cc/7SUS-P36D] (last updated July 1, 2015) (83%).

[54] *Id.*(32% of final written decisions analyzed).

advantageous to the patent owner,[55] while embodiments without profanity can provide a broad (fully-supported) claim scope for infringement purposes. This will lay the basis for a patent owner's desired claim construction, both at PTAB and in district court litigation.

Consider drafting the specification with multiple embodiments to mirror and support a range of claims having broad to narrow scope. The specification should be designed with the goal of supporting a BRI that maintains validity. Such a specification can be your best friend, particularly in the POPR, for contradicting a petitioner's proposed claim constructions!

IV. PROSECUTING US PATENT APPLICATIONS TO ENHANCE CHANCES OF SUCCESS AT SURVIVING IPR

Unnecessary statements or submissions during patent prosecution have led to patent claims having an unnecessarily narrow construction. This has led to a trend for lean and clean file histories. Now, in our new world of patent owner-unfriendly IPRs,[56] a patent owner may wish to reconsider whether less is still more in a specification and/or file history. Instead, solid evidentiary showings and possibly declarations, in addition to detailed examiner interview summaries and on-point legal arguments,[57] may help to develop strong patentability records. Prudently establishing such records during prosecution could support a patent owner's efforts to persuade PTAB that the petitioner does not have a "reasonable likelihood" of success and thus achieve denial of institution.

Submission of evidence during prosecution requires careful thought and planning. Evidence or a declaration thrown together in haste, or otherwise considered defective, may even be harmful rather than helpful.[58] Additionally, inequitable conduct is still alive and well post-*Therasense*.[59]

---

[55] *See, e.g.*, Conopco, Inc. v. Procter & Gamble Co., IPR2013-00510, Paper 2 (P.T.A.B. Nov. 18, 2013) (stating where Petitioner argued "no evidence in the '155 patent or its file history of the criticality of the recited ranges in the compositions as claimed[.]").

[56] *See also infra* Article 2, Stacy Lewis and Tom Irving, *Very Few Appreciated Just How Bad AIA Inter Partes Reviews (IPRs) Would Be for Patent Owners, Although IPR Denials Have Been, for Patent Owners, A Glimmer of Hope*.

[57] While an Examiner during prosecution may or may not be an attorney, all members of the PTAB are attorneys. Thus, while writing arguments in responses, it is important to provide citations to both the MPEP, which the Examiner will be familiar with, as well as case law, which the PTAB is bound by.

[58] *See, e.g.*, K-40 Electronics, LLC v. Escort, Inc., IPR2013-00203, Paper 6 (P.T.A.B. Aug. 29, 2013) (stating that PTAB instituted an IPR based on defective declaration submitted during prosecution).

[59] *See generally*, Aventis Pharma S.A. v. Hospira, Inc., 675 F.3d 1324 (Fed. Cir. 2012); Apotex, Inc. v. Cephalon, Inc., No. 06-cv-2768, 2011 WL 6090696 (E.D. Pa. 2011), *aff'd without opinion* 500 Fed. App'x 959 (Fed. Cir. 2013); Ohio Willow Wood Co. v. Alps S., LLC, 735 F.3d 1333 (Fed. Cir. 2013); Apotex, Inc. v. UCB, Inc., 763 F.3d 1354 (Fed. Cir. 2014); Am. Calcar, Inc. v. Am. Honda Motor Co., 768 F.3d 1185 (Fed. Cir. 2014).

And since inequitable conduct cannot be raised during an IPR or PGR, there is apparently no estoppel precluding a losing IPR or PGR petitioner from raising inequitable conduct in a subsequent litigation.

With appropriate caution, carefully considered declarations submitted during prosecution may benefit a patent faced with an IPR challenge. Consider submitting solid arguments and/or declarations during prosecution to support §112 positions (written description and enablement) and §103 positions (nonobviousness). Although a patent owner currently cannot "present new testimony evidence beyond that already of record"[60] in a POPR, the patent owner should be able to rely on declarations setting forth §112 positions and nonobviousness positions that originate from the prosecution history or even from other publicly available documents.[61]

The best case scenario for a patent owner is to have the petition denied and avoid institution of an IPR, particularly since denial cannot be judicially reviewed.[62] Even if this is not achieved, the POPR may lead to the institution on fewer grounds and/or fewer claims than originally raised in the petition. This is still a positive development for the patent owner, who will now face a trial that is narrower in scope.

A. §112 support

An IPR petitioner can only challenge the patentability of claims under 35 U.S.C. §§ 102 and 103 using patents and printed publications. However, a petitioner can challenge whether a claim is entitled to a priority date for the purposes of bringing in additional references.[63] In *Butamax™ Advanced Biofuels LLC v. Gevo, Inc.*, IPR2013-00539, the petitioner was able to bring in anticipatory prior art by successfully challenging the patent's priority

[60] 37 C.F.R. § 42.107(c) (2014) ("*No new testimonial evidence*. The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board.").

[61] Anova Food, LLC v. Sandau, IPR2013-00114, Paper 11 (P.T.A.B. June 25, 2014) ("37 C.F.R [sic] § 42.107(c) applies only to 'new' testimony that was taken specifically for the purpose of the *inter partes* review proceeding at issue, as supported by the discussion and the comments that accompanied the rule. For example, a party submitting the prosecution history for the challenged patent may include a copy of the declarations contained therein. The Declaration of Milton M. Yasunaga represents new testimonial evidence as it was created specifically for this proceeding, and authorization from the Board was not obtained before its filing. Accordingly, it will be not be relied upon for purposes of institution. The evidence on which it relies, however, such as Declaration of Darren Zobrist that was filed in the United States District Court for the District of Hawaii in Civil No. CV 11 00795 (Ex. 2009), is not 'new' testimonial evidence relied upon by the Patent Owner to support the contentions in the preliminary response, and thus can be appropriately submitted with the response.").

[62] *See generally*, In re Cuozzo Speed Techs., LLC, 793 F.3d 1268 (Fed. Cir. 2015).

[63] Butamax Advanced Biofuels LLC v. Gevo, Inc., IPR2013-00539, Paper 33 (P.T.A.B. Mar. 3, 2015).

claims.[64] Using an expert declaration, the petitioner broke the chain of priority by establishing that the claim limitations contained in challenged claim 1 of the patent did not have written description support all the way back to the earliest two priority applications.[65] Petitioner's success hinged in part on the patent owner's failure to offer contrary evidence regarding the construction of the claim term "inactive," and the patent owner's failure to dispute the petitioner's expert declaration.[66] In addition, PTAB undertook its own written description analysis of the two priority applications in question and determined that the applications did not disclose a representative number of species falling within the scope of the claim, let alone "'precise[ly] defin[e]' a species falling within the scope of the claimed genus."[67]

During prosecution, therefore, if claims are fully supported by the specification but not described *in ipsis verbis*, consider filing additional evidence, and possibly a declaration, to establish § 112 support for the full scope of the claims. The patent owner cannot (currently) generate this evidence to support arguments in the POPR after the IPR Petition is filed, but will be able to point to any evidence of record in the prosecution history or perhaps in other relevant publicly available documents.[68] Of course, the patent owner should also try to avoid such support problems when drafting the original specification.

B. Nonobviousness

During prosecution, there are many ways to establish that claims would have been nonobvious. Such evidence will be part of the record that the patent owner may rely upon in a POPR to support arguments against institution. For

---

[64] *Id*.

[65] *Id*.

[66] *Id*.

[67] *Id.* at 18. (quoting *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1350 (Fed. Cir. 2010)).

[68] 37 C.F.R. § 42.107(c) (2014) ("*No new testimonial evidence*. The preliminary response shall not present new testimony evidence beyond that already of record, except as authorized by the Board."). *See also*, Anova Food, LLC v. Sandau, IPR2013-00114, Paper 11 (P.T.A.B. June 25, 2014) ("37 C.F. R § 42.107(c) applies only to 'new' testimony that was taken specifically for the purpose of the *inter partes* review proceeding at issue, as supported by the discussion and the comments that accompanied the rule. For example, a party submitting the prosecution history for the challenged patent may include a copy of the declarations contained therein. The Declaration of Milton M. Yasunaga represents new testimonial evidence as it was created specifically for this proceeding, and authorization from the Board was not obtained before its filing. Accordingly, it will be not be relied upon for purposes of institution. The evidence on which it relies, however, such as Declaration of Darren Zobrist that was filed in the United States District Court for the District of Hawaii in Civil No. CV 11 00795 (Ex. 2009), is not 'new' testimonial evidence relied upon by the Patent Owner to support the contentions in the preliminary response, and thus can be appropriately submitted with the response.").

example, in *Omron Oilfield & Marine, Inc. v. MD/TOTCO, A Division of Varco, L.P.*, IPR2013-00265, the patent owner in its POPR referred to objective evidence of nonobviousness (commercial success) that was submitted during reexamination. The patent owner attached expert declarations from the reexamination that described the objective evidence of nonobviousness and linked that evidence to the claimed invention.[69] In the institution decision, PTAB found that the petitioner had established a prima facie case of obviousness, and then assessed the patent owner's objective evidence of nonobviousness, balanced it against the evidence of obviousness, and found the objective evidence of nonobviousness persuasive.[70] PTAB denied institution on all challenged claims.[71]

The petitioner requested rehearing, arguing that PTAB had abused its discretion by denying trial "based solely on evidence of purported commercial success that Patent Owner developed through direct testimony in a civil litigation that did not involve Petitioner in any way."[72] The petitioner also attacked the objective evidence and argued that PTAB "misapprehended the strength of petitioner's prior art."[73] But PTAB denied the petitioner's request for rehearing, noting that the petitioner knew of the evidence presented in the reexamination, and could have addressed it in the Petition, but did not.[74]

During prosecution, therefore, consider collecting objective evidence of nonobviousness and presenting such evidence in a manner that conforms to current case law guidelines, especially as set forth in the Manual of Patent Examining Procedure (M.P.E.P.). And, as always, patent owners should avoid committing inequitable conduct when collecting and presenting such evidence.[75]

---

[69] Omron Oilfield & Marine, Inc. v. MD/TOTCO, A Division of Varco, L.P., IPR2013-00265, Paper 1 (P.T.A.B. May 3, 2013).

[70] *Id.*

[71] *Id*.

[72] *Id.* at Paper 11.

[73] *Id*. at 10-15.

[74] Omron Oilfield & Marine, Inc. v. MD/TOTCO, A Division of Varco, L.P., IPR2013-00265, Paper 14 (P.T.A.B. Feb. 13, 2014). For more detail, *see infra* Article 4, Shing-Yi Cheng et al., *Spotlight on Objective Evidence of Nonobviousness in AIA Post-Grant Proceedings*.

[75] *See* Aventis Pharma S.A. v. Hospira, Inc., 675 F.3d 1324 (Fed. Cir. 2012) (finding that Practitioner wishes to avoid the results in this case); Apotex, Inc. v. Cephalon, Inc., No. 06-cv-2768, 2011 WL 6090696 (E.D. Pa. 2011), *aff'd without opinion* 500 Fed. App'x. 959 (Fed. Cir. 2013); Intellect Wireless, Inc. v. HTC Corp., 732 F.3d 1339 (Fed. Cir. 2013); Ohio Willow Wood Co. v. Alps S., LLC, 735 F.3d 1333 (Fed. Cir. 2013); Apotex, Inc. v. UCB, Inc., 763 F.3d 1354 (Fed. Cir. 2014); Am. Calcar, Inc. v. Am. Honda Motor Co., 768 F.3d 1185 (Fed. Cir. 2014).

V. ENHANCE THE POSSIBILITY OF SUCCESS BY FILING A POPR

A POPR may be filed before an institution decision is made.[76] The commentary to the IPR/PGR rules expressly states that "[n]o adverse inferences will be drawn where a patent owner elects not to file a response or elects to waive the response."[77] However, the patent owner needs to take into account that the chances of having an IPR petition denied substantially increase when an effective POPR is filed, particularly if the strength of the patent was enhanced through artful drafting and forward-looking prosecution. Remember a denied IPR petition is a complete win for the patent owner - all claims remain in the patent!

For example, looking at a sample of 222 bio/pharma/chemical IPR institution decisions, in 58 of the 222, the petition was denied, and in 54 of those 58 a POPR was filed (93%).[78] In 38 cases trial was instituted on less than all of the asserted claims, and in 29 of those, a POPR was filed (76%).[79] In 93 of the 126 cases in which a trial was instituted on fewer than all the grounds asserted in the petition, a POPR was filed (74%).[80]

The POPR provides a patent owner, particularly the forward-looking patent owner who prepared an excellent specification and prosecution history, with the opportunity to attack the petitioner's standing, the status of references as prior art, the petitioner's proposed claim constructions, and the petitioner's unpatentability arguments, while also telling PTAB why the petition should be denied before a decision on institution. The POPR also provides the patent owner with an opportunity to propose a desired claim construction, which if adopted by PTAB, may lead to a denied petition, fewer claims and/or grounds of institution, or at least a trial instituted using the patent owner's desired claim construction rather than the petitioner's. A POPR also allows the patent owner to show how the intrinsic evidence (the carefully-crafted claims, specification, and prosecution history) completely support patent owner's desired claim construction.[81]

---

[76] 35 U.S.C. §§313, 323 (2012).

[77] *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Methods and Patents, 77 Fed. Reg. 48,680, 48,689 (Aug. 14, 2012).

[78] *See* Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, http://www.aiablog.com/claim-and-case-disposition/ [http://perma.cc/N9Q8-RARZ] (finding that 222 institution decisions as of Aug. 20, 2015, so POPR filed in 79% (176/222). Compare to overall, POPRs filed in 83% of IPRs; as of July 31, 2015 (448 waived, 2171 filed; source: USPTO PTAB stats)

[79] *See* Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, http://www.aiablog.com/claim-and-case-disposition/ [http://perma.cc/N9Q8-RARZ].

[80] *See* Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Research, http://www.aiablog.com/claim-and-case-disposition/ [http://perma.cc/N9Q8-RARZ].

[81] *See generally*, Butamax Advanced Biofuels LLC v. Gevo, Inc., IPR2013-00539, Paper 33 (P.T.A.B. Mar. 3, 2015) (providing an example where a patent Owner not only did not

IPR petitions are denied when PTAB concludes that the petitioner did not meet the burden of showing "a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." A POPR is the patent owner's way to help PTAB to reach this conclusion!

An example is found in *Sharp Corp. v. Surpass Tech Innovation LLC*, IPR2015-00022.[82] PTAB denied institution because it agreed with patent owner's POPR argument that the petitioner had not shown a motivation to modify the references:

> First, as Patent Owner argues, and we agree, the Petition fails to provide factual basis to substantiate its allegation . . . .[83]

The positive outcome for the patent owner occurred even though PTAB adopted the petitioner's proposed claim constructions. PTAB reviewed the POPR in making its institution decision.[84] In the POPR, patent owner pointed out the lack of showing of a motivation to combine, the teaching away by one of the asserted references, and the lack of an expert declaration supporting petitioner's arguments.[85] PTAB found this discussion persuasive, concluding:

> [W]e find no support for this allegation of design option in the references themselves or in the form of expert testimony, nor does Petitioner cite to any evidence to support this statement. Petitioner's assertion as to what one of ordinary skill in the art would have known at the time of the invention is based on attorney argument. Argument of counsel cannot take the place of evidence lacking in the record. Meitzner v. Mindick, 549 F.2d 775, 782 (CCPA 1977).[86]

The patent owner's positions leading to denial might have been even

carefully draft the claims and fully support the claims throughout the chain of patent applications, but also failed to take the opportunity to file a POPR and propose a desired claim construction).

[82] Sharp Corp. v. Surpass Tech Innovation LLC, IPR2015-00022, Paper 9 (P.T.A.B. Mar. 10, 2015).

[83] *Id.* at 8.

[84] *Id.* ("We turn now to Petitioner's asserted grounds of unpatentability and Patent Owner's arguments in its Preliminary Response to determine whether Petitioner has met the threshold standard of 35 U.S.C. § 314(a).").

[85] *Id.* at Paper 8 ("the Petition is not supported by expert testimony, and lacks any factual or evidentiary basis for the assertion that the arrangement and number of drivers is a 'design choice.'").

[86] *Id.* at Paper 9.

stronger had the patent owner provided an expert declaration from the prosecution history. As noted above, the petitioner did not provide an expert declaration with its petition. So an expert declaration from the patent owner would have been unrebutted.

When IPR proceedings were first introduced, there was some concern that filing a POPR would force the patent owner to show too much of his hand to the petitioner. This concern has faded in view of the high petition grant rate and the high claim cancellation rate. PTAB's desire to have cases front-loaded to make the most efficient use of PTAB's resources applies to both parties. This allows PTAB to make the institution decision based on the most information possible. By presenting concise and compelling arguments in the POPR that are supported by information in a well-prepared prosecution history, the patent owner can help PTAB achieve the statutory objectives that IPR proceedings be "just, speedy, and inexpensive" and have a statutory time limit of 12-18 months from institution.

VI. OTHER POSSIBILITIES TO PRESENT DESIRED CLAIMS WITH ENHANCED POSSIBILITIES OF SURVIVING AN AIA POST-GRANT PROCEEDING

In addition to the possible courses of action mentioned above, such as pursuing claimed subject matter in a pending patent application, there are other possibilities for patent owners to consider, depending on the facts and circumstances, to enhance the chances of successfully withstanding an IPR petition. These include preparing (and possibly not filing) retaliatory petitions in an effort to spark settlement negotiations[87] and consideration of ex parte reexamination and/or reissue proceedings.

There are no time restrictions on filing a request for ex parte reexamination or a reissue application with a patentably distinct but useful narrowing claim amendment, and the patent owner estoppel rule is avoided for such a patentably distinct claim.[88] The ex parte reexamination or reissue could be stayed pending termination of the IPR. Then, if the challenged claims are held unpatentable in the IPR, the patent owner will have patentably distinct claims pending in the reexamination or reissue application that eventually may be found enforceable and infringed.

---

[87] Bearing in mind that if the petition is filed, the clock is ticking, and if proceedings have reached an advanced stage, PTAB may decide to proceed to a final written decision, even if the parties settle. 35 U.S.C. §§317(a) (2012) (". . . If no petitioner remains in the *inter partes* review, the Office may terminate the review or proceed to a final written decision under section 318(a).")

[88] 37 C.F.R. § 42.73(d)(3) (2014) ("A patent applicant or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: A claim that is not patentably distinct from a finally refused or canceled claim; or An amendment of a specification or of a drawing that was denied during the trial proceeding, but this provision does not apply to an application or patent that has a different written description.").

VI. CONCLUSION

The "new normal" for patent owners is that IPRs are very likely to be filed against valuable patents and, so far at least, IPRs have been patent owner-unfriendly. In this "new normal," the first goal for a patent owner is to prevent IPR institution by achieving denial or early settlement. In this article we discussed various claim and specification drafting strategies so that a patent owner has strong claims that are difficult to challenge. We also discussed prosecution strategies that can provide support for arguments in a POPR to persuade PTAB that petitioner cannot show "a reasonable likelihood" that it would prevail as to the unpatentability of at least one claim challenged. These strategies will also help lay the foundation for a patent owner's desired claim construction, both at PTAB and in district court litigation.

Hopefully the patent owner achieves complete success, and the IPR petition is denied. It is also a positive development, however, if an IPR is instituted on fewer than all challenged claims and/or fewer than all asserted grounds.[89] An IPR trial that is narrower in scope than originally requested is still better for the patent owner, as arguments and testimony will be more focused.

[89] *Compare*, Compass Bank v. Intellectual Ventures II LLC, IPR-2014-00719, Paper 22 (P.T.A.B. Mar. 9, 2015), with HTC Corp. v. Flashpoint Tech. Inc., IPR2014-00902, Paper 13 (P.T.A.B. Mar. 10, 2015) (discussing PTAB's authority to institute trial on fewer than all challenged claims and on less than all asserted grounds).