

Challenging Patents at the USPTO

Europe Practice Series

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Strategic Importance – Challenging Patents at USPTO

- Outcome/Result: Presumption of validity of issued patent overcome – patent retroactively considered not patentable
- Determination: Considered by USPTO – independent of US district court litigation
- Fees/Costs:
 - Significant investment to challenge patents at USPTO
 - \$300,000 - \$1M in legal fees and government fees is still significant investment
 - Less expensive than traditional validity challenges in US district court litigation

Strategic Importance – Challenging Patents at USPTO

- Strategic Use of Challenges
 - Pre-Litigation
 - Resolution of licensing disputes in which prior art has been identified – USPTO as independent authority
 - Cancellation or renegotiation of existing license agreements based on challenges to licensed patents
 - Pre-emptive challenge to patents that may be asserted in license letter (e.g., NPE) or may be asserted (e.g., blocking patent from competitor)
 - Litigation
 - Parallel challenge to validity before USPTO – may be considered earlier than litigation challenges
 - Support for stay in filed litigation (if filed early)
 - Support against requested preliminary injunctive relief (if filed early)

PTAB Proceedings - Overview

- Challenge Patentability of One or More Claims in Patent
 - “Preponderance” Standard for Unpatentability
- Conducted at the U.S. Patent Office
 - Patent Trial and Appeal Board (PTAB) Presides
 - Administrative Patent Judges Have Law Degrees and Technical Degrees
- Any Third Party Can File Petition – But Must Identify Real Party In Interest

PTAB Proceedings - Overview

- Petitioner is Full Participant in Proceedings
- Duration ~18 Months
 - Preliminary Phase ~6 Months
 - Trial Phase ~12 Months
- Appealable Only to Federal Circuit

Inter Partes Review

- Challenges Are Limited To
 - Novelty (102) and Obviousness (103)
 - Patents and Prior Publications
- If Patent Is Asserted in Lawsuit, Must File Within One Year of Being Served With Complaint for Infringement
- Estoppel Applies for Grounds That Reasonably Could Have Been Raised
 - Novelty and Obviousness
 - Patents and Publications

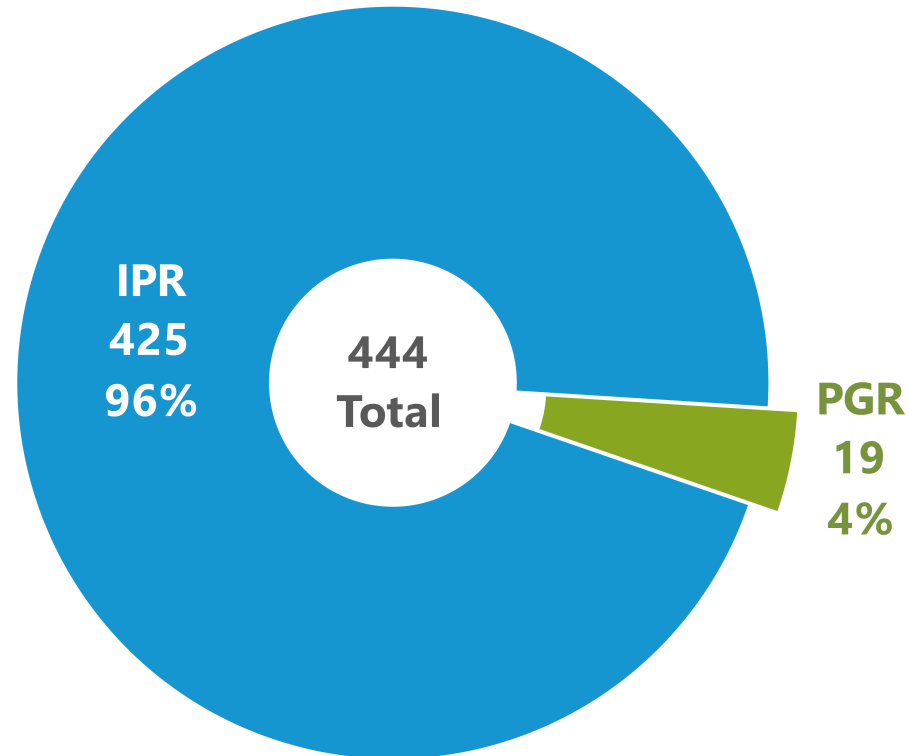
Post-Grant Review

- Available Only For First-to-File Patents (Filed After March 15, 2013)
- Challenges Are Broad in Scope: Statutory Subject Matter (101), Novelty (102), Obviousness (103), Indefiniteness (112), Enablement (112), Written Description (112)
- Not Limited To Patents And Prior Publications
- Must Be Filed Within Nine Months Of Patent Issuance
- Estoppel Applies
 - 101/102/103/112
 - Any evidence that reasonably could have been used

AIA Petition IPR and PGR Filings Fiscal Year 2022

Petitions filed by trial type

(FY22 through January: Oct. 1, 2021 to Jan. 31, 2022)

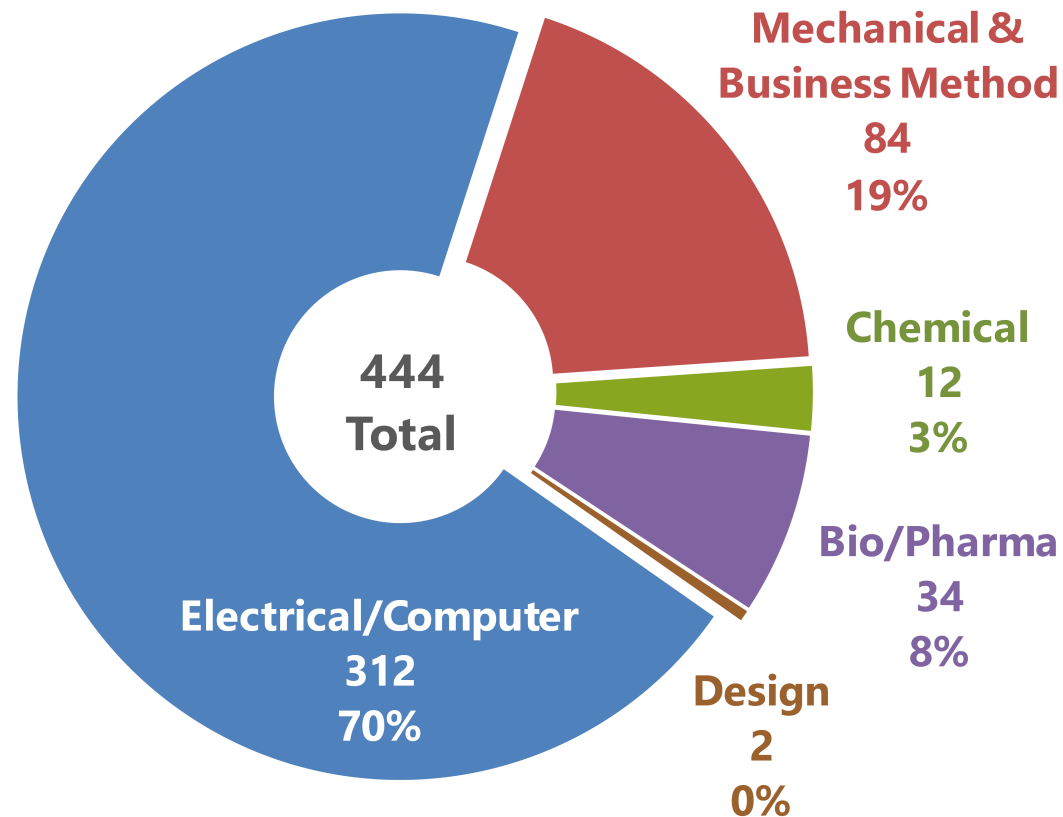


<https://www.uspto.gov/patents/ptab/statistics>

AIA Petition Filings by Technology in Fiscal Year 2022

Petitions filed by technology

(FY22 through January: Oct. 1, 2021 to Jan. 31, 2022)



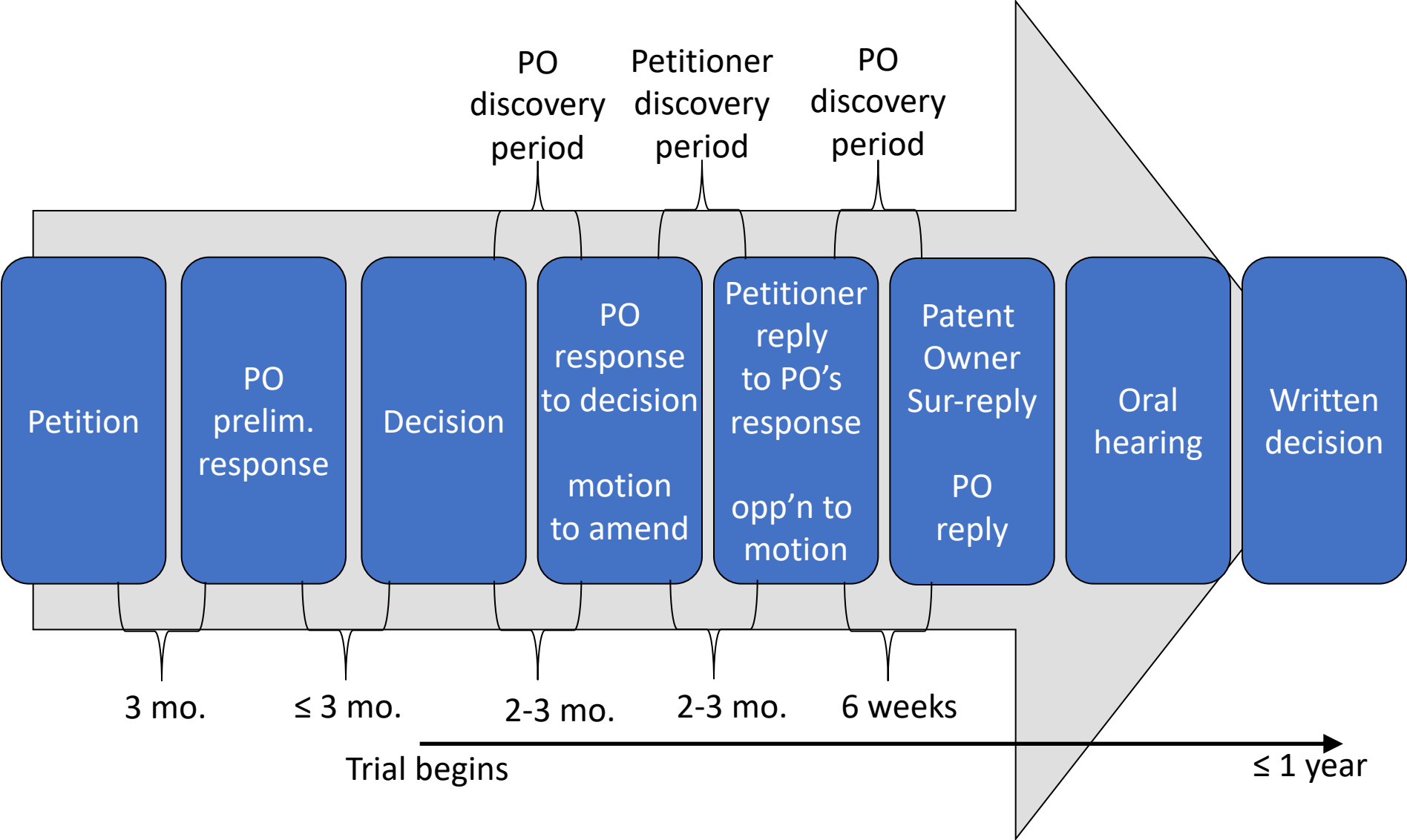
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District Court v. IPR/PGR

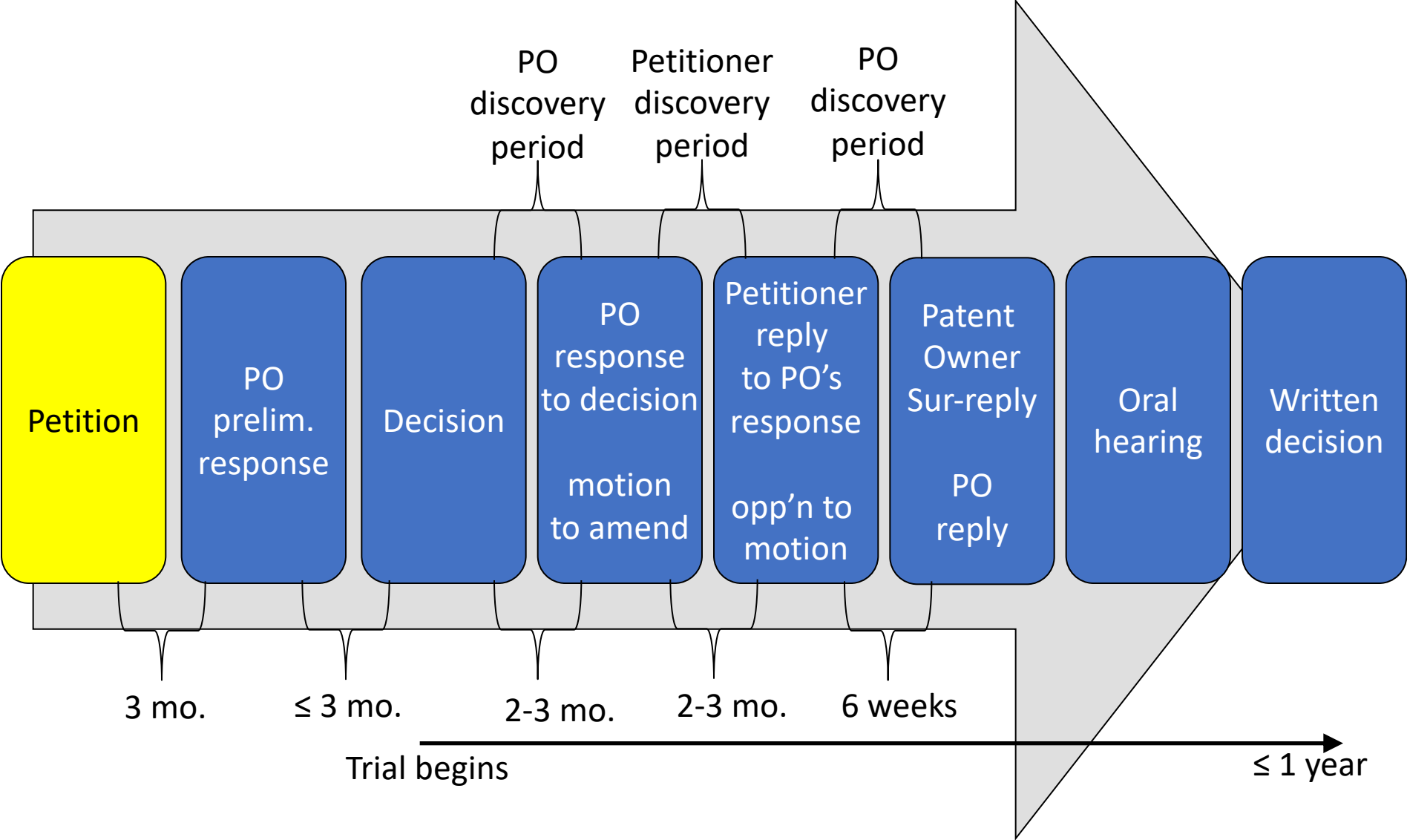
	District Court	IPR/PGR
Decision Maker	Judge or Jury	3 Patent Attorney Judges
Technical Training	No	Yes
Discovery	Broad	Limited
Evidence	Broad	Only limited in IPR
Invalidity Standard	Clear and Convincing	Preponderance
Claim Construction	Skilled Artisan w/ PH	Skilled Artisan w/ PH
Speed	Slow	Fast
Cost	\$\$\$	\$\$
Estoppel	Yes – but different	Yes
Claim Amendments	No	Yes*

Timeline – IPR Proceeding

Trial Proceedings Timeline



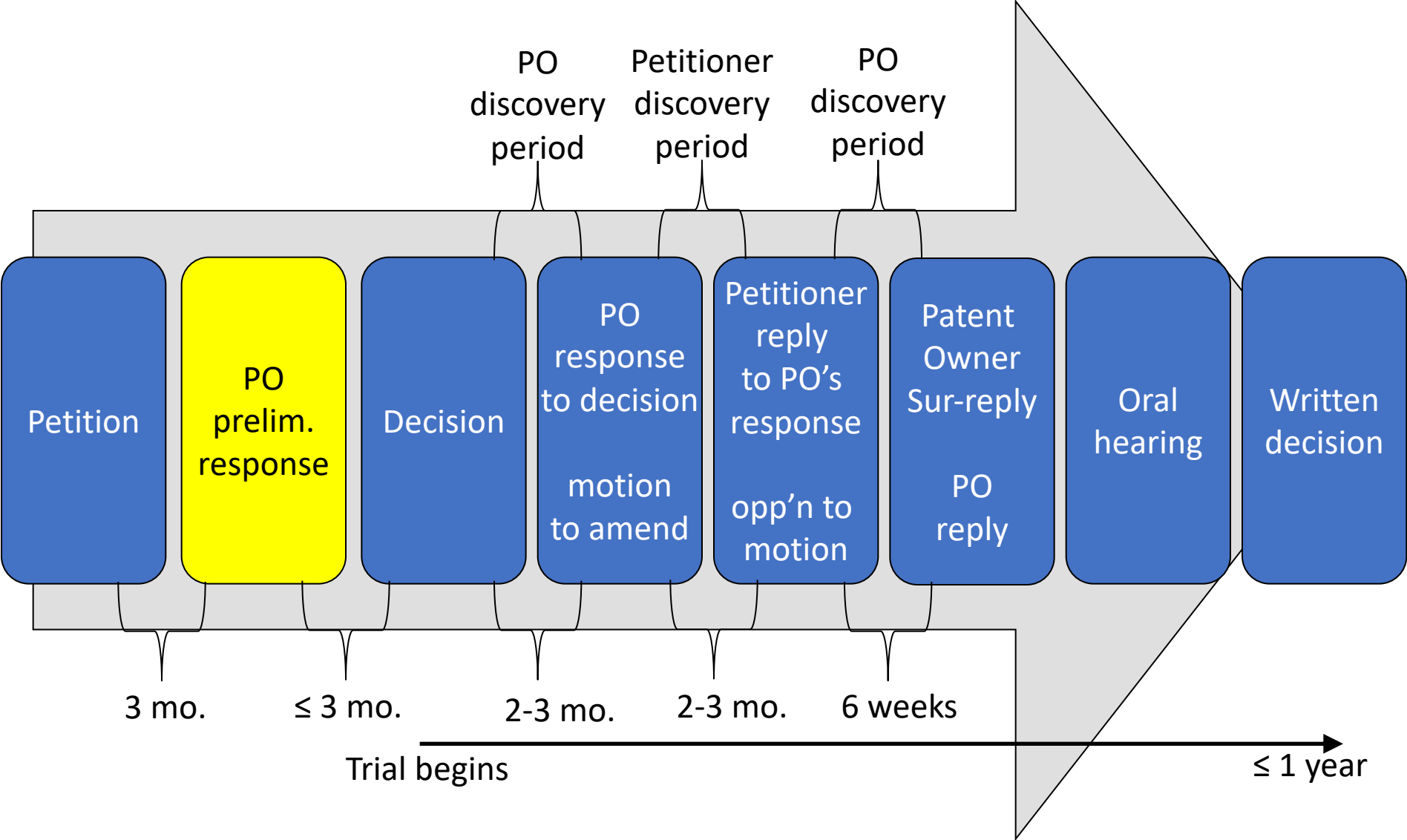
Trial Proceedings Timeline



Petition

- Contents:
 - Grounds for standing
 - Must be filed within 1 year of being served with lawsuit
 - Challenge of claims (including claim construction)
 - Length: 14,000 words (IPR), 18,700 words (PGR)
 - Supporting evidence (references, declarations)
 - No word limit for supporting evidence
- Government Filing Fees:
 - IPR: \$41.5k (\$1125 per claim over 20)
 - PGR: \$47.5k (\$1525 per claim over 20)
 - Some is refundable if institution is denied
- Must be complete
 - Limits to adding further evidence after filing

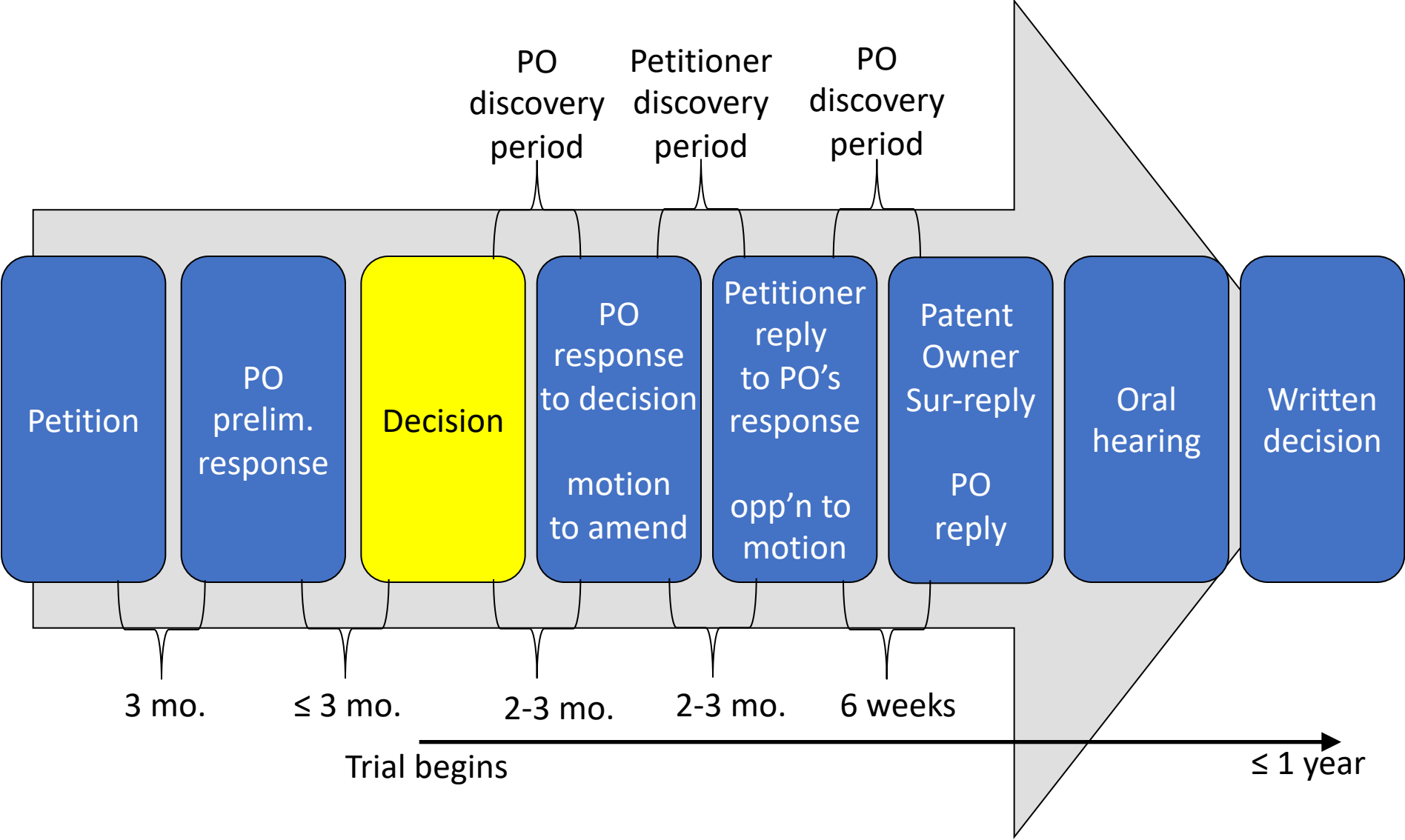
Trial Proceedings Timeline



Preliminary Response

- Not required for Patent Owner to respond
- Contents:
 - Supporting evidence can include declaration(s)
 - Same page requirements as Petition
 - Common arguments:
 - Claim construction
 - Requirements of *prima facie* case not met
 - Petitioner or real party-in-interest is barred
 - Discretionary denial based on parallel trial or previous consideration of prior art
- Due 3 months after Petition accepted by USPTO
- Other possible procedures
 - Discovery relating to standing and real party-in-interest

Trial Proceedings Timeline

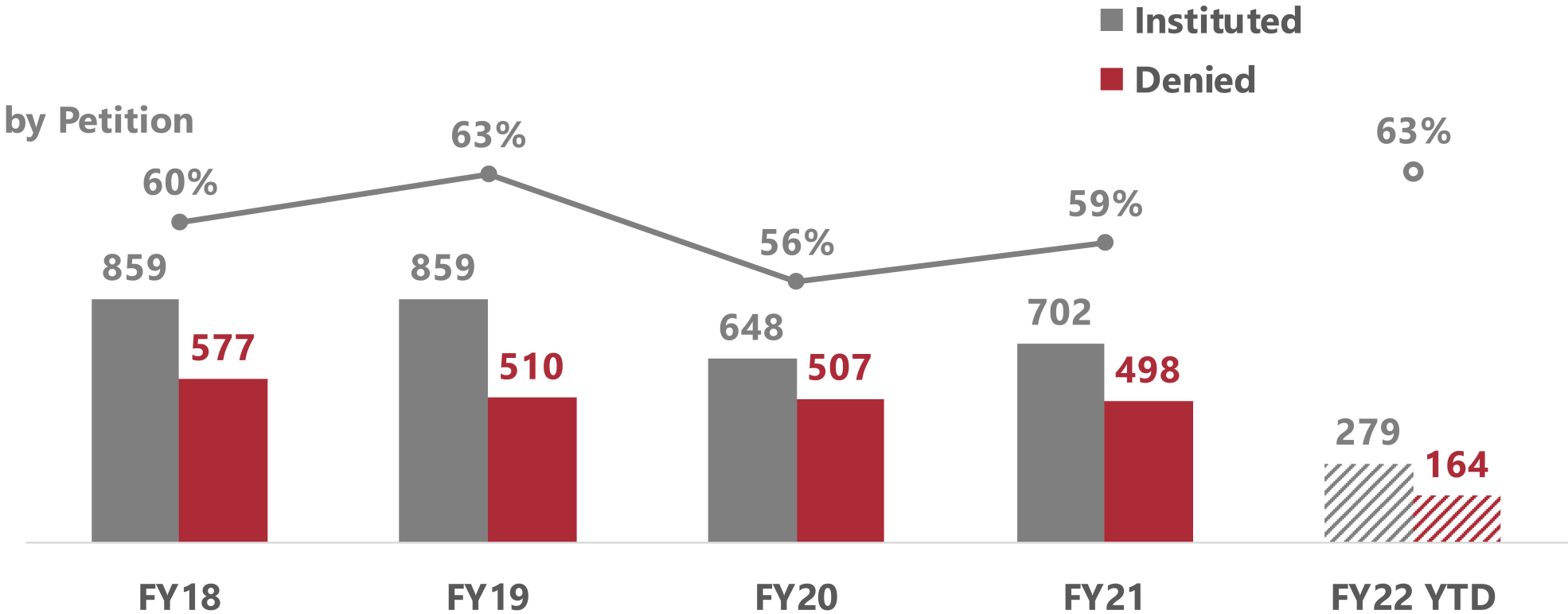


PTAB Decision to Institute Trial

- Decision
 - All-or-nothing: all challenged claims and all grounds either denied or granted
 - Opinion explaining PTAB's reason for instituting
 - Fiscal Year 2020: 56% grant rate for IPRs
 - Fiscal Year 2021 (to date): 62% grant rate for IPRs
- Request for reconsideration can be made by either party (timing varies)
- Scheduling Order: assigns timing of all Trial Dates
- 1 month after Decision:
 - Discovery begins (typically Patent Owner deposition of Petitioner declarant(s))

Trial Institution Rate

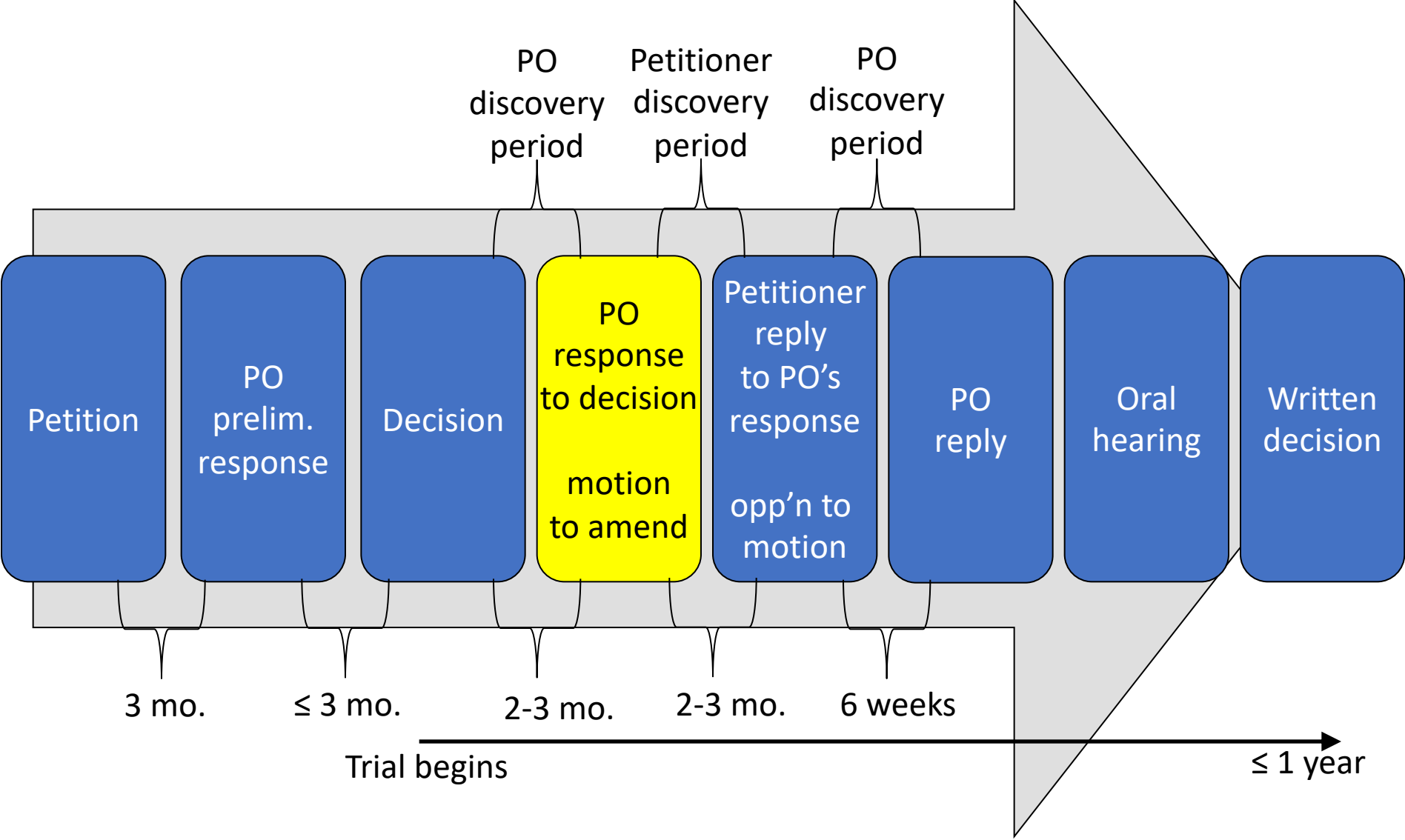
Institution rates by petition (FY18 to FY22 through January: Oct. 1, 2017 to Jan. 31, 2022)



<https://www.uspto.gov/patents/ptab/statistics>

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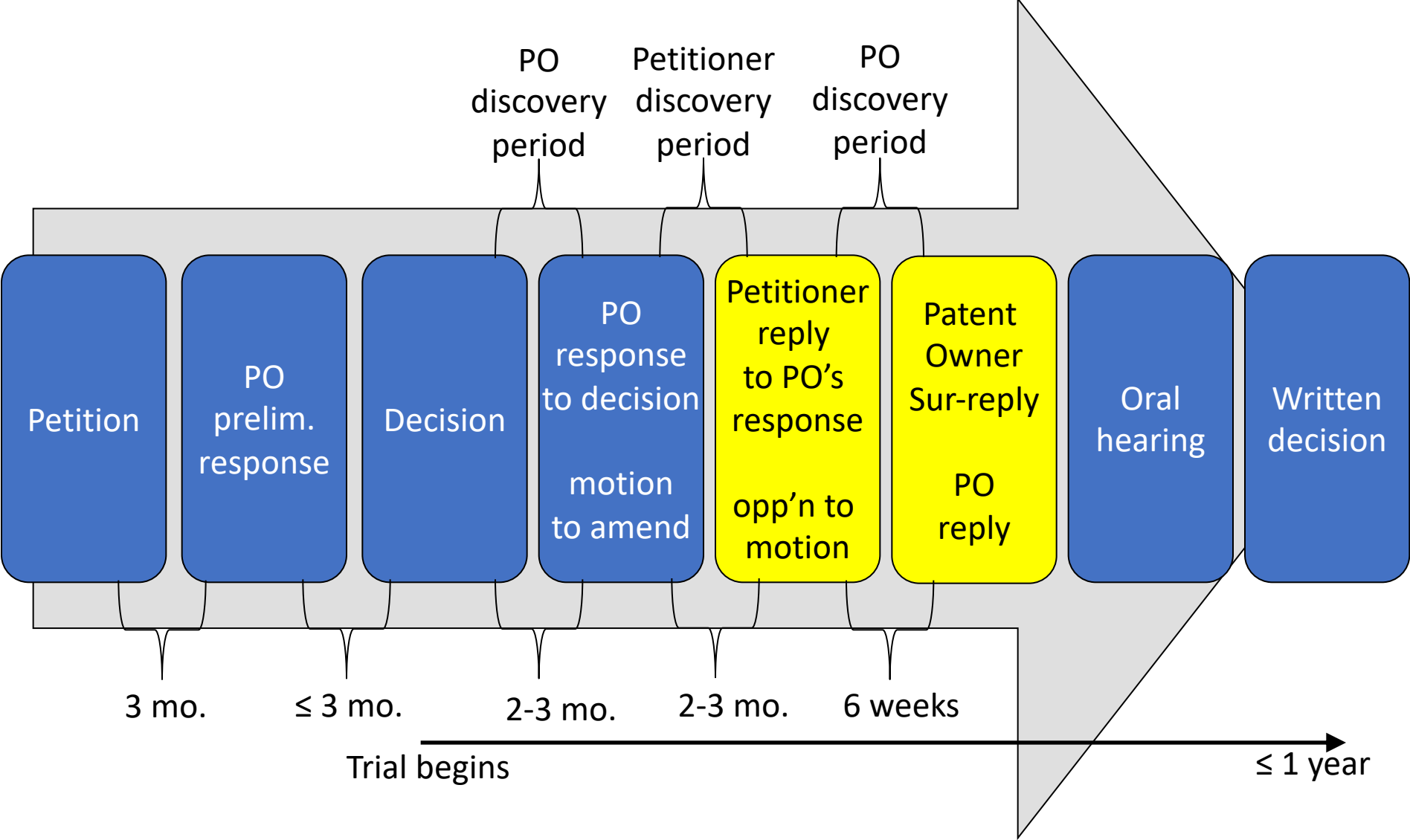
Trial Proceedings Timeline



Patent Owner Response and Amendment

- Response Contents:
 - Can rebut any ground for challenging claims (including claim construction)
 - Supporting evidence (references, declaration(s))
 - Same length requirements as Petition
- Motion to amend
 - “Reasonable number” of claims (generally one substitute claim per challenged claim)
 - Must overcome grounds for unpatentability
 - Must not broaden scope of claims
 - Typically this is the only opportunity to amend
 - Amendments can be contingent on original claim being found unpatentable
 - 20% of motions to amend survive
- Petitioner discovery begins

Trial Proceedings Timeline



Petitioner Reply/Patent Owner Sur-Reply

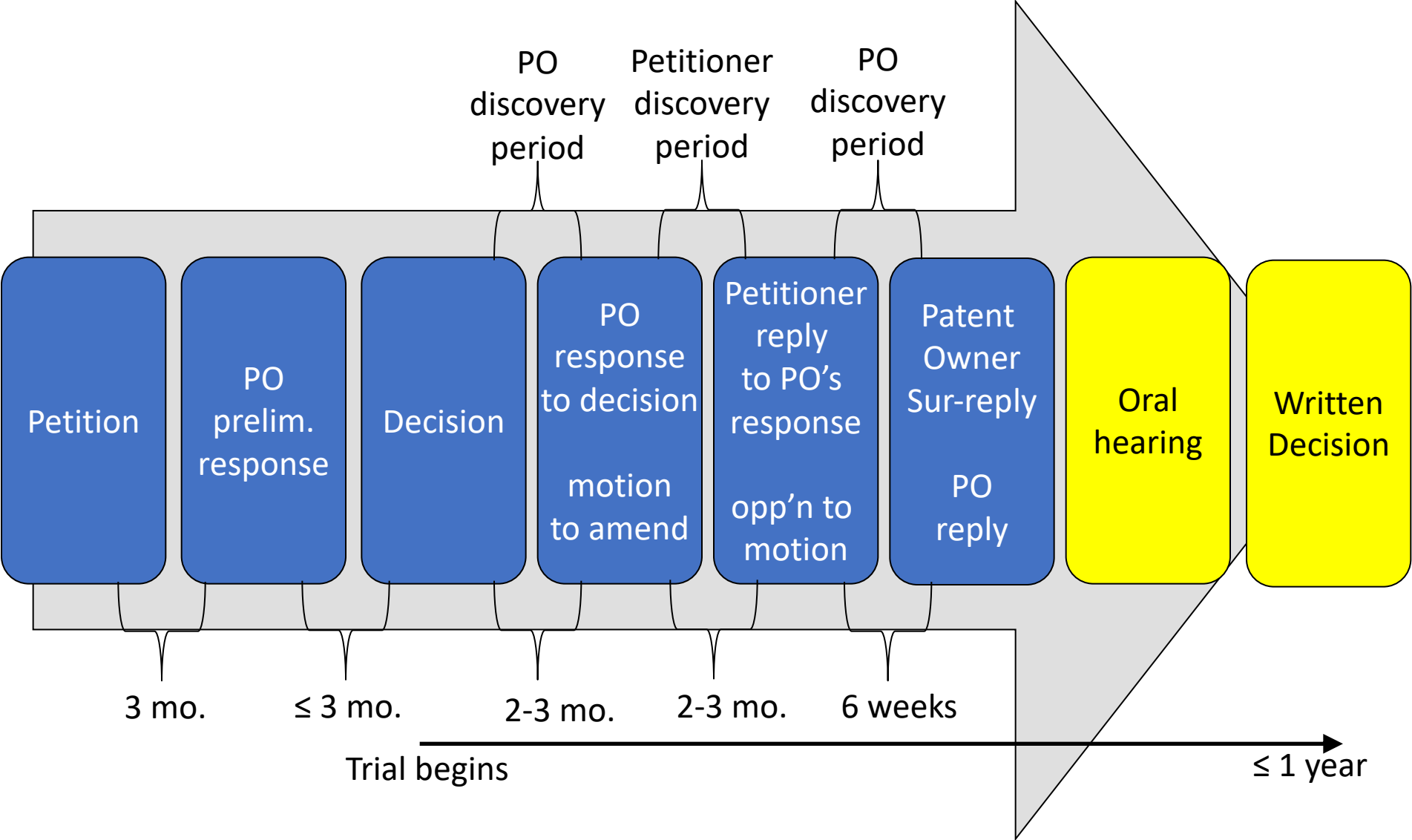
Petitioner Reply & Opposition

- Reply to Patent Owner's Response
 - Limit to new evidence that can be submitted (rebuttal only)
- Opposition to Patent Owner Motion to Amend
 - Greater ability to submit new evidence
- Patent Owner possible further discovery (e.g., depose Petitioner's declarant)

Patent Owner Sur-Reply

- Rebut Petitioner's Reply
 - No new evidence
- Patent Owner Reply to Petitioner's Opposition to Motion to Amend
- Patent Owner additional discovery (e.g., depose Petitioner's declarant)

Trial Proceedings Timeline



Motions and Oral Hearing

Motions

- Motions to exclude evidence; oppositions to motions, replies to oppositions

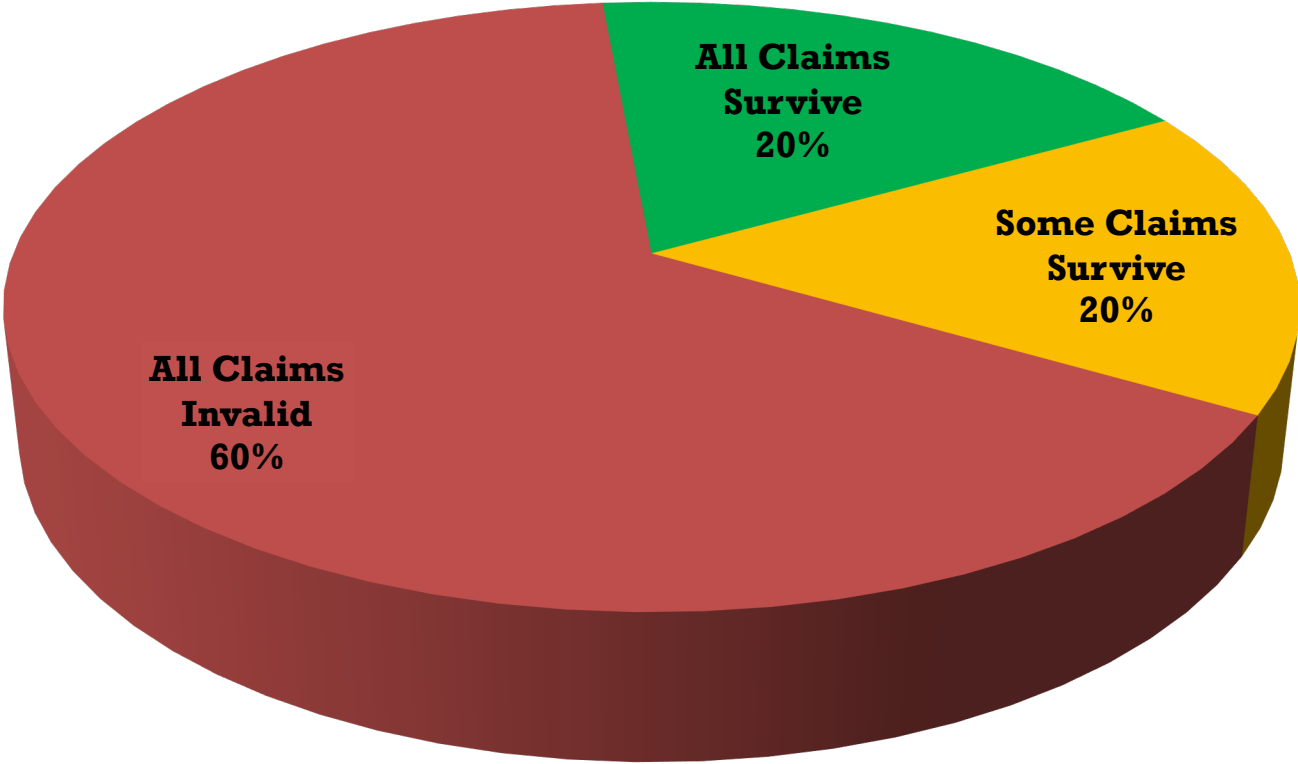
Oral Hearing

- By right, if requested
 - Mostly questions by Board, not much uninterrupted time to present case
- Typically closes most activities by the parties

Final Written Decision

- Claim-by-claim, ground-by-ground
- Detailed opinion that provides explanation for decision

IPR and PGR Final Written Decisions – Fiscal Year 2021



Three Hot Topics to Watch

Denial of Follow-On Petitions

- *General Plastic* set forth seven factors
- Intent is to take undue inequities and prejudices to the Patent Owner into account
- Different Petitioners may see a later-filed petition denied
- PTAB encourages a separate paper for parallel petitions:
 - Rank the petitions in order of importance
 - Succinctly explain differences between the petitions and why those differences are material
 - Why the PTAB should exercise its discretion to institute multiple petitions
- Patent Owner can explain why differences are not material

Previously Considered Art

- *Becton Dickinson* as clarified by *Oticon Medical AB* and *Advanced Bionics*:
- Two-part framework:
 - Whether the same or substantially the same art previously was presented to the Patent Office; and
 - If either condition of the first part is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of the challenged claims
- This test seems similar to the prior Substantial New Question test in Inter Partes Reexamination

Denial due to Litigation

- Discretionary denials of institution because a parallel federal lawsuit
- *Fintiv* and *NHK Spring* factors:
 - Whether a stay exists or is likely to be granted if an IPR is instituted
 - Proximity of court trial date and PTAB statutory deadline
 - Investment in the parallel proceeding by the court and parties
 - Overlap between the issues
 - Overlap between the parties
 - Other circumstances (e.g., merits)
- Pending challenge in ND Cal based on Administrative Procedures Act violation
- Common in ED/WD Texas
- Consider stipulation that petitioner will not rely on same grounds in district court (*Sotera Wireless*)

Beware – Agreement Forum Selection Language

- *Kannuu Pty. Ltd. v. Samsung Electronics Co., Ltd.* (Fed. Cir. 2021)
 - U.S. Courts typically enforce choice-of-forum provisions in contracts between entities
 - Question: “Does the forum selection clause in the non-disclosure agreement between the parties prevent Samsung from petitioning for inter partes review of Kannuu’s patents at the Board.”
 - Any “legal action, suit, or proceeding arising out of or relating to [the NDA] or the transactions contemplated hereby must be instituted exclusively in a court ... located within the Borough of Manhattan, City of New York, State of New York, and in no other jurisdiction.”
 - Federal Circuit affirmed district court because the agreement focused upon confidentiality and not intellectual property rights
 - Dicta: “Had Kannuu and Samsung entered a contract which applied to inter partes review proceedings, a forum selection clause in that hypothetical contract might permit Kannuu to avoid inter partes review and its inherent features. But, they did not enter such a contract.”
- *Nippon Shinyaku Co., Ltd. v. Sarepta Therapeutics, Inc.* (Fed. Cir. 2022)
 - Holding: a forum selection clause in a nondisclosure agreement forfeited the parties’ right to file petitions for inter partes review to challenge the validity of patents.
 - “All Potential Actions arising under U.S. law relating to patent infringement or invalidity, and filed within two (2) years of the end of the [covenant not to sue] shall be filed in the United States District Court for the District of Delaware and that neither Party will seek to transfer the Potential Actions on the ground of *forum non conveniens*.”
 - Sarepta filed seven IPR petitions on the day the covenant not to sue expired
 - Within one month, Nippon filed an infringement lawsuit and asked the DCt to require withdrawal of the IPR petitions
 - DCt denied Nippon’s request: (1) covenant not to sue expressly mentions IPR petitions but the forum selection clause is silent; (2) forum selection addresses personal jurisdiction and venue, which are irrelevant to IPR petitions; (3) two year term of forum selection clause could cause petitioner to lose the right to file an IPR.
 - Fed Cir: the NDA evidenced a forfeit of the right to file IPR petitions due to mention of invalidity in the forum selection clause