

**PRE-INSTITUTION AT PTAB:
OBTAINING A DENIAL IS A PATENT OWNER WIN**

Part 1: Technical Bases of Challenge¹

by
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Executive Summary

The Patent Trial and Appeal Board (PTAB) has denied institution in just over 25% of the *inter partes* review petitions it has ruled on. A denial may be considered a “win” for the Patent Owner, whose claims do not then have to undergo a proceeding where, historically, the chances of survival are not very good. Further, for now, the patentability standards applied before the PTAB seem less favorable to the Patent Owner than before the U.S. district courts. When faced with an IPR petition, Patent Owners may choose to first try to prevent institution, particularly since decisions on institution are not appealable.

Part 1 of this article explores technical bases on which Patent Owners may argue for denial of IPR petitions. Part 2 will look at substantive arguments Patent Owners may make to obtain denial, as well as strategies for Patent Owners to employ when drafting and prosecuting applications to enhance possibilities that patent claims will withstand an IPR challenge. Of course, all of this discussion informs Petitioners who may use the insight to draft petitions in preparation for a strong response from the Patent Owner.

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- III. **SUMMARY OF PART 1**

I. SNAPSHOT OF IPRs TO DATE AND THE IMPORTANCE OF THE INSTITUTION DECISION

Inter partes review proceedings (IPRs) are a two-step process. The first step involves petitioning the Patent Trial and Appeal Board (PTAB) of the United States Patent and Trademark Office (USPTO) for institution of an IPR. Then, if the petition is granted by PTAB, the second step is the IPR proceeding itself. IPRs have proven to be a powerful tool of patent challengers, resulting in cancellation of hundreds of patents and thousands of claims.

The vast majority of IPR petitions are granted, at least partially.⁶

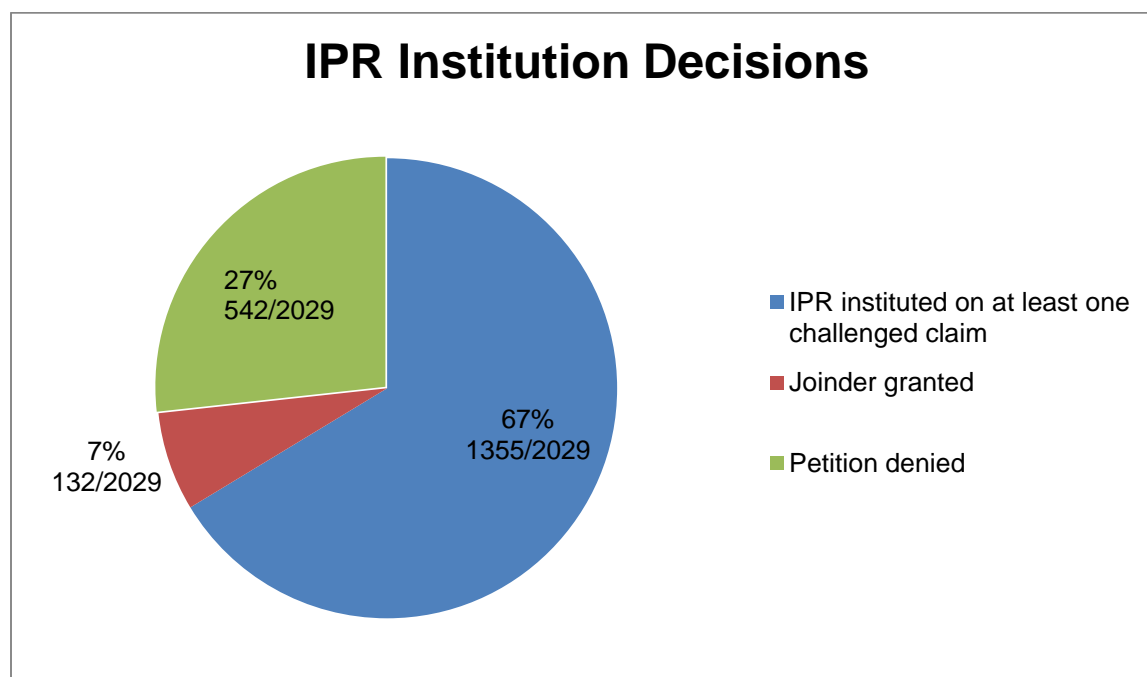


Fig. 1. PTAB IPR Institution Decisions, Sept. 16, 2012 - July 16, 2015.⁷ Adding institutions to joinder grants means that 74% of petitions have resulted in an IPR.

PTAB's rate of institution of IPR petitions has been slowly dropping during the first half of 2015, starting the year at 70 percent (958/1361, as of Jan. 15, 2015; 1030/1478), dropping slightly to 69 percent (1079/1559) as of March 5, 2015, and further dropping to 67 percent as of July 16, 2015.⁸ The current rate of institutions as of May 21, 2015 is 68 percent, more than 10 percent lower than the rate one year prior, 80% as of May 29, 2014). The downward trend makes sense: IPRs have only been available since September 2012 so there was volatility in the early

⁶ On at least one challenged claim and on at least one asserted ground.

⁷ Source: http://www.uspto.gov/sites/default/files/documents/aia_statistics_07-16-2015.pdf

⁸ Source: USPTO PTAB statistics, e.g., http://www.uspto.gov/sites/default/files/documents/aia_statistics_07-16-2015.pdf.

statistics, as well as a period of adjustment to the new proceedings.⁹ Many perceived the early high petition grant rate to reflect that petitioners were going after the “low hanging fruit” of “bad patents” that the new post-grant proceedings were supposed to remedy.

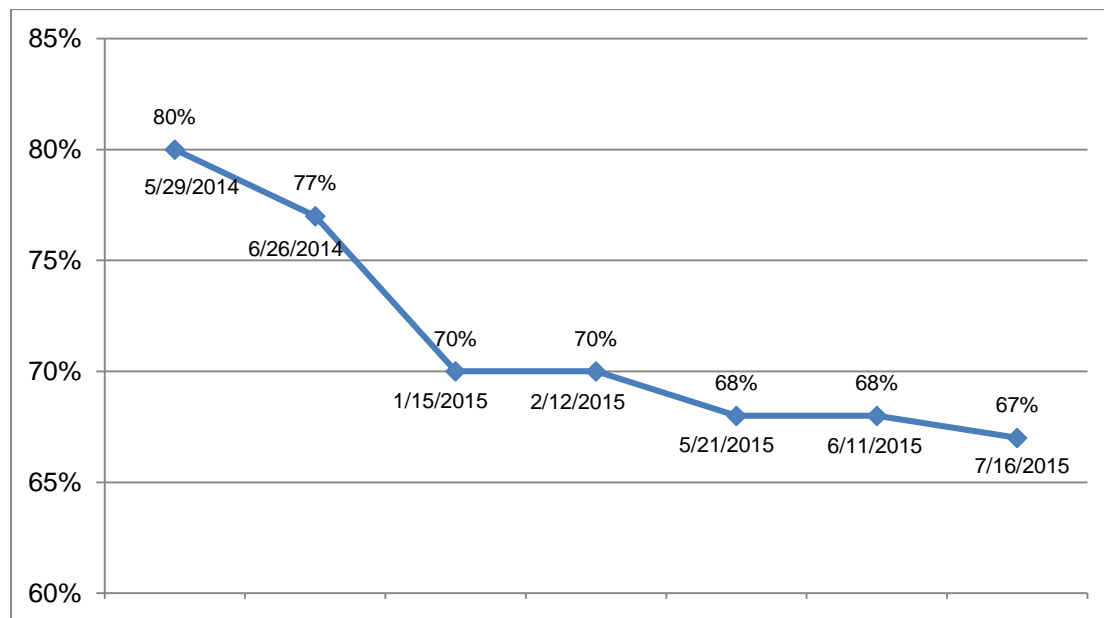


Fig. 2: Institution rate (Number of petitions granted as the nominator and petitions granted + petitions denied + decisions granting joinder as the denominator).¹⁰

The percentage of joinders as a total of institution decisions has gone up considerably over one year ago:

⁹ Also, it is worth remembering that the pre-AIA USPTO post-grant proceedings, *ex parte* reexamination and *inter partes* reexamination historically had very high grant rates. *Ex parte* reexamination requests granted: 92%,

http://www.uspto.gov/patents/stats/ex_parte_historical_stats_roll_up_EOY2013.pdf

Inter partes reexamination requests granted: 93%,

http://www.uspto.gov/patents/stats/inter_parte_historical_stats_roll_up_EOY2013.pdf

¹⁰ Source: http://www.uspto.gov/sites/default/files/documents/052914_aia_stat_graph.pdf;

http://www.uspto.gov/sites/default/files/documents/062614_aia_stat_graph.pdf;

http://www.uspto.gov/sites/default/files/documents/011515_aia_stat_graph.pdf

http://www.uspto.gov/sites/default/files/documents/021215_aia_stat_graph.pdf

http://www.uspto.gov/sites/default/files/documents/052115_aia_stat_graph.pdf;

http://www.uspto.gov/sites/default/files/documents/061115_aia_stat_graph.pdf;

http://www.uspto.gov/sites/default/files/documents/071615_aia_stat_graph.pdf.

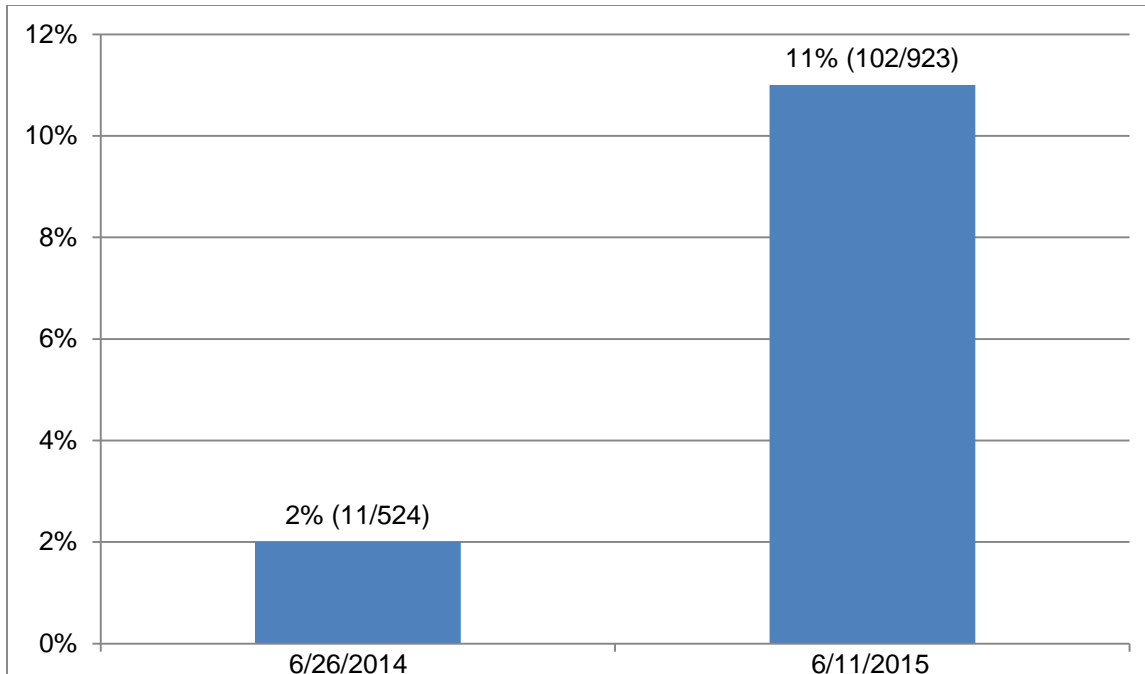


Fig. 3: Joinders as percentage of total institution decisions (joinders as the nominator and petitions granted + petitions denied + joinders as the denominator).¹¹

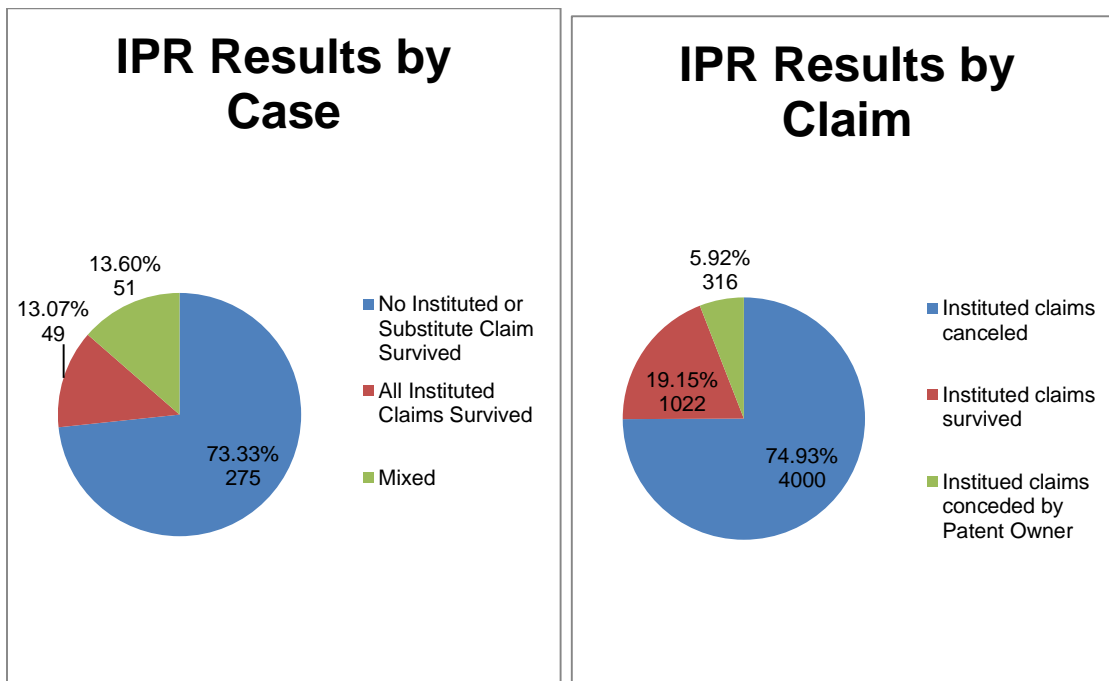


Fig. 4. IPR Results by Case and by Claim, as of July 1, 2015.¹² “Mixed outcome” means that at least one claim was held unpatentable and at least one claim survived.

¹¹ Source: http://www.uspto.gov/sites/default/files/documents/062614_aia_stat_graph.pdf and http://www.uspto.gov/sites/default/files/documents/061115_aia_stat_graph.pdf

PTAB's claim cancellation rate has been rising in 2015, ranging from 70.57% in February up to 74.93% in July.¹³

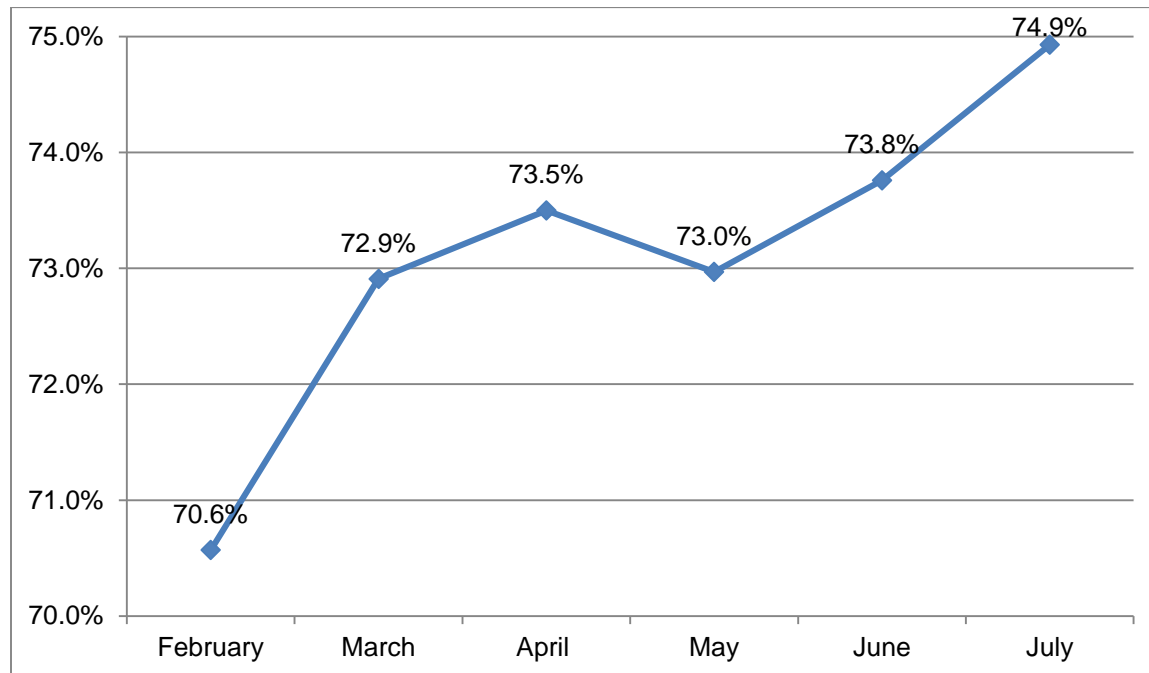


Fig. 5: Claim cancellation rates in 2015.¹⁴

Most Patent Owners' first goal when it is confronted with an IPR, therefore, should be to prevent institution where possible, particularly since decisions on institution are not appealable.¹⁵

This article explores arguments Patent Owners can make to maximize the chances that the IPR will not be instituted, as well as strategies for Patent Owners to employ in the drafting and prosecution process to enhance the possibility that patent claims will withstand an IPR

¹² Source: As of July 1, 2015. Finnegan research, with thanks to Daniel Klodowski, Kai Rajan, Elliot Cook, Joseph Schaffner, and Cara Lasswell; <http://www.aiablog.com/claim-and-case-disposition/>.

¹³ Source: Finnegan research, with thanks to Daniel Klodowski, Kai Rajan, Elliot Cook, Joseph Schaffner, and Cara Lasswell; <http://www.aiablog.com/claim-and-case-disposition/>.

¹⁴ As of Feb. 1, March 1, April 1, May 1, June 1, and July 1, 2015. Source: Finnegan research, with thanks to Daniel Klodowski, Kai Rajan, Elliot Cook, Joseph Schaffner, and Cara Lasswell.

¹⁵ 35 U.S.C. § 314(d); *In re Cuozzo Speed Technologies, LLC*, --F.3d__ (Fed. Cir. July 8, 2015). Neither are decisions to terminate after institution but before a final written decision; only final written decisions on patentability are reviewable. See *GEA Process Eng'g, Inc. v. Steuben Foods, Inc.*, __Fed. Appx.__, at *3 (Fed. Cir. Jun. 23, 2015) (non-precedential), denying writ of mandamus directing PTAB to withdraw termination order.

challenge. Pre-petition preparation is important for the Patent Owner, as once a challenger files an IPR petition and PTAB grants it a filing date,¹⁶ Patent Owners have just three months to prepare an optional Patent Owner Preliminary Response (POPR).¹⁷

II. RESPONDING TO AN IPR PETITION: TECHNICAL BASES OF CHALLENGE (THRESHOLD ISSUES)

There are a number of technical and substantive requirements that must be met for PTAB to grant an IPR petition. For example, the petitioner must propose claim constructions, meet mandatory reporting requirements, and show a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”¹⁸ For Patent Owners, all of these requirements are potential points to attack in an effort to persuade PTAB to deny the IPR petition, an outcome that is a complete “win” for the Patent Owner.

Before discussing “how” the Patent Owner can argue against institution of the IPR, we will first look at “when” the Patent Owner can make those arguments.

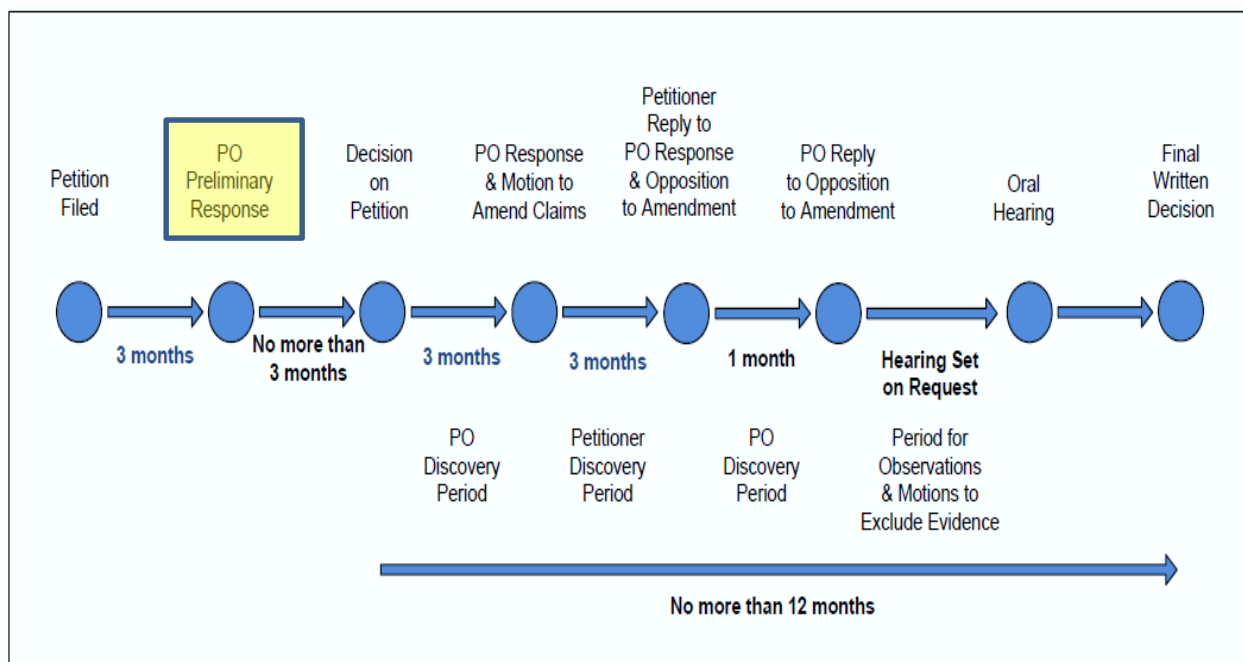


Fig. 6: Sample Timeline from the USPTO.

¹⁶ In a Notice of Filing Date Accorded.

¹⁷ 37 C.F.R. § 42.107(b) (2015) Due date. The preliminary response must be filed no later than three months after the date of a notice indicating that the request to institute an inter partes review has been granted a filing date.”

¹⁸ 35 U.S.C. § 314(a).

As shown in the timeline above, the only opportunity for Patent Owner input prior to the institution decision is the Patent Owner's Preliminary Response (POPR). The POPR is the only way for a Patent Owner to let PTAB know the arguments for denying the IPR petition *prior* to the institution decision. The Petitioner generally has little to no opportunity to address the POPR until after a favorable institution decision.¹⁹

By statute, a patent owner "shall have the right to file" a POPR before the institution decision.²⁰ 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."²¹ But Patent Owners must consider that if a POPR is not filed, the PTAB panel will make its institution decision based solely the Petitioner's arguments and any supporting expert declaration(s) asserting that there is a reasonable likelihood that at least one patent claim will be found unpatentable.²²

Since the fall of 2014, POPRs have been filed in about 80% of IPRs.

¹⁹ Requests for reconsideration of institution decisions provide an opportunity for Petitioner to address the POPR, but these requests have, to date, been almost systematically rejected by PTAB. Occasionally, the Board allows briefing prior to institution, at their discretion.

²⁰ 35 U.S.C. §§ 313, 323 (2012).

²¹ 77 Fed. Reg. 48,680, 48,689 (Aug. 14, 2012).

²² See, e.g., the institution decision in *Syntroleum Corp. v. Neste Oil, Oyj*, IPR2014-00192, Paper 18, at 9 (P.T.A.B. June 6, 2014) ("We find persuasive Syntroleum's *unchallenged summary*, as set forth in its claim chart, of how the remaining claim limitations not addressed explicitly above are taught or suggested by [the asserted references]") (emphasis added); *id.* at 15 ("We have considered Syntroleum's *unchallenged evidence and arguments* and find them persuasive at this stage of the proceeding.") (emphasis added).

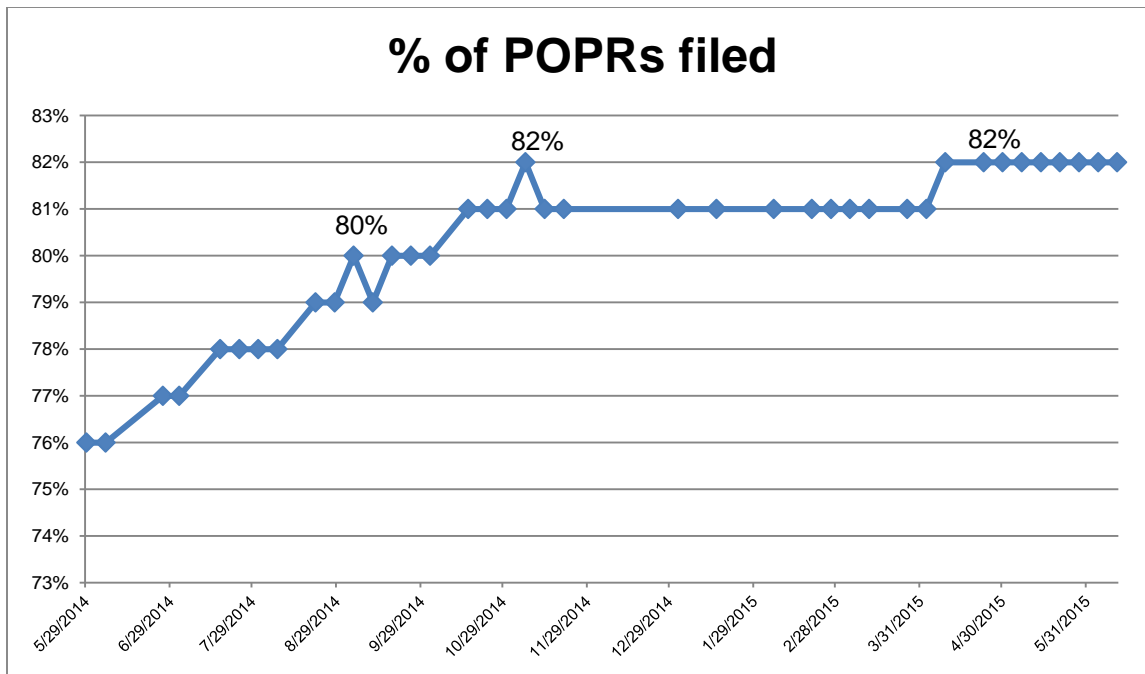


Fig. 7: Percentage of IPR Petitions POPRs Filed Over Last 12 Months.²³

And the proportion of POPRs filed compared to POPRs waived is rising.

²³ Source: USPTO PTAB stats, e.g., http://www.uspto.gov/sites/default/files/documents/061115_aia_stat_graph.pdf

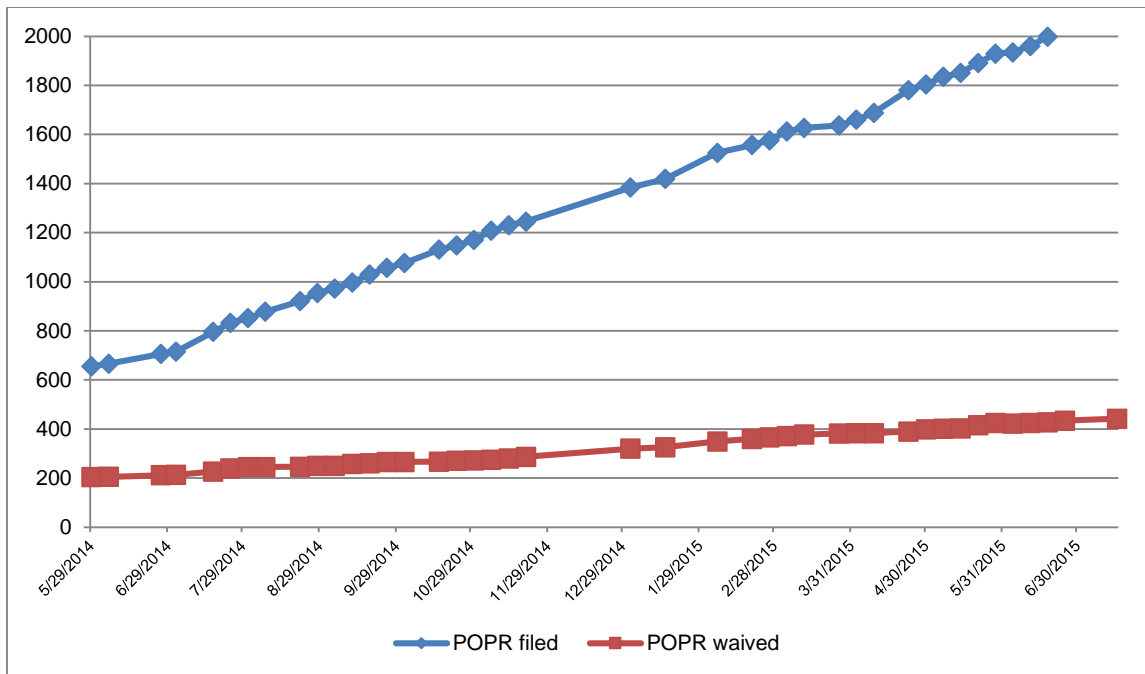


Fig. 8: POPRs Filed and Waived.²⁴

But a critical question for a Patent Owner is whether a POPR makes a difference? In general, there is correlation between the filing of a POPR and denial by PTAB of institution. However, it is much more difficult to assess whether the filing of a POPR caused those denials.

As seen in the chart below, at least in IPRs related to chemical/pharmaceutical/biotech technologies, the likelihood of denial of a petition is greater if a POPR is filed rather than waived. In 94 percent of the IPR petition denials in these technology areas, a POPR was filed (47/50).

²⁴ Source: USPTO PTAB stats, e.g., http://www.uspto.gov/sites/default/files/documents/062515_aia_stat_graph.pdf

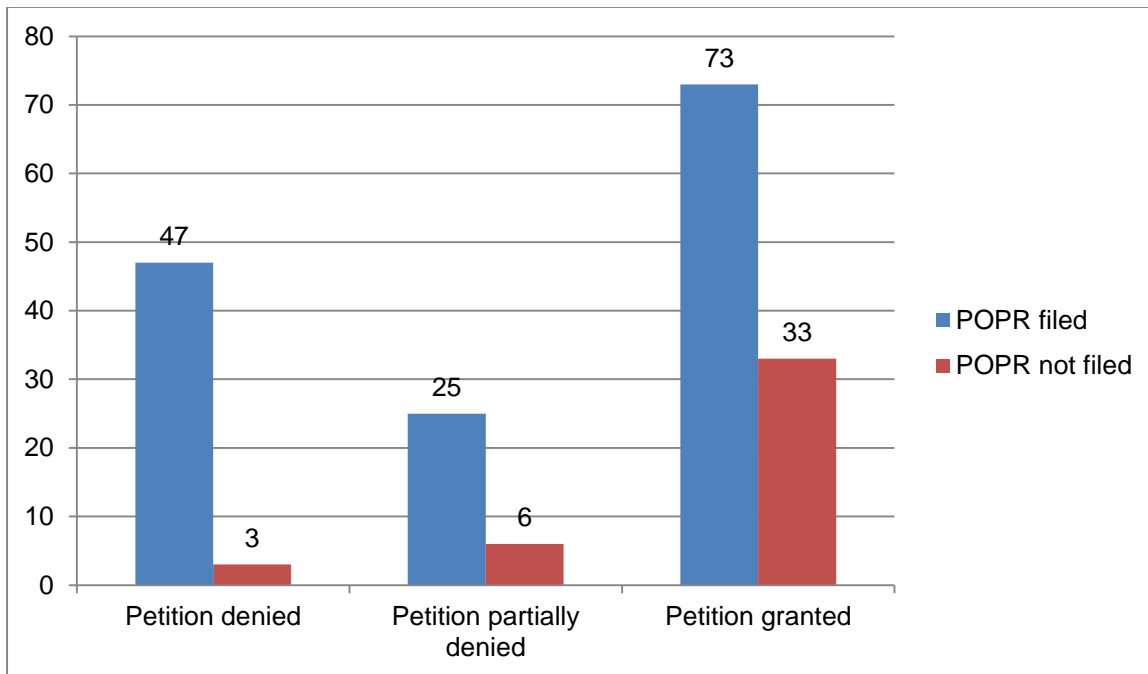


Fig. 9: Comparison of Institution Decisions in relation to POPR filings.²⁵ “Denied-in-Part” indicates institution on fewer than all claims challenged in the petition.

The POPR provides Patent Owners with the opportunity to argue for denial of the petition based on failure to meet technical requirements, such as:

- The IPR is barred under 35 U.S.C. § 315(a);
- The IPR is time-barred under 35 U.S.C. § 315(b);
- Another proceeding or matter involving the same patent is before the Office under 35 U.S.C. § 315(d);
- Failure to name real-party-in-interest as required by 35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.8(b)(1);
- Under 35 U.S.C. § 325(d), the same or substantially the same prior art/arguments were raised during prosecution or previously presented to the Office in another IPR petition; and
- One or more reference relied on by Petitioner is not prior art.

PTAB will generally consider a petition to have met these threshold requirements unless challenged by the Patent Owner. As noted in *Zerto Inc. v. EMC Corp.*, IPR2014-01295: “We generally accept the petitioner’s identification of real parties-in-interest at the time of filing the petition.”²⁶ So the only way to ensure that PTAB will actually confirm whether a requirement has been met is for the Patent Owner to question it in the POPR.

²⁵ Source: Finnegan research. As of May 13, 2015.

²⁶ *Zerto Inc. v. EMC Corp.*, IPR2014-01295, Paper 34, at 6 (P.T.A.B. Mar. 3, 2015). See also, *First Quality Baby Products, LLC v. Kimberly-Clark Worldwide, Inc.*, IPR2014-01023, Paper 41, at 6

The Patent Owner may also attempt to raise substantive arguments in the POPR, such as:

- Attacking Petitioner’s proposed claim construction(s);
- Proposing claim construction(s) which, if adopted by PTAB, supports patentability;
- Attacking Petitioner’s evidence as insufficient to meet the threshold of “reasonable certainty of unpatentability” for institution under 35 U.S.C. § 314(a); and
- If applicable, presenting objective evidence of nonobviousness not generated specifically for the IPR.²⁷

In the POPR, the Patent Owner can provide PTAB a concise, compelling argument as to why PTAB should not institute the IPR, so as to enable the panel to make institution decisions based on the most information possible to achieve a “just, speedy, and inexpensive” alternative to litigation.²⁸

Even if the IPR petition is subsequently granted by PTAB, the POPR may facilitate institution on fewer claims, fewer grounds, or using the Patent Owner’s desired claim construction rather than the Petitioner’s. Any of these outcomes is beneficial to the Patent Owner because the subsequent trial will be narrower in scope and/or at least proceed on Patent Owner’s desired claim construction.

(P.T.A.B. July 16, 2015)(“Generally, a petition is accorded a rebuttable presumption that its identification of real parties in interest is accurate and complete.”)

²⁷ See 37 C.F.R. § 42.107(c): “No new testimonial evidence. The preliminary response shall not present new testimony evidence *beyond that already of record*, except as authorized by the Board.” (Emphasis added). That concept was addressed in, *Anova Food, LLC v. Sandau*, IPR2013-00114, Paper 11, at 3 (P.T.A.B. June 25, 2013): “The Board responded that 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.” See, however, *MasterImage 3D Asia, LLC v. RealD, Inc.*, IPR2015-00876, Paper 9 (P.T.A.B. June 25, 2015), denying Patent Owner’s request for authorization to use Petitioner’s expert’s deposition testimony given in related cases IPR2015-00035 and IPR2015-00040, in its POPR.

²⁸ 37 C.F.R. § 42.1(b): “Construction. This part shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding.”

A. The IPR is barred under 35 U.S.C. § 315(a)

By statute, an IPR may not be instituted if the petitioner (or real party-in-interest) has already filed an action requesting a declaratory judgment of invalidity in a court.²⁹ This statutory provision has no “grace period” —if a declaratory judgment of invalidity was filed any time before the date of filing the IPR petition, PTAB must not institute an IPR. According to 35 U.S.C. § 315(a)(3), a counterclaim of invalidity in an infringement action does not meet § 315(a)(1).³⁰ 37 C.F.R. § 42.101 mirrors the language of 35 U.S.C. § 315(a)(1).

35 U.S.C. § 315(a)(2) describes conditions for an automatic stay of a civil action requesting a declaratory judgment of invalidity filed on or after the IPR petition is filed.³¹

In *LG Electronics, Inc., Toshiba Corp., Vizio, Inc., and Hulu, LLC, v. Straight Path IP Group, Inc.*, IPR2015-00196,³² Patent Owner argued that the § 315(a)(1) bar applied because one of the petitioners, Hulu, had tried to intervene in a civil action between Patent Owner and LG, Toshiba, and VIZIO, thereby challenging the validity of the patent claims at issue.³³ PTAB found that Hulu’s motion to intervene only related to noninfringement, not invalidity, and, therefore, was not barred under 35 U.S.C. § 315(a)(1).³⁴ PTAB looked to *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022,³⁵ which it acknowledged was not precedential, but was “instructive and on point to the facts of this case.”³⁶

²⁹ 35 U.S.C. §315(a).

³⁰ *TRW Auto. U.S. LLC v. Magna Elecs. Inc.*, IPR2014-00869, Paper 8, at 10-12 (P.T.A.B. Dec. 1, 2014).

³¹ 35 U.S.C. §315(a)(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

³² *LG Electronics, Inc., Toshiba Corp., Vizio, Inc., and Hulu, LLC, v. Straight Path IP Group, Inc.*, IPR2015-00196, Paper 20 (P.T.A.B. May 15, 2015).

³³ *Id.* at 6.

³⁴ *Id.* at 7.

³⁵ *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, Paper 166 (P.T.A.B. Sept. 2, 2014).

³⁶ *LG Electronics, Inc. v. Straight Path IP Group, Inc.*, IPR2015-00196, Paper 20, at 7 (P.T.A.B. May 15, 2015); *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, Paper 166, at 14 (P.T.A.B. Sept. 2, 2014)(“[a] civil action for a declaratory judgment of non-infringement is not a civil action challenging the validity of a patent.”).

Similarly, filing a Paragraph IV certification under the Hatch-Waxman Act does not appear to qualify as an action requesting declaratory judgment of invalidity under § 315(a).³⁷ Nor does arbitration count as a “civil action.”³⁸ And in *Butamax™ Advanced Biofuels LLC v. Gevo, Inc.*, IPR2013-00539, Butamax filed a declaratory judgment action, but it was voluntarily dismissed without prejudice, so the action did not prohibit institution of IPR under §315(a)(1).³⁹

So far there has only been one case in which PTAB applied § 315(a): *Anova Food, LLC v. Sandau*, IPR2013-00114.⁴⁰ In that case, the Patent Owner raised § 315(a)(1) based on three civil actions challenging the validity of Sandau’s patent filed by Anova, Inc.: *Anova Food, Inc. v. Hawaii Int’l Seafood & Kowalski*, 1:03-CV-0815 (N.D. Ga.), filed March 25, 2003; *Anova Food, Inc. v. Hawaii Int’l Seafood & Kowalski*, 1:03-CV-2325 (N.D. Ga.), filed August 1, 2003; and *Anova Food, Inc. v. Hawaii Int’l Seafood & Kowalski*, 1:04-CV-0775 (N.D. Ga.), filed March 18, 2004. All three actions were dismissed, the last filed one with prejudice. PTAB first determined that Anova LLC did not rebut Patent Owner’s evidence that Anova LLC was the same entity as Anova Inc. Therefore, PTAB explained, Anova Inc.’s filing of actions challenging the validity of Sandau’s claim was imputed to Anova LLC. Anova LLC was, therefore, barred from filing an *inter partes* review, under 35 U.S.C. § 315(a)(1).

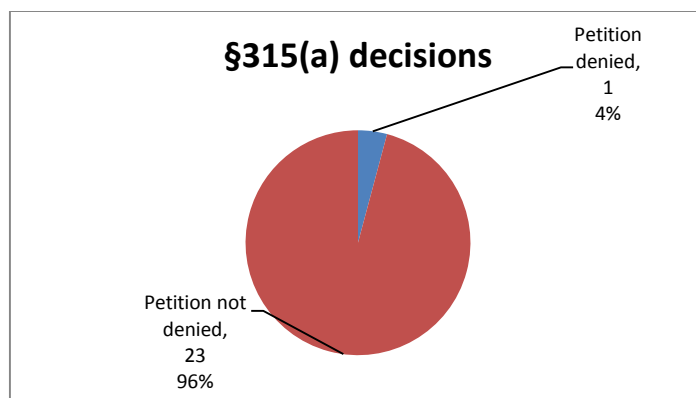


Fig. 11: Research showing outcomes when § 315(a) was raised by Patent Owner.⁴¹

³⁷ See *Metrics, Inc. v. Senju Pharm. Co. Ltd.*, IPR2014-01041, Paper 19, at 8-9 (P.T.A.B. Feb. 19, 2015); *Noven Pharms., Inc. v. Novartis AG*, IPR2014-00549, Paper 10, at 7 (P.T.A.B. Oct. 14, 2014).

³⁸ *Alcon Research, Ltd. v. Dr. Joseph Neev*, IPR2014-00217, Paper 21, at 9 (P.T.A.B. May 9, 2014).

³⁹ *Butamax™ Advanced Biofuels LLC v. Gevo, Inc.*, IPR2013-00539, Paper 9, at 6 (P.T.A.B. Mar. 4, 2014). Similarly, the bar was not triggered in *Cyanotech v. Bd. of Trustees of Univ. of Illinois*, IPR2013-00401/-00404, Paper 17 (P.T.A.B. Dec. 19, 2013), dismissal without prejudice; *Gordon * Howard Assocs., Inc. v. Lunareye, Inc.*, IPR2014-01213, Paper 11, at 12 (P.T.A.B. Feb. 3, 2015) (“in effect, a petitioner has *not* previously filed a civil action challenging the validity of a claim of the patent if the action was dismissed without prejudice[.]”); or *InVue Sec. Prods., Inc. v. Merch. Techs., Inc.*, IPR2013-00122, Paper 17, at 9-10 (P.T.A.B. June 27, 2013).

⁴⁰ *Anova Food, LLC v. Sandau*, IPR2013-00114, Paper 17, at 11-12 (P.T.A.B. Sept. 13, 2013).

⁴¹ LexMachina query, “315(a)” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 10, 2015.

B. The IPR is time-barred under 35 U.S.C. § 315(b)

35 U.S.C. § 315(b) addresses IPRs and actions initiated by the Patent Owner:

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

37 C.F.R. § 42.101(b) mirrors the statutory language. This effectively gives a defendant in an infringement action one year in which to file an IPR petition. If a petition is filed within the year, there is a possibility that the litigation may be stayed. However, such a stay of the litigation must be requested (it is not automatic) and the decision on whether to stay the litigation is up to the discretion of the district court judge. The rate at which such requests are granted varies significantly among district courts.

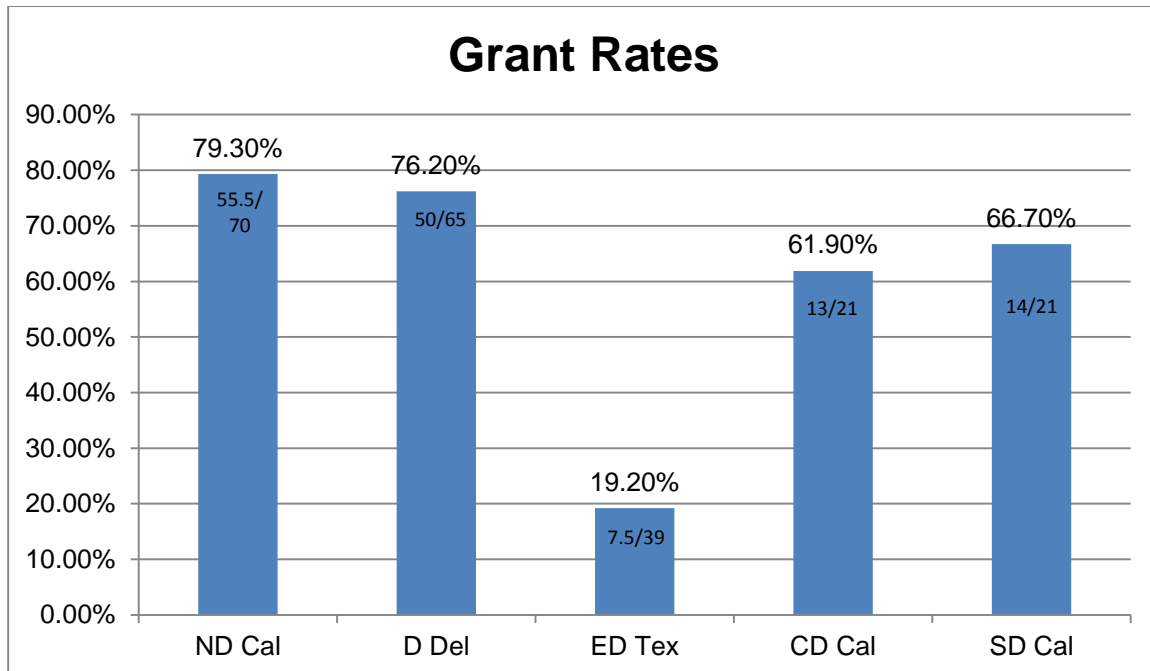


Fig. 12: Grant Rates in 5 Districts with the Most Contested Stay Pending IPR Motions.⁴²

While the language of § 315(b) sounds straightforward, there have been several PTAB decisions to date interpreting the statutory language. In addition, as with § 315(a), a decision with respect to § 315(b) is often indistinguishable from an analysis of privity and § 312(a).

⁴² LegalMetric Nationwide Report Stay Pending Inter Partes Review in Patent Cases, August. 2012 - May 2015.

a) What does “served” mean?

According to PTAB, a complaint is served when “the service was sufficient to place the petitioner under the authority of the court, i.e., whether service was effective under the law applicable to the court in question.”⁴³

“Served” does not mean simply “notified.”⁴⁴ Moreover, if a Petitioner waives service, the one-year clock starts, but only on the day the waiver is officially filed.⁴⁵ An un-recorded waiver may not be valid. In *The Scotts Co. LLC v. Encap LLC*, IPR2013-00110, Scotts Company waived service of a summons in an infringement action no earlier than January 12, 2012, and filed an IPR Petition on January, 10, 2013. PTAB concluded that the petition was timely filed.

Arguments that “served” as used in § 315(b) does not apply to infringement complaints served prior to enactment of the AIA likewise were rejected by PTAB.⁴⁶

b) The one-year clock of § 315(b) starts with the original complaint

Amending a complaint does not reset the one-year clock. As noted by PTAB in *Loral Space & Communications, Inc. v. Viasat, Inc.*, IPR2014-00240, the original complaint had not gone away, it was just amended.⁴⁷

Similarly, a second complaint does not reset the one-year clock of § 315(b). In *Apple Inc. v. VirnetX, Inc.*, IPR2013-00348, the petition was filed within one year of a second complaint, but more than one year after the first complaint. PTAB found that § 315(b) applied to bar

⁴³ *Gordon * Howard Assocs., Inc. v. Lunareye, Inc.*, IPR2014-01213, Paper 11, at 17-18 (P.T.A.B. Feb. 3, 2015) (attempted service does not trigger § 315(b)). See also *Motorola Mobility LLC v. Arnouse*, IPR2013-00010, Paper 20 (P.T.A.B. Jan. 30, 2013), designated as an “informative” decision by PTAB.

⁴⁴ *The Scotts Co. LLC v. Encap LLC*, IPR2013-00110, Paper 12, at 3 (P.T.A.B. July 3, 2013)(“Under 35 U.S.C. § 315(b), a party may not file a petition for inter partes review if the party had been served with a complaint alleging infringement more than one year previously. Thus, mere notification of a complaint does not trigger the one-year statutory bar.”).

⁴⁵ *Id.*

⁴⁶ See, e.g., *Samsung Elecs. Co. Ltd. v. Fractus, S.A.*, IPR2014-00013, Paper 19, at 4 (P.T.A.B. Jan. 2, 2014) citing *Universal Remote Control, Inc. vs. Universal Elecs., Inc.*, IPR2013-00168 (P.T.A.B. Aug. 26, 2013); *St. Jude Med., Cardiology Div., Inc. vs. Volcano Corp.*, IPR2013-00258, Paper 29 (P.T.A.B. (Oct. 16, 2013).

⁴⁷ *Loral Space & Commc’ns, Inc. v. Viasat, Inc.*, IPR2014-00240, Paper 7, at 7 (P.T.A.B. Apr. 21, 2014). See also *Johnson Health Tech. Co. Ltd. v. Icon Health & Fitness, Inc.*, IPR2014-01242, Paper 16, at 4-7 (Feb. 11, 2015); *Amneal Pharms. v. Endo Pharms., Inc.*, IPR2014-00361, Paper 14, at 6 (P.T.A.B. July 25, 2014).

institution: “The plain language of the statute does not specify that a later complaint will nullify the effect of an earlier complaint for timeliness purposes of a petition.”⁴⁸ Likewise, In *Microsoft Corp. v. VirnetX, Inc.*, IPR2014-00401 and IPR2014-00405, the Patent Owner pointed to the earliest in a chain of actions filed. PTAB said the one-year bar counted from the first, when the actions were dismissed with prejudice.⁴⁹

c) “Counterclaim” is equivalent to “complaint” for the purposes of 35 U.S.C. § 315(b)

A “counterclaim” alleging infringement of a patent is equivalent to “complaint” for the purposes of 35 U.S.C. § 315(b).⁵⁰

d) Dismissed without prejudice

PTAB decided in some of its early IPR decisions that complaints dismissed without prejudice do not trigger the § 315(b) time bar; it is as if they were never filed.⁵¹ In *Ariosa Diagnostics v. Isis Ltd.*, IPR2013-00250, the Petitioner argued that § 315(b) was absolute, so whether the infringement suit was dismissed without prejudice was immaterial.⁵² PTAB relied on its decision in *Macauto U.S.C. v. BOS GMBH & KG*, IPR2012-00004, in which it held that the § 315(b) time bar did not attach to a complaint of infringement that was voluntarily dismissed without prejudice.⁵³

In contrast, a complaint dismissed with prejudice does not wipe the slate clean.⁵⁴ Rather, a complaint dismissed with prejudice triggers the § 315(b) time bar.

⁴⁸ *Apple Inc. v. VirnetX, Inc.*, IPR2013-00348, Paper 14, at 4 (P.T.A.B. Dec. 13, 2013)

⁴⁹ *Microsoft Corp. v. VirnetX, Inc.*, IPR2014-00405, Paper 10, at 6 (P.T.A.B. July 23, 2014). See also *Universal Remote Control, Inc. v. Universal Elecs., Inc.*, IPR2013-00168, Paper 9, at 6 (P.T.A.B. Aug. 23, 2013).

⁵⁰ *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, IPR2013-00258, Paper 29, at 3 (P.T.A.B. Oct. 16, 2013).

⁵¹ *Macauto U.S.A. v. BOS GmbH & KG*, IPR2012-00004, Paper 18, at 15-16 (P.T.A.B. Jan. 24, 2013); *Shaw Indus. Grp., Inc. v. Automated Creel Sys., Inc.*, IPR2013-00584, Paper 16, at 12-13 (P.T.A.B. Dec. 31, 2013) (“dismissed voluntarily without prejudice under Federal Rule of Civil Procedure 41(a) pursuant to a joint stipulation ... the dismissal of the litigation nullifies the effect of the alleged service of the complaint on Petitioner...Federal Circuit precedent dictates that a dismissal without prejudice leaves the parties as though the action had never been brought.”).

⁵² *Ariosa Diagnostics v. Isis Ltd.*, IPR2013-00250, Paper 25, at 3 (P.T.A.B. Sept. 3, 2013).

⁵³ *Id.* at 3-4.

⁵⁴ *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, IPR2013-00258, Paper 29, at 7 (P.T.A.B. Oct. 16, 2013) (“Service of complaint alleging infringement triggers applicability of § 315(b), even if that complaint is later dismissed with prejudice. *Universal Remote Control, Inc. v. Universal Electronics, Inc.*, IPR2013-00168, Paper 9, 6-7) (P.T.A.B. 2013).”).

e) “Civil Action”

In *LG Electronics, Inc. v. Straight Path IP Group, Inc.*, IPR2015-00196, the Petitioner argued that the time-bar did not apply because the complaint was filed in the ITC and § 315(b) only applies to service of a complaint in a civil action.⁵⁵ PTAB agreed with Petitioner that § 315(b) applies only to civil actions for patent infringement, and therefore did not apply in that case.⁵⁶ Actions not involving assertions of infringement likely do not count.⁵⁷

In *BioDelivery Sciences, International, Inc. v. Monosol Rx, LLC*, IPR2013-00316, an IPR petition was filed more than one year after a complaint alleging infringement was served on the petitioner. Petitioner argued that because the petition challenged claims that had been amended by a reexamination certificate issued after service of the complaint, the petition was not time-barred. PTAB denied the petition as violating the § 315(b) time bar,⁵⁸ noting that a reexamination certificate containing amended claims is not a new patent that relieves the petitioner from the requirements of the § 315(b) time bar.⁵⁹

In contrast, a reissued patent is a new patent and does re-start the § 315(b) time bar clock. In *Eizo Corp. v. Barco N.V.*, IPR2014-00358, Patent Owner served a complaint on the Petitioner on Oct. 7, 2011, alleging infringement of a patent. That patent was then reissued on Oct. 2, 2012. Eizo filed an IPR petition on Jan. 17, 2014, challenging the reissue patent. Patent Owner argued that the § 315(b) time bar applied.⁶⁰ PTAB disagreed, explaining that the reissue patent did not continue the original patent, “but rather resulted in the surrender of the [original] patent and the issuance of a new patent.”⁶¹ Because the Patent Owner served the Petitioner with an amended complaint alleging infringement of the reissue patent on January 17, 2013, the petition filed on January 17, 2014 met the one-year time limit.⁶² Interestingly, PTAB also rejected Patent Owner’s arguments that the claims of the original patent and the reissue patent

⁵⁵ *LG Elecs., Inc. v. Straight Path IP Group, Inc.*, IPR2015-00196, Paper 20, at 8-9 (P.T.A.B. May 15, 2015). Petitioner cited *Alcon Research, Ltd. v. Dr. Joseph Neev*, IPR2014-00217, Paper 21 (P.T.A.B. May 9, 2014); *Amkor Tech., Inc. v. Tessera, Inc.*, IPR2013-00242, Paper 98 (P.T.A.B. Jan. 31, 2014)).

⁵⁶ See also *Brinkman Corp. v. A&J Mfg., LLC*, IPR2015-00056, Paper 10, at 6-7 (P.T.A.B. Mar. 23, 2015); *Alcon Research Ltd. v. Dr. Joseph Neev*, IPR2014-00217, Paper 21, at 6-9 (P.T.A.B. May 9, 2014).

⁵⁷ See *Fidelity Nat’l Info. Servs., Inc. v. Datatransury Corp.*, IPR2014-00491, Paper 9 (P.T.A.B. Aug. 13, 2014) (rejecting “breach of contract and a declaratory judgment as to indemnity, warranty against infringement, and common law indemnity” as allegations of infringement).

⁵⁸ *BioDelivery Scis., Int’l, Inc. v. Monosol Rx, LLC*, IPR2013-00316, Paper 28, at 5 (P.T.A.B. Nov. 13, 2013).

⁵⁹ *Id.* at 3.

⁶⁰ *Eizo Corp. v. Barco N.V.*, IPR2014-00358, Paper 11, at 5 (P.T.A.B. July 23, 2014).

⁶¹ *Id.* at 10.

⁶² *Id.*

were substantially identical, noting that “[s]ection 315(b) is concerned with alleging infringement of a patent generally, and not specific claims.”⁶³

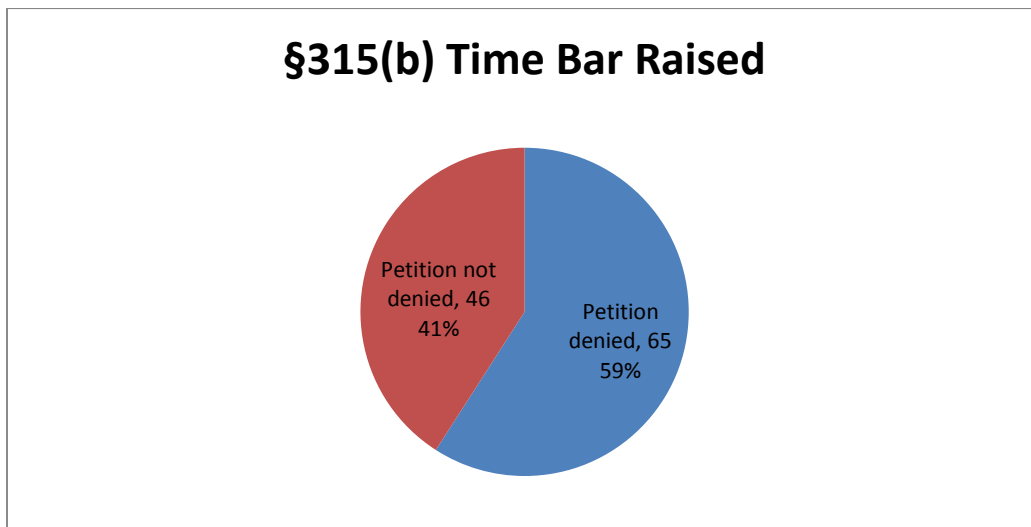


Fig. 13: Outcomes when § 315(b) time bar raised by Patent Owner.⁶⁴ Note: if a motion for joinder is denied, § 315(b) may bar the petition. These are counted in the “petition denied” category in the chart. If a motion for joinder is granted, the time bar does not apply.⁶⁵ These are counted in the “petition not denied” category in the chart. In addition, if the infringement complaint in question is served on a party PTAB decides is not in privity with the Petitioner, the § 315(b) time bar does not apply. These are counted in the “petition not denied” category in the chart. If the infringement complaint was properly served, the decision is counted in the “petition denied” category in the chart.

C. Another proceeding or matter involving the same patent is before the Office under 35 U.S.C. § 315(d)

35 U.S.C. § 315(d) provides PTAB with a tool to control multiple simultaneous proceedings related to the same patent in the USPTO:

35 U.S.C. § 315(d) MULTIPLE PROCEEDINGS.—

Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving

⁶³ *Id.* at 10-11.

⁶⁴ Source: LexMachina query, “315(b)” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 2, 2015.

⁶⁵ There is no time limit on a request for joinder. 35 U.S.C. § 315 (c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director... determines warrants the institution of an inter partes review under section 314.

the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

37 C.F.R. § 42.122(a) uses the same language. PTAB has so far used this power to deny institution of an IPR on redundant grounds⁶⁶ and to consolidate proceedings, but not to terminate any instituted proceeding.

a) Reexaminations

In *GEA Process Engineering, Inc. v. Steuben Foods, Inc.*, IPR2014-00054, the request to consolidate involved an IPR and a co-pending *inter partes* reexam. Petitioner also requested that if Patent Owner sought any new or amended claims in the reexamination, those claims should be added to the IPR. Patent Owner opposed the consolidation request, but stipulated that “it will not amend the issued claims in the reexamination.” PTAB declined to exercise its discretion to consolidate, explaining:

The Board ordinarily will not stay a co-pending reexamination because, in absence of good cause, reexaminations are conducted “with special dispatch.” . . . While substantial overlap exists between the claims challenged here, . . . and the claims rejected in the reexamination, there is absolutely no overlap with respect to the primary reference at issue here, namely, ZFL. . . . Also, the reexamination currently involves twenty new claims in addition to the thirty-one original patent claims. . . . Consolidation, therefore, would increase significantly the number of claims for review, which could delay the time to final decision. . . . Based on these factors, we decline to exercise our discretion to stay or consolidate the reexamination proceeding with the current inter partes review proceeding.⁶⁷

⁶⁶ For example, *Nissan North Am., Inc. v. Norman IP Holdings, LLC*, IPR2014-00564, Paper 18, at 20-21 (P.T.A.B. Sept. 23, 2014) (“We determine that these grounds are redundant to the grounds of unpatentability on which we institute inter partes review for the same claims, and exercise our discretion not to institute review on these grounds. See 37 C.F.R. § 42.108(a). Exercise of our discretion in declining to institute on the grounds based on OKI and NEC is consistent with the authority granted under 35 U.S.C. § 315(d) to manage inter partes proceedings and with the objective of ‘secur[ing] the just, speedy, and inexpensive resolution of every proceeding.’ 37 C.F.R. § 42.1.”).

⁶⁷ *GEA Process Eng’g, Inc. v. Steuben Foods, Inc.*, IPR2014-00054, Paper 11, at 8-9 (P.T.A.B. Mar. 10, 2014). IPR2014-00054, along with IPR2014-00041, -00043, -00051, and -00055, were all terminated and the institution decisions vacated because PTAB determined that GEA had not complied with § 312(a). Permitting GEA to correct RPI would have no effect because then the corrected petitions would be time-barred under § 312(b). *GEA Process Engineering, Inc. v. Steuben Foods, Inc.*, IPR2014-00054, Paper 134 (P.T.A.B. Dec. 23, 2014).

b) Reissues

PTAB granted requests to stay co-pending reissue applications pending an IPR in two of the post-grant reviews (PGRs) filed so far: PGR2015-00003⁶⁸ and PGR2015-00005.⁶⁹

In an early IPR, *Hewlett Packard Co. v. MCM Portfolio LLC*, IPR2013-00217, the Petitioner's request to stay a concurrent examination of a reissue application was granted.⁷⁰ PTAB acknowledged that "[c]onducting the examination of the [] reissue application concurrently with the instant proceeding would duplicate efforts within the Office and could potentially result in inconsistencies between the proceedings."⁷¹ A stay of the reissue would avoid a scenario in which a patent reissues with amended claims, which would then change the scope of the IPR-challenged claims.

Kaiser Aluminum v. Constellium Rolled Products Ravenswood, LLC, IPR2014-01002, is an example of applying § 315(d) in both directions: a stay of the reissue/reexam in light of the IPR was requested and denied,⁷² and a stay of the IPR in light of the reissue/reexam was requested and denied.⁷³

c) Continuation Applications

In *AC Dispensing Equipment, Inc. v. Prince Castle, LLC*, IPR2014-00511,⁷⁴ Petitioner requested permission to file a motion to stay the prosecution of the continuation patent application. PTAB denied the request as "premature":

⁶⁸ *American Simmental Assn. v. Leachman Cattle of Colorado, LLC*, PGR2015-00003, Paper 21 (P.T.A.B. June 25, 2015)

⁶⁹ *American Simmental Assn. v. Leachman Cattle of Colorado, LLC*, PGR2015-00005, Paper 18 (P.T.A.B. June 25, 2015).

⁷⁰ *Hewlett Packard Co. v. MCM Portfolio LLC*, IPR2013-00217, Paper 8 (P.T.A.B. May 10, 2013).

⁷¹ *Id.* at 2.

⁷² *Kaiser Aluminum v. Constellium Rolled Products Ravenswood, LLC*, IPR2014-01002, Paper 24 (P.T.A.B. Feb. 19, 2015), "Motion to Stay Ex Parte Reexamination No. 96/000071 and Reissue Application No. 14/071,211, 35 U.S.C. § 315(d)."

⁷³ *Kaiser Aluminum v. Constellium Rolled Products Ravenswood, LLC*, IPR2014-01002, Paper 25 (P.T.A.B. Feb. 19, 2015), "Motion to Stay or Terminate IPR Proceeding, 35 U.S.C. § 315(d)."

⁷⁴ *AC Dispensing Equip., Inc. v. Prince Castle, LLC*, IPR2014-00511, Paper 18 (P.T.A.B. Oct. 17, 2014) (citations omitted).

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. But 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 from prosecuting claims now that may be patentably indistinct from the claims under review thus would be premature. It is sufficient, under the current circumstances, for Patent Owner to continue to take reasonable steps to apprise the Examiner of the status of this proceeding.⁷⁵

D. Petitioner estopped § 315(e)

35 U.S.C. § 315(e)⁷⁶ is the estoppel provision that Congress promulgated to prevent “harassment” of Patent Owners.⁷⁷ The estoppel applies to future USPTO, district court, and ITC

⁷⁵ *AC Dispensing Equip., Inc. v. Prince Castle, LLC*, IPR2014-00511, Paper 18, at 2-3 (P.T.A.B. Oct. 17, 2014) (citations omitted).

⁷⁶ § 315(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

See also, 37 C.F.R. § 42.73(d); 37 C.F.R. § 42.101(c).

⁷⁷ 157 Cong. Rec., S1367 (daily ed. March 8, 2011) (statement of Sen. Kohl): “Patent protection will be stronger with the inclusion of “could have raised” estoppel, strong administrative estoppel, and explicit statutory authority for the Patent and Trademark Office, PTO, to reject petitions by third parties and order joinder of related parties.” See also Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012); *Cyanotech Corp. v. Bd. of Trustees of Univ. of Illinois*, IPR2013-00401, Paper 17, at 10-11 (P.T.A.B. Dec. 19, 2013) (“Congress placed clear ‘procedural limits’ on the new post-grant review proceedings to ‘prevent abuse of these proceedings for the purposes of harassment or delay.’ 157 CONG. REC. S1374 (daily ed. March 8, 2011) (statement of Sen. Kyl). Specifically, the AIA imposes time limits on starting an inter partes review after litigation is commenced and estops relitigating in court those issues that a

proceedings, and prevents a Petitioner from raising, in a separate IPR proceeding or in a civil action, any ground that the Petitioner raised or reasonably could have raised in a previous IPR proceeding.

When AIA was initially passed, some thought that the estoppel provision would dissuade IPR filings because parties would not want to lose the opportunity to present their best arguments in litigation. IPRs in fact have turned out to be wildly popular, with the estoppel provision providing very little deterrent when balanced against the petitioner-friendly features of IPRs: faster and cheaper than litigation, lower standard of proof, no presumption of validity, broadest reasonable claim construction, high petition grant rate, and high claim cancellation rate.

There have not been very many PTAB decisions applying § 315(e). It will be particularly interesting to see how strictly “reasonably could have been raised” is interpreted. Only one case has addressed this issue so far, *Dell Inc. v. Electronics And Telecommunications Research Institute*, IPR2015-00549.⁷⁸

In *Dell*, both the petitioner and the claims challenged in two IPR proceedings (IPR2015-00549 and IPR2013-00635) were the same. A Final Written Decision of no unpatentability was entered in IPR2013-00635. PTAB concluded that a § 315(e) estoppel applied because “Petitioner could have raised the ground asserted in this case in the ‘635 IPR.”⁷⁹ In coming to that decision, PTAB looked to the legislative history behind the phrase “could have raised”:

What a Petitioner “could have raised” was described broadly in the legislative history of the America Invents Act (“AIA”) to include “prior art which a skilled searcher conducting a diligent search would reasonably have been expected to discover.” 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Grassley). Indeed, the administrative estoppel codified in § 315(e)(1), as was pointed out, would effectively preclude petitioners from bringing subsequent challenges to the patent in USPTO proceedings.⁸⁰

In *Dell*, the prior art references in the ‘549 IPR were the same as those in the ‘635 IPR. It did not matter that Petitioner raised a reference for anticipation in the ‘635 IPR, and instead used it for an assertion of obviousness in the ‘549 IPR. The obviousness assertion could have been raised in the ‘635 IPR.⁸¹

petitioner raised, or reasonably could have raised, during an inter partes review. 35 U.S.C. §§ 315(b), 315(e)(1).”

⁷⁸ *Dell Inc. v. Electronics and Telecommunications Research Institute*, IPR2015-00549, Paper 10, at 4 (P.T.A.B. March 26, 2015).

⁷⁹ *Id.* at 4.

⁸⁰ *Id.* at 4-5.

⁸¹ *Id.* at 6.

The '549 petition challenged claims 1-9. The Final Written Decision in the '635 IPR addressed claims 1-3 and 5-8. Since claims 4 and 9 were not involved in the '635 IPR, no estoppel attached to those claims. However, PTAB concluded that absent joinder, the petition asserting unpatentability of claims 4 and 9, was time-barred under 35 U.S.C. § 315(b) because the Petitioner was served with an infringement complaint on December 3, 2012, more than one year before the January 8, 2015, filing date accorded to the '549 petition. Thus, the motion for joinder was denied.

F. Failure to name real-party-in-interest as required by 35 U.S.C. § 312(a)(2) and 37 C.F.R. § 42.8(b)(1)

35 U.S.C. § 312(a)(2) states that an IPR petition may be considered only if “the petition identifies all real parties in interest[.]” 37 C.F.R. § 42.8(b)(1) further specifies that the petition must include notice of “each real party-in-interest for the party.”⁸²

Failure to name real-party-in-interest is an issue on which additional briefing⁸³ and/or additional discovery⁸⁴ has occasionally been permitted by PTAB in light of “[t]he gravity of that contention, and its potential ramifications[.]”⁸⁵ If a failure to comply with § 312(a)(2) is found, the petition, as filed, is incomplete and no filing date will be accorded.⁸⁶ Although the rules provide for filing a corrected petition within one month of receiving a notice of incomplete petition,⁸⁷ the new filing date for the corrected petition may run into the one-year time bar of 35 U.S.C. § 315(b).⁸⁸ Occasionally parties have been allowed to file corrected notices where no prejudice results; in other instances, the Board has required parties to refile their petitions or risk denial.

According to PTAB, challenging compliance with § 312(a) is not restricted to pre-institution.⁸⁹ In *GEA Process Engineering v. Steuben Foods, Inc.*, IPR2014-00054, the Patent Owner opted to

⁸² See also Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012).

⁸³ See, e.g., *Reflectix, Inc. v. Promethean Insulation Tech. LLC*, IPR2015-00039; -00042; -00044; -00045; -00047.

⁸⁴ See, e.g., *Zerto, Inc. v. EMC Corp.*, IPR2014-01254; -01295; -01329; -01332.

⁸⁵ *Metrics, Inc. v. Senju Pharm. Co.*, IPR2014-01043, Paper 19, at 5 (P.T.A.B. Feb. 19, 2015).

⁸⁶ 37 C.F.R. § 42.106(b).

⁸⁷ 37 C.F.R. § 42.106(b) Incomplete petition. Where a party files an incomplete petition, no filing date will be accorded, and the Office will dismiss the petition if the deficiency in the petition is not corrected within one month from the notice of an incomplete petition.

⁸⁸ See *ZOLL Lifecor Corp. v. Philips Electronics N.Am. Corp.*, IPR2013-00607, Paper 13, at 12 (P.T.A.B. Mar. 20, 2014). See also *Reflectix, Inc. v. Promethean Insulation Technology LLC*, IPR2015-00039, -00042, -00044, -00045, -00047, Paper 18 (P.T.A.B. Apr. 24, 2015).

⁸⁹ *GEA Process Eng'g v. Steuben Foods, Inc.*, IPR2014-00054, along with IPR2014-00041, Paper 135; -00043, Paper 114; -00051, Paper 113; and -00055, Paper 106. Although initially instituted, PTAB terminated all the IPRs, and the institution decisions were vacated because PTAB determined that GEA had not complied with § 312(a).

waive filing a POPR. The IPR was instituted, and then Patent Owner requested discovery on the real-parties-in-interest issue. After discovery was taken on new issues that had recently come to light, PTAB terminated the IPR for violation of § 312(a). The Petitioner argued that compliance with § 312(a) was a “petition completeness” issue that was finalized when PTAB made its institution decision. PTAB found no authority to support the argument that identification of real-parties-in-interest must be made only prior to institution.⁹⁰ Rather, “the statutory provision is clearly an ongoing requirement that must be complied with during the pendency of the petition. Furthermore, requiring that such challenges must be made before institution would be prejudicial to patent owners[.]”

The opportunity to challenge real-party-in-interest, however, has limits, and parties have been chastised by the Board for raising frivolous, late, or abusive challenges. In *First Quality Baby Products, LLC v. Kimberly-Clark Worldwide, Inc.*, IPR2014-01023, Patent Owner raised the real-party-in-interest for the first time over six months after the IPR was instituted.⁹¹ Patent Owner filed a motion to vacate the institution decision alleging that Petitioner had failed to identify all of the real-parties-in-interest.⁹² PTAB denied the motion to vacate.⁹³ Acknowledging that “[t]he requirement that the Petition identify all real parties in interest does not end once trial is instituted,”⁹⁴ PTAB found, however, the goal of “just, speedy, and inexpensive resolution ... would be frustrated by permitting Patent Owner to seek termination of an *inter partes* review, at this late stage of the proceeding, based primarily on information it already had in its possession prior to institution.⁹⁵

Based on the facts and circumstances of the case, including that the Patent Owner did not dispute that “it was aware of the relevant facts for nearly a year or more[.]” PTAB found that the motion to vacate and the real-party-in-interest argument were far too late.⁹⁶

In *Paramount Home Entertainment Inc. v. Nissim Corp.*, IPR2014-00961,⁹⁷ Petitioner argued that the failure to name a party could not be grounds for rejection under § 312(a)(2) when that unnamed party was “already estopped from filing further petitions for *inter partes* review under 35 U.S.C. § 315(a)(1)[.]”⁹⁸ PTAB rejected that argument:

⁹⁰ *Id.*

⁹¹ *First Quality Baby Products, LLC v. Kimberly-Clark Worldwide, Inc.*, IPR2014-01023, Paper 9 (P.T.A.B. Dec. 14, 2014).

⁹² *First Quality Baby Products, LLC v. Kimberly-Clark Worldwide, Inc.*, IPR2014-01023, Paper 25 (P.T.A.B. June 29, 2015).

⁹³ *First Quality Baby Products, LLC v. Kimberly-Clark Worldwide, Inc.*, IPR2014-01023, Paper 41 (P.T.A.B. July 16, 2015).

⁹⁴ *Id.* at 5.

⁹⁵ *Id.* at 6.

⁹⁶ *Id.* at 6.

⁹⁷ *Paramount Home Entertainment Inc. v. Nissim Corp.*, IPR2014-00961, Paper 11 (P.T.A.B. Dec. 29, 2014).

⁹⁸ §315. Relation to other proceedings or actions

Section 315(a)(1) cannot relieve a petitioner of its obligation under 35 U.S.C. § 312(a)(2) to identify all real parties-in-interest. Section 312(a)(2) requires identification of all real parties-in-interest—not merely real parties-in-interest that are not estopped from filing further petitions. We note that assuring proper application of the statutory estoppel provision is not the only goal of the “real party-in-interest” requirement; another core function is to assist members of the Board in identifying potential conflicts. 77 Fed. Reg. at 48,759.⁹⁹

In *Zerto Inc. v. EMC Corporation*, IPR2014-01295,¹⁰⁰ the PTAB panel explained its interpretation of the burden of persuasion on the issue of real party-in-interest:

We begin our analysis by explaining who has the burden of establishing whether a third party has, or has not, been identified properly as real party-in-interest in a petition...In an inter partes review, the statutory requirement under 35 U.S.C. §312(a)(2) that a petition identify all real parties-in-interest is a threshold issue. [citation omitted] We generally accept the petitioner’s identification of real parties-in-interest at the time of filing the petition. . . . Our practice in this regard, however, acts as a rebuttable presumption that benefits the petitioner. [citing 37 C.F.R. § 42.62(a) and Fed. R. Evid. 301] When, as here, a patent owner provides sufficient rebuttal evidence that reasonably brings into question the accuracy of a petitioner’s identification of real parties-in-interest, the burden remains with the petitioner to establish that it has complied with the statutory requirement to identify all real parties-in-interest. This allocation of the burden . . . appropriately accounts for the fact that a petitioner is far more likely to be in

(a) INFRINGER’S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

The requirement to name all real parties-in-interest is also meant to keep petitioners from avoiding the 1-year time bar of §315(b):

(b) PATENT OWNER’S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

⁹⁹ *Paramount Home Entertainment Inc. v. Nissim Corp.*, IPR2014-00961, Paper 11, at 10-11 (P.T.A.B. Dec. 29, 2014). See also, 77 Fed. Reg. 48,612, 48,617 (Aug. 14, 2012).

¹⁰⁰ *Zerto Inc. v. EMC Corporation*, IPR2014-01295, Paper 34 (P.T.A.B. March 3, 2015)

possession of, or have access to, evidence relevant to the issue than is a patent owner.¹⁰¹

However, PTAB panels appear to disagree. For example, in *Huawei Device USA, Inc. v. SPH America, LLC*, IPR2015-00221, PTAB found that the Petitioner complied with § 312(a)(2), by noting the Patent Owner’s apparent failure to prove the contrary: “For all of these reasons, we determine that Patent Owner has not shown that Petitioner has failed to name all real parties-in-interest.”¹⁰² And because PTAB’s institution decisions are not appealable,¹⁰³ there may be no real course of action for the Patent Owner to object to such an assignment of the burden of persuasion.

To date, Patent Owners have successfully argued a failure to identify the real-party-in-interest in 35% of the 84 cases in which the issue was fully analyzed.¹⁰⁴

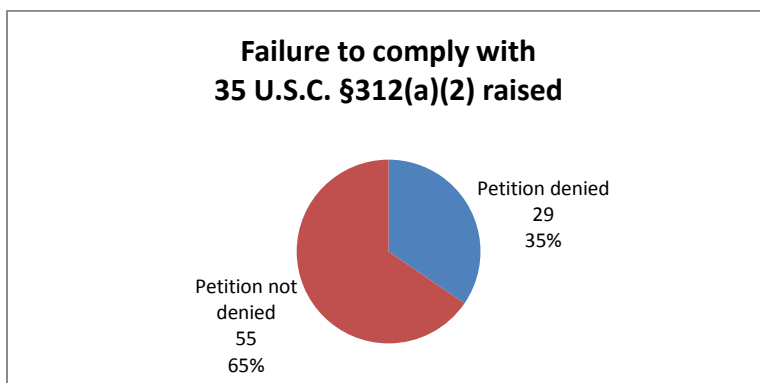


Fig.10: Research showing outcomes when failure to comply with 35 U.S.C. § 312(a)(2) was raised by Patent Owner.¹⁰⁵

In *TRW Automotive U.S. LLC v. Magna Electronics Inc.*, IPR2014-01351, PTAB highlighted *RPX Corp. v. VirnetX, Inc.*, IPR2014-00171,¹⁰⁶ as providing a good discussion of a number of factors to determine whether the petitioner has failed to name the real-party-in-interest. “Those

¹⁰¹ *Zerto Inc. v. EMC Corporation*, IPR2014-01295, Paper 34, at 6-7 (P.T.A.B. Mar. 3, 2015). See also, 77 Fed. Reg. 48,680, 48,695 (Response to Comment 9) (Aug. 14, 2012).

¹⁰² *Huawei Device USA, Inc. v. SPH Am., LLC*, IPR2015-00221, Paper 13, at 8 (P.T.A.B. May 28, 2015). See also *Medtronic, Inc. v. Robert Bosch Healthcare*, IPR2014-00607, Paper 17, at 13 (P.T.A.B. Sept. 11, 2014) (“Patent Owner has not provided a sufficient factual basis upon which to conclude, based on the current record, that Cardiocom is a real party-in-interest in this proceeding.”).

¹⁰³ 35 U.S.C. § 314(d); *In re Cuozzo Speed Technologies, LLC*, --F.3d__ (Fed. Cir. July 8, 2015).

¹⁰⁴ LexMachina query, “§312(a)(2),” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 2, 2015.

¹⁰⁵ Source: LexMachina query, “§312(a)(2),” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 2, 2015.

¹⁰⁶ *RPX Corp. v. VirnetX, Inc.*, IPR2014-00171, Paper 52 (P.T.A.B. June 23, 2014).

factors include whether the petitioner is compensated by the non-party for filing the petition; whether the petitioner was authorized, explicitly or implicitly, by the non-party to file the petition or to represent the non-party in the IPR; and whether the petitioner is a ‘nominal plaintiff’ with ‘no substantial interest’ in the IPR challenge.”¹⁰⁷ The question is a complicated, fact-intensive inquiry into the level of control, funding, direction, and legal involvement over the IPR.¹⁰⁸

PTAB also noted in *Denso Corp. v. Beacon Navigation GmbH*, IPR2013-00026,¹⁰⁹ that being co-defendants or concurrent defendants in litigation does not automatically equate to being real parties-in-interest.¹¹⁰ Nor does sharing counsel establish control of conduct.¹¹¹ Shared corporate leadership, however, may provide sufficient evidence of control.¹¹²

Identification of the real-party-in-interest is an issue for which PTAB has occasionally granted requests for additional discovery, even prior to institution. For example, in some of the recent IPR petitions filed by the Coalition for Affordable Drugs II LLC, a hedge fund made famous in the news,¹¹³ PTAB partially granted Patent Owner’s request for additional discovery of agreements “relating to the control or ability to control any aspect of the current proceeding by a party not designated as Petitioner or a real party-in-interest in the Petition.”

G. Under 35 U.S.C. § 325(d), the same or substantially the same prior art/arguments raised during prosecution or previously presented to the Office in another IPR petition¹¹⁴

35 U.S.C. § 325(d) is interesting because, although it is found in the section of the AIA directed to post-grant reviews, it specifically applies to IPRs also (see reference below to “chapter 30”):

¹⁰⁷ *TRW Auto. U.S. LLC v. Magna Elecs. Inc.*, IPR2014-01351, Paper 7, at 7-8 (P.T.A.B. Feb. 10, 2015).

¹⁰⁸ Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,759 (Aug. 14, 2012)(“A common consideration is whether the non-party exercised or could have exercised control over a party’s participation in a proceeding.”).

¹⁰⁹ *Denso Corp. v. Beacon Navigation GmbH*, IPR2013-00026, Paper 34 (P.T.A.B. Mar. 14, 2014).

¹¹⁰ *TRW* at 8.

¹¹¹ See *Zoll*, Paper 15, at 12 (“common counsel alone is not dispositive of control”).

¹¹² See, e.g., *Galderma S.A. v. Allergan Industrie, SAS*, IPR2014-01422, Paper 14 (P.T.A.B. Mar. 5, 2015); *Zerto, Inc. v. EMC Corp.*, IPR2014-01329, Paper 33 (P.T.A.B. Mar. 3, 2015); and *Zerto, Inc. v. EMC Corp.*, IPR2014-01332, Paper 34 (P.T.A.B. Mar. 3, 2015).

¹¹³ See, e.g., *Coalition for Affordable Drugs II LLC . v. NPS Pharmaceuticals, Inc.*, IPR2015-00990, -00993, Paper 14 (P.T.A.B. July 2, 2015).

¹¹⁴ See, e.g., *Prism Pharma Co., Ltd. v. Choongwae Pharma Corp.*, IPR2014-00315, Paper 14, at 12-13 (P.T.A.B. July 8, 2014) (“The same prior art [] and arguments substantially the same as Petitioner’s current contention [] were presented previously to the Office [during prosecution] . . . We exercise our discretion and deny the Petition under 35 U.S.C. § 325(d).”).

§ 325. Relation to other proceedings or actions

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. 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.

In addition, § 325(d) is explicitly discretionary. This is in contrast to many of the bases for denial discussed so far which relate to failures to comply with certain requirements. Section 325(d) thus serves as a tool for PTAB to control its work flow and comply with the statutory requirement of a final written decision in 12-18 months of institution.¹¹⁵

As noted by the panel in *Samsung Electronics Co. Ltd. v. Rembrandt Wireless Technologies, LP*, IPR2015-00555¹¹⁶:

in construing our authority to institute inter partes review under 37 C.F.R. § 42.108, we are mindful of the guidance provided in § 42.1(b): “[37 C.F.R. § 42] shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding.... Permitting second chances in cases like this one ties up the Board’s limited resources; we must be mindful not only of this proceeding, but of “every proceeding.”¹¹⁷

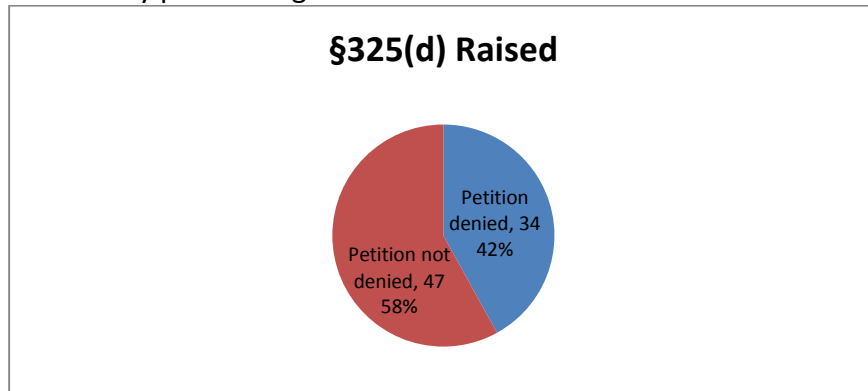


Fig. 14: Outcomes when § 325(d) was raised by Patent Owner.¹¹⁸

¹¹⁵ 35 U.S.C. §316(a)(11).

¹¹⁶ *Samsung Electronics Co. Ltd. v. Rembrandt Wireless Technologies, LP*, IPR2015-00555, Paper 20 (P.T.A.B. June 19, 2015).

¹¹⁷ *Samsung Electronics Co. Ltd. v. Rembrandt Wireless Technologies, LP*, IPR2015-00555, Paper 20, at 7-8 (P.T.A.B. June 19, 2015).

¹¹⁸ Source: LexMachina query, “325(d)” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 10, 2015.

Patent Owners have had significantly more success when arguing that PTAB should exercise its discretion under § 325(d) because the same or similar art/arguments were previously before the Office in another IPR petition compared to previously before the Office during prosecution (including original, reissue, or reexamination).

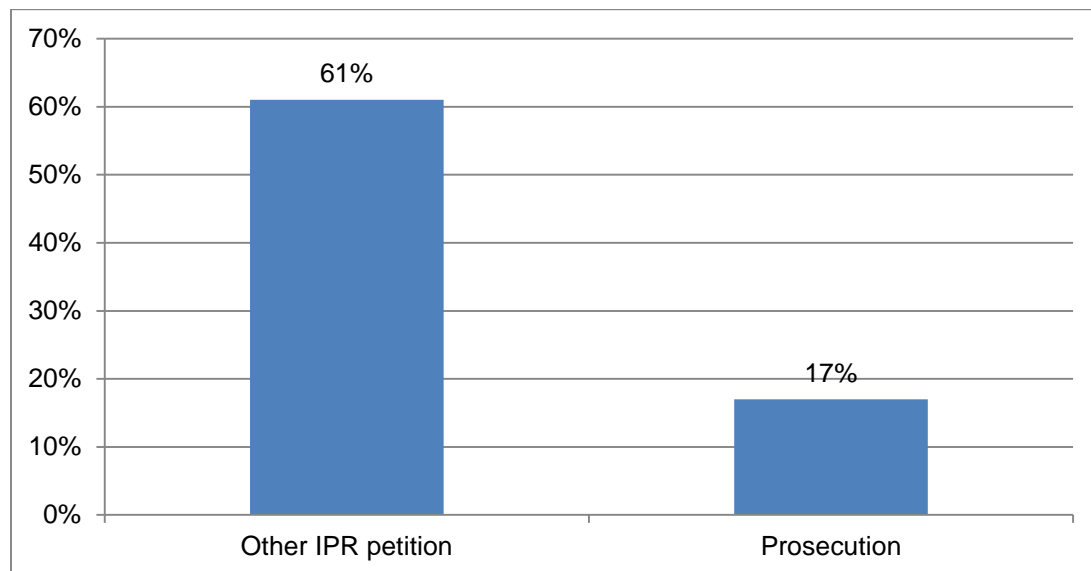


Fig. 15: Comparison of success rates for grounds for denying petition under § 325(d).¹¹⁹

H. Reference relied on by Petitioner is not prior art

A patent owner may dispute the prior art status of a reference relied upon by a petitioner for unpatentability by showing that the patent claims antedate the reference, by attacking the reference’s benefit claim, or by showing that the reference is not a “patent or printed publication” as required by the statute.¹²⁰ Sometimes the Patent Owner may also have to defend the asserted priority date of the challenged claims.¹²¹ Both may be done in the POPR. If successful, and PTAB agrees that the reference is not prior art against the challenged claims, any ground in the petition based on that reference is eliminated.¹²² This may lead to a denial of the petition in its entirety or institution on fewer grounds and/or fewer claims. The latter

¹¹⁹ Source: LexMachina query, “325(d)” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 10, 2015.

¹²⁰ See Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

¹²¹ In this way, § 112 issues may arise in an IPR, even though they are not statutory grounds for an IPR. 35 U.S.C. §311(b). See, e.g., *Google, Inc. v. Grandeye Ltd.*, IPR2013-00546, Paper 14, at 10-13 (P.T.A.B. Feb. 5, 2014).

¹²² See, e.g., *Google, Inc. v. Michael Meiresonne*, IPR2014-01188, Paper 9 (P.T.A.B. Jan. 22, 2014).

outcome is still beneficial to the patent owner in terms of reducing the scope of the defense the patent owner must put forth regarding the patentability of the challenged claims.

In *NHK Seating Of America, Inc. v. Lear Corp.*, IPR2014-01200, Patent Owner used the POPR to dispute the prior art status of one of the cited references, relying on an inventor declaration prepared for an earlier ex parte reexamination.¹²³ However, PTAB rejected the argument as “premature” because Petitioner “had no opportunity to cross examine” the declarant.¹²⁴ Of course, there is no cross-examination provided for in the IPR process unless a trial is instituted.¹²⁵ Perhaps PTAB was distracted by a declaration filed with the POPR. Normally, the POPR does not contain an accompanying declaration because under 37 C.F.R. § 42.107(c), no new testimonial evidence may be submitted.¹²⁶ Patent Owner then raised the argument again in its Patent Owner Response filed April 13, 2015.

In *Motorola Mobility LLC v. Intellectual Ventures I LLC*, IPR2014-00501, the Patent Owner relied on an inventor declaration submitted during prosecution to establish a priority date. PTAB then analyzed and decided the issue without any comment about cross-examining the declarant.¹²⁷ Likewise, in *Purdue Pharma L.P. v. Depomed, Inc.*, IPR2014-00377, PTAB undertook an extensive analysis of priority dates in the institution decision, and concluded that the Petitioner had not shown that the reference was prior art to two challenged claims.¹²⁸

When an argument is raised about the prior art status of an asserted reference, the results show that at least one reference is removed as prior art about half of the time.

¹²³ *NHK Seating Of America, Inc. v. Lear Corp.*, IPR2014-01200, Paper 7, at 10 (P.T.A.B. Feb. 3, 2015).

¹²⁴ *Id.*

¹²⁵ *JDS Uniphase Corp. v. Fiber, LLC*, IPR2013-00318, Paper 12, at 14 (P.T.A.B. Dec. 6, 2013)(“ The time for such cross-examination is after the Board institutes a trial, not beforehand.”).

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

¹²⁷ *Motorola Mobility LLC v. Intellectual Ventures I LLC*, IPR2014-00501, Paper 13, at 12-14 (P.T.A.B. Sept. 10, 2014).

¹²⁸ *Purdue Pharma L.P. v. Depomed, Inc.*, IPR2014-00377, Paper 9, at 23 (P.T.A.B. July 10, 2014).

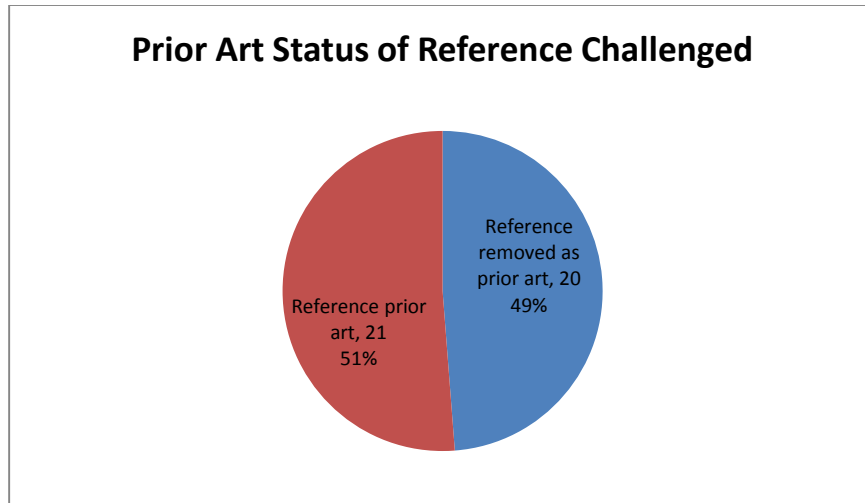


Fig. 16: Challenges to prior art status of reference.¹²⁹

Note that Figure 16 does not include two cases (*Nintendo of America, Inc. v. ILife Technologies*, IPR2015-00106 and IPR2015-00112) in which the Patent Owner successfully removed the § 102(b) status of the reference but PTAB found the reference was still § 102(a) prior art. This was helpful to the Patent Owner in reducing the number of arguments, but it did not remove the patentability challenge based on the reference.

8. Comparison of Success Rates on Technical Bases of Petition Denial

Patent owners have had the most success so far with arguing that the time-bar under § 315(b) applies to the petition. Patent owners should carefully consider all the real parties-in interest identified on a petition and analyze any relevant corresponding litigation to determine if the § 315(b) bar applies. If so, Patent Owner can raise this in its POPR and hopefully avoid institution completely.

The time-bar under § 315(a), by contrast, represents the path of least success for Patent Owners. The success rate for § 315(e) is 50 percent, but only represents 2 cases, so should be considered very speculative at this point. In addition, Patent Owners have successfully removed a reference as prior art 49 percent (20/41) of the time.

¹²⁹ Source: LexMachina query, “not prior art” PTAB Institution Decisions/Decisions Denying Institution/Decisions Granting Institution, Sept. 16, 2012 - June 10, 2015.

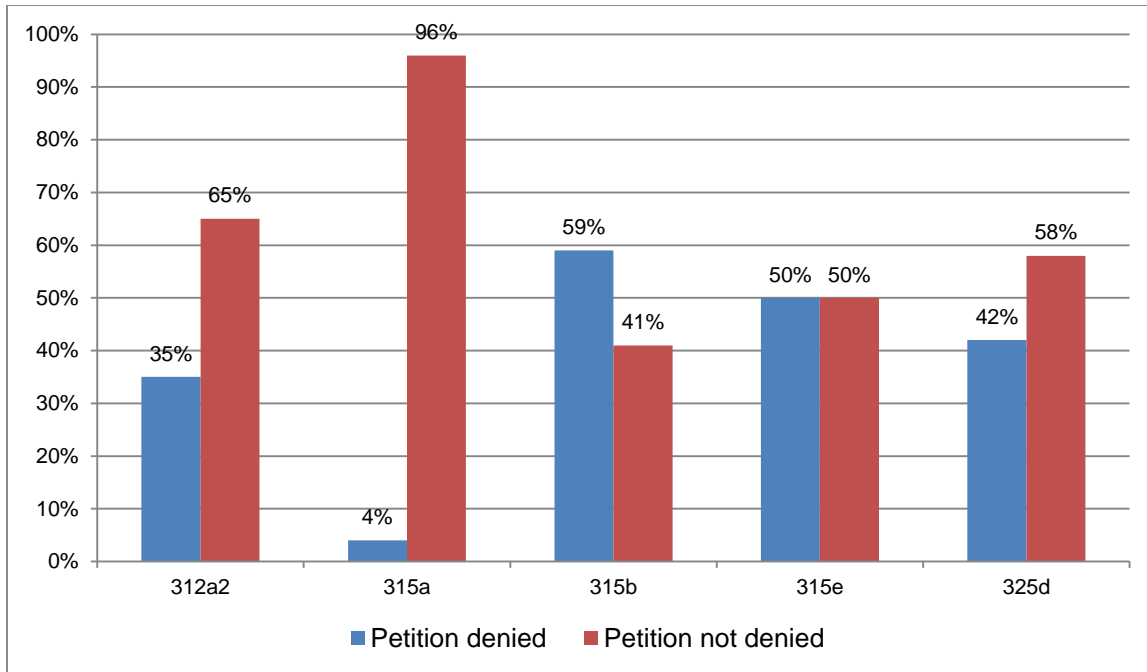


Fig. 17: Comparison of success rates of technical grounds of petition denial.

III. SUMMARY OF PART 1

For a Patent Owner, an IPR petition denial is a best-case scenario, particularly since the Federal Circuit will not review the denial.¹³⁰ As discussed in detail above, there are several technical requirements of an IPR petition. These provide several points on which a Patent Owner can challenge a petition for failure to comply, hopefully leading to denial of the petition. The only way to challenge a petition prior to the institution decision is through a Patent Owner Preliminary Response (POPR). Filing a POPR provides the Patent Owner with an opportunity to explain to PTAB why the petition should be denied, either on technical bases or, as will be discussed in Part 2 of this article, on substantive bases.

While there is no direct estoppel of the petition grounds (the only statutory estoppel is from a Final Written Decision), there is some possible protection from the discretionary authority of PTAB to deny a petition under 35 U.S.C. § 325(d) if “the same or substantially the same prior art or arguments previously were presented to the Office” and PTAB finds that the same claims are facing repeated attacks.

¹³⁰ 35 U.S.C. §314(d); *In re Cuozzo Speed Technologies, LLC*, --F.3d__ (Fed. Cir. July 8, 2015).