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Use IPR Decisions To Better Write And Prosecute Patents

Law360, New York (January 13, 2015, 10:25 AM ET) -- Developing and maintaining defensible patent portfolios necessitates viewing patent prosecution as an inter partes endeavor requiring full strategic awareness of competition, potential challengers, and the threat of inter partes review and post-grant review proceedings and district court litigation. While PGR proceedings are still relatively new, more than 2,500 petitions for inter partes review and covered business method proceedings have been filed since September 2012. To date, trial has been instituted in 1,120 (about 77 percent) proceedings and denied in 328 (about 23 percent). Final written decisions after completion of trial have issued in 214 proceedings resulting in cancellation of 82 percent of the claims for which trial was instituted overall.



Eric Steffe

One reason for the high institution and claim cancellation rates is the significant procedural burden placed on patent owners during IPRs and CBMs. By statute and rule, the Patent Trial and Appeal Board's decision to institute trial is based on an asymmetrical record — the petitioner, but not the patent owner, is permitted to submit new declaratory evidence before the institution decision. Further, as these proceedings are contested cases, once a trial has been declared, introducing certain evidence requires full corroboration and subjecting declarants to cross examination. And claim amendments, which must be proposed by motion and are subject to opposition, are exceedingly difficult to enter.

Favorable outcomes for patent owners in final written decisions, while relatively rare, have generally occurred because of petitioners who failed to pay attention to the board's historical analysis paradigms when drafting the petition, such as a missing or incorrect claim construction in the petition or not meeting the KSR requirements. The board relies heavily on evidence for these determinations — mainly the breadth and depth of the specification, and secondarily expert declarations that are not based on unfounded conclusions.

Provided below are a few best practice suggestions for preparing and prosecuting patents that may better withstand IPR and CBM, and presumably PGR, challenge.

Claim terms should be clearly and unambiguously defined in the specification.

The PTAB's fundamental validity analysis centers around claim interpretation and whether the subject matter disclosed by the references or the combination of references fall within the correctly interpreted claims. For example, in *Phigenix Inc. v. Genentech Inc.*, IPR2014-

00842, the petition for inter partes review was denied because the combination of references failed to meet the PTAB's construction of a claim limitation requiring a tumor that "does not respond, or responds poorly, to treatment with an anti-ErbB antibody." Paper 10 at 12. See, also, *Lenroc C. v. Enviro Tech Chem. Services, Inc.*, IPR2014-00382 (Paper 12).

Further, in a number of decisions, the PTAB's emphasis is the claim "on its face" and the evidence provided in the specification, regardless if a lexicographer basis is asserted. A patent owner should take heed of these factors and provide, if not a glossary, clear mapping of claim terms to meaning in the specification. This is especially true if the patent owner is relying on even a slight variation on an industry accepted meaning of a claim term.

In a set of IPRs won by the patent owner ContentGuard, the patent owner's claim interpretation argument based on detailed support in the specification successfully countered the petitioner's challenge. *ZTE Corporation v. ContentGuard Holdings*, IPR2013-00139 (Paper 57), IPR2013-00138 (Paper 57), IPR2013-00137 (Paper 58), and IPR2013-00133 (Paper 61). Thus, practitioners should consider avoiding using creatively broad claim terms having ambiguous support in the specification. Concrete and well-defined claims are much more likely to be viewed favorably by the PTAB.

Consider fully developing the record with patentability evidence during ex parte prosecution that may be difficult to submit later during an IPR and CBM proceeding.

A traditional best practice for patent prosecution is to submit no more evidence during ex parte prosecution than necessary to obtain a patent. This stemmed from concerns about creating estoppels and providing fodder for allegations of inequitable conduct.

While these concerns remain valid, the procedural realities associated with IPRs and CBMs may warrant reconsidering traditional best practices, at least on a case-by-case basis. As noted above, Patent Owners are at a disadvantage during the preliminary stages of IPR and CBM proceedings because the PTAB's decision to institute trial is based on an uneven record. The patent owner's preliminary response — the document a patent owner is permitted to file in hopes of convincing the PTAB not to declare trial — can only be supported with declaratory evidence submitted previously, for example during ex parte prosecution or a previous reexamination. At the patent owner preliminary response stage, it is impermissible for a patent owner to submit declaratory evidence prepared in the first instance for the IPR and CBM.

Given the high claim cancellation rate in final written decisions, receiving news that trial has been declared puts significant pressure on a patentee. Although the chances of convincing the PTAB not to institute trial in 2013 were very low, while still high the institution rate fell significantly in 2014 and currently stands at about 77 percent overall.

A fully developed record replete with evidence supporting patentability can increase a patent owner's chances of having trial denied by the PTAB. For example, petitioners are required to "challenge the merits of Patent Owner's secondary consideration evidence." *Omron Oilfield & Marine Inc. v. MD/Totco*, IPR2013-00265, Paper 11 at 16. Moreover, the PTAB generally gives "little weight" to expert declarations that are "conclusory and unsupported by the record evidence." *Samsung Elecs., Ltd. v. Arendi S.A.R.L.*, IPR2014-00214, Paper 12 at 17. Thus, having to provide rebuttal evidence that successfully counters evidence already of record supporting patentability can pose a significant obstacle to a would-be challenger.

A further consideration is the comparative ease with which evidence supporting patentability can be submitted during ex parte prosecution. Antedating a reference, establishing common inventorship or ownership, invoking the CREATE Act, and even

demonstrating unexpected results via laboratory notebook data, are all relatively easy to establish procedurally in an ex parte examination setting. In contrast, evidence submitted during an IPR and CBM must be corroborated akin to traditional interference practice and is subject to the Federal Rules of Evidence.

Further, IPR and CBM declarants are subject to cross-examination by deposition. Thus, submissions that are almost ministerial (such as a "Katz" declaration) if performed during ex parte examination, can become quite adventuresome if submitted later during an IPR and CBM.

In sum, rather than being an obstacle already of record that a challenger must rebut to gain entry into trial, submitting patentability evidence later requires compliance with all the evidentiary burdens attendant to contested cases before the USPTO.

Consider prosecuting applications and reissuing patents with robust claim sets.

Patent owners in inter partes review proceedings are permitted to file a motion proposing a reasonable number of substitute claims. 35 U.S.C. § 316(a)(9). By rule, a presumption exists that only one substitute claim is needed to replace each challenged claim. 37 C.F.R. § 42.131(a)(3). The PTAB has been notoriously resistant to granting motions to amend and, in various decisions, has based denial on a patent owner's failure to demonstrate patentability over the prior art (*Idle Free v. Begstrom*, IPR2012-00027), patentable subject matter under 35 U.S.C. § 101 (*Ariosa v. Isis*, IPR2012-0022), compliance with the written description requirement (*Nichia Corp. v. Emcore Corp.*, IPR2012-0005), and set forth a claim construction (*CBS Interactive v. Helferich Patent Licensing*, IPR2013-00330).

Petitioners are permitted to oppose motions to amend. While IPR proceedings cannot be instigated under 35 U.S.C. § 101 or § 112, filing an opposition to a motion to amend provides the petitioner with an opportunity to raise legal issues that would otherwise not be permissible in an IPR. Since the PTAB's decision on a motion to amend may involve assessing prior art, patent eligibility, and written description issues, a denial can have a negative impact not only on the involved patent in the proceeding, but also on other patents with similar claims in the portfolio.

In sum, there are considerable pitfalls associated with filing motions to amend for patent owners, which should be taken into account when prosecuting patent applications. Patents with robust claim sets that include claims of varying scope can reduce the chance that a substitute claim will need to be submitted by motion in some future IPR or CBM. Provided a sufficient number of claims are prosecuted that are fully representative of the disclosure in the specification, it is more likely that any substitute claim that could be conceived of in the future is already covered. A patent owner's strategy in an IPR and CBM would then much more likely involve simply cancelling certain claims and arguing that the remaining claims are patentable over the prior art. The lack of a proposed substitute claim to analyze on motion would deny both the PTAB and the petitioner the chance of bringing nonprior art grounds into the IPR.

A significant added benefit of obtaining patents with robust claim sets is the increased cost associated with IPR and CBM challenges. Since petitions must be limited to 60 pages (IPR) or 80 pages (CBM and PGR), it has become commonplace strategically for petitioners to file multiple IPRs and CBMs against a single patent with numerous claims to ensure that the petitioner's arguments are fully developed.

For existing portfolios where issued patents lack robust claim sets, continuation and divisional applications should be prosecuted to shore up the deficiency. And to avoid patent owner estoppel (see 37 C.F.R. §42.73(d)(3)), which prohibits obtaining claims patentably indistinct from claims lost in an IPR or CBM, patent owners should consider using the various expedited prosecution options now available at the USPTO to ensure that as many

patents have issued as necessary to collectively represent a robust claim scope prior to receiving a final written decision in an IPR or CBM.

For portfolios composed only of issued patents where no applications remain pending, patent owners should consider the merits of filing one or more reissue applications. A thorough discussion of reissue strategy is beyond the scope of this article. However, an excellent review can be found in Longsworth, Covert and Smith, Patent Armoring Via Reissue Proceedings, Law360 (Sept. 16, 2014).

In sum, the realities associated the susceptibility of patents to challenge before the USPTO warrants revisiting traditional best practices for prosecuting patent applications.

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