

Update on PTO Post-Grant Proceedings and the PTAB

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PTAB Statistics

NUMBER OF AIA PETITIONS

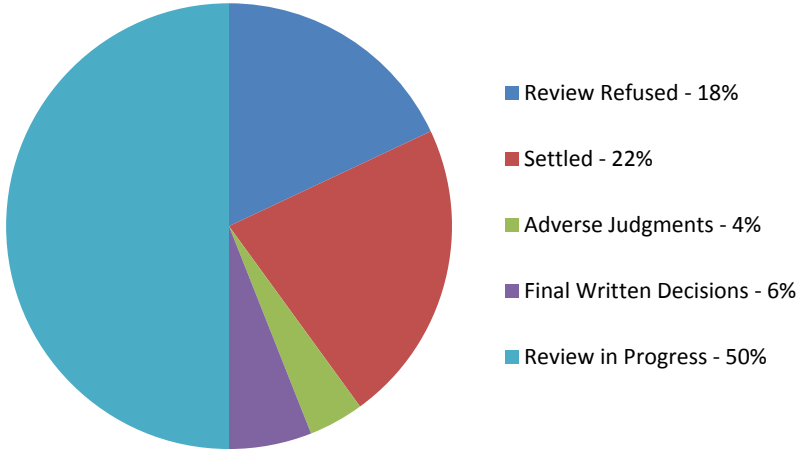
FY	Total	IPR	CBM	DER
2012	25	17	8	-
2013	563	514	48	1
2014	688	579	104	5
Cumulative	1,276	1,110	160	6

- FY = Fiscal Year, starting October 1st.
- Data as of April 24, 2014.

See "AIA Progress Statistics at

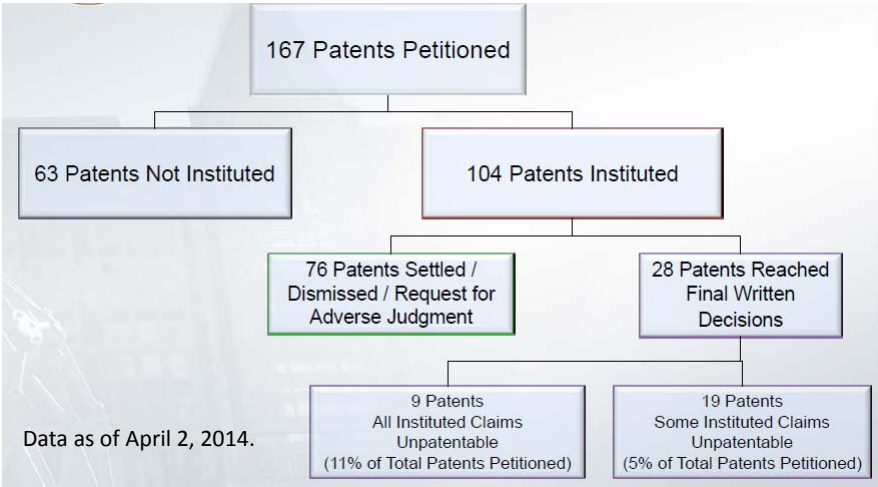
http://www.uspto.gov/ip/boards/bpai/stats/aia_trial_statistics.jsp

IPR Statistics After Initial PTAB Decision



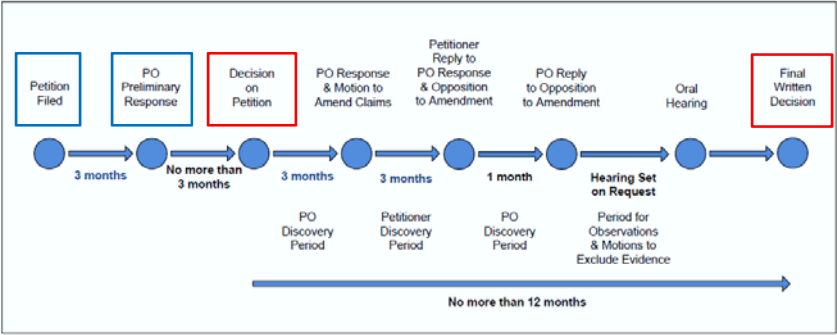
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IPR Statistics



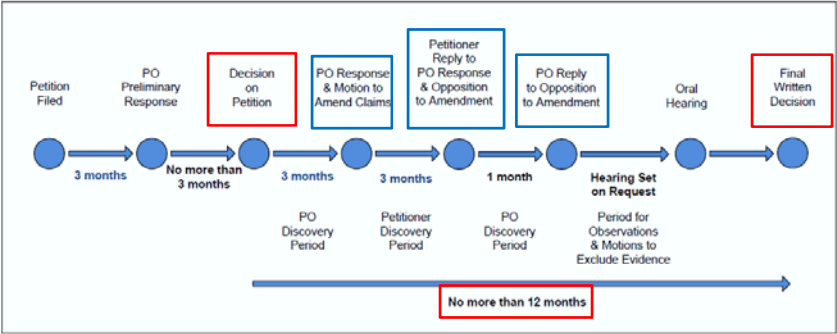
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18 Month PTAB Timeline



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18 Month PTAB Timeline



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1. The Petition

- Petitioner
 - Must act quickly
 - Especially if infringement litigation is pending or possible.
- Most evidence is submitted at the beginning of PTAB Proceedings
 - A detailed Petition,
 - Claim charts are required, and
 - Expert declarations are common.

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2. Initial Tactics of the Patent Owner

- Patent Owner
 - Must be prepared in advance, if possible,
 - Little time to prepare responses.
- First opportunity to respond to the Petition is the Preliminary Response
 - Opposing institution of proceeding
 - completely, and/or
 - in part
 - An opportunity to argue claim construction, which is “Broadest reasonable interpretation” (BRI) for non-expired patents
 - The PTAB’s use of this standard is controversial.

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PTAB Statistics

- Cumulative Patent Owner Preliminary Responses

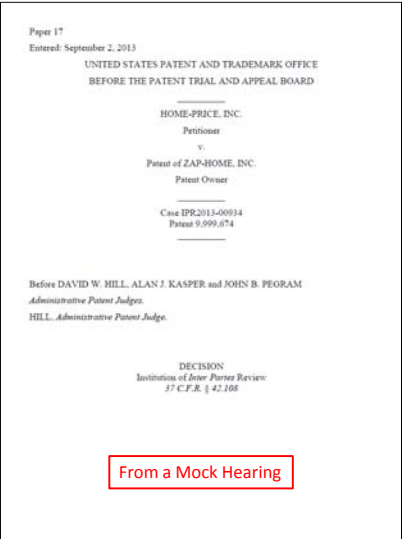
	Filed	Waived
IPR	595	188

- The Patent Owner waived in 24% of IPR cases.
- Question – Were the waivers missed opportunities or did the Patent Owners have nothing helpful to say?

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3. The Initial Decision

Institution of *Inter Partes* Review



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THRESHOLD: “a reasonable likelihood that the petitioner would prevail”

The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a) which provides as follows:

THRESHOLD -- The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

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Summary of the Invention

Summary of the Invention

The '674 Patent states (Ex. 1001, 1:9-12; emphasis added):

[The invention] is directed to the field of electronic commerce techniques, and, more particularly, to the field of electronic commerce techniques related to real estate.

As explained in the '674 Patent, it is difficult to determine accurately the value of real estate properties. The most reliable method for valuing a home, if it

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Summary of References and Alleged Grounds of Unpatentability

Prior Art References Applied by Petitioner

Home-Price challenges the patentability of claims 1-40 on the basis of the following prior art references:

US 5,857,174 ("Dugan")	Jan. 5, 1999	Ex. 1003
US 2005/0154657 A1 ("Kim")	Jul. 14, 2005	Ex. 1004

* * * *

The Alleged Grounds of Unpatentability

Home-Price contends the following grounds of unpatentability:

- a. Claims 1,2,5-10,13-18,25-27,29-33,35-37,39, and 40 are unpatentable under 35 U.S.C. § 103(a) as obvious over Dugan and Kim.
- b. Claims 2 and 15 are unpatentable under 35 U.S.C. § 102(b) as anticipated by Dugan.

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Findings of Fact

II. ANALYSIS

A. Findings of Fact

The following findings of facts are supported by a preponderance of the evidence.

1. Dugan

1. Dugan relates to a manual or computer-implemented method for appraising real estate. (Ex. 1003, 1:9-10.)
2. Dugan discloses that a primary object of its invention is to provide a real estate appraisal that is highly efficient and trustworthy and can be relied upon by sellers, buyers, appraisers, banks, investors, and the like. (Ex. 1003, 4:31-34.)
3. As shown below, Figure 3 of Dugan shows an exemplary appraisal process where, if the operator decides to appraise a subject property at step 32, the system will proceed in the manner of the flow chart in Figure 4. (Ex. 1003, 7:47-

49.)

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Claim Term Constructions

3. "Owner of a Home"

Home-Price set forth a claim construction of "owner of a home" as a "seller." (Pet. 12, 37, 40-41.) The Specification does use "seller" and "owner" interchangeably, for example, by mentioning only one of "seller" and "owner" opposite "buyer." (Ex. 1001, 1:21-22, 2:65-66; 4:6-7.) However, it is understood that not all home owners are necessarily selling their home. Accordingly, we construe "owner of a home" simply as what it says, *i.e.*, owner of a home, who may or may not be selling. If and when the owner is selling, then the owner is a seller. That is essentially no different from the position urged by petitioner, but only phrased more accurately.

* * *

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Grounds of Unpatentability Example 1 - Granted

C. 35 U.S.C. § 102(b) Grounds of Unpatentability-Claims 15 and 17 as

Anticipated by Dugan

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros., Inc. v. Union Oil Co.* 01 Cal. , 814 F.2d 628, 631 (Fed. Cir. 1987). Home-Price contends that claim 15 is unpatentable as anticipated by Dugan. (Pet. 3, 38-39.) We have considered Home-Price's arguments and supporting evidence. The arguments have merit. Zap-Home contends that Dugan does not disclose "obtaining user input adjusting at least one aspect of information about the distinguished home used in the

For the foregoing reasons, we conclude that there is a reasonable likelihood that Home-Price would prevail on showing that claims 15 and 17 are unpatentable as anticipated by Dugan.

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Grounds of Unpatentability

Example 2 – Redundant (Same Art)

2. Claim 15 as Unpatentable for Obviousness over Dugan and Kim

Home-Price contends that claim 15 is unpatentable for obviousness over Dugan and Kim (Pet. 3,28-29). However, Home-Price has not identified any feature of claim 15 that is missing from Dugan. (Pet. 28-29.) Given that Home-Price also has contended that claim 15 is anticipated by Dugan under 35 U.S.C. § 102, the ground of obviousness over Dugan and Kim is denied as redundant.

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Grounds of Unpatentability

Example 3 – Redundant (Different Art)

F. 35 U.S.C. § 102(b) Grounds of Unpatentability-Claims 2 and 15 as Anticipated by Hough

Home-Price contends that claims 2 and 15 are anticipated under 35 U.S.C. § 102(b) by Hough. (Pet. 39-42.) The ground is denied as redundant. We have determined above that Home-Price has demonstrated a reasonable likelihood that claim 2 is unpatentable for obviousness over Dugan and Kim, and that claim 15 is anticipated by Dugan..

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Grounds of Unpatentability

Example 4 - Denied

*6. Claims 3 and 4 as Unpatentable for Obviousness over
Dugan, Kim, and Khedkar*

* * * *

Home-Price has not demonstrated that a reasonable likelihood that it would prevail on the alleged ground that claims 3 and 4 of the '674 patent are unpatentable for obviousness over Dugan, Kim, and Khedkar.

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4. Claim Amendments

- Claim amendments may be offered by Motion to Amend, at the time of the Patentee's Response, following institution of the proceeding.
 - Only one opportunity to amend.
 - The number of claims cannot be increased without a showing of good cause.
 - Few amendments have been allowed by the PTAB thus far.
 - None allowed in an IPR
 - This is becoming a major point of policy concern for AIPLA and others.
- Preliminary Response or a Reissue application may be the best way to argue patentable distinctions.

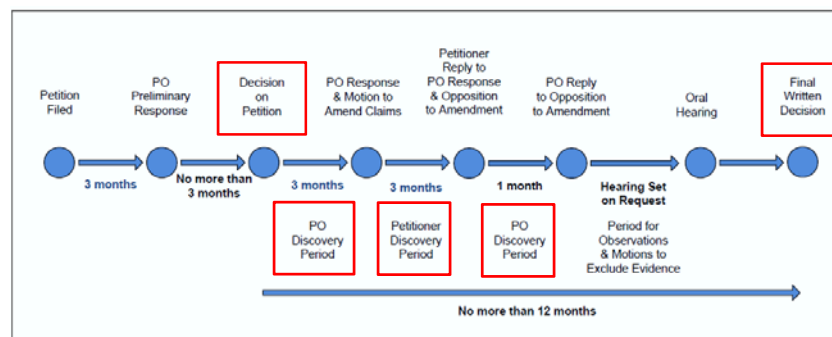
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Claim Amendments

- The Patentee must make a showing of **patentable distinction** over the prior art:
 - See *Idle Free Systems, Inc. v. Bergstrom, Inc.*, slip op. IPR2012-00027 (PTAB June 11, 2013)
- Petitioner can file an Opposition, rebutting patentability of the proposed substitute claims with **specific evidence and reasoning**
 - Opposition is not limited to prior art identified in original petition.

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5. Discovery Requests PTAB Timeline



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Four types of discovery

- Mandatory initial disclosures,
- Routine discovery,
- Additional discovery, and
- Discovery by agreement of the parties.

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Routine Discovery

The most important Routine Discovery is the cross-examination of the other sides' declarants

Much narrower scope than the of discovery in a court.

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Additional Discovery

- PTAB must authorize discovery beyond “routine discovery”
- The moving party must demonstrate that additional discovery sought is “in the interest of justice”
 - 35 U.S.C. § 316(a)(5) and 37 C.F.R. § 41.51(b)(2)
 - 5-part test for establishing “in the interest of justice” See *Garmin International Inc. v. Cuozzo Speed Technologies LLC*, slip. op. IPR2012-00001 (PTAB Mar. 5, 2013)
 - Essence of the test:
 - Helpful to the judges in deciding the issues
 - Not too burdensome

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6. Settlement

- Yes, you can settle a post grant proceeding;
- However, the PTAB has refused to end some AIA reviews that have reached an “advanced stage,” even though the parties had settled.
 - For example, *Interthinx v. Corelogic*, Case CBM2012-00007 (Jan. 30, 2014):
 - Settlement was after full briefing and before the hearing,
 - Only the Petitioner was dismissed,
 - The proceeding continued with the Patentee, and
 - All claims were eventually cancelled.

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7. Relationships with parallel litigation

Stays of District Court Cases

- As of March 11, 2014:
 - 112 motions to stay were granted (70%), and
 - 47 for stay were denied (30%)
 - Late request for stay,
 - Not all claims asserted in the litigation are in the PTAB, or
 - District judge is not convinced there is a likelihood the claims are unpatentable
- A frequently updated list of district court orders on motions to stay is provided at www.fishpostgrant.com/stays

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The main stay considerations

- Will a stay simplify the issues in question and streamline the trial?
- Will a stay or denial reduce the burden of litigation on the parties and on the court?

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7. Relationships with parallel litigation Estoppel

- The petitioner in an inter partes review of a claim in a patent that results a final written decision, or the real party in interest or privy of the petitioner, **may not assert** in district court or the ITC **any ground that the petitioner raised or reasonably could have raised** during that inter partes review. 35 U.S.C. 315(e)(2).
 - IPR filing statistics suggest that Petitioners are not very worried about estoppel.
 - It is unclear whether estoppel applies to grounds that the PTAB has refused to consider when instituting review.

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8. Appeals

- TTAB initial decision whether to review a patent is not reviewable.
- TTAB final written decisions are reviewable by appeal to the Court of Appeals for the Federal Circuit
 - No such appeals have been decided yet.

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Resources

- USPTO sites:
 - AIA Main: http://www.uspto.gov/aia_implementation/index.jsp
 - Inter Partes: http://www.uspto.gov/aia_implementation/bpai.jsp
 - PTAB: <http://www.uspto.gov/ip/boards/bpai/> & http://www.uspto.gov/ip/boards/bpai/PTAB_roundtable_slides.pdf
- F&R web sites:
 - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
 - General: <http://fishpostgrant.com/>
 - IPR: <http://fishpostgrant.com/inter-partes-review/>
 - PGR: <http://fishpostgrant.com/post-grant-review/>
 - Rules governing post-grant: <http://fishpostgrant.com/>

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Thank you



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