

# Understanding PTAB Trials: Key Milestones in IPR, PGR and CBM Proceedings

CHARLES R. MACEDO AND JUNG S. HAHM, AMSTER, ROTHSTEIN & EBENSTEIN LLP,  
WITH PRACTICAL LAW INTELLECTUAL PROPERTY & TECHNOLOGY

This Practice Note discusses key milestones in post-grant patentability challenges at the US Patent and Trademark Office under the Leahy-Smith America Invents Act (AIA). It reviews typical timelines and procedures at key milestones in inter partes review (IPR), post-grant review (PGR) and covered business method (CBM) patentability challenges before the Patent Trial and Appeal Board (PTAB).

Since the Leahy-Smith America Invents Act (AIA) went into effect in September 2012, accused patent infringers have a robust set of options available at the US Patent and Trademark Office (USPTO) to challenge issued patents before the Patent Trial and Appeal Board (PTAB). These challenges include:

- Inter partes review (IPR).
- Post-grant review (PGR).
- The transitional program for covered business method patent review (CBM), a subset of PGR.

As these proceedings become standard practice in patent disputes, understanding the typical timelines and procedures of a trial before the PTAB is essential. This Note discusses typical timelines and procedures and highlights important milestones in IPR, PGR and CBM proceedings.

For more information on the PTAB's trial practice rules, see *Practice Note, PTAB Trial Practice Rules* (<http://us.practicallaw.com/7-518-0120>).

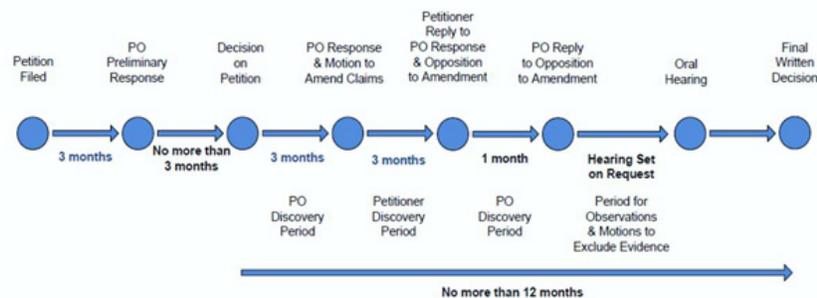
For a collection of representative PTAB decisions, see *Practice Note, USPTO America Invents Act Trial Tracker (PTAB)* (<http://us.practicallaw.com/2-569-3226>).

For a discussion of key aspects and differences between IPR, PGR and CBM proceedings, see *Practice Note, USPTO Post-prosecution Patentability Proceedings* (<http://us.practicallaw.com/9-553-6247>).

## TYPICAL TIMELINES FOR IPR, PGR AND CBM PROCEEDINGS

As part of implementing the AIA, in 2012 the USPTO issued final trial rules and a trial practice guide to provide guidance on the timelines, procedures and trial practice for post-issuance patent challenges under the AIA (see *77 Fed. Reg. 48612* (Aug. 14, 2012) (*37 C.F.R. §§ 42.1-42.80*) and *77 Fed. Reg. 48756*, (Aug. 14, 2012).)

The trial guide includes the following representative timeline of an IPR, PGR and CBM proceeding:



(*77 Fed. Reg. at 48757.*)

While the PTAB may deviate from this timeline in certain cases, it provides a useful guide and illustration of the key milestones of a PTAB proceeding.

## LENGTH OF PROCEEDINGS

Under the AIA, a PTAB proceeding is intended to move quickly. The AIA requires that the PTAB issue a final written decision on the patentability of any challenged claim within one year of instituting a trial. However, for good cause, the PTAB may extend this one-year statutory period by up to six months (*37 C.F.R. §§ 42.100(c), 42.200(c) and 42.300(c)*).

The PTAB generally adheres strictly to the one-year limit, but the one-year time limit:

- Does not begin until the PTAB issues a decision on whether to institute a trial (see *T-0: Decision on Institution*). This effectively extends a typical proceeding by up to six months, which is the typical amount of time the PTAB takes to decide whether to institute a trial (see *Pre-institution Proceedings*).
- May be adjusted by the PTAB in the case of joinder of multiple proceedings.
- Applies only to proceedings before the PTAB. If a party appeals a PTAB final written decision to the US Court of Appeals for the Federal Circuit, the entire review process may last several years, including:
  - 18 to 24 months for the PTAB proceeding, including a request for rehearing of the PTAB's final written decision; and
  - at least one year for an appeal before the Federal Circuit, which does not take into account other delays in the appeal process, such as requests for rehearing and rehearing en banc, as well as petitions for certiorari to the US Supreme Court or remands back to the PTAB (see *Appeal to the Federal Circuit*).

The PTAB does not issue a certificate confirming patentability or cancelling challenged claims until all proceedings, including any appeals, are exhausted (see *Issuance of Certificate*).

## PRE-INSTITUTION PROCEEDINGS

Pre-institution milestones in an IPR, PGR or CBM proceeding include:

- Filing the petition for review (see *T-6 Months: The Petition*).
- The parties' initial disclosures (see *T-6 Months to T-3 Months: Initial Disclosures*).
- The patent owner's optional preliminary response to the petition (see *T-3 Months: The Patent Owner's Preliminary Response (Optional)*).
- The PTAB's decision on whether to institute a trial of the challenged claims (see *T-0: Decision on Institution*).

## T-6 MONTHS: THE PETITION

### Petition Filed



The first step to commence any IPR, PGR or CBM is filing a petition identifying challenged claims and grounds of the patentability challenge. The petition's content is critical because it defines the broadest scope of the patentability challenge. The PTAB is unlikely to consider any unpatentability ground or supporting evidence not included in the petition.

### Petition Timing

An IPR petition may only be filed:

- For a patent having an effective filing date on or after March 16, 2013 (a patent filed under the AIA's "first-inventor-to-file" patent system), the later of:
  - nine months after the patent's issue or reissue date; or
  - the termination of any PGR of the patent.

- After the patent's issue date for a patent having an effective filing date before March 16, 2013 (a patent filed under the pre-AIA "first-to-invent" patent system).

(37 C.F.R. § 42.102(a).)

A **PGR** petition may only be filed within nine months after the patent's issue or reissue date for a first-inventor-to-file patent (37 C.F.R. § 42.202(a)). First-to-invent patents are not eligible for PGR.

A **CBM** petition may only be filed:

- For a first-inventor-to-file patent:
  - by the later of nine months after the patent's issue or reissue date or the termination of any PGR of the patent;
  - once the petitioner has been charged with infringing the patent; and
  - before September 16, 2020.
- For a first-to-invent patent:
  - once the petitioner has been charged with infringing the patent; and
  - before September 16, 2020.

(37 C.F.R. §§ 42.302(a) and 42.303.)

### Filing Limitations: The Declaratory Judgment Bar

The PTAB cannot institute an IPR, PGR or CBM review if the petitioner or real party in interest has already filed a declaratory judgment action challenging the validity of one or more of the challenged patent's claims (see 35 U.S.C. §§ 315(a), 325(a), AIA § 18 and *Securebuy, LLC v. CardinalCommerce Corp.*, CBM2014-00035, Paper 12, 2014 WL 1691559 (PTAB Apr. 25, 2014)).

The declaratory judgment bar is not triggered by a:

- Counterclaim or affirmative defense of invalidity in response to the patent owner's infringement claim.
- Suit for declaratory judgment of non-infringement.

(See, for example, *Ariosa Diagnostics v. Isis Innovation Ltd.*, IPR2012-00022, Paper 20, at 7, 2013 WL 2181162 (PTAB Feb. 12, 2013).)

### Filing Limitations: The IPR One-year Bar

The PTAB cannot institute an IPR based on a petition filed more than one year after the petitioner, real party in interest or privy of the petitioner is served with a complaint alleging infringement of the challenged patent (35 U.S.C. § 315(b)). The one-year bar is not triggered if the infringement complaint was filed with a court, but not served on the petitioner, more than one year before the IPR petition (see *Motorola Mobility LLC v. Arnouse*, IPR2013-00010, Paper 20, 2013 WL 2023657 (PTAB Jan. 30, 2013)). If the patent owner has served multiple complaints asserting the challenged patent against the petitioner, the PTAB will consider the first complaint's service date to determine whether the one-year bar has been triggered (see *Apple Inc. v. VirmetX*, IPR2013-00348, Paper 14, 2013 WL 8595302 (PTAB Dec. 13, 2013)).

The PTAB has also held that the IPR one-year bar is triggered even if the patent owner's complaint was later dismissed with prejudice (see *Universal Remote Control, Inc. v. Universal Elecs., Inc.*, IPR2013-00168, Paper 9, 2013 WL 5947708 (PTAB Aug. 26, 2013)).

### The Mandatory Notice Requirement

The petition must include a list of mandatory notices identifying:

- Each real party in interest.
- Any other related judicial or administrative matter that may affect or be affected by a decision in the proceeding.
- Lead and back-up counsel. Lead counsel should carefully identify back-up counsel because the PTAB may expect any identified back-up counsel to fill in if lead counsel is unavailable.
- Service information.

(37 C.F.R. § 42.8.)

The patent owner must file the same mandatory notices with the PTAB within 21 days of service of the petition (37 C.F.R. § 42.8(a)(2)).

If the information listed in a party's mandatory notices changes, the party must file revised mandatory notices with the PTAB within 21 days of the change (37 C.F.R. § 42.8 (a)(3)).

### Petition Content

Unlike a typical patent infringement complaint, a petition for IPR, PGR or CBM review requires more than notice pleading. Absent good cause, the PTAB strictly limits the petitioner to the patentability challenge grounds identified in the petition and the specific bases supporting those grounds. The petition therefore should conspicuously include detailed arguments and all evidence supporting the patentability challenges in the first instance, to the extent possible. The PTAB has generally not been receptive to arguments:

- Buried in a footnote or an expert declaration (see, for example, *Cisco Sys., Inc. v. C-Cation Techs., LLC*, IPR2014-00454, Paper 12, 2014 WL 4352301 (PTAB Aug. 29, 2014) (declining to consider arguments incorporated from expert declaration)).
- In claim charts, which the PTAB may reject if they include proposed construction, statements of law or detailed obviousness arguments. The PTAB has held, however, that citing an expert declaration in a claim chart, without more, is acceptable (see, for example *Google Inc. v. Visual Real Estate, Inc.*, IPR2014-01338, Paper 3 (PTAB Sept. 2, 2014)).

A petitioner generally must file a separate petition for each patent challenged. Each petition must include:

- A statement of the precise relief requested.
- A full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence, including material facts and the governing law, rules and precedent.
- A statement of material facts, with each fact stated in a separately numbered sentence including specific citations to the supporting portions of the record.

(37 C.F.R. § 42.22.)

The statement of the precise relief requested must specify:

- The statutory grounds of the challenge, including:
  - 35 U.S.C. §§ 102 or 103 in an IPR petition; and
  - 35 U.S.C. §§ 101, 102, 103 or 112 in a PGR or CBM petition.
- How the PTAB should construe each disputed claim.
- Where each claim element is found in the prior art.
- Specific citations to exhibit numbers for the supporting evidence.

(37 C.F.R. §§ 42.104, 42.204 and 42.304.)

The USPTO has identified the following "top 5" items a PTAB paralegal looks for to determine whether a petition for an IPR, CBM or PGR should be accorded a filing date as complete:

- Verification that the appropriate fee was successfully paid.
- Identification of the challenged patent and the specific claims being challenged.
- Identification of the real parties in interest.
- Copies of the patents and printed publications relied on in support of the petition.
- Verification that the patent owner was served with the petition (for example, a certificate of service).

The PTAB has encouraged petitioners to choose their best arguments for the petition and commonly rejects redundant or inferior arguments in favor of the strongest argument in the strongest petition filed against any given patent claim (see *Macauto U.S.A. v. BOS GmbH & KG*, IPR2012-00004, Paper 18, 2013 WL 5947694 (PTAB Jan. 24, 2013) and *Google Inc. v. Unwired Planet, LLC*, CBM2014-00006, Paper 11, 2014 WL 1396978 (PTAB Apr. 8, 2014)). The PTAB also may deny a petition in favor of stronger or better arguments made in a separate petition as to the same claims of the same patent (see, for example, *Medtronic, Inc. v. NuVasive, Inc.*, IPR2014-00487, Paper 8, 2014 WL 4594734 (PTAB Sept. 11, 2014)).

### Petition Page Limits

Petitions are limited to:

- 60 pages for IPRs.
- 80 pages for CBMs and PGRs.

(37 C.F.R. § 42.24.)

These page limits do not include pages needed for a table of contents, table of authorities, a certificate of service or appendices of exhibits (see 37 C.F.R. § 42.24 (a)). While these page limits may seem generous, when many claims, long claims or multiple grounds of challenge are involved, petitioners commonly file multiple petitions challenging the same patent, with each petition addressing different claims or different challenge grounds.

A petition may also include supporting declarations and other evidence, such as copies of the prior art relied on in the petition. However, the PTAB may ignore any arguments not conspicuously presented in the petition.

**Fee**

The fee for each petition can be substantial:

Type of Fee	IPR	CBM and PGR
<b>Request Fee</b>	\$9,000 (basic fee) plus \$200 (for each claim over 20)	\$12,000 (basic fee) plus \$250 (for each claim over 20)
<b>Post-institution Fee</b>	\$14,000 (basic fee) plus \$400 (for each claim over 15)	\$18,000 (basic fee) plus \$550 (for each claim over 15)
<b>Total</b>	\$23,000 plus excess claim fees	\$30,000 plus excess claim fees

(37 C.F.R. § 42.15(a) and (b).)

The petitioner must pay all fees up front at the time of filing. If the PTAB does not institute a trial or only institutes in part, the petitioner is entitled to a full or partial refund of the post-institution fee.

**T-6 MONTHS TO T-3 MONTHS: INITIAL DISCLOSURES**

**Mandatory Initial Disclosures: Agreement Reached**

Once the petition is filed, the parties may begin negotiating the scope of mandatory initial disclosures.

If the parties agree to the scope of initial disclosures, they must submit that agreement by the earlier of:

- The time the patent owner files its preliminary response.
- The preliminary response due date (T-3 months).

(37 C.F.R. § 42.51(a)(1)(i).)

If the PTAB institutes a trial within three months of the patent owner's preliminary response, the parties may automatically take discovery of the information identified in the initial disclosures (37 C.F.R. § 42.51(a)(1)(ii)).

If the parties agree to the scope of mandatory initial disclosures, they may choose:

- **Option 1.** This option is modeled after the Federal Rule of Civil Procedure (FRCP) 26(a)(1)(A) and requires a basic exchange of information, such as:
  - the names, addresses and telephone numbers of individuals likely to have discoverable information; and
  - copies of documents that a party may use to support its position.
- **Option 2.** This more extensive option includes:
  - the disclosures from Option 1;
  - additional contact information of individuals with knowledge of non-published prior art if the petition seeks to cancel claims based on a non-published disclosure; and

- additional information regarding secondary considerations of non-obviousness if the petition seeks to cancel claims based on obviousness.

(See *Trial Practice Guide*, 77 Fed. Reg. at 48762 and *Carestream Health, Inc. v. Smartplates, LLC*, IPR2013-00600, Paper 8 (PTAB Dec. 26, 2013) (<http://us.practicallaw.com/5-584-3446>) (agreement under Option 1).)

**Mandatory Initial Disclosures: No Agreement Reached**

It may be more likely that the parties will disagree on the scope of mandatory initial disclosures, in which case they must file a motion to obtain any additional discovery they seek (see 37 C.F.R. § 42.51(a)(2) and *Patent Owner Additional Discovery* and *Petitioner Additional Discovery*).

**T-3 MONTHS: THE PATENT OWNER'S PRELIMINARY RESPONSE (OPTIONAL)**



**Preliminary Response Timing**

The patent owner may elect to file a preliminary response to an IPR, PGR or CBM petition within three months of the PTAB's notice according a filing date to the petition (37 C.F.R. §§ 42.107(b) and 42.207(b)).

The preliminary response may either:

- Identify the reasons why the PTAB should not institute a trial (see *Preliminary Response Content*).
- State that the patent owner declines to respond to the petition (see *Trial Practice Guide*, 77 Fed. Reg. at 48757).

The PTAB must determine whether to institute a proceeding within three months of the patent owner's preliminary response or the preliminary response due date, whichever is earlier. The patent owner may therefore attempt to expedite the proceedings by waiving its preliminary response (37 C.F.R. §§ 42.107(b) and 42.207(b)). Waiving a preliminary response does not result in an adverse inference against the patent owner (see *Trial Practice Guide*, 77 Fed. Reg. at 48764).

**Preliminary Response Content**

A patent owner's preliminary response:

- Is limited to stating the reasons why the PTAB should not institute a trial.
- May present supporting evidence, but may not include new testimony, except as authorized by the PTAB.
- May not include any claim amendment.
- May disclaim challenged patent claims, which precludes review of those claims.

(37 C.F.R. §§ 42.107 and 42.207.)

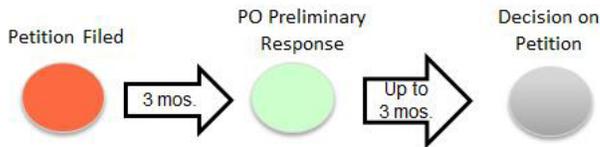
Patent owner preliminary responses commonly include arguments such as:

- The petitioner is statutorily barred from pursuing a review.
- The asserted references are not in fact prior art.
- The prior art:
  - lacks a material limitation present in all of the independent claims; or
  - teaches or suggests away from an obviousness combination that the petitioner is advocating.
- The petitioner's proposed construction of the challenged claims is unreasonable.
- A brief explanation of how the challenged claims are directed to a patent-eligible subject matter, if a PGR or CBM petition challenges patentability under 35 U.S.C. § 101.

(See *Trial Practice Guide*, 77 Fed. Reg. at 48764.)

The USPTO maintains updated statistics of patent owner preliminary responses and other filing rates on its *website*.

**T-0: DECISION ON INSTITUTION**



**Institution Timing**

The PTAB must determine whether to institute a trial within three months of the earlier of:

- The patent owner's preliminary response filing.
- The preliminary response due date.

(See *Trial Practice Guide*, 77 Fed. Reg. at 48757.)

**Institution Thresholds**

In its decision on institution, the PTAB identifies on a claim-by-claim basis the challenged claims and unpatentability challenges that will be part of the trial. The PTAB will only institute trial on challenged claims for which the petition has satisfied the threshold standard for instituting trial. The institution threshold differs across proceedings:

- For **IPR**, the petition and any preliminary response must show that there is a reasonable likelihood that the petitioner would prevail on at least one of the challenged claims (35 U.S.C. §314(a)).
- For **PGR**, the petition and any preliminary response must show that it is more likely than not (greater than 50%) that at least one of the challenged claims is unpatentable. The petition also may satisfy the "more likely than not" standard if it raises a novel or unsettled legal question that is important to other patents or patent applications (35 U.S.C. §324(a)).
- For **CBM**, as a subset of PGR, the petition and any preliminary response must show that it is more likely than not that at least one of the challenged claims is unpatentable (see AIA § 18). The challenged patent must also meet the definition of a covered business method patent, which is one that:

- claims a method or corresponding apparatus for performing data processing or other operations used in a financial product or service; and
- does not claim a technological invention (37 C.F.R. § 42.301).

The PTAB also considers whether the trial can be completed within the 18-month time period allowed by statute (see *Final Written Decision: Timing*).

**Representative Institution Decisions**

The USPTO has identified several representative institution decisions in which the PTAB:

- Conducted independent claim construction even though the patent owner had not challenged petitioner's proposed constructions (see *Microsoft Corp. v. ProxyConn, Inc.*, IPR2012-00026, Paper 17, 2012 WL 10703131 (PTAB Dec. 21, 2012)).
- Broadly defined a "covered business method" patent (see *SAP Am., Inc. v. Versata Dev. Grp., Inc.*, CBM2012-00001, Paper 36 (PTAB Jan. 9, 2013)).
- Did not adopt patent owner's claim construction positions taken in a related infringement litigation (see *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 15 (PTAB Jan. 9, 2013)).
- Refused to consider unpatentability arguments that were not clearly tied to the challenged claims (see *Microstrategy, Inc. v. Zillow, Inc.*, IPR2013-00034, Paper 22, 2013 WL 6327763 (PTAB Apr. 22, 2013) (on rehearing of institution decision)).

The USPTO website maintains a list of representative PTAB institution and other decisions on its website. For additional representative PTAB decisions, see *Practice Note, USPTO America Invents Act Trial Tracker (PTAB)* (<http://us.practicallaw.com/2-569-3226>).

**SEEKING REHEARING OF THE DECISION ON INSTITUTION**

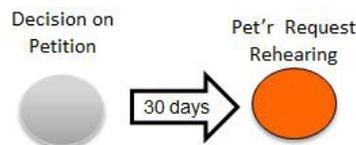
The PTAB's institution decision is final and nonappealable (35 U.S.C. §§ 314(d) and 324(e)). A party may, however, request a rehearing of an institution decision by a PTAB panel (see 37 C.F.R. § 42.71(d)). The PTAB is generally reluctant to grant rehearing requests, however, and a party requesting rehearing of an institution decision may face an uphill battle.

Separate timelines and procedures exist for seeking rehearing of a PTAB institution decision depending on whether the PTAB has:

- Declined to institute a trial on any challenged claim (see *Requesting Rehearing of a Decision Not to Institute a Trial*).
- Instituted a trial on at least one challenged claim (see *Requesting Rehearing of a Decision to Institute Trial for at Least One Claim*).

**REQUESTING REHEARING OF A DECISION NOT TO INSTITUTE A TRIAL**

**T+30 Days: Petitioner's Rehearing Request**



If the PTAB does not institute a trial, the petitioner may file a rehearing request, without the PTAB's prior authorization, within 30 days of the PTAB's entry of its decision (37 C.F.R. § 42.71(d)(2)). This differs from the 14 day period for seeking rehearing of a decision to institute a trial because a decision not to institute a trial is a final decision.

The petitioner bears the burden of proof in the rehearing request and a panel reviews the decision not to institute for an abuse of discretion (37 C.F.R. § 42.71(c) and *Trial Practice Guide*, 77 Fed. Reg. at 48768).

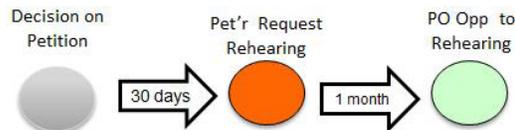
The rehearing request must specifically identify:

- All matters the PTAB misapprehended or overlooked.
- Where each matter was previously addressed in a motion, opposition or reply.

(See 37 C.F.R. § 42.71(d) and *MicroStrategy, Inc. v. Zillow, Inc.*, IPR2013-00034, Paper 23, at 3, 2013 WL 6327763 (PTAB Apr. 22, 2013).)

A petitioner may not present new evidence or arguments in a rehearing request without good cause (see *Larose Indus., LLC v. Choon's Design, LLC*, IPR2014-00218, Paper 14, at 5-6, 2014 WL 2741646 (PTAB June 16, 2014)).

**T+2 Months: Patent Owner's Opposition to Rehearing Request**



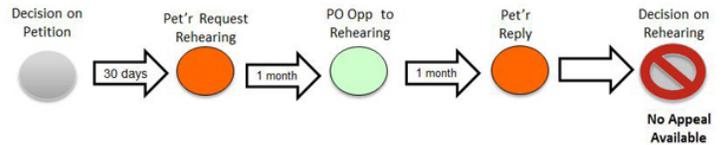
A patent owner's opposition to a rehearing request is due one month after service of the rehearing request (37 C.F.R. § 42.25). The patent owner must receive the PTAB's authorization to file an opposition (see *Trial Practice Guide* at 48768 and *Illumina Inc. v. The Tr. of Columbia Univ. in the City of New York*, IPR2012-00007, Paper 43, 2013 WL 8696617 (PTAB Apr. 17, 2013)). The PTAB may decline to consider any unauthorized patent owner response to a rehearing request (see *Sony Corp., v. Tissum Research Dev. Co. of the Hebrew Univ. of Jerusalem*, IPR2013-00219, Paper 33, 2013 WL 6514069 (PTAB Nov. 21, 2013)).

**T+3 Months: Petitioner's Reply**



If a patent owner submits an authorized opposition to a petitioner's rehearing request, the petitioner must obtain the PTAB's authorization to submit a reply brief in further support of its rehearing request. Any reply is due one month after the opposition (see 37 C.F.R. § 42.25 and *Sony Corp. v. Tissum Research Dev. Co. of the Hebrew Univ. of Jerusalem*, IPR2013-00219, Paper 33, 2013 WL 6514069 (PTAB Nov. 21, 2013)).

**Decision on Request for Rehearing after Denying Trial**



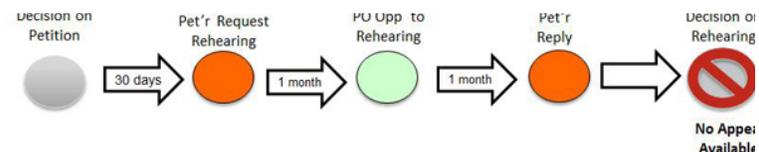
The PTAB determines whether to grant rehearing any time after the parties have either exhausted or been denied their requested rehearing filings.

Early PTAB decisions show that the PTAB has been reluctant to grant requests for rehearing of its institution decisions. In denying rehearing requests, the PTAB has emphasized that a rehearing petition must explain in detail what the PTAB misapprehended or overlooked regarding specific portions of the disclosed prior art.

One petitioner has successfully requested rehearing in three related IPRs, however, where it identified specific differences between two prior art publications and where the PTAB had instituted an IPR based on one of the publications but denied IPR as redundant as to the other. On request for rehearing, the PTAB agreed that the prior art publications were not redundant and modified the institution decision to include a patentability challenge based on both publications (see *Illumina Inc. v. The Tr. of Columbia Univ. in the City of New York*, IPR2012-00007, Paper 54, 2013 WL 8149386 (PTAB May 10, 2013) and *Illumina Inc. v. The Tr. of Columbia Univ.*, IPR2012-00006, Paper 43, 2013 WL 5653110 (PTAB May 10, 2013)).

Notably, in order to avoid the high hurdles of the rehearing request, petitioners that have been denied trial on all challenged claims have in some cases filed separate IPR petitions on the same patent and sought to join the proceedings through joinder motions (see, for example, *Samsung Elecs. Co., Ltd. v. Virginia Innovation Scis., Inc.*, IPR2014-00557, Paper 10, 2014 WL 2758771 (PTAB June 13, 2014)).

**No Appeal is Available**



While a party may request a rehearing of an institution decision, neither the decision nor a rehearing decision affirming non-institution is appealable to the Federal courts (see 35 U.S.C. §§ 314(d), 324(e) and *Dominion Dealer Solutions, LLC v. Lee*, No. 3:13-cv-699, 2014 WL 1572061 (E.D. Va. Apr. 18, 2014) aff'd 749 F.3d 1379 (Fed. Cir. 2014)).

**REQUESTING REHEARING OF A DECISION TO INSTITUTE TRIAL FOR AT LEAST ONE CLAIM**

**T+14 Days: Patent Owner Request for Rehearing on Decision to Institute Trial**



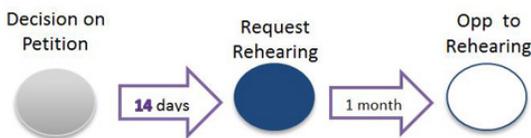
If the PTAB institutes a trial for at least one claim, the patent owner may request a rehearing of the institution decision and the petitioner may request a rehearing as to claims or unpatentability grounds for which the PTAB denied institution.

Because, unlike a decision not to institute a trial, a decision to institute an IPR is a non-final decision, a party must file any rehearing request within 14 days of the PTAB's entry of the decision (37 C.F.R. § 42.71(d)(1)).

As with a request for rehearing of a decision denying institution, the rehearing request must specifically identify all matters the PTAB misapprehended or overlooked and where the matter was previously addressed in the record (37 C.F.R. § 42.71(d) and *Trial Practice Guide*, 77 Fed. Reg. at 48768).

Absent a showing of good cause, the PTAB will not admit new evidence in a rehearing request that the parties did not raise in the pre-institution filings. For example, the PTAB has refused to consider rehearing exhibits not included in the patent owner's preliminary response, holding that a rehearing request is not an opportunity to supplement the parties' initial filings or raise new arguments (see *BAE Sys. Info. and Elec. Sys. Integration, Inc. v. Cheetah Omni, LLC*, IPR2013-00175, Paper 20, at 3, 2013 WL 5653116 (PTAB July 23, 2013)).

**T+1.5 Months: Opposition to Rehearing Brief**



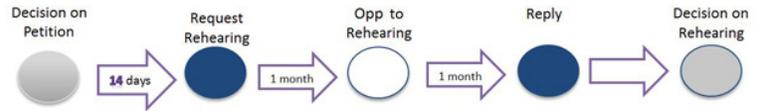
A party must receive the PTAB's authorization to file an opposition to a rehearing request (*Trial Practice Guide*, 77 Fed. Reg. at 48768). Any authorized opposition is due one month after service of the rehearing request (37 C.F.R. § 42.25).

**T+2.5 Months: Reply to Opposition Brief**



If a party files an authorized opposition to a rehearing request, the party seeking rehearing must receive the PTAB's authorization to file a reply within one month of service of the opposition (see 37 C.F.R. § 42.25).

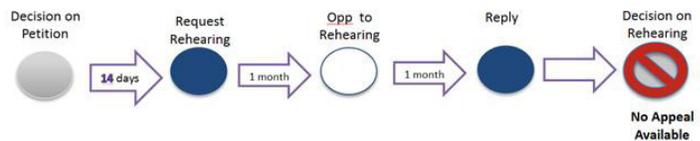
**Decision on Rehearing**



The PTAB determines whether to grant rehearing any time after the parties have either exhausted or been denied their requested rehearing filings. If no opposition is filed, the PTAB will likely decide the rehearing request one month after the rehearing request is filed (see *Trial Practice Guide*, 77 Fed. Reg. at 48768).

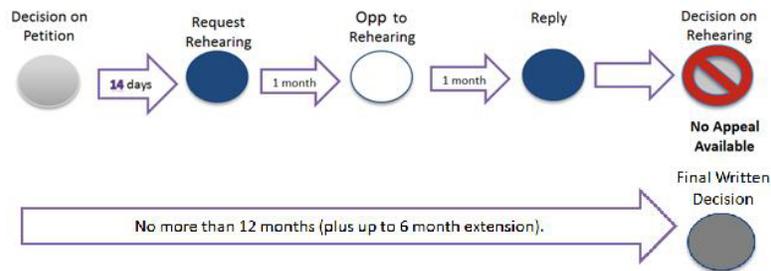
As with requests for rehearing of decisions not to institute trial, the PTAB has been reluctant to grant requests for rehearing of a decision to institute trial. However, in at least one case the PTAB has granted a patent owner's rehearing request where the patent owner specifically identified arguments in its preliminary response that the PTAB had overlooked in instituting trial (see *Veeam Software Corp. v. Symantec Corp.*, IPR2013-00142, Paper 17, 203 WL 8696284 (PTAB Sept. 30, 2013)).

**No Appeal is Available**



The PTAB's institution decision, including its decision on rehearing, is final and not appealable to the federal courts (see 35 U.S.C. §§ 314(d) and 324(e)).

**Proceeding on Instituted Claims Continues in Parallel**



Because the PTAB must enter a final written decision within one year of instituting trial, unless that time is extended by up to six months for good cause, a request for rehearing of a decision to institute trial will not toll the deadlines for other actions in the proceedings (see 37 C.F.R. § 42.71(d)). The trial proceedings will therefore continue in parallel with any rehearing proceedings.

**POST-INSTITUTION PROCEEDINGS LEADING TO THE HEARING**

Once the PTAB has issued an order to institute a trial on at least one claim, the trial proceeds with the following key milestones:

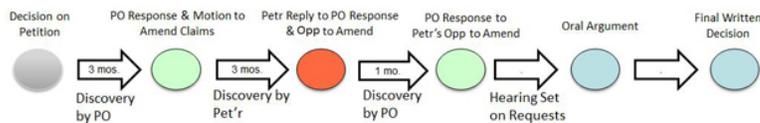
- Entry of a Scheduling Order and an initial conference call with the PTAB (see *T-0 Months: Entry of Scheduling Order and Initial Conference Call*).

- Discovery by the patent owner (see *T-0 to T+3 Months: Discovery by Patent Owner*).
- The patent owner's response to the petition and motion to amend claims (see *T+3 Months: Patent Owner Response and Motion to Amend Claims*).
- Discovery by the petitioner (see *T+3 Months to T+6 Months: Discovery by Petitioner*).
- The petitioner's reply in response to the patent owner's opposition and the petitioner's opposition to the patent owner's motion to amend (see *T+6 Months: Petitioner Reply to Patent Owner Response and Opposition to Motion to Amend*).
- A second discovery period by the patent owner (see *T+6 Months to T+7 Months: Second Patent Owner Discovery Period*).
- The patent owner's reply to the petitioner's opposition to the motion to amend (see *T+7 Months: Patent Owner Reply to Petitioner's Opposition to Motion to Amend*).
- Pre-hearing proceedings (see *Pre-hearing Proceedings*).
- Oral argument (see *Oral Argument*).
- The PTAB's final written decision (see *Final Written Decision*).

**T-0 Months: Entry of Scheduling Order and Initial Conference Call**

If the PTAB institutes trial, it will enter a scheduling order along with its institution decision (see *Trial Practice Guide, 77 Fed. Reg. at 48757*). Within one month of instituting trial, the PTAB initiates a conference call with the parties to discuss the scheduling order and any motions the parties anticipate filing during the trial (see *Trial Guide, 77 Fed. Reg. at 48765*). The PTAB generally requires a list of the parties' proposed motions, if any, at least two business days before the conference call to provide the parties adequate notice to prepare for the conference call. The PTAB may require prior authorization if a party seeks to file any motion not included in the pre-conference list of proposed motions (see *Trial Guide, 77 Fed. Reg. at 48765*).

The scheduling order guides the proceedings to their conclusion within the statutory one-year time limit, unless an extension of up to six months is granted for good cause by the Chief Administrative Patent Judge or if the schedule is adjusted by the PTAB in the case of joinder (37 C.F.R. §§ 42.100(c), 42.200(c) and 42.300(c)).



The trial practice guide provides an exemplary scheduling order that includes the following important default deadlines:

- DUE DATE 1:** Patent owner discovery, response to the petition and authorized motion to amend (three month default time).
- DUE DATE 2:** Petitioner discovery, reply to the patent owner's response and opposition to patent owner's motion to amend (three month default time).
- DUE DATE 3:** Patent owner discovery and reply to the petitioner's opposition (one month default time).
- DUE DATE 4:** Petitioner motion for observation regarding cross-examination of reply witness, motion to exclude evidence, and

request for oral argument (three week default time).

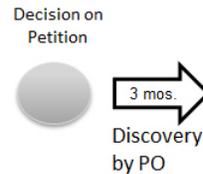
- DUE DATE 5:** Patent owner response to observation and opposition to motion to exclude (two week default time).
  - DUE DATE 6:** Reply to opposition to motion to exclude (one week default time).
  - DUE DATE 7:** Oral argument (on request).
- (See *Trial Practice Guide, 77 Fed. Reg. at 48769*.)

The parties may to stipulate different dates for DUE DATES 1-5, but may not stipulate to an extension of DUE DATES 6-7 (see *Trial Practice Guide, 77 Fed. Reg. at 48769*).

The USPTO has identified several cases with representative scheduling orders similar to the example above, including:

- Microsoft Corp. v. Proxycorn, Inc., IPR2012-00026, Paper 18 (PTAB Dec. 21, 2012).*
- SAP Am., Inc. v. Versata Dev. Grp., Inc., CBM2012-00001, Paper 37 (PTAB Jan. 9, 2013).*
- Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC, IPR2012-00001, Paper 16 (PTAB Jan. 9, 2013).*

**T-0 to T+3 Months: Discovery by Patent Owner**



Once the PTAB institutes trial, discovery proceeds in a sequenced fashion between the patent owner and the petitioner. During the first three months after the PTAB institutes trial, the patent owner may conduct discovery including deposing (cross-examining) the petitioner's declarants (see *Trial Practice Guide, 77 Fed. Reg. at 48757*). Unlike district court litigation, discovery in a PTAB trial is focused on what the parties actually need and narrows in scope as the trial continues (see *Trial Practice Guide, 77 Fed. Reg. at 48761*).

Discovery includes:

- The information the parties exchange through agreed-upon initial disclosures and mandatory notices (see *T-6 Months to T-3 Months: Initial Disclosures*).
- Routine discovery (see *Routine Discovery*).
- Additional discovery (see *Patent Owner Additional Discovery*).

(37 C.F.R. § 42.51.)

**Routine Discovery**

Routine discovery includes:

- Production of any exhibit cited in a paper or testimony.
- Cross-examination of the opposing party's declarants.
- Relevant information that is inconsistent with a position advanced during the proceeding.

(37 C.F.R. § 42.51(b).)

The parties may obtain routine discovery without PTAB authorization and the scheduling order typically specifies the times for conducting routine discovery (see *Trial Practice Guide at 48761*).

### Patent Owner Additional Discovery

If the patent owner seeks more than routine discovery, it typically must file a motion for additional discovery (see 37 C.F.R. § 42.51(b)(2)). The parties also may agree to conduct additional discovery, but this rarely occurs.

The PTAB's standard for granting additional discovery depends on the proceeding type. In an IPR, the moving party must show that additional discovery should be allowed in the "interests of justice." In a PGR or CBM proceeding, a more liberal "good cause" standard applies. The PTAB normally grants additional discovery of information that is in the exclusive possession of a party and relevant to an issue that the party raised (see *Trial Practice Guide, 77 Fed. Reg. at 48761*).

The PTAB has generally considered the following five factors, known as the "Garmin factors," to determine whether to grant a motion for additional discovery in an IPR proceeding under the "interests of justice" standard:

- Is there more than a possibility and mere allegation that something useful might be found?
- Does the request merely seek early identification of the opponent's litigation position?
- Can the party requesting discovery generate equivalent information through other means?
- Are the instructions easily understandable?
- Are the requests overly burdensome to answer?

(See *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC, IPR2012-00001, Paper 20, at 2-3, 2013 WL 8696519 (PTAB Feb. 14, 2013)* (<http://us.practicallaw.com/9-584-2906>).

In early trials, the PTAB has been stringent in applying the Garmin factors and has denied most requests for additional discovery. The PTAB has, however, granted a patent owner's request for additional discovery of laboratory notebooks in the petitioner's possession where the petitioner's expert suggested that the details of procedures disclosed in the notebooks demonstrated unpatentability (see *Corning Inc. v. DSM IP Assets B.V., IPR2013-00043, Paper 27, 2013 WL 8699246 (PTAB June 21, 2013)*). The PTAB has also granted a patent owner's motion for additional discovery concerning real parties in interest that the petitioner did not identify in its petition (see *Atlanta Gas Light Co. v. Bennett Regulator Guards, Inc., IPR2013-00453, Paper 40, at 2, 2013 WL 1622746 (PTAB April 23, 2014)* (<http://us.practicallaw.com/9-584-2708>)).

### Objections to Evidence and Answers to Objections

Once the PTAB has instituted a trial, a party must raise any objection to the opposing party's deposition or other submitted evidence within five business days of service of the evidence or risk waiver (37 C.F.R. § 42.64(b)(1)). Any objection to evidence must particularly and clearly identify the grounds for the objection to allow the opposing party to correct the evidence by filing supplemental evidence.

Following an objection to evidence, the party that submitted the evidence may respond by filing supplemental evidence within ten business days of service of the objection (37 C.F.R. § 42.64(b)(2)).

If a party objects to evidence submitted before institution of a trial, the objection must be served within ten business days of the institution of trial (37 C.F.R. § 42.64(b)(1)). The objection is preserved by filing a motion to exclude the evidence once the time for taking discovery in the trial has ended (*Trial Practice Guide, 77 Fed. Reg. at 48758*). The scheduling order sets the deadline for filing the motion to exclude (*Trial Practice Guide, 77 Fed. Reg. at 48767*).

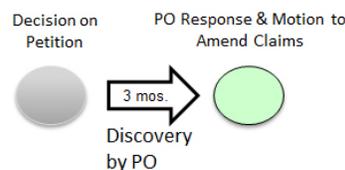
Admissibility of evidence is generally governed by the Federal Rules of Evidence (37 C.F.R. § 42.61).

### Depositions (Cross-examination)

Routine discovery permits the parties to depose (cross-examine) the opposing party's declarants. A party seeking a deposition must file a notice at least ten business days before the deposition (37 C.F.R. § 42.53(d)(4)). The content, logistics and form of the testimony are governed by 37 C.F.R. § 42.53.

Unless the parties agree otherwise, cross-examination should take place after any supplemental evidence is due and should conclude more than one week before the filing date for any paper in which the parties expect to cite the cross-examination testimony (37 C.F.R. § 42.53(d)(2)).

### T+3 MONTHS: PATENT OWNER RESPONSE AND MOTION TO AMEND CLAIMS



Within three months of the institution decision, the patent owner may file a response and motion to amend the instituted patent claims (35 U.S.C. 316(a)(8) and 35 U.S.C. 326(a)(8); 37 C.F.R. §§ 42.120 and 42.220). Unlike the patent owner's preliminary response (see *T-3 Months: The Patent Owner's Preliminary Response*), in its post-institution response the patent owner may substantively refute the patentability challenges raised in the petition and institution decision.

### Patent Owner Response Content

The patent owner's response should include arguments for all claims that are believed to be patentable as well as any affidavits or additional factual evidence on which the patent owner intends to rely, with an explanation of the evidence's relevance (*Trial Practice Guide, 77 Fed. Reg. at 48766*). If a patent owner chooses not to file a response, it may request a conference call with the PTAB to discuss whether the patent owner will file a request for adverse judgment under 37 C.F.R. § 42.73(b).

A patent owner may request adverse judgment for strategic reasons. For example, in *ZTE Corp. v. ContentGuard Holdings Inc.*, the patent owner filed a request for adverse judgment and cancellation of all instituted claims where the petitioner moved to join two IPR petitions against claims the patent owner had asserted against it in a related litigation. The second IPR petition was time barred by 35 U.S.C. § 315(b) and, because the PTAB granted the patent owner's adverse judgment on the first petition, it then denied the petitioner's joinder request because there was no pre-existing proceeding to which the second, time-barred petition could be joined. This precluded review of the challenged claims in the second petition (see *IPR2013-00454, Paper 12, 2013 WL 6514088 (PTAB Sept. 25, 2013)*).

As with the petition, the patent owner's response is limited to 60 pages in an IPR proceeding and 80 pages in a PGR or CBM proceeding (37 C.F.R. §42.24(b)).

**Motion to Amend Claims**

A patent owner may file a motion to amend instituted claims, which is typically due three months after a trial is instituted along with the patent owner's response to the petition (37 C.F.R. § 42.121(a) and 42.221(a)). The patent owner does not need the PTAB's permission to file an initial motion to amend, but must confer with the PTAB before filing the motion to give the parties guidance on how the motion to amend may affect the schedule. The PTAB may modify the motion to amend's due date if the patent owner gives the PTAB and opposing party adequate notice.

A motion to amend:

- May not enlarge claim scope or add new matter.
- Must clearly identify the support for the amended claims in the original patent disclosure.

(See 35 U.S.C. §§ 316(d)(3), 326(d)(3) and *Munchkin, Inc., v. Luv N' Care, LTD.*, *IPR2013-00072, Paper 28, 110 U.S.P.Q.2d 1580 (PTAB Apr. 21, 2014)*.)

In determining whether to grant a motion to amend, the PTAB also considers:

- Whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend.
- The time remaining for the trial.
- Whether the additional evidence was known to the patent owner before the motion to amend was due.

(See *Trial Practice Guide, 77 Fed. Reg. at 48766*.)

In some cases, the patent owner may seek to file an additional motion to amend as the trial progresses. To do so, the patent owner must request the PTAB's authorization and show good cause for the additional amendment (37 C.F.R. § 42.121(c) and 42.221(c)). The PTAB has authorized a supplemental motion to amend where the parties submitted a joint request for a supplemental amendment to advance settlement (see *Nichia Corp. v. Emcore Corp.*, *IPR2012-00005, Paper 27, at 4 (PTAB Jun. 3, 2013)*).

A patent owner also may request to substitute new claims for the claims that are the subject of the trial. In *Idle Free Systems, Inc. v. Bergstrom, Inc.*, the PTAB rejected the patent owner's motion to substitute claims and set out guidelines that a patent owner must meet to substitute claims in an IPR proceeding, holding that:

- There is a rebuttable presumption that only one substitute claim would be needed to replace each challenged claim.
- The substitute claim may only narrow the claim it replaces, and the patent owner should specifically identify the feature or features added to each substitute claim.
- The burden is on the patent owner to show a patentable distinction over the prior art of record and other prior art known to the patent owner by:
  - showing that the claims are distinguishable over the prior art by identifying features, technical facts and reasoning supporting the features; and
  - providing a proposed claim construction for the substitute claims that supports patentability over the prior art of record and other prior art known to the patent owner.

(See *IPR2012-00027, Paper 26, 2013 WL 8705538 (PTAB June 11, 2013)*.)

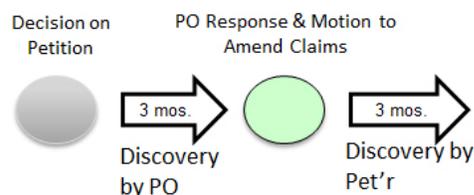
The PTAB has rejected a patent owner's motion to substitute claims, holding that:

- The patent owner did not clearly identify the written description support from the original specification for each proposed substitute claim.
- Merely indicating where the original disclosure supports each individual claim limitation may be insufficient to show support for the claimed subject matter as a whole.

(See *Nichia Corp. v. Emcore Corp.*, *IPR2012-00005, Paper 27, at 4, 2013 WL 8352845 (PTAB Jun. 3, 2013)*.)

The PTAB has granted the federal government's uncontested motion to amend and confirmed patentability where the prior art did not provide a reason to modify the prior art with a reasonable expectation of success of achieving the claimed compound (see *Int'l Flavors & Fragrances Inc. v. United States*, *IPR 2013-00124, Paper 12, at 16, 2014 WL 2120542 (PTAB May. 20, 2014)*).

**T+3 MONTHS TO T+6 MONTHS: DISCOVERY BY PETITIONER**



After the patent owner has filed any response to the petition or motion to amend the claims, the petitioner is typically given three months to conduct routine discovery, including deposing the patent owner's declarants (see *Trial Practice Guide, 77 Fed. Reg. at 48757*).

Like the patent owner, the petitioner also may attempt to agree to additional discovery with the patent owner or, if necessary, file a motion for additional discovery (see *Trial Practice Guide, 77 Fed. Reg. at 48761*).

**Petitioner Additional Discovery**

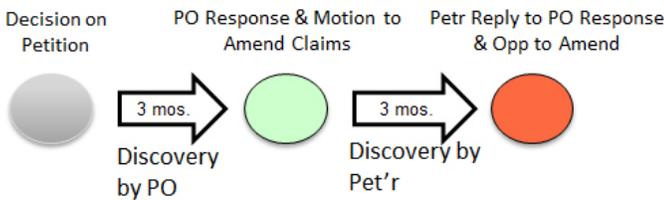
In requesting additional discovery, the petitioner faces difficulties similar to those faced by the patent owner (see *Patent Owner Additional Discovery*). The PTAB has been stringent in applying the five Garmin factors and reluctant to grant petitioners' requests for additional discovery.

The PTAB has, however, granted a motion for additional discovery of e-mails between two experts concerning prior art where the experts' testimony showed more than a mere possibility that something useful may be uncovered by examining the e-mails (see *Apple Inc. v. Achates Reference Publ'g, Inc., IPR2013-00080, Paper 66, 2014 WL 840502 (PTAB Jan. 31, 2014)*).

**Objections to Evidence and Depositions and Cross-examination**

The same guidelines that apply to patent owners for objections to evidence and depositions and cross-examination apply to petitioners (see *Objections to Evidence and Answers to Objections and Depositions and Cross-examination*).

**T+6 MONTHS: PETITIONER REPLY TO PATENT OWNER RESPONSE AND OPPOSITION TO MOTION TO AMEND**



The scheduling order may provide up to three months for the petitioner to reply to any patent owner response and oppose any patent owner motion to amend (see *Trial Practice Guide, 77 Fed. Reg. at 48757 and 37 C.F.R. §§ 42.120 and 42.220*).

**Reply to Patent Owner's Response Content**

A petitioner's reply to a patent owner's response must be directed only to those arguments raised in the response (see *37 C.F.R. § 42.23 and Trial Practice Guide, 77 Fed. Reg. at 48767*). The PTAB does not consider new issues raised for the first time in the petitioner's reply.

**Opposition to Motion to Amend**

A petitioner may file an opposition to a motion to amend without the PTAB's authorization. The opposition may respond to new patentability issues arising from the patent owner's proposed substitute claims (*35 U.S.C. 316(a) and 326(a) and Trial Practice Guide, 77 Fed. Reg. at 48767*).

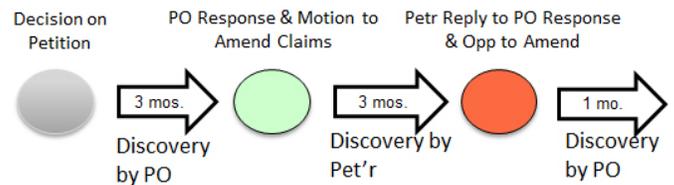
In opposing a patent owner's motion to amend, petitioners commonly argue that the motion to amend:

- Fails to respond to a ground of unpatentability involved in the trial.
- Broadens the scope of the claims.
- Introduces new subject matter not supported by the original disclosure.

(See *37 C.F.R. § 42.121(a)(2) and 42.221(a)(2)*.)

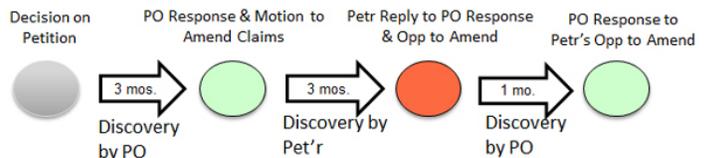
A petitioner opposing a motion to amend may also emphasize that the burden is on the patent owner to show a patentable distinction over the prior art of record and other prior art known to the patent owner, not on the petitioner to show unpatentability (see *Idle Free Sys., Inc. v. Bergstrom, Inc., IPR2012-00027, Paper 26, 2013 WL 8705538 (PTAB Jun. 11, 2013)*).

**T+6 MONTHS TO T+7 MONTHS: SECOND PATENT OWNER DISCOVERY PERIOD**



After the petitioner has filed any reply to the patent owner's response and any opposition to the patent owner's motion to amend, the patent owner typically has one month to conduct any further discovery relating to the petitioner's opposition, including deposing the petitioner's declarants (see *Trial Practice Guide, 77 Fed. Reg. at 48757-48758 and Respironics, Inc., v. Zoll Med. Corp., IPR2013-00322, Paper 26, at 3 (May 7, 2014)*).

**T+7 MONTHS: PATENT OWNER REPLY TO PETITIONER'S OPPOSITION TO MOTION TO AMEND**



The patent owner typically has one month to file any reply to the petitioner's opposition to a motion to amend (*37 C.F.R. § 42.23(b) and 37 C.F.R. § 42.25(a)(2)*). The patent owner's reply may only respond to those arguments raised in the petitioner's opposition.

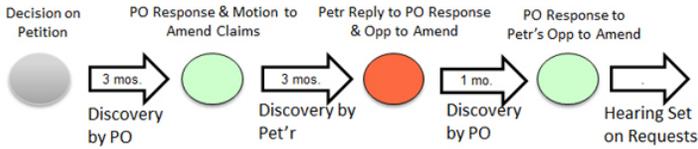
Practitioners filing a reply in support of a motion to amend should note that the patent owner bears the burden of proving patentability and should specifically address each of the petitioner's arguments in its opposition. The PTAB has denied a patent owner's motion to amend where its motion to amend and reply:

- Failed to discuss:
  - the level of ordinary skill in the art; or
  - prior art not of record known to the patent owner.
- Limited the bases for its motion to amend to references identified in the petition.

- Provided only conclusory remarks on the new references and combinations of references raised in the petitioner's opposition to the motion to amend.

(See *Larose Indus., LLC v. Capriola Corp.*, IPR2013-00120, Paper 37, at 37, 2014 WL 2965701 (June 26, 2014).)

**PRE-HEARING PROCEEDINGS**



**Motions to Exclude**

Following any authorized patent owner reply in support of a motion to amend, either party may challenge submitted evidence to which it has objected by filing a motion to exclude the evidence (see 37 C.F.R. § 42.64 and *Objections to Evidence and Answers to Objections*).

The scheduling order typically sets the deadline for filing motions to exclude at three weeks after the patent owner's reply in support of its motion to amend. Any opposition to a motion to exclude is typically due two weeks later and any reply to the opposition is due one week after that (see *Trial Practice Guide, 77 Fed. Reg. at 48769*).

A motion to exclude evidence must:

- Identify where in the record the objection originally was made.
- Identify where in the record the evidence sought to be excluded was relied on by an opponent.
- Address objections to exhibits in numerical order.
- Explain each objection.

(See *Trial Practice Guide, 77 Fed. Reg. at 48767*.)

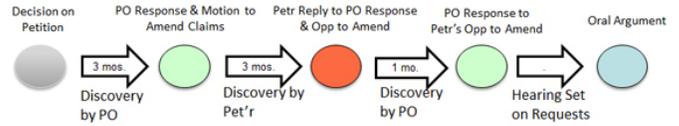
The PTAB has denied in part a patent owner's motion to exclude that did not specifically identify the evidence it sought to exclude or where in the record the petitioner relied on the evidence (see *Corning Inc. v. DSM IP Assets B.V.*, IPR2013-00050, Paper 77, at 49-50, 2014 WL 1783280 (May 1, 2014)).

**Observation on Cross-examination**

If relevant cross-examination occurs after a party has filed its last substantive paper on an issue, a party may call the cross-examination testimony to the PTAB's attention by filing an observation on cross examination. The observation should concisely state the relevance of the identified testimony to an identified argument or portion of an exhibit (see *Trial Practice Guide, 77 Fed. Reg. at 48767-68*).

If a petitioner files a motion for observation regarding cross-examination of the patent owner's reply witness, the motion is due three weeks after the patent owner's reply to the petitioner's opposition. The patent owner's response to the observation is then due two weeks later (see *Trial Practice Guide, 77 Fed. Reg. at 48769*).

**ORAL ARGUMENT**



Once the parties have filed all motions and briefs, a party may request oral argument on an issue raised in a brief (37 C.F.R. § 42.70 and *Trial Practice Guide, 77 Fed. Reg. at 48758*). The scheduling order usually sets the time for requesting an oral argument, but the request may be modified on a case-by-case basis.

The PTAB generally hears the petitioner first, followed by the patent owner and then any petitioner rebuttal. The PTAB may modify this order according to the needs of the case. The parties may only rely on previously submitted evidence and may not introduce new evidence at the oral argument (see *Trial Practice Guide, 77 Fed. Reg. at 48768*).

A representative hearing order for CBM cases was presented in *SAP America v. Versata Development Group*. There, the PTAB stated that when the hearing regards unpatentability under 35 U.S.C. § 101 and associated issues, the procedure should be that:

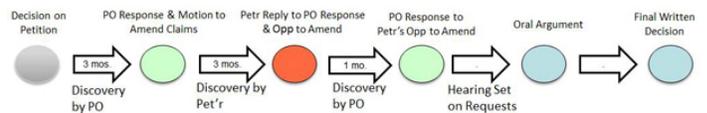
- Each party is given 60 minutes total to present its case.
- Because the petitioner bears the ultimate burden of proving the claims at issue unpatentable, the petitioner presents its arguments first followed by the patent owner.
- The parties may reserve time for rebuttal arguments.

(*CBM2012-00001 (MPT)*, Paper 61, at 2, 2013 WL 5947672 (PTAB Apr. 8, 2013).)

The USPTO publicly broadcasts the oral argument due to the strong public policy interest in making all information presented in a covered business method patent review public because the patentability of claims in an issued patent affect the public's rights.

The parties must serve any demonstrative exhibit they intend to use at the hearing at least five business days before the hearing and file them with the USPTO before the hearing (37 C.F.R. § 42.70(b)).

**FINAL WRITTEN DECISION**



**Timing**

The PTAB must enter a final written decision no later than one year after instituting trial. The Chief Administrative Patent Judge may extend the one-year period in a case for good cause (35 U.S.C. §§ 316(a)(11) and 326(a)(11)). Unlike the PTAB's decision on whether to institute trial, a party may appeal the final written decision to the Federal Circuit (see *Appeal to the Federal Circuit*).

The USPTO maintains *final written decision statistics* on its website.

## Cancellation of Claims

In its final written decision, the PTAB may cancel all or some of the reviewed claims based on the permissible patentability challenges for each type of proceeding. In an IPR, the PTAB may cancel claims as anticipated under 35 U.S.C. § 102 or obvious in view of prior art under 35 U.S.C. § 103 (see, for example, *Illumina Inc. v. Columbia Univ.*, IPR2012-00006, Paper 128, 2014 WL 1252940 (PTAB Mar. 6, 2014) (cancelling claims as obvious and denying the patent owner's motion to amend) and *Intellectual Ventures Mgmt. LLC v. Xilinx*, IPR2012-00018, Paper 35, 110 U.S.P.Q.2d 1346 (PTAB Feb. 10, 2014) (same)).

In PGR and CBM reviews, the PTAB may cancel claims as anticipated or obvious, failing to claim patent eligible subject matter under 35 U.S.C. § 101 or failing to satisfy the enablement or written description requirements of 35 U.S.C. § 112.

While the PTAB has cancelled all challenged claims in most of its early IPR and CBM decisions, some challenged claims have survived a trial (see, for example *ABB Inc. v. Roy-G-Biv Corp.* IPR2013-00062, IPR2013-00282, Paper 84, at 3, 2014 WL 1478218 (PTAB Apr. 11, 2014) (surviving obviousness challenge because petitioner's expert did not directly address missing elements from the prior art references) and *Avaya Inc. v. Network-1 Sec. Solutions, Inc.*, IPR2013-00071, Paper 103, at 4, 2014 WL 2175370 (May 22, 2014) (rejecting petitioner's inherent anticipation arguments)).

## Settlements

The parties may agree to settle any issue in a proceeding (37 C.F.R. § 42.74). To settle an issue, the parties must file a true copy of any agreement between the parties with the PTAB before the termination of the trial (37 C.F.R. § 42.74(b)). The PTAB generally terminates proceedings regarding both the petitioner and the patent owner if the parties settle early in the proceeding or if the case is not fully briefed at the time of settlement (see, for example, *Honeywell Int'l, Inc. v. HVAC Modulation Techs. LLC*, IPR2013-00096, Paper 18, 2013 WL 5408061 (PTAB Aug. 27, 2013)).

However, because the PTAB is not a party to the settlement, it may continue proceedings and independently determine any question of jurisdiction, patentability or Office practice (see, for example, 37 C.F.R. § 42.74(a), *Blackberry Corp. v. MobileMedia Ideas LLC*, IPR2013-00036, Paper 64 (PTAB Jan. 21, 2014) (<http://us.practicallaw.com/9-584-3005>)).

## POST-FINAL WRITTEN DECISION PROCEEDINGS

### APPEAL TO THE FEDERAL CIRCUIT

A party to an IPR, PGR or CBM proceeding who is dissatisfied with the PTAB's final written decision may:

- File a request for rehearing within 30 days after the final written decision (see 37 C.F.R. § 42.71(d)(2)).
- Appeal the decision only to the Federal Circuit (see 35 U.S.C. § 141(c)).

The appealing party must file the appeal within 63 days of the final written decision (35 U.S.C. § 141 and 37 C.F.R. § 90.3(a)). The appellant also must:

- File a copy of the notice of appeal with the PTAB (37 C.F.R. § 41.10 and 42.6(b)).

- Comply with the Federal Rules of Appellate Procedure and Federal Circuit's rules. For more information on Federal Circuit appeal procedure, see *Federal Circuit Appeals Toolkit* (<http://us.practicallaw.com/5-535-3579>).

### ISSUANCE OF CERTIFICATE

The USPTO issues and publishes a certificate when the time for any appeal of a final written decision has expired or any appeal has terminated (see 37 C.F.R. § 42.80). The certificate:

- Cancels any claims the PTAB has determined are unpatentable.
- Confirms any patentable claims the PTAB has reviewed.
- Incorporates into the challenged patent any patentable, amended claims.

(37 C.F.R. § 42.80.)

### ESTOPPEL

The AIA's estoppel provisions apply on the issuance of the PTAB's final written decision. Following a final written decision in an IPR or PGR proceeding, the petitioner or any real party in interest or privy of the petitioner is estopped from challenging the patentability or validity of any previously challenged claim on any ground that the petitioner raised or reasonably could have raised in the proceeding (35 U.S.C. §§ 315(e) and 325(e)).

Following a CBM proceeding, the petitioner or any real party in interest or privy of the petitioner is estopped from challenging the patent claims in another proceeding on those grounds actually raised in the proceedings (see AIA § 18).

*The authors would like to thank Richard Zemsky, Sandra Hudak and Victor Wang for their assistance preparing this Note.*

### ABOUT PRACTICAL LAW

Practical Law provides legal know-how that gives lawyers a better starting point. Our expert team of attorney editors creates and maintains thousands of up-to-date, practical resources across all major practice areas. We go beyond primary law and traditional legal research to give you the resources needed to practice more efficiently, improve client service and add more value.

If you are not currently a subscriber, we invite you to take a trial of our online services at [practicallaw.com](http://practicallaw.com). For more information or to schedule training, call **888.529.6397** or e-mail [ustraining@practicallaw.com](mailto:ustraining@practicallaw.com).