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19th Annual CIPA Congress 2014
Day 2- Keynote Speech
Patent Office Litigation: Strategic Considerations

CIPA
The Chartered Institute of Patent Attorneys

Jason D. Eisenberg, Director, Sterne, Kessler, Goldstein & Fox P.L.L.C.

MIND + MUSCLE

October 3, 2014

SKGF.COM

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"The PTAB is a Death Squad" (CJ FedCir and CJ PTAB)

"All patents are walking dead – Patent Zombies"

(US Law Firm)

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Agenda

1. Introduction and Statistics
2. 5 Hot Topics Everyone Needs to Understand
3. Case Study 1 – ContentGuard v ZTE (7 IPRs)
4. Case Study 2 – Magna v TRW (18 IPRs)
5. Case Study 3 –Tessera v Amkor (IPR after Arbitration)
6. Race to the Federal Circuit from DCT and PTAB
7. Concurrent Proceedings (Fast Track and Reissue)
8. Concluding Remarks

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What is an AIA Proceeding?

- It's not examination
- It's not a district court trial
- It's not an appellate procedure
- It's a hybrid of all three – condensed into 18 months

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Overview – EPO Opposition v. AIA

EPO Opposition	*InterPartes*Review	Post Grant Review/Covered Business Method Review
• Any ground for invalidity that could be raised under Article 100 EPC	• Patents and printed publications • Anticipation and Obviousness	• Any patentability challenge
• Within 9 months issuance	• After 9 months of issuance • Before declaratory judgment of invalidity • Within year of being served with a complaint alleging infringement	• PGR- within 9 months • CBM – anytime, but must be subject of litigation or threat of litigation AND eligible subject matter
• Examination • Hearing • Appeal	• Judges Pre-institution • Judges Trial • Federal Circuit Appeal	• Judges Pre-institution • Judges Trial • Federal Circuit Appeal

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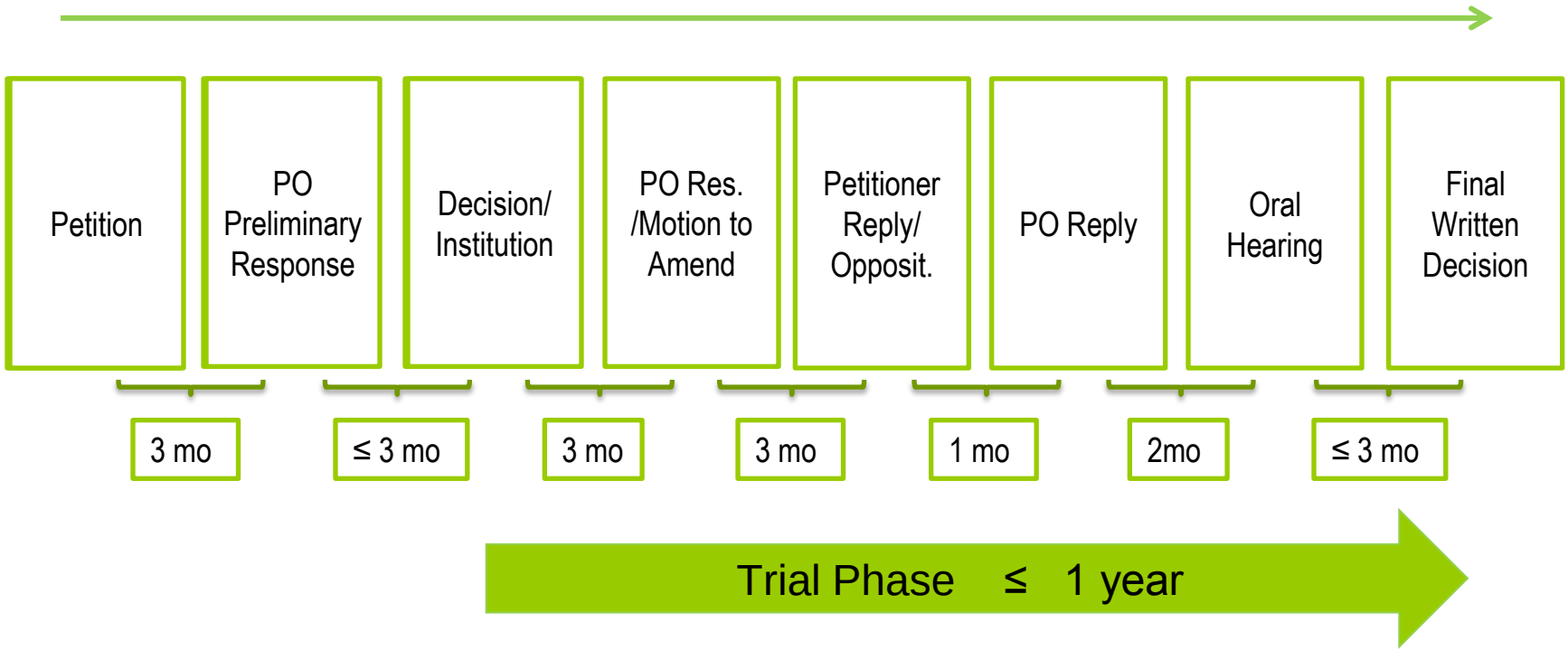
Patent Office Litigation Timeline



Director may extend 1 year period by no more than 6 months

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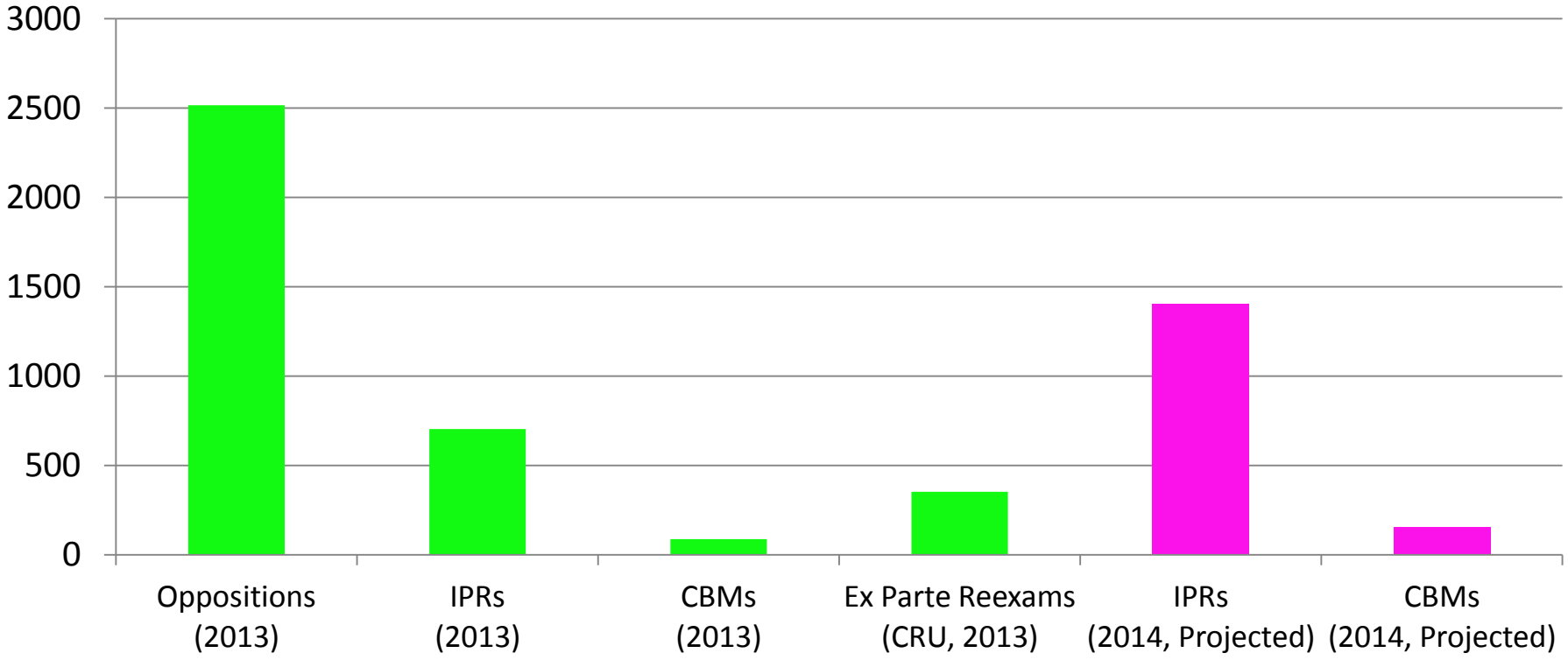
USPTO Proceedings & EPO Oppositions



- PTAB filings YTD in 2014 are up **254%**over filings YTD in 2013
- Over **1,550** IPRs/CBMs are on pace to be filed at the PTAB in 2014
- Oppositions fell by 3.3% from 2012 to 2013

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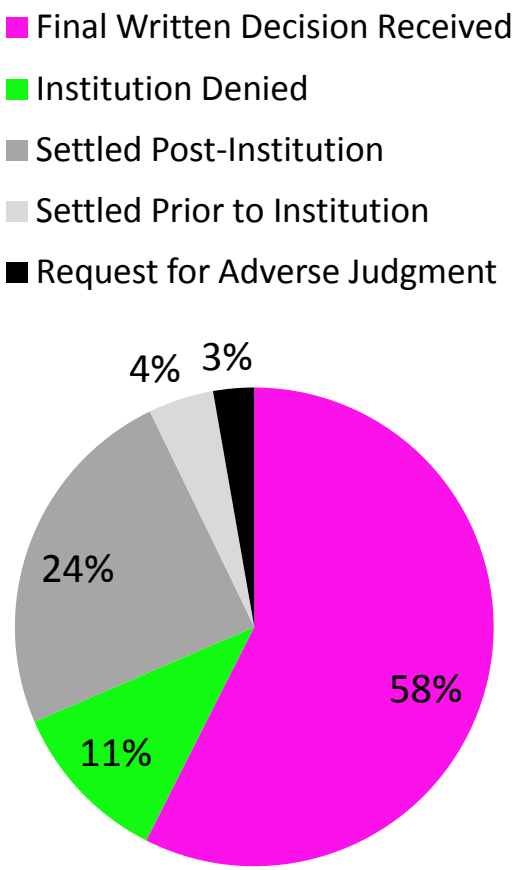
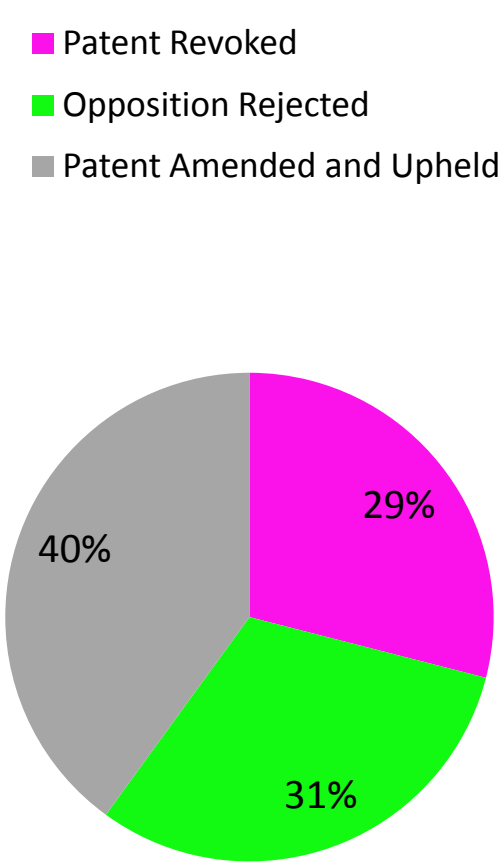
PTAB Proceedings & EPO Oppositions: Outcomes

PTAB Proceedings



Oppositions



Based on IPRs/CBMs filed > 18 mo. ago

Source: EPO

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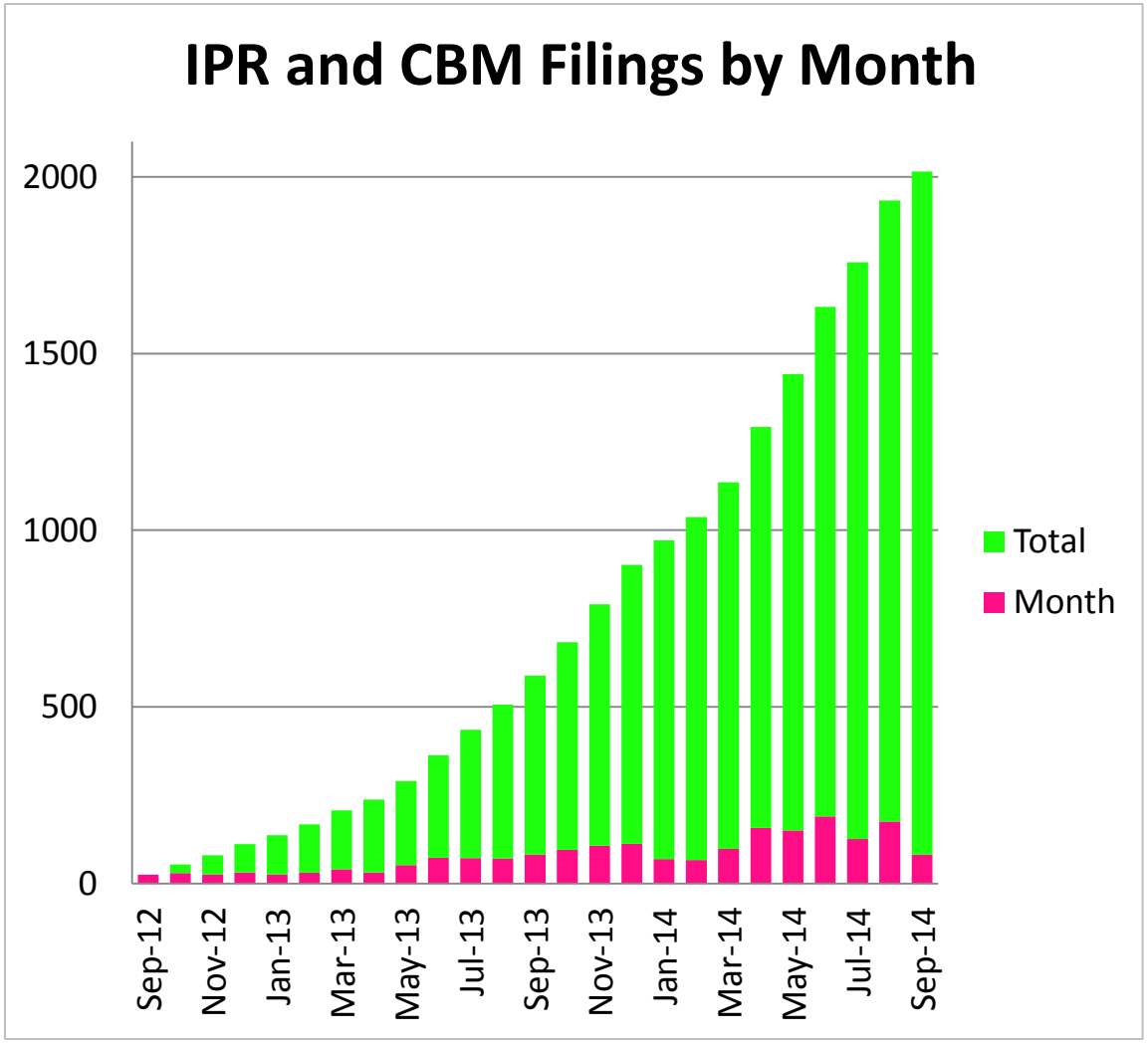
Total IPR/CBM Filings

- Since September 16, 2012, 1,801petitions for *Inter Partes* Review and 214 petitions for Covered Business Method review have been filed before the PTAB

All stats are current as of September 18, 2014



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District Court v. PTAB Filings

Most active courts by number of cases in 2013	Past 30 days	2014 (YTD)	2013	2012	2011	2010	2009	2008
Texas Eastern District (TXED)	*318*	*693*	*1511*	*1259*	*583*	*548*	*245*	*310*
Delaware District (DED)	*108*	*376*	*1336*	*1001*	*486*	*258*	*233*	*167*
Patent Trial and Appeal Board (PTAB)	*156*	*398*	*792*	*111*	*0*	*0*	*0*	*0*
California Central District (CACD)	*39*	*155*	*409*	*506*	*332*	*234*	*275*	*201*
California Northern District (CAND)	*29*	*85*	*247*	*257*	*229*	*209*	*168*	*166*
California Southern District (CASD)	*9*	*25*	*227*	*145*	*84*	*63*	*75*	*72*
Illinois Northern District (ILND)	*10*	*59*	*218*	*238*	*231*	*246*	*137*	*148*
Florida Southern District (FLSD)	*9*	*39*	*185*	*133*	*68*	*73*	*45*	*34*
New Jersey District (NJD)	*18*	*60*	*145*	*160*	*191*	*158*	*147*	*162*
New York Southern District (NYSD)	*14*	*48*	*131*	*142*	*161*	*117*	*114*	*111*

Source: Docket Navigator.

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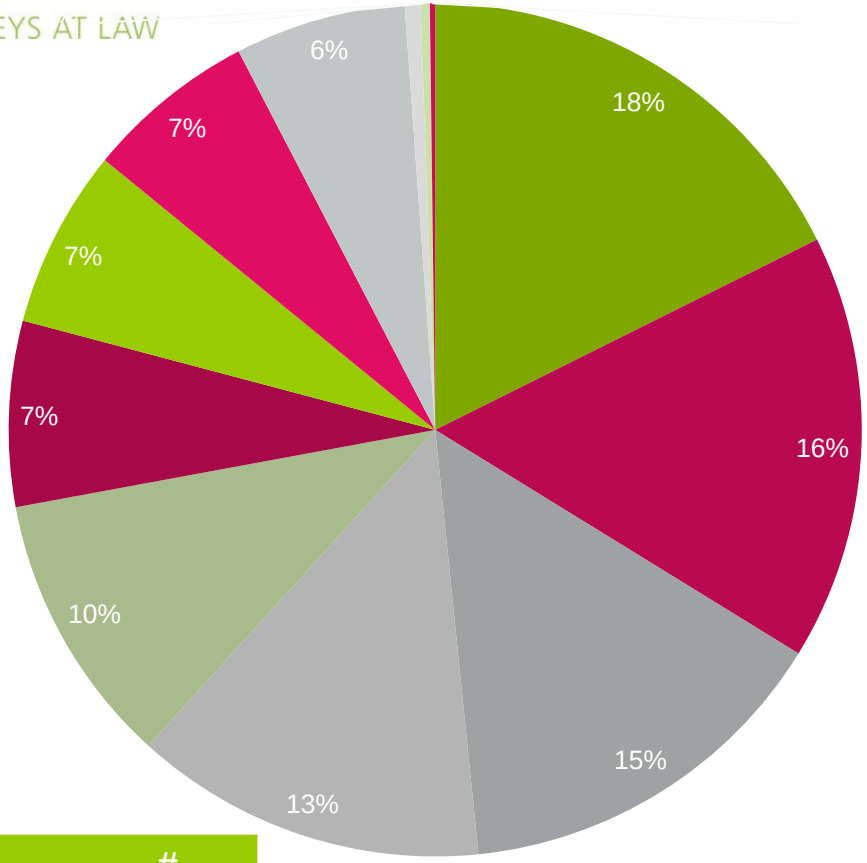
Filings By Technology Center



- 2800 Semiconductors, Electrical and Optical Systems and Components
- 3600 Transportation, Construction, Electronic Commerce, Agriculture, National Security and License & Review
- 2600 Communications
- 2100 Computer Architecture, Software, and Information Security
- 3700 Mechanical Engineering, Manufacturing, Products
- 1700 Chemical and Materials Engineering
- 1600 Biotechnology and Organic Chemistry
- 2700, 2200, 2300 Other Electrical Arts
- 2400 Computer Networks, Multiplex communication, Video Distribution, and Security
- 1300, 1500, 1100, 1200 Other Chemical and Biotechnology Arts
- 2900 Designs
- 3100, 3400, 3500 Other Mechanical Arts

Field	#
Electronics	1499
Biotech/Chem	289
Mechanical	212
Designs	7

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Filings By Law Firm

IPR/CBM: Top Filing or Defending Firms	Total	Filed	Defend	IPR	CBM	DER	# of Clients
Fish & Richardson	181	94	87	166	15	0	46
Sterne, Kessler, Goldstein & Fox*	**169**	**101**	**68**	**143**	**23**	**3**	**40**
Finnegan	144	66	78	119	25	0	52
Oblon Spivak	114	91	23	108	6	0	28
WilmerHale	103	101	2	97	6	0	13
Haynes and Boone	102	83	19	99	3	0	21
Chao Hadidi Stark & Barker	82	0	82	82	0	0	1
Ascenda Law Group	63	3	60	57	6	0	19
Foley & Lardner	63	47	16	58	5	0	23
McAndrews, Held & Malloy	61	4	57	58	3	0	6
Perkins Coie	56	50	6	53	3	0	13

*SKGF is also listed as Back-Up counsel in 37 additional IPRs

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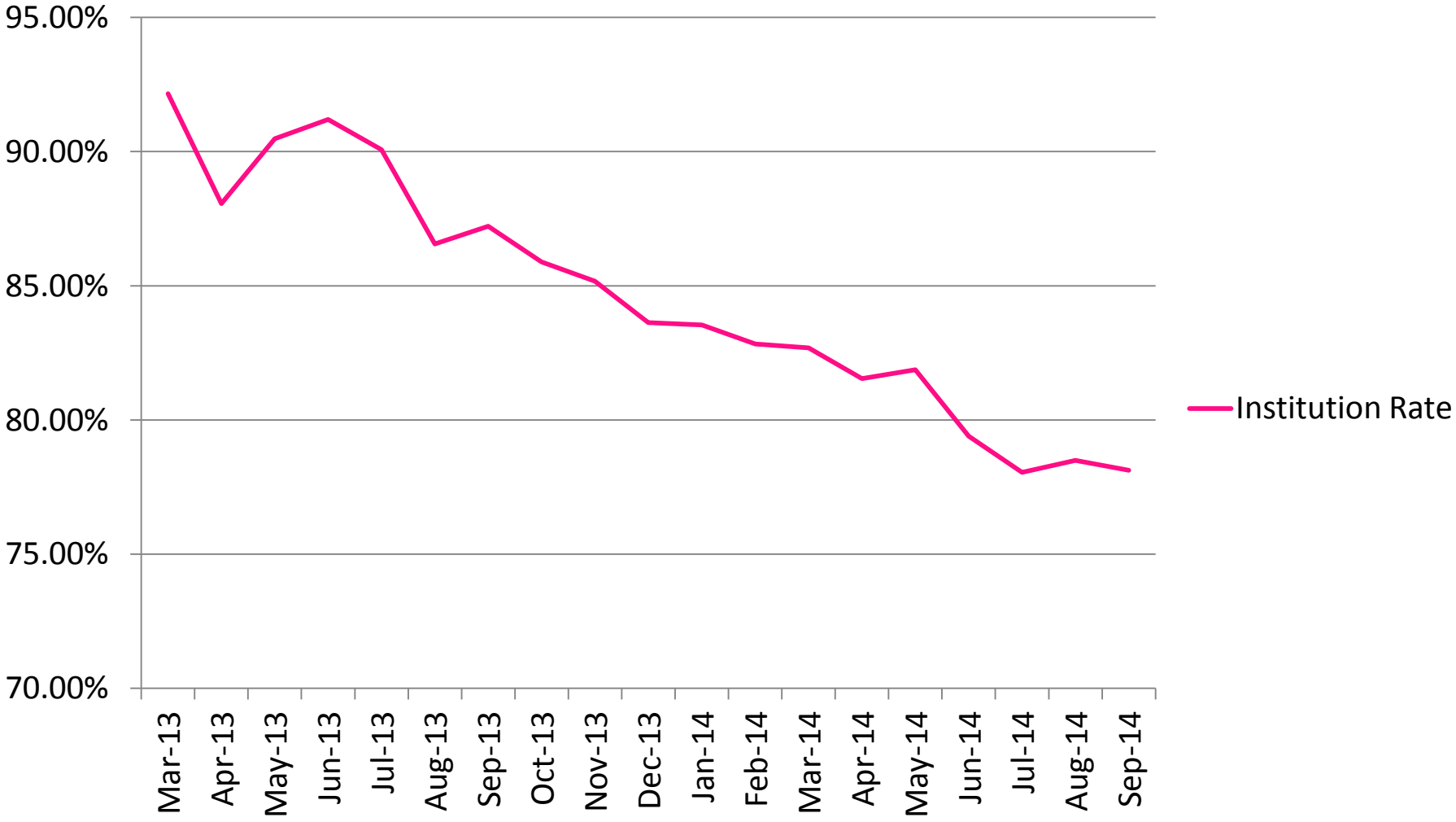
Tracking the Cumulative Institution Rate



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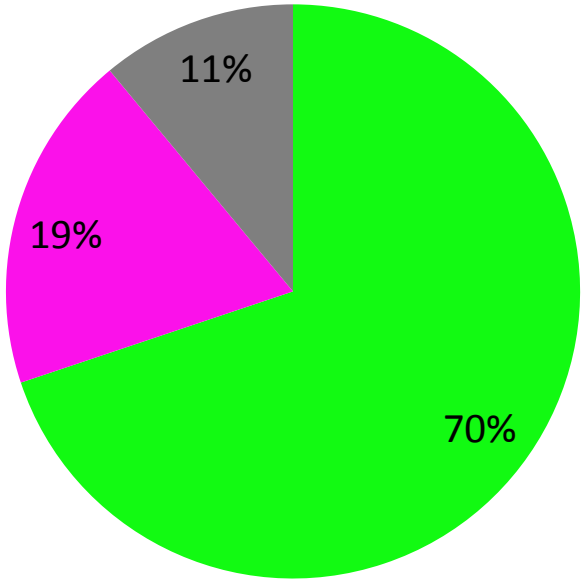
Trial Institution Outcomes

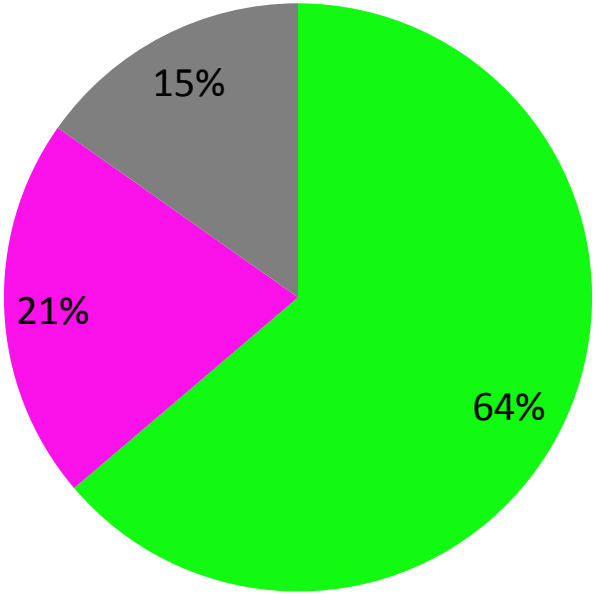
IPR Institution

- Trial Instituted (716)
- Institution Denied (196)
- Settled Prior to Institution (113)



CBM Institution

- Trial Instituted (88)
- Institution Denied (29)
- Settled Prior to Institution (21)



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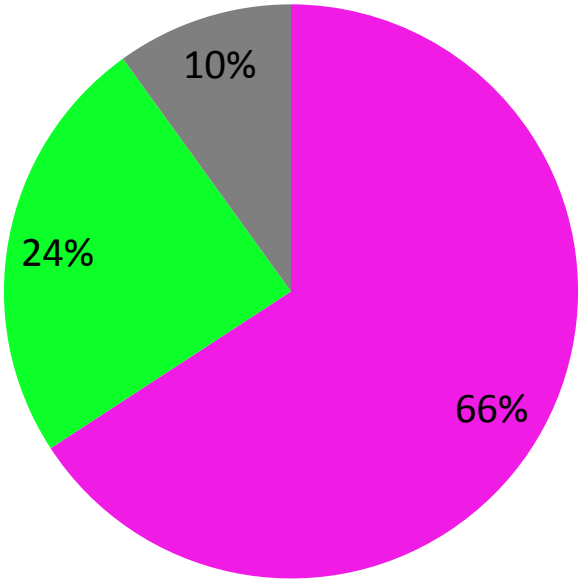
IPR Final Written Decisions

IPR Claim Outcomes

- Cancelled (1137)
- Instituted, Not Unpatentable (419)
- Not Instituted (172)



Challenged Claims Cancelled in IPRs		
All	Some	None
70	23	17

Instituted Claims Cancelled in IPRs		
All	Some	None
76	17	17

The Board has issued Final Written Decisions after the completion of the trial process in 110 IPRs

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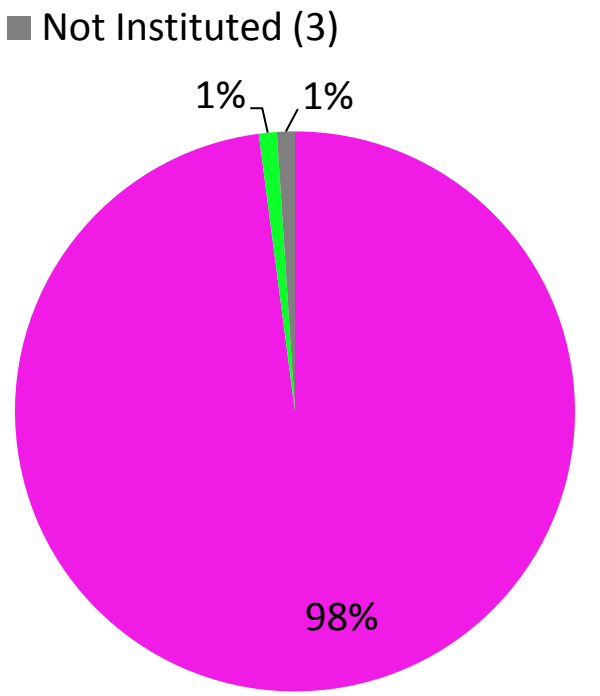
CBM Final Written Decisions

CBM Claim Outcomes



Challenged Claims Cancelled in CBMs		
All	Some	None
10	3	0

Instituted Claims Cancelled in CBMs		
All	Some	None
12	1	0

The Board has issued Final Written Decisions after the completion of the trial process in 13 CBMs

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District Court Verdicts

Patent determinations	Past 30 days	2014 (YTD)	2013	2012	2011	2010	2009	2008
Infringed	*83*	*305*	*668*	*977*	*567*	*553*	*445*	*363*
Not infringed	*57*	*208*	*725*	*578*	*376*	*420*	*315*	*285*
Unenforceable	*4*	*10*	*23*	*38*	*7*	*23*	*35*	*36*
Not unenforceable	*57*	*235*	*468*	*782*	*463*	*371*	*301*	*174*
Invalid	*29*	*118*	*290*	*310*	*183*	*242*	*213*	*158*
Not invalid	*107*	*371*	*792*	*1047*	*652*	*546*	*427*	*284*

Source: Docket Navigator.

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5 Hot Topics Everyone Needs to Understand

- Real Party in Interest
  - IPR Statutory Bar 315(a)/(b)
  - Petitioner plays Puppeteer to get around statutory bar – company files IPR for barred accused infringer
    - RPX
    - Unified Patent

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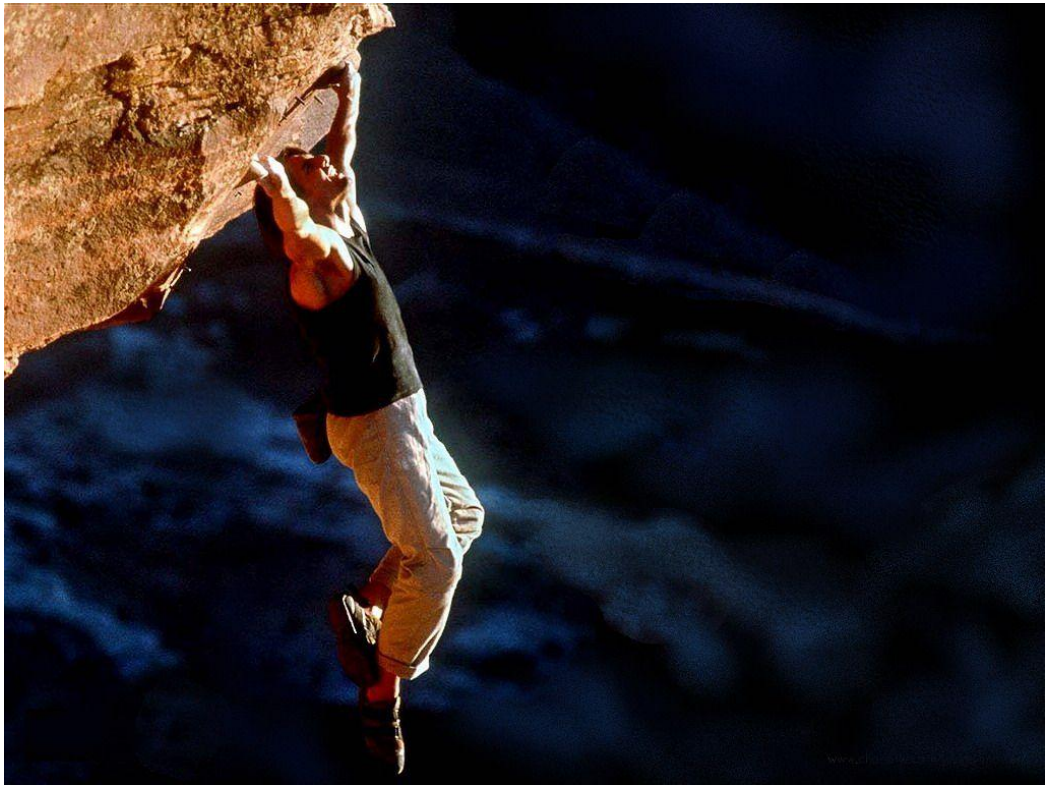
5 Hot Topics Everyone Needs to Understand

- Additional Discovery
  - Interest of Justice
  - Garmin Factors
  - Almost impossible



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5 Hot Topics Everyone Needs to Understand

- Motions to Amend
  - Don't really exist because the burden is on patent owner to prove amended claims patentable over everything known to patent owner (via expert declaration)
  - Only to cancel claims
  - Is reissue a better option?

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5 Hot Topics Everyone Needs to Understand

- Settlement and Termination
  - Even after settlement, the Board does not always terminate
  - Board sometimes allows Petitioner to exit proceeding, but proceeding continues down the track
  - Request early
  - All agreements must be submitted in full, under seal

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5 Hot Topics Everyone Needs to Understand

- No Court appeal until final written decision
  - All district court appeals from institution decision, even on standing issues, dismissed
  - All Federal Circuit appeals from institution decision, even on standing issues, dismissed

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ContentGuard (PO) v ZTE (Pet): 7 IPRs/6 Patents – Patent Owner "won" all

Patent	Major Issues
Patents 1-4	Patent specification glossary; broadest reasonable interpretation (BRI) claim construction; minimum threshold showings and evidence; redundant grounds "meaningful distinction"
Patent 5 (1st IPR)	Adverse judgment – cancel instituted claims (termination) → non-joinder of second filed petition
Patent 5 (2nd IPR)	Tried to cure deficiencies Patent 5's 1st Petition and request for joinder (2nd IPR time barred under 315(b)). No second bite – joinder denied.
Patent 6	Denied Motions to Amend;Adverse Judgment (cancelling instituted claims) – termination; Narrowing Reissue

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Magna (PO) v TRW (Pet)
18 IPRs filed against 12 Patents

- Outcome:
  - 10 denials of institution for 6 patents
  - 1 consolidation of three related petitions
  - 6 trials for 6 patents – but all trials have non-instituted claims that are guaranteed to survive and be enforced

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Magna (PO) v TRW (Pet)- Issues

Statutory and Rule Deficiencies

- Articulation of grounds: What references/combinations are being relied upon for each and every claim element?
- Claim construction – unexpired v. expired patent

Legal Deficiencies

- Anticipation – mapping [evidence = declarations]
- Obviousness [evidence = declarations]
  - What main reference lacks (*Graham v. Deere factors)*
  - Rebuttal of known secondary consideration evidence
  - Why secondary references should be combined (*KSR)*

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Magna (PO) v TRW (Pet)- Issues

- Standing: 315(b) 1 year bar:
  - What is service of complaint? (email/FedEx v. rule based);
  - What is service date?(date email sent v. date FedEx received);
  - What is service date of 2nd amended complaint?(Court has discretion to enter 2nd amended complaint.)

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Tessera v Amkor IPR2013-00242

- Tessera serves complaint (counterclaim) for infringement in 2009
- Amkor files IPR in 2013
- Tessera challenges Amkor's standing to file IPR

  Tessera counter claim in arbitration ≥ 1 YR before IPR
- Board finds
  - 315(b) bar – Arbitration and ITC are not "complaints" within statute, so only district court complaints can bar IPR
  - No "proof" of service - even though Amkor answered Tessera's counterclaim

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Race to the Federal Circuit (con't)

- **Fresenius**: The issue of damages was not final since not affirmed by Federal Circuit. Accordingly, cancellation of the claims through *ex parte* reexamination by the PTO was binding in the pending district court infringement litigation and killed the damages award.
  - Fresenius USA, Inc. v. Baxter Int'l, Inc., 721 F.3d 1330, 1332 (Fed. Cir. 2013) cert. denied, 134 S. Ct. 2295, 189 L. Ed. 2d 174 (U.S. 2014).
- **Versata**: A final judgment binding the parties existed because the scope of relief was completely determined. So $300M damages award was not killed by invalidity of claims in PTAB proceeding.
  - Versata Computer Industry v. SAP AG, per curiam opinion dated June 18, 2014, 2014-1430 (Fed. Cir. 2014).
- Versata is reconcilable with Fresenius based on the fact that the judgment in Versata was final, whereas the judgment in Fresenius was non-final.

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Concurrent Fast Track Practice

- Patent Owners
  - Prepare quality, full specifications with examples, glossaries, and many dependent claims and claim types to mitigate against future IPRs
  - Use Track 1 and other strategies to get all DIVs and CONs issued ASAP before any patent in the family is subject of an IPR/CBM and estoppels that can result
- Patent challenger
  - Successful IPR against patent creates issues for downstream CONs and DIVs
  - Invalidating a patent via IPR is favored over invalidating a patent in litigation where there is no Patent Owner estoppel

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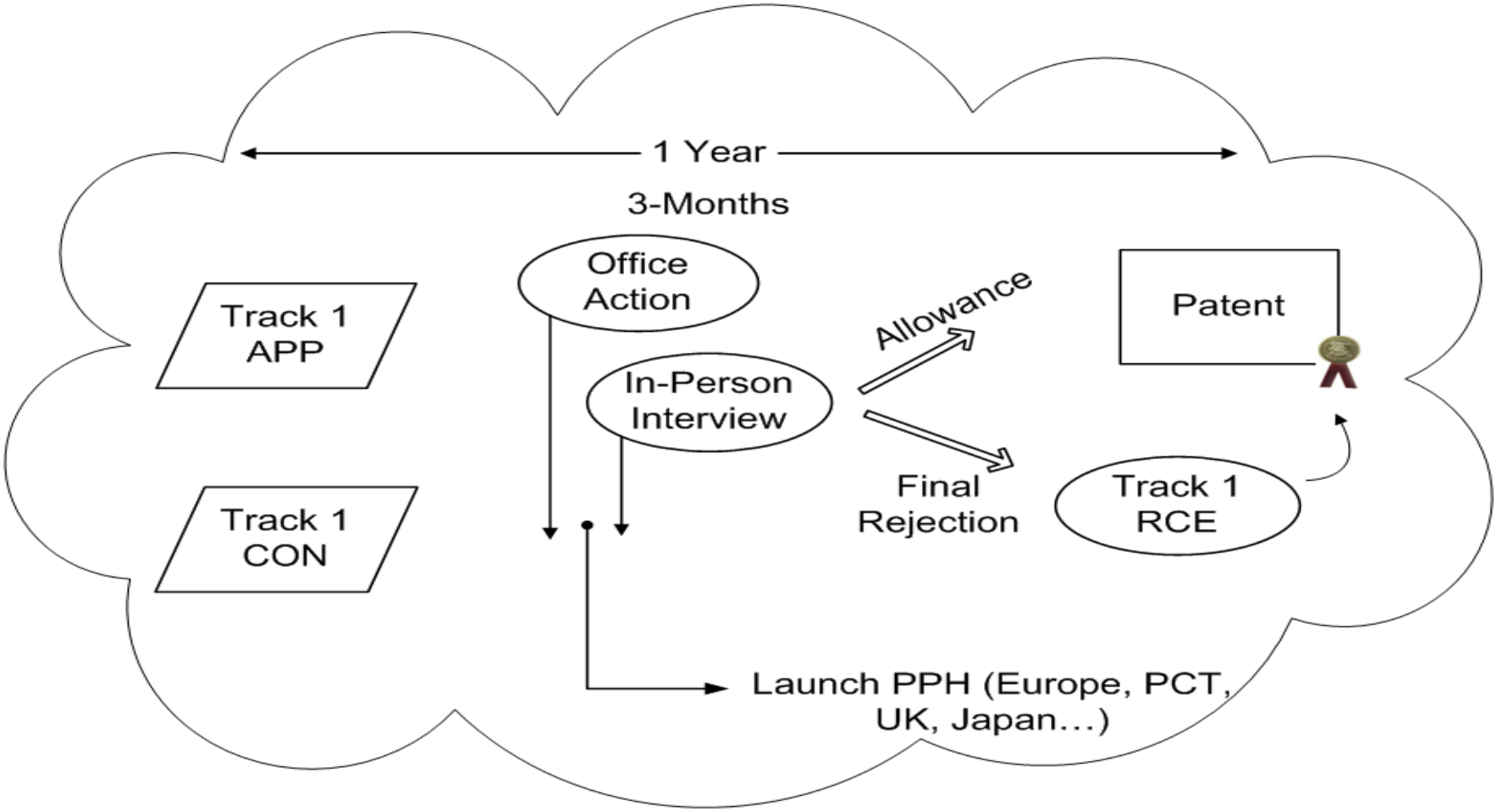
Rapid Patent Portfolio Creation Engine



Rapid Patent Portfolio Creation Engine

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Concurrent Reissue Practice

- If in lawsuit
  - Reissue gets patent back in prosecution
  - Potentially mitigate against a future IPR or CBM
- If in PTO litigation
  - PO needs to ask - are instituted claims ideal and/or will amendments affect infringement/damages
    - File a reissue application with amended & patentably distinct claims
    - Cancel all instituted claims through adverse judgment in the PTAB proceeding
- Pitfalls – 101 and 112 issues can be raised, and new art

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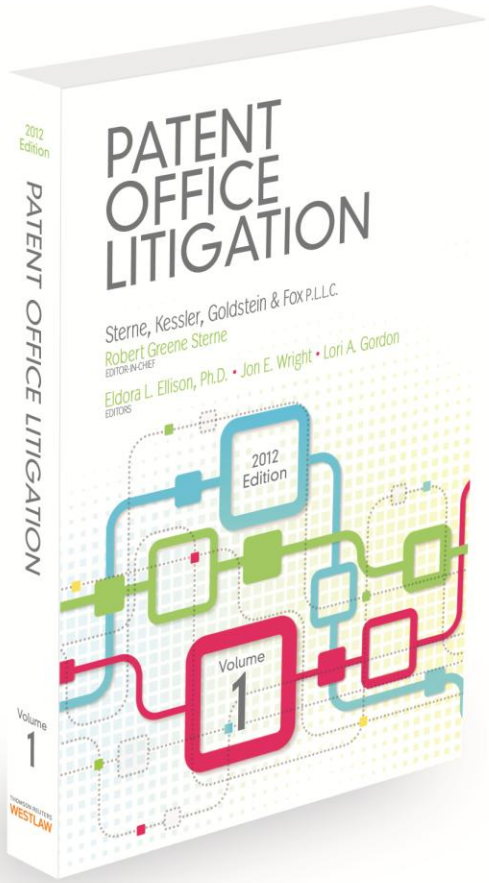
Patent Office Litigation



Sterne Kessler published a two-volume set with 1,200 pages focused on the new contested proceedings under the America Invents Act in October, 2012. This book examines how the proceedings interact with other aspects of patent procurement and enforcement, while delivering practical analysis and advice.

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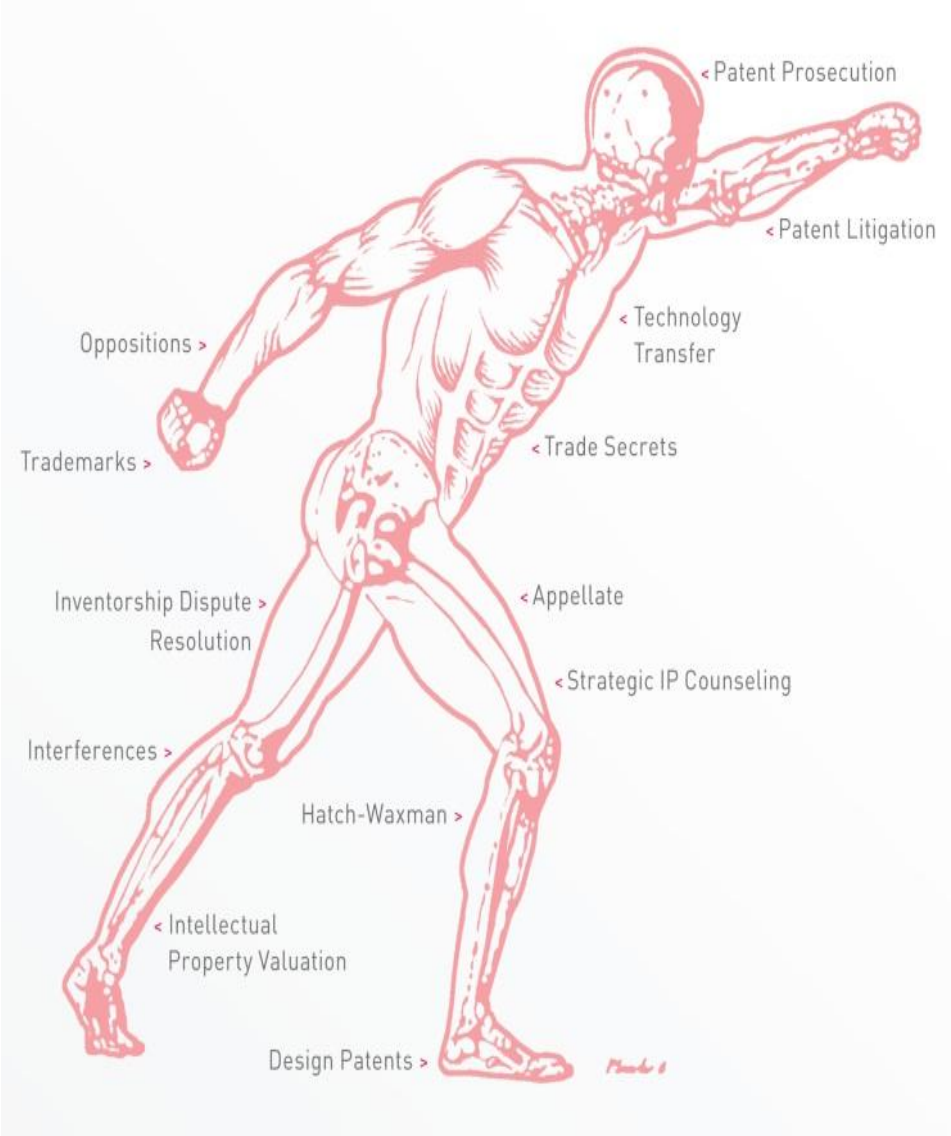

I would like to thank Paralegal Patrick Murray for the statistics and research.