



Strategy considerations for *inter partes* review petitioners

While the IPR landscape continues to take shape, one thing is certain – IPRs are an undeniably important consideration for a successful defence in patent litigation

Since *inter partes* review (IPR) proceedings were implemented in September 2012, they have become an attractive supplement to district court litigation for contesting the validity of a patent. As IPR proceedings pass their third year of existence, this article addresses key issues that patent litigation defendants face while analysing when and how to file an IPR, including the timing of the filing, considerations for selecting the best prior art and whether to file multiple petitions.

Timing your IPR petition for maximum benefits

Filing an IPR petition at different times within the one-year period allowed by 35 USC § 315 provides different advantages to a patent litigation defendant. All things considered, however, the best time to file an IPR is often seven or eight months into the litigation.

At that point, defendants retain the maximum advantages associated with the timing of the petition. During the first eight months of litigation, defendants can discover and analyse the complete prior art landscape. Moreover, this timing enables a defendant to review any preliminary response that may be filed with sufficient time, to address any issues or concerns by filing a second petition before the one-year bar date.

Lastly, a defendant filing at the seven or eight-month mark will receive an institution decision 13-14 months into the litigation. Assuming the IPR is instituted, this supports a strong request for a stay given that, in most venues, the court will not have engaged in major claim construction analysis yet. We consider this seven to eight-month period the sweet spot for filing an IPR petition.

The advantages of filing an IPR petition during this period can be illustrated by comparing the results of filing at other points during the

year following service of a complaint. An IPR filed earlier, for instance three or four months after the complaint is filed, may not benefit from a complete investigation into the prior art. Such a filing is also unlikely to be supported by discovery, which in turn may limit the art that can be asserted, or informed by the exchange of claim construction proposals. While the earlier filing moderately increases the chances that the court will grant a motion to stay, the benefit does not appear to outweigh the relative disadvantages.

On the other hand, filing an IPR petition closer to the one-year deadline, for instance at the 11-12 month point, allows a defendant to obtain necessary discovery and claim construction information and may in certain venues, allow greater clarity regarding the true nature of the plaintiff's infringement case. The extra three months delay the institution decision until 17-18 months into the litigation. Many courts have already held claim construction proceedings by then – the time from filing to Markman in the Northern District of California averages 16 months and in the District of Delaware and Eastern District of Texas averages 17 months – which reduces the opportunity for stay of the litigation.¹ All other facts being equal, filing an IPR petition seven or eight months after the complaint is filed presents a defendant the best mix of advantages.

Selecting the prior art and assessing estoppel risks

Petitioners also face two challenges in selecting the best prior art to include in an IPR petition: the scope of any later estoppel and the ability to prove adequate foundation for the selected references.

Under 35 USC § 315(e), a petitioner is estopped from asserting a claim of invalidity (references, combinations and arguments based

thereon) that the petitioner raised or reasonably could have raised in the IPR. But this standard is still being clarified in the Patent Trial and Appeals Board (PTAB) and district courts.

The most interesting part of this standard, the scope of what reasonably could have been raised, is just starting to be clarified. The legislative history suggests the estoppel will extend to prior art that could have been discovered through a reasonably diligent search, but not necessarily to references that were discoverable only by a scorched-earth search.²

This sheds some light on the considerable gap between those two types of prior art searching. For its part, the PTAB has not ventured very far into the darkness. It has held that art known to the petitioner at the time of a first petition cannot be asserted in a second petition covering the same claims, but can be asserted in a second petition to the extent it covers different claims.³ The latter is, however, under appeal at the Federal Circuit,⁴ so for now petitioners should proceed with caution and assume they will be estopped from asserting, at least against the same claims, any prior art references of which the record shows they were previously aware. Questions such as the level of investment required for a reasonably diligent search, and whether that varies by country, language, or technology involved, remain to be resolved.

When selecting prior art for the IPR petition, defendants must also evaluate the estoppel risks of relying on printed publications that describe system art such as a system or product-user manual. Because prior art products and system do not qualify as prior art for purposes of an IPR, it is unclear whether a defendant can rely on a product-user manual for an IPR, while at the same time preserving the ability to rely on the actual product as prior art in an associated district court litigation.

At least one district court has provided some guidance on this issue. In *Star Envirotech, Inc v Redline Detection, LLC*, the plaintiff moved to strike the defendants' invalidity contentions that relied on a system where the owner's manual for that system could have been submitted in the IPR proceeding.⁵ The court rejected the argument and denied the motion because "the physical machine itself discloses features that are not included in the instruction manual, and it is therefore a superior and separate reference".⁶ While this is only one case, it does provide some initial clarification that system prior art will not be automatically estopped if its related manual is asserted as prior art in an IPR. While this guidance is helpful, the question still remains whether estoppel will apply in cases where the system art is not more descriptive or superior to what is disclosed in its owner's manual.

While clarification regarding the scope of estoppel is limited, over the past three years the PTAB provided significant guidance regarding authentication requirements for prior art references. In a series of decisions in late 2014 and early 2015, the PTAB rejected several petitions for lack of testimonial proof supporting authentication and public accessibility issues.⁷ While the PTAB arguably could have held that some lesser threshold showing was sufficient to show a reasonable likelihood of success, thereby leaving full proof of authenticity and public accessibility to later discovery, it has declined to do so. Thus, petitioners must account for the availability of proof on these issues when selecting publication art. Authenticity of a printed publication can be established by sources of proof within the control of a petitioner, a company or firm employee who retrieves the document from the library and furnish a sufficient declaration regarding the elements necessary to authenticate an ancient document under FRE 901(b)(8). But the details of when that reference was catalogued in the library or was otherwise publicly accessible, often requires a witness with knowledge who may be reachable only through discovery. As the PTAB's recent decisions indicate, an otherwise strong prior art reference may not be the best choice for an IPR petition if its authenticity and public accessibility cannot be proven in the initial petition.

The dos and don'ts of filing multiple IPR grounds/petitions

Filing a successful petition that covers many claims or a complex technology – or both – can be difficult. Page limits, content requirements and formatting rules all present practical limits on what a petition can cover. Thus, petitioners are wise to consider breaking their arguments into several petitions despite the costs of doing so.

Petitioners have several options for presenting arguments against one patent in separate petitions. Each petition may be organised around common art, distinct subsets of patent claims or even different theories of unpatentability. The PTAB has not expressed disapproval of any of these.

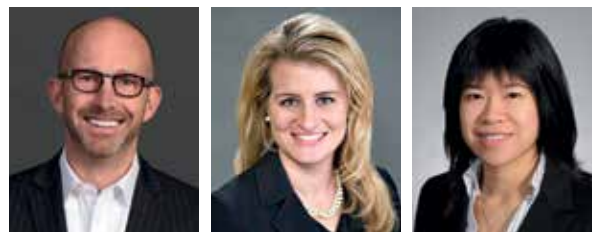
A petitioner considering multiple petitions should be careful, however, to avoid presenting cumulative arguments. The PTAB has discretion to reject, and often does reject, petitions with duplicative arguments.⁸ Importantly, the PTAB is increasingly relying on its discretion to reject serial grounds and petitions involving substantially similar arguments.⁹ Nevertheless, the PTAB's increasing scrutiny of multiple petitions can be addressed by carefully tailoring multiple petitions and explaining in each petition how it differs from the others, yet forms a complete challenge to the claims.

Defendants must evaluate these issues, and many others, when formulating a successful IPR strategy. While the IPR landscape continues to take shape one thing is certain, IPRs are an undeniably important consideration for a successful defence in patent litigation.

Footnotes

1. See *eg, Lennox Image Techs, LLC v Macy's Retail Holdings, Inc*, No. 2:13-cv-00235-JRG, 2014 WL 4652117, at *2 (E.D. Tex. 18 Sept. 2014).
2. See 57 Cong Rec S1375 (daily ed 8 Mar 2011) (statement of Sen Kyl).
3. See *Dell Inc v Elecs & Telecomms Research Inst*, IPR2015-00549 (PTAB 26 March 2015).
4. See *Synopsys, Inc v Mentor Graphics Corp*, 78 F.Supp.3d 958 (N.D. Cal. 2015), *appeal docketed*, No. 14-1516 (Fed. Cir. 29 Apr 2015).
5. No. SACV 12-01861 JGB (DFMx), 2015 WL 4744394, at *4 (C.D. Cal. 29 Jan 2015).
6. *Id.*
7. See *Square, Inc v Unwired Planet, LLC*, CBM 2014-00156, Paper 22 (PTAB 26 Feb 2015); *Haliburton Energy Servs, Inc*, IPR 2014-01186, Paper 18 (PTAB 18 Feb 2015); *Samsung Elecs Co Ltd v Rembrandt Wireless Techs, LP*, IPR 2014-00889, Paper 8 (PTAB 10 Dec 2014).
8. 35 U.S.C. § 325(d); *Liberty Mut Ins Co v Progressive Cas Ins Co*, CBM2012-00003, Paper 7 (PTAB 25 Oct 2012) (rejecting CBM with 422 Grounds and an average of 21 grounds per claim).
9. See *Conopco, Inc dba Unilever v Procter & Gamble Co*, IPR2014-00628, Paper 23 (PTAB 20 Mar 2015).

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