

## GUIDANCE PROVIDED BY PAPERS ISSUED IN PTAB TRIALS

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### I. INTRODUCTION

There are now a substantial number of papers issued by the PTAB in the new PTAB trial proceedings. These papers provide guidance to the PTAB bar. What follows is summary of the guidance provided by those papers, as of 11/12/2012.

### II. SUBSTANTIVE ISSUES

#### II.A. Relevance and Lack of Redundancy of Grounds in a Petition

Under the AIA, 35 USC 312(a)(3) and 322(a)(3) require that "the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim,...." The corresponding rule in 37 CFR Part 42, Subpart A, is rule 42.22(a)(2), which states that the petition "must include: ... (2) 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." 37 CFR 42.204(b)(4) (applicable for PGRs and CBMs) requires that, "[w]here the grounds for unpatentability are based on prior art, the petition must specify where each element of the claim is found in the prior art." Both rules 42.104(b)(5) and 42.104(b)(5) state that "[t]he Board may exclude or give no weight to the evidence where a party has failed to state its relevance or to identify specific portions of the evidence that support the challenge." The PTAB decision in CBM2012-00003, paper 7, expanded panel, clarifies how the Board exercises this discretion.<sup>2</sup> Generally speaking, this decision makes it clear that the Board will not consider multiple grounds that are facially duplicative. Here, in reviewing the petition, the Board stated:

We take this opportunity to note that multiple grounds, which are presented in a redundant manner by a petitioner who makes no meaningful distinction between them, are contrary to the regulatory and statutory mandates, and therefore are not all entitled to consideration. In the present situation, the multiplicity of grounds requires so much of the petition that the Petitioner has failed to expressly identify the differences between any claim and the prior art in the Petitioner's assertions of obviousness.

The Board went on to explain that it found both "horizontal redundancy" and "vertical redundancy" in the grounds identified in the subject petition. What the Board meant by "horizontal redundancy" was plural references applied to show the same claim element. What the Board meant by "vertical redundancy" was one ground of rejection based upon a set of references and an additional ground based upon the same set of references, and an additional

reference, applied against the same claim without specifying how the additional reference was relevant.

The Board explained horizontal redundancy as follows:

Here, we discuss only redundancy. Two types of redundancy are common in the instant petition. The first involves a plurality of prior art references applied not in combination to complement each other but as distinct and separate alternatives. All of the myriad references relied on provide essentially the same teaching to meet the same claim limitation, and the associated arguments do not explain why one reference more closely satisfies the claim limitation at issue in some respects than another reference, and vice versa. Because the references are not identical, each reference has to be better in some respect or else the references are collectively horizontally redundant.

The Board explained the vertical redundancy as follows:

The second type of redundancy involves a plurality of prior art applied both in partial combination and in full combination. In the former case, fewer references than the entire combination are sufficient to render a claim obvious, and in the latter case the entire combination is relied on to render the same claim obvious. There must be an explanation of why the reliance in part may be the stronger assertion as applied in certain instances and why the reliance in whole may also be the stronger assertion in other instances. Without a bi-directional explanation, the assertions are vertically redundant.

For the redundancy violations, the Board granted the petitioner seven days to select non redundant grounds to be considered in the petition, and noted that "grounds that are not selected by Petitioner will not be considered."

An obvious lesson from the Board's redundancy analysis is that petitioners should specify in the petition how each ground of rejection differs from another. For example, if alternative grounds turn on alternative claim constructions, the petition could identify that issue to avoid a redundancy election requirement. If sufficiency of alternative grounds turn on alternative findings of facts, the petition could so state to avoid a redundancy election requirement. In other words, the petition should identify conclusions or facts at issue, that make reliance on any two grounds not facially redundant of one another, and therefore indicate that those grounds are all relevant.

## II.B. Burden of Persuasion

The PTAB has a couple of opinions providing guidance on meeting the applicable burden of persuasion.

The PTAB decision in CBM2012-00003, paper 7, expanded panel addressed the underlying burden of persuasion for obviousness grounds. Basically, the Board explained that

the petitioner had to expressly make its case; the Board would not read between the lines. Specifically, the Board stated that:

A petitioner has the burden of proof to establish that it is entitled to the requested relief. 37 C.F.R. § 42.20(c). Differences between the claimed invention and the prior art are a critically important underlying factual inquiry for any obviousness analysis. Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 17 (1966). A petitioner who does not state the differences between a challenged claim and the prior art, and relies instead on the Patent Owner and the Board to determine those differences based on the rest of the submission in the petition risks having the corresponding ground of obviousness not included for trial for failing to adequately state a claim for relief. [CBM-2012-00003, paper 7, expanded panel.]

Thus, a petition relying upon obviousness that does not "state the differences", that is, admit what claim limitation is missing from the prior art relied upon in a certain ground, even if the petition contains arguments as to obviousness, is not likely to result in grant of the petition, and if the petition is granted, the relief requested in the petition is not likely to be granted.

The PTAB decision in IPR2012-00006, paper 12, identifies factors for granting a motion to enlarge the page limit of a petition. The standard for granting a motion to enlarge the page limit for a petition, is very high, "in the interests of justice".<sup>3</sup> The Board explained that, at a minimum, grant of such a motion would require a meaningful discussion why limitations of the challenged claims that could not be addressed sufficiently within the sixty pages allotted for the subject petition.<sup>4</sup> Specifically, what the Board said in IPR2012-00006, paper 12, is that:

For example within the motion there is no meaningful discussion of relevant teachings found in the additional references cited in the proposed petition that are not found in the references relied upon in the petition. Further there is no meaningful discussion of the limitations of the challenged claims that could not be addressed sufficiently within the sixty pages allowed because the challenged claims are too numerous and too lengthy.

Since it is generally difficult to prove a negative, it is very unlikely that a motion for enlargement of pages in a petition would be granted.

### III. PROCEDURAL ISSUES

The PTAB has substantial discretion on procedural issues in order to accomplish its goals. The following provide guidance how the PTAB is exercising that discretion.

In IPR2013-00033, paper 15, the PTAB stayed an inter partes reexamination in favor of an IPR raising similar issues and involving similar parties. Factors in this decision were similarity of the parties and grounds. Given this decision, if you have a reexamination pending, you may want to think twice before filing a petition for an IPR on the same or similar grounds.

In IPR2012-00026, paper 12, the PTAB found the fact that a patent owner was still searching for counsel to represent them before the PTAB, near the beginning of the proceeding, was a sufficient reason for a two week extension of time.<sup>5</sup>

The PTAB has been attaching to the initial notice granting a filing date to a petition, in the more recently filed petitions, a copy of the CBM2012-00001, paper 9, Order, by Lead APJ Tierney, providing the requirements for grant of a *pro hac vice* motion.<sup>6</sup>

In CBM2012-00001, paper 21, lead APJ Tierney found that a "district court's finding of a pattern of protective order violations in the related litigation" by an attorney in the related litigation was a significant factor in favor of denying a *pro hac vice* motion in the PTAB trial, for that attorney. Expect behavior of litigation counsel in related litigation to impact their admission in the PTAB proceeding. CBM2012-00001 is also interesting because of the concern regarding claim amendments in the PTAB being impacted by availability confidential information to the district court litigation counsel. However, that was not the basis for the decision denying *pro hac vice*.

In CBM2012-00001, paper 16, Lead APJ Tierney made it clear that: expert testimony from the patent owner in the preliminary response, other than for showing lack of standing, will not be authorized; expert testimony on patent law issues will not be authorized; and unauthorized oppositions will be expunged.

#### IV. SIGNIFICANT PETITION FORMAL DEFECT ISSUES

There are also a substantial number of formalities defects in petitions. These defects normally resulting in 5 day deadline to cure. However, some defects may not be curable (e.g., if cure would result in non compliance with some other limitation on the petition.) I copy below some of the more significant shortcomings, as noted by the PTAB.

Improper usages of claim charts: The rules require that a petition identify how the challenged claims are to be construed and how the claims are unpatentable under the statutory grounds raised. This information is to be provided pursuant to the page limit requirements, which require double spacing. Additionally, the rules require that the petition specify where each element of a challenged claim is to be found in the prior art. The element by element showing may be provided in a claim chart, which is permitted to be written with single spacing. See 37 C.F.R 42.6(a)(2)(iii). Placing one's argument and claim construction in a claim chart to circumvent the double spacing requirement is not permitted. [IPR2013-00034, paper 4. The same issue appears in IPR2013-00036, paper 5, and in other cases.]<sup>7</sup>

The Board notes that the claim charts within the Petition are formatted in landscape orientation and should be formatted in portrait orientation. While the Board accepts this defect by waiving the requirements as this is a new process, the Board will enforce the requirements in the near future. [IPR2013-00008, paper 3.]

The Board notes that the margins on the pages of the petition containing claim charts were less than 1 inch as required under 37 C.F.R. § 42.06. The Board accepts the petition without modification, but future submissions are required to comply with the formatting requirements set forth in the rules. [CBM2012-00001, paper 4.]<sup>8</sup>

Exhibits are not sequentially numbered in the 1001-1999 range. 37 C.F.R. § 42.63(c). The exhibits currently are listed alphabetically throughout the petition. Please correct the petition to number the exhibits sequentially throughout. [IPR2012-00004, paper 3.]<sup>9</sup>

## V. SUMMARY

In summary, papers in PTAB proceedings to date provide substantial guidance to the bar on substantive, procedural, and formal requirements for trial practice before the PTAB.

1. I can be reached via telephone at 1-703-415-0012 and via the firm website: Neifeld.com.
2. Liberty Mutual Insurance Company V. Progressive Casualty Insurance Company, CBM2012-00003, paper 7, by Lee, APJ, with the expanded panel consisting of: James Donald Smith, Chief APJ, James T. Moore, Vice Chief APJ, Michael P. Tierney, Lead APJ, and Jameson Lee; Sally G. Lane; Sally C. Medley; Joni Y. Chang; Michael R. Zecher; and Brian J. Mcnamara, APJs.
3. 37 CFR 42.24(a)(2) ("Petitions to institute a trial must comply with the stated page limits but may be accompanied by a motion to waive the page limits. The petitioner must show in the motion how a waiver of the page limits is in the interests of justice ....")
4. 37 CFR 42.24(a)(i) ("Petition requesting inter partes review: 60 pages.")
5. Anyone that is in fact searching for counsel to represent them in a PTAB proceeding can examine postings on the PatentInterPartes Yahoo! Group email distribution list from practitioners before the PTAB. I administer that distribution list.
6. SAP America, Inc. et al. v. Versata Development Group, Inc., CBM2012-00001, paper 9 (PTAB 9/20/2012)(Tierney, Lead APJ), which states in relevant part:

The Board authorizes both parties to file motions for pro hac vice admission under 37 C.F.R. § 42.10(c) as follows:

### 1. Time for Filing

Both parties are authorized to file motions for pro hac vice upon receipt of this Order. Parties seeking to oppose a motion for pro hac vice admission must file their opposition no later than one week after the filing of the underlying motion.

No reply to any opposition shall be filed unless authorized by the Board.

## 2. Content of Motion

A motion for pro hac vice admission must:

a. Contain a statement of facts showing there is good cause for the Board to recognize counsel pro hac vice during the proceeding.

b. Be accompanied by an affidavit or declaration of the individual seeking to appear attesting to the following:

i. Membership in good standing of the Bar of at least one State or the District of Columbia;

ii. No suspensions or disbarments from practice before any court or administrative body;

iii. No application for admission to practice before any court or administrative body ever denied;

iv. No sanctions or contempt citations imposed by any court or administrative body;

v. The individual seeking to appear has read and will comply with the Office Patent Trial Practice Guide and the Board's Rules of Practice for Trials set forth in part 42 of the C.F.R.;

vi. The individual will be subject to the USPTO Code of Professional Responsibility set forth in 37 C.F.R. §§ 10.20 et seq. and disciplinary jurisdiction under 37 C.F.R. § 11.19(a);

vii. All other proceedings before the Office for which the individual has applied to appear pro hac vice in the last three (3) years; and

viii. Familiarity with the subject matter at issue in the proceeding.

c. Where the affiant or declarant is unable to provide any of the information requested above in part 2(b) or make any of the required statements or representations under oath, the individual should provide a full explanation of the circumstances as part of the affidavit or declaration.

7. 37 CFR 42.6(a)(2)(iii) ("Double spacing must be used except in claim charts, headings, tables of contents, tables of authorities, indices, signature blocks, and certificates of service."). Also note 77 FR 48634, response to comment 81 ("As discussed with respect to § 42.6, single spacing may be used for claim charts rather than double spacing - which results in a doubling of the space available to present claim charts.") Also note the USPTO's comments at 77 FR 48617 regarding rule 42.6(a) (Noting that "[p]arties should not use line spacing, font size, or margins to evade page limits.")

8. 37 CFR 42.6(a)(2)(iii)(iv) ("Margins must be at least 2.5 centimeters (1 inch) on all sides.")

9. 37 CFR 42.63(c) ("(c) Exhibit numbering. Each party's exhibits must be uniquely numbered sequentially in a range the Board specifies. For the petitioner, the range is 1001 - 1999, and for the patent owner, the range is 2001-2999.") Also note 37 CFR 42.63(a) ("All evidence must be filed in the form of an exhibit.") and the detailed format and marking requirements for exhibits in 37 CFR 42.63(d).

