

4 Ways Petitioners Botch Their Case At The PTAB

By Erin Coe

Law360, San Diego (March 29, 2016, 2:05 PM ET) -- The Patent Trial and Appeal Board has become a major draw for attacking the validity of patents, but petitioners that gloss over the technical details of the case or submit a petition that relies too heavily on expert declarations aren't setting themselves up for success at the forum.

The PTAB has found nearly 11,000 claims unpatentable in final written decisions since the board started adjudicating patent disputes in 2012, according to statistics released by the U.S. Patent and Trademark Office at the end of February.

"It's hard to overstate the importance of the PTAB," said Eliot Williams, a partner at Baker Botts LLP. "Out of the thousands of claims the PTAB has invalidated, the vast majority have been asserted in district court litigation. The PTAB has been instrumental to help simplify the issues litigated in district court. When accused infringers are faced with district court litigation, it is almost always a central part of their strategy to consider pursuing a PTAB trial."

Here, attorneys point to four mistakes that petitioners are making at the PTAB:

They Don't Dive Deep Enough Into the Details

Because PTAB judges are often former patent examiners and patent attorneys from private practice with more patent and technological experience than typical judges and juries in district courts, the parties should be prepared to drill down deep into issues like obviousness, according to Justin Oliver, head of Fitzpatrick Cella Harper & Scinto's USPTO contested proceedings practice.

"Some attorneys make top-level arguments that it would have been obvious to combine the prior art references because they are directed to generally the same field of technology," he said. "But just offering in cursory fashion that the asserted documents are from the same field is not enough to address the board's preferred level of analysis, which requires details concerning why and how a person of ordinary skill in the art would have modified or combined the prior art in the manner asserted."

The best way to show a person of ordinary skill in the art would have put two or more prior art references together is by selecting a good expert witness, according to Stephen Maebius, a Foley & Lardner LLP partner.

"A really good expert can bring the prior art to life and explain the context of the technology really well,

how the references fit together and where the motivation would come from to modify the first one in view of the second one,” he said. “You need that expert to help tie together different references.”

PTAB judges are very comfortable with an obviousness analysis, and prior to the existence of the PTAB, obviousness didn’t play as significant of a role as it does now, according to Kevin Laurence, a partner at Renaissance IP Law Group LLP.

“So many litigators were reluctant to present an obviousness argument to the jury ... but now they can address Section 103 of the Patent Act in front of three judges who are fluent on the issue,” he said. “It’s fundamentally changed the ability to challenge patents.”

Nonetheless, because most run-of-the-mill PTAB cases turn on obviousness, attorneys must show how the art is properly combined and shouldn’t just assume the PTAB will see the connection based on the prior art presented alone, according to Laurence.

“PTAB judges are not examiners and won’t necessarily ‘connect the dots’ for you,” he said.

Petitioners’ counsel also should make sure that they read through each case they cite in the petition, rather than focusing narrowly on favorable phrases in the opinions, according to Jonathan Strang, a director in Sterne Kessler Goldstein & Fox PLLC’s litigation group.

“On several occasions, we have taken advantage of such mistakes, using opposing counsel’s own cases to expose the weaknesses in his or her position,” he said. “Likewise, PTAB lawyers need to check each cited case’s subsequent history, especially in their own briefs. If your key case has been reversed or vacated, it will be very embarrassing and perhaps devastating to your client’s position.”

Their Petition Leans Too Much on Expert Declarations

Sometimes petitioners provide extensive expert declarations, but the petition itself lacks the same level of detail, according to Williams.

“The PTAB requires you to make arguments in your petition and not rely on incorporating those arguments by reference to expert declarations,” he said. “The practice tip is if you have an argument worth making in an expert declaration, you should make the argument explicitly in the petition.”

In June, the PTAB **mostly denied bids** by Google Inc. and Apple Inc. for America Invents Act reviews of three digital rights management patents asserted against them by ContentGuard Holdings Inc. In one of the denials, the PTAB criticized Apple for submitting a petition that was often incomprehensible without reviewing its expert’s declaration.

“Many sections of the petition feature sparse explanation and rely heavily on supporting citations to the [expert’s] declaration to buttress the conclusory analysis,” the PTAB panel wrote. “The petition’s practice of citing multiple pages of the [expert’s] declaration to support conclusory statements and more generally, using the declaration to vastly expand its thin analysis and reasoning[,] violates our rules.”

When attorneys are so focused on putting together an expert declaration, they might rush the petition and not spend enough time laying out all the arguments needed to make sure the petition stands on its own, according to Williams.

“As practitioners, we are used to litigating in district courts where the submissions tend to be a little more skeletal, and we beef up the arguments as the case moves forward,” he said. “Attorneys might set forth invalidity contentions that are really skeletal surrounding why the patents are invalid other than identifying the prior art, and then they submit the expert report and the summary judgment brief. Attorneys are used to having two or three chances to build out their invalidity arguments in court, but they don’t have that sort of luxury in the PTAB. They really must put their whole argument in writing in the initial paper.”

They Wait Too Long to Provide Expert Testimony

Petitioners also have run into problems with their validity challenges at the PTAB when they lodge a petition without including expert testimony at the outset of the proceeding, according to Williams.

Accused infringers have the ability to submit expert testimony when they file a petition. This is an advantage over the patent owner, which is currently unable to provide its own expert testimony before an institution decision is made, though **proposed rules** at the PTAB aim to allow patent owners to do so.

When petitioners have tried to supplement the record with expert testimony later in the case, such as along with the filing of their reply brief, the PTAB has sometimes excluded it if it perceives that the petitioner is holding back on its best evidence until the patent owner has no chance to respond to it, according to Williams.

“You’re missing an opportunity if you’re not submitting expert testimony with your petition because you probably won’t get a chance to put in expert testimony later in the proceeding,” he said.

In March 2015, the PTAB held that Intri-Plex Technologies Inc. **failed to show** that Saint-Gobain Performance Plastics Rencol Ltd.’s patent for a ring in a computer hard drive was obvious. As part of that holding, the panel noted that by waiting to file its expert declaration until after Saint-Gobain filed its patent owner response, Intri-Plex effectively precluded the patent owner from addressing the declaration in its response as well as the patent owner’s expert from responding in his declaration.

“A reply that belatedly presents evidence will not be considered,” the board wrote, citing a 1999 district court decision in *Murphy v. Village of Hoffman Estates* that stated “it is established beyond peradventure that it is improper to sandbag one’s opponent by raising new matter in reply.”

They Do Little to Justify Nonpatent Prior Art

When petitioners try to point to a prior art reference that is not a patent, such as proceedings at a conference or a U.S. Securities and Exchange Commission filing, they may need to take extra steps to show when the reference was publicly accessible, according to Maebius.

“When petitioners don’t adequately explain public accessibility and provide evidence when the reference became available to the public, the PTAB is denying a lot of petitions on that basis,” he said.

Earlier this month, the PTAB **granted** requests by a group with close ties to hedge fund manager Kyle Bass to review the validity of four Acorda Therapeutics Inc. patents related to its multiple sclerosis drug Ampyra. The board found that the Coalition for Affordable Drugs likely would be able to show that several references, including a U.S. Securities and Exchange Commission filing that detailed a clinical

protocol for treating multiple sclerosis, made the claims unpatentable because of obviousness.

To show the filing was publicly accessible before the effective filing date of the patent, the coalition hired an academic librarian as an expert witness, who explained the SEC's electronic filing system and how documents can be accessed by the public once they are filed, according to Maebius.

The board previously refused to institute reviews the coalition sought of two of the patents that relied on different prior art. The coalition had cited posters displayed at conferences, but the PTAB in August found they were not publicly accessible and couldn't be used as prior art.

"Kyle Bass learned from his earlier mistake," Maebius said. "Petitioners need to carefully show the board where and when the reference was published."

If petitioners plan to rely on a scholarly journal, book or other nonpatent publication as prior art, the best practice is to include declarations from a publisher or librarian to authenticate when the publication became available, according to Williams.

"Lawyers aren't used to disputing this issue in district court, but in the PTAB, there is a real incentive for the patent owner to dispute everything in order to save the patent," he said. "This is one issue that petitioners don't think a lot about the first time they file a petition. Once it's denied, they catch on, but it's something petitioners miss and continue to miss."

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