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Building a Winning Evidentiary Record at the PTAB (and Surviving Appeal)

Selecting and Tailoring Evidence, Timing of Submission by
Petitioner and Patent Owner, and Best Practices for Challenging Evidence

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1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

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Building a Winning Evidentiary Record at the PTAB (and surviving Appeal)

Presenters:

Scott E. Kamholz

Terry Rea

James Donald Smith

Introduction: Two misconceptions

- A PTAB “trial” is not a trial in a conventional sense
 - Unlike any other kind of trial
 - Much of it is over before it starts
 - Deposition is on-the-stand cross-examination
- The PTAB has adopted the Federal Rules of Evidence but rarely invokes them
 - Judges often defer admissibility and weight determinations to the final decision
 - Judges are scientifically sophisticated fact-finders
 - Judges rarely exclude evidence

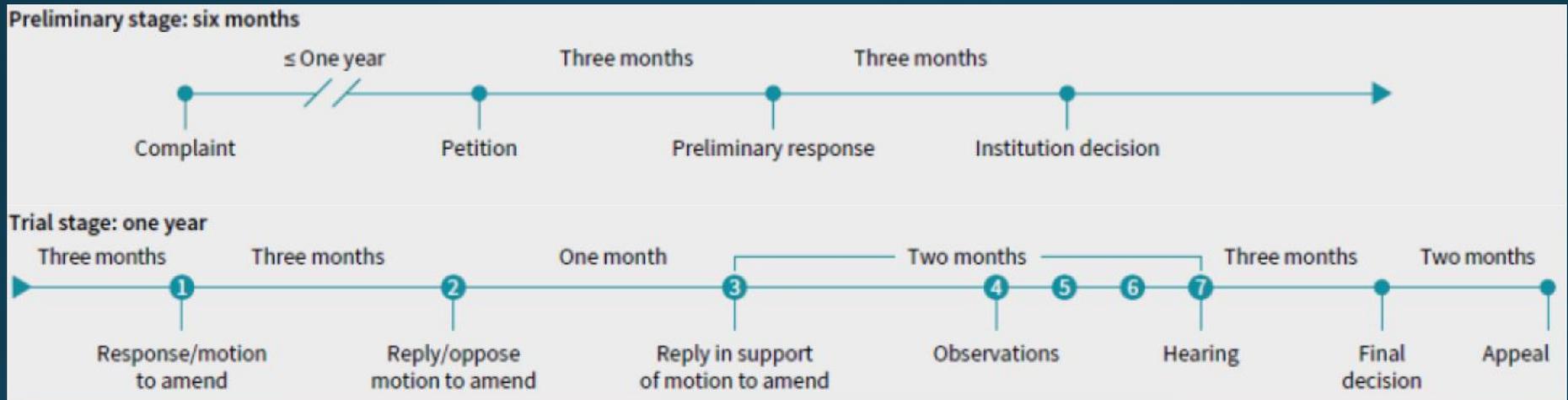
Evidentiary standards

- Petitioner: burden of proof by preponderance on all questions of unpatentability
 - Prior art teachings
 - Rationale to combine
 - Lack of written description for a challenge based on intervening art
- Patent Owner: burden of going forward on certain issues
 - Secondary considerations – no rule but informal
 - Disqualifying prior art
 - Real party in interest – some gray

Evidentiary Standards, cont.

- CAFC review
 - Questions of fact: substantial evidence
 - Questions of law: de novo
 - Claim construction: *Teva*

PTAB Timeline



Form of Evidence

- The PTAB has prescribed specific requirements for formatting evidence.
- Follow them to the letter to avoid irritating the judges
- Documents in languages other than English
 - English translation
 - Affidavit attesting to accuracy

Petitioner: The Petition

- The entire case-in-chief and all supporting evidence must be presented with the Petition
 - Petition is due within one year of the first service of a complaint for infringement (35 U.S.C. § 315(b))
 - Petition cannot be filed after the filing of a declaratory judgment action for invalidity (35 U.S.C. § 315(a))

Petitioner: Supplemental Information

- A motion to file supplemental information is pre-authorized if filed within one month of trial institution (37 C.F.R. § 42.123(a)(1))
- PTAB has discretion to disregard supplemental information (*Redline Detection v. Star Envirotech*)
- Open to attack as exceeding case-in-chief evidence

Petitioner: Reply

- Most other tribunals do not permit new evidence with a Reply in the regular course
- PTAB permits new expert declarations and essentially any other form of evidence without requiring stipulation or pre-authorization
- PTAB does impose strict limits on the scope of Petitioner's Reply (37 C.F.R. § 42.23(b))

Petitioner: Opposition to Amendment

- Petitioner may introduce all forms of evidence
- Note Patent Owner bears the burden of proving patentability

Petitioner: Motion for Observations

- Not mentioned in the rules
- Authorized in the Scheduling Order
- Available when cross conducted within the regulated time limits but after that party's last brief was due
- Strictly limited to citing pinpoint passages from the cross-examination testimony and identifying other evidence already of record for which the new testimony has relevance
- The significance of observations evidence may be addressed in the oral hearing.

Patent Owner: Preliminary Response

- May include all kinds of evidence
- Due within 3 months of issuance of notice of Petition filing date
- Aim for showing that Petition does not meet standard
 - “Reasonable likelihood” for IPR
 - “More likely than not” for CBM/PGR
- Documentary evidence
 - Research papers or other publications, for example that might undercut Petitioner’s expert assessment of the prior art
 - Prior inconsistent testimony of Petitioner’s expert
 - New testimonial evidence by Patent Owner expert

Patent Owner: New Testimonial Evidence

- Newly authorized with PTAB trial rule revisions announced April 1, 2016 and effective May 1, 2016
- PTAB cautions that if new testimonial evidence is accepted from the Patent Owner, any inconsistencies with Petitioner's evidence will be resolved in favor of the Petitioner *for purposes of deciding whether to institute trial*
- Questionable whether new declaration testimony could be dispositive in favor of Patent Owners, because PTAB probably reluctant to deny Petitioner relief on the strength of untested direct testimony
- Patent Owners might consider seeking PTAB authorization to conduct limited cross-examination of Petitioner witness

Patent Owner: Full Response

- Due date set in the scheduling order that accompanies institution decision but typically is 3 months after institution
- All of Patent Owner's case-in-chief evidence must be submitted
 - Documentary evidence
 - New expert declaration(s)
 - Need not be same expert as used in preliminary response, if any
 - No pedigree contest – judges are not particularly sensitive to where the expert teaches or was educated
 - Should be directed to refuting Petitioner expert

Patent Owner: Full Response, cont.

- Deposition testimony of Petitioner witnesses
 - This is the trial cross-examination, not a preliminary interrogation to be filed by on-the-stand testimony
 - Deposition is the time to extract key admissions
 - Impeaching expert's qualifications rarely succeeds
- Rebuttal evidence where Patent Owner has burden of going forward

Patent Owner: Motion to Amend

- Has declined sharply in popularity as success rate has remained low and the Federal Circuit has upheld PTAB's procedures
- PTAB requires Patent Owner to prove patentability
 - *Idle Free*: burden extends to "the prior art of record and also prior art known to the patent owner."
 - *MasterImage*: clarified these terms

Patent Owner: Scope of Prior Art

- “Prior art of record”
 - any material art in the prosecution history of the patent;
 - any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and
 - any material art of record in any other proceeding before the Office involving the patent.”
- “Prior art known to the patent owner”
 - no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the Office under 37 C.F.R. § 42.11, in light of a Motion to Amend

Patent Owner: Reply for Motion to Amend

- Analogous to Petitioner's Reply in support of Petition
- Many fewer cases addressing whether Patent Owner exceed permissible scope of Reply, because there have been comparatively few Motions to Amend

Patent Owner: Observations

- Same as discussed for Petitioner

Discovery

- Limited – this is a fundamental principle of PTAB trials
- Two types
 - Routine Discovery (37 C.F.R. § 42.51(b)(1)): parties are entitled to:
 - Additional discovery (37 C.F.R. § 42.51(b)(2)): everything else

Routine Discovery

- Parties are entitled to:
 - Copies of all exhibits
 - Deposition of all witnesses
 - Information inconsistent with positions the opponent takes
 - A lot of gray here
 - Reflects duty of candor
 - Often times the relevant material is publicly available

Additional Discovery

- Covers everything not specified in routine discovery
 - Obtainable only on motion and when “in the interests of justice”
 - Cannot file motion without PTAB authorization
 - Must be able to explain
 - Precisely what is sought
 - How it is material to the case
 - Why it is necessary
 - Rarely granted. Requires persuading the PTAB that the evidence exists and likely is outcome-determinative

Additional Discovery, cont.

- *Garmin* factors: the PTAB uses these to weight additional discovery requests
 - *Fishing expedition?* Must show that something useful will be uncovered
 - *Gaming the system?* The PTAB will not entertain motions that appear geared toward obtaining litigation positions
 - *Available elsewhere?* Don't put the opponent to the trouble of production if the information is reasonably available elsewhere
 - *Simple Instructions?* The PTAB does not look kindly on, say, ten pages of prefatory instructions for response
 - *Too Burdensome?* The PTAB will hesitate to put the opponent to expense or employee distraction that is not commensurate with the scope and expedited nature of the proceeding.

Additional Discovery, cont.

- Additional discovery scenarios
 - Real party-in-interest and privity issues
 - Lab notebooks – primary evidence from experimentation
 - Sales figures etc. for accused infringed product (but beware trial-within-trial)

Protective orders

- 37 C.F.R. § 42.54
- Disfavored and inherently risky
 - PTAB prefers openness
 - Confidential information relied upon in final decision may be unsealed
- Procedure
 - Submitting party: file under “Board and Parties Only”
 - Owner of the information must file the motion to seal
 - Proposed protective order: default preferred
- Expungement available after the proceeding (37 C.F.R. § 42.56)

Compelled discovery

- 37 C.F.R. §§ 42.52-53
- Routine and additional discovery noncompliance
- Opponent's witnesses not made reasonably available
- Subpoena power for third party documents and witnesses
- Foreign language and depositions in other countries – lots of headaches

Attacking the opponent's evidence

- Weight vs. admissibility
- Attacking weight
 - This is the main show
 - APJ's don't like to read cross-motions to exclude.
- Objections and exclusion
 - 10 days for patent owner to object to petition evidence
 - Later: the 5/10 rule

Deposition Objections

- Objections must be stated during deposition
 - Follow deposition guidelines
 - No “speaking” objections
- Curing evidence must be provided during the deposition unless parties agree otherwise on the record

Motions to Exclude

- Will get nowhere unless truly directed to admissibility
- Even if there is an admissibility issue, judges may elect to eliminate the evidence on the merits

Presenting evidence at the Hearing

- First chance to weave all evidence together into cohesive story
 - Post-briefing evidence (observations)
 - Opportunity to provide a map to navigate a large record
- Never live testimony (well, hardly ever)
- Use demonstratives either to summarize argument or simply to display evidence
 - Take care that summary does not introduce new arguments or recharacterize evidence
 - If eschewing prepared slides in favor of going directly to the record, have a good IT person on hand who is nimble with the record

CAFC remands on evidentiary issues

- There have not been many
 - Vast majority of cases are affirmed – and most of those under Rule 36
 - There have been some reversals, mostly on claim construction
 - Remands
 - To reconsider the evidence in light of a modified claim construction (*Proxycorr v. Microsoft*)
 - To explain the basis for PTAB's final decision (*Cutsforth I*)
 - To explain the basis for PTAB's decision not to consider certain evidence (*Ariosa v. Verinata*)
- CAFC largely has expressed approval of the PTAB's procedures and deference to its practices

Conclusion

- Evidence is the lifeblood of a PTAB proceeding, as in most other forms of litigation
- Procedures, practices, and timelines bear almost no resemblance to those of other tribunals, however
- Effective evidence presentation at the PTAB requires deep familiarity with its unique rules

Thank You

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