

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

THURSDAY, APRIL 14, 2016

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

Today's faculty features:

Scott E. Kamholz, M.D., Ph.D., Partner, **Foley Hoag**, Washington, D.C.

Teresa (Terry) Rea, Partner, **Crowell & Moring**, Washington, D.C.

James Donald Smith, Chief IP Counsel, **Ecolab**, Minneapolis

The audio portion of the conference may be accessed via the telephone or by using your computer's speakers. Please refer to the instructions emailed to registrants for additional information. If you have any questions, please contact **Customer Service at 1-800-926-7926 ext. 10.**

1. Introduction: Two misconceptions
 - a. A PTAB "trial" is not a trial in a conventional sense
 - i. Unlike any other kind of trial
 1. No live testimony – entire proceeding on paper
 2. Final "hearing" isn't an evidentiary hearing, just an oral argument
 - ii. A large part of the "trial" is already over before it's even instituted
 1. Petitioner's case-in-chief and evidence-in-chief all go in with the Petition
 2. Patent Owner's Preliminary Response often gives a strong overview of Patent Owner's case, though it is not binding
 - iii. Witness deposition is used for what is effectively on-the-stand cross-examination, not to develop impeachment positions
 - b. The PTAB has adopted the Federal Rules of Evidence (37 C.F.R. § 42.62) but rarely invokes them
 - i. PTAB judges are perfectly comfortable deferring admissibility and weight determinations to the final decision
 1. They tend to let everything in as the trial progresses
 2. They are not interested in refereeing evidentiary disputes along the way but will if persuaded of necessity
 - ii. PTAB judges are scientifically sophisticated fact-finders
 1. There is a good chance at least one member of the panel will have scientific expertise relevant to the subject matter
 2. Due to this expertise, the judges rarely will regard relevant evidence as prejudicial or confusing (FRE 403)
 - iii. PTAB judges rarely exclude evidence

1. They more often find that the opposing party's objection goes more to weight than admissibility
2. They often will find a way to decide the case without relying on the objected-to evidence

2. Evidentiary standards

- a. Petitioner: burden of proof by preponderance on all questions of unpatentability (35 U.S.C. § 316(e))
 - i. Prior art teachings
 - ii. Rationale to combine
 - iii. Lack of written description for a challenge based on intervening art
 - b. Patent Owner: burden of going forward on certain issues
 - i. Secondary considerations – no rule but informal
 - ii. Disqualifying prior art
 1. Antedating
 2. Attribution
 3. Common owner
 - iii. Real party in interest – some gray
 - c. CAFC review
 - i. Questions of fact: substantial evidence
 1. CAFC takes this standard quite seriously
 2. CAFC occasionally hints at disagreement with PTAB's outcome but still affirms due to deferential standard
 - ii. Questions of law: de novo
 - iii. Claim construction: *Teva*
 1. Intrinsic evidence: de novo
 2. Extrinsic evidence: substantial evidence
- ## 3. PTAB Timeline – what evidence can come in when
- a. Overall AIA trial timeline
 - b. Form of evidence

- i. The PTAB has prescribed specific requirements for formatting evidence in (37 C.F.R. § 42.63). Follow them to the letter to avoid irritating the judges
 - ii. Special note for documents in languages other than English: an English translation must be filed, along with an affidavit attesting to accuracy
- c. Petitioner
 - i. Petition: entire case-in-chief and all supporting evidence must be presented with the Petition
 - 1. Petition is due within one year of the first service of a complaint for infringement (35 U.S.C. § 315(b))
 - 2. Petition cannot be filed after the filing of a declaratory judgment action for invalidity (35 U.S.C. § 315(a))
 - ii. Supplemental information
 - 1. 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))
 - 2. PTAB has discretion to disregard supplemental information (*Redline Detection v. Star Envirotech*)
 - 3. Open to attack as exceeding case-in-chief evidence
 - iii. Reply: The PTAB is unusually tolerant of new evidence presented in the Reply
 - 1. Most other tribunals do not permit new evidence with a Reply in the regular course
 - 2. PTAB permits new expert declarations and essentially any other form of evidence without requiring stipulation or pre-authorization
 - 3. PTAB does impose strict limits on the scope of Petitioner's Reply (37 C.F.R. § 42.23(b))
 - a. Arguments and evidence limited to that which is responsive to the Patent Owner Response
 - i. "Responsive" means that the new argument or evidence refutes the Patent Owner's evidence

- ii. May not be used to gap-fill holes in the case-in-chief exposed by Patent Owner's evidence
 - b. PTAB may strike the entire Reply if any part of it is found to exceed permissible scope
 - iv. Opposition to Motion to Amend
 - 1. Petitioner may introduce all forms of evidence
 - 2. Note Patent Owner bears the burden of proving patentability
 - v. Motion for Observations provides a last-minute opportunity to introduce testimonial evidence
 - 1. Motion for Observations is not provided for in the rules but is authorized in the Scheduling Order that accompanies a decision to institute
 - 2. A party may file a motion for observations on cross-examination testimony if the cross-examination was conducted within the regulated time limits but after that party's last brief was due
 - a. Typical scenario is Patent Owner's cross-examination of Petitioner's Reply witness
 - b. May also arise if Patent Owner submits new testimonial evidence in its Reply in support of a Motion to Amend
 - 3. Motions for observations are 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
 - 4. The significance of observations evidence may be addressed in the oral hearing.
- d. Patent Owner
 - i. Preliminary Response may include all kinds of evidence, now including new testimonial evidence (37 C.F.R. § 42.107)
 - 1. Due within three months of issuance of notice of Petition filing date

2. Should be aimed at showing that Petition does not meet the “reasonable likelihood” standard for IPR or “more likely than not” standard for CBM/PGR
3. Documentary evidence
 - a. Research papers or other publications, for example that might undercut Petitioner’s expert assessment of the prior art
 - b. Prior inconsistent testimony of Petitioner’s expert
 - c. New testimonial evidence by Patent Owner expert
 - i. Newly authorized with PTAB trial rule revisions announced April 1, 2016 and effective May 1, 2016
 - ii. 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*
 - iii. 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
 - iv. Patent Owners might consider seeking PTAB authorization to conduct limited cross-examination of Petitioner witness
- ii. Patent Owner Response (37 C.F.R. § 42.120)
 1. Due date set in the scheduling order that accompanies institution decision but typically is 3 months after institution
 2. All of Patent Owner’s case-in-chief evidence must be submitted
 - a. Documentary evidence
 - b. New expert declaration(s)
 - i. Need not be same expert as used in preliminary response, if any

- ii. No pedigree contest – judges are not particularly sensitive to where the expert teaches or was educated
 - iii. Should be directed to refuting Petitioner expert testimony
 - 1. Identify factual errors or unwarranted assumptions
 - 2. Explain why Petitioner expert is wrong, rather than just offer a different set of facts or a different explanation of the evidence
 - c. Deposition testimony of Petitioner witnesses
 - i. This is the trial cross-examination, not a preliminary interrogation to be followed by on-the-stand testimony
 - ii. Deposition is the time to extract key admissions
 - iii. Impeaching expert’s qualifications rarely succeeds
 - 3. Rebuttal evidence where Patent Owner has burden of going forward
- iii. Motion to Amend (37 C.F.R. § 42.121)
- 1. Has declined sharply in popularity as success rate has remained low and the Federal Circuit has upheld PTAB’s procedures
 - 2. PTAB requires Patent Owner to prove patentability
 - a. Essentially proving a negative: that the claimed subject matter is not disclosed or rendered obvious by prior art
 - b. *Idle Free* established that the burden extends to “the prior art of record and also prior art known to the patent owner.”
 - c. *MasterImage* clarified that “prior art of record” to means:

- i. "a. any material art in the prosecution history of the patent;
 - ii. "b. any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and
 - iii. "c. any material art of record in any other proceeding before the Office involving the patent."
 - d. *MasterImage* clarified that "prior art known to the patent owner" means "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."
 - e. Patent Owner's duty of candor is on par with the patent prosecutor's duty of candor under 37 C.F.R. § 1.56.
- iv. Reply in support of Motion to Amend
 - 1. Analogous to Petitioner's Reply in support of Petition
 - 2. Many fewer cases addressing whether Patent Owner exceed permissible scope of Reply, because there have been comparatively few Motions to Amend
- v. Motion for Observations – as discussed earlier

4. Discovery

- a. Limited – this is a fundamental principle of PTAB trials
- b. Two types
 - i. Routine Discovery (37 C.F.R. § 42.51(b)(1)): parties are entitled to:
 - 1. Copies of all exhibits
 - 2. Deposition of all witnesses
 - 3. Information inconsistent with positions the opponent takes
 - a. A lot of gray here
 - b. Reflects duty of candor

- c. Often times the relevant material is publicly available
- ii. Additional discovery (37 C.F.R. § 42.51(b)(2)): everything else
 1. Obtainable only on motion and when "in the interests of justice"
 2. Cannot file motion without PTAB authorization
 3. When seeking authorization, must be able to explain (while on a phone call with the panel and opponent)
 - a. Precisely what is sought
 - b. How it is material to the case
 - c. Why it is necessary for proper disposition of the case
 4. Rarely granted but not unheard-of. Requires persuading the PTAB that the evidence exists and likely is outcome-determinative
 5. *Garmin* factors: the PTAB uses these to weigh requests for additional discovery
 - a. Fishing expedition? The PTAB wants the proponent to show evidence that something useful will be uncovered
 - b. Gaming the system? The PTAB will not entertain motions that appear geared toward obtaining litigation positions
 - c. Available elsewhere? The PTAB will not put the opponent to the trouble of production if the information is reasonably available elsewhere
 - d. Simple Instructions? The PTAB does not look kindly on, say, ten pages of prefatory instructions for response
 - e. 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.
 6. Additional discovery scenarios
 - a. Real party-in-interest and privity issues

- b. Lab notebooks – primary evidence from experimentation
 - c. Sales figures etc. for accused infringed product (but beware trial-within-trial)
- 5. Protective orders (37 C.F.R. § 42.54)
 - a. Disfavored and inherently risky
 - i. PTAB is inclined to conduct proceedings fully in the open but recognizes that confidential information may be used
 - ii. PTAB routinely cautions parties that confidential information relied upon in a final written decision will be unsealed
 - b. Procedure
 - i. The party submitting the confidential information has the obligation to file it under seal and to notify the owner (if different from submitter) that it has been filed
 - ii. The owner of the confidential information must file a motion to seal.
 - iii. The motion must be accompanied by a redacted version of the affected document and a proposed protective order. The PTAB has a default protective order, and the parties should follow it as closely as possible
 - c. Parties may request expungement of confidential information after the proceeding ends (37 C.F.R. § 42.56)
- 6. Compelling discovery (37 C.F.R. §§ 42.52-53)
 - a. Routine and additional discovery noncompliance
 - b. Opponent's witnesses not made reasonably available
 - c. Third party witnesses – upon showing of need, PTAB may authorize proponent to seek a subpoena through a U.S. district court (35 U.S.C. § 24; 37 C.F.R. § 42.53(a))
 - d. Foreign language and depositions in other countries – lots of headaches
- 7. Attacking the opponent's evidence
 - a. This may be done both in the briefing and hearing (weight) and by objection and motion to exclude (admissibility)
 - b. Attacking weight

- i. This is what PTAB evidence is all about. Everything discussed earlier is directed to this.
 - ii. This is the PTAB's preferred way of dealing with evidence challenges. The judges do not relish reading an extra 70 pages of briefing on cross motions to exclude
 - c. Objections and exclusion
 - i. Tight deadline for patent to object to any evidence in petition: 10 days after institution (37 C.F.R. § 42.64(b)(1))
 - ii. Objection procedure for filed evidence
 - 1. Objecting party serves objection within 5 days after evidence is presented (37 C.F.R. § 42.64(b)(1))
 - 2. Responding party may serve supplemental evidence (not to be confused with "supplemental information") within 10 days of objection (37 C.F.R. § 42.64(b)(2))
 - 3. Objecting party may move to exclude any evidence properly objected to (37 C.F.R. § 42.64(c))
 - iii. Objection procedure for depositions (37 C.F.R. § 42.64(a))
 - 1. Objections must be stated during deposition
 - 2. Curing evidence must be provided during the deposition unless parties agree otherwise on the record
 - iv. Motions to exclude
 - 1. Will get nowhere unless truly directed to admissibility
 - 2. Even if there is an admissibility issue, judges may elect to eliminate the evidence on the merits
 - d. Attacking scope of reply – discussed earlier
- 8. Presenting evidence at the hearing
 - a. Hearing is the first chance for counsel to weave all evidence together into one cohesive story
 - i. A significant amount of evidence can come in after briefing is complete, mostly on motions for observations
 - ii. The record by the close of evidence can be large and difficult to navigate – hearing is an opportunity to provide a map

- b. Witnesses never testify at the hearing (well, hardly ever)
 - c. Use demonstratives either to summarize argument or simply to display evidence
 - i. Take care that summary does not introduce new arguments or recharacterize evidence
 - ii. 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
9. CAFC remands on evidentiary issues
- a. There have not been many
 - i. Vast majority of cases are affirmed – and most of those under Rule 36
 - ii. There have been some reversals, mostly on claim construction
 - iii. Remands
 - 1. To reconsider the evidence in light of a modified claim construction (*Proxyconn v. Microsoft*)
 - 2. To explain the basis for PTAB’s final decision (*Cutsforth I*)
 - 3. To explain the basis for PTAB’s decision not to consider certain evidence (*Ariosa v. Verinata*)
 - b. CAFC largely has expressed approval of the PTAB’s procedures and deference to its practices

10. Conclusion

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