

## Inter Partes Review And A Soon-To-Expire Patent

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*This is the fifth article in WilmerHale's series of Expert Analysis pieces concerning post-grant issues. It was preceded by ["Lessons From Inter Partes Review Denials,"](#) ["When Inter Partes Review Meets Hatch-Waxman Patents,"](#) ["Claim Constructions In PTAB Vs. District Court"](#) and ["Tips For Dealing With Competing IPR And ITC Deadlines."](#)*

One of the advantages for a patent challenger in an inter partes review proceeding (as compared to a district court proceeding) is the broader claim construction standard that is employed. Specifically, IPRs employ the "broadest reasonable construction in light of the specification of the patent in which it appears" standard, generally referred to as the "broadest reasonable interpretation (BRI) standard."<sup>[1]</sup> In contrast, in district court proceedings, claim terms are given "the meaning that [a] term would have to a person of ordinary skill in the art in question at the time of the invention"<sup>[2]</sup> — generally referred to as the "Phillips standard." The Phillips standard can sometimes lead to a narrower construction.

Indeed, the Federal Circuit recently noted: "The broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower."<sup>[3]</sup> When the BRI standard is used during an IPR, more prior art can be encompassed, which can benefit the patent challenger and disadvantage the patent owner.

One exception to this general rule involves expired patents. As the Federal Circuit recently articulated, "[w]hen the Board reexamines an unexpired patent, it construes the claims under the broadest reasonable interpretation consistent with the specification... When the Board reexamines an expired patent, it construes the claims in accordance with the claim construction standard set forth in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005)."<sup>[4]</sup> As will be noted in greater detail, this approach has been followed in IPR proceedings as well. Hence, for expired patents, at first glance, few differences appear to exist for claim construction between the proceedings before the district court and the board.

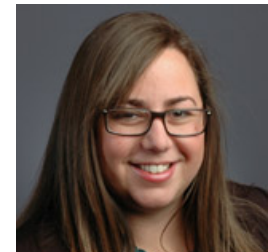
This paper addresses the differences in claim construction between the district court and the board, some timing issues that arise when IPR proceedings are brought against a patent near the end of its term, and strategy associated with such IPR proceedings.



Don Steinberg



Yung-Hoon (Sam) Ha



Natalie Pous

## Differences Nevertheless

Although the Phillips standard is used for expired patents in both IPR and district court proceedings for claim construction, some marked differences nevertheless exist.

First, district courts afford patents a presumption of validity. However, before the Board, even for an expired patent, “there still would be no presumption of validity in [an IPR] proceeding.”[5]

Second, while district courts require a challenger to prove invalidity of a patent by clear and convincing evidence, “Petitioner’s burden of proof [in an IPR proceeding] is still by a preponderance of the evidence.”[6]

Third, while the district court sometimes applies a rule of construction with an aim to preserve the validity of the claims, the board “will not be applying a rule of construction with an aim to preserve the validity of the claims.”[7]

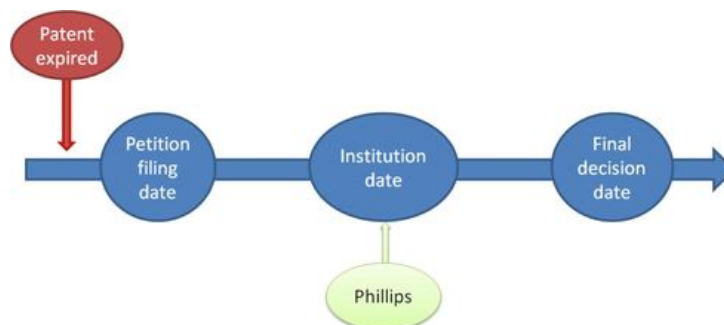
In sum, challengers have a lower threshold to prove invalidity of an expired patent in an IPR proceeding as compared to a district court proceeding.

## Timing Issues

Some timing issues can also arise. For example, while an IPR petition filed against an already expired patent should employ the Phillips standard, what happens when a petition is filed on a patent that is about to expire? The following three timing scenarios were observed in IPR petitions filed to date, with a fourth timing scenario also possible.

### *Petition Filed After Expiration of Patent*

At least 20 IPR petitions have been filed against expired patents.[8] In almost every one of these petitions, the petitioner urged the Phillips standard should be used for claim construction.[9] The only exception was *PanelClaw Inc. v. SunPower Corporation*, IPR2014-00386, where the petitioner requested construction of the claims under the BRI standard. However, the patent owner filed a preliminary response indicating that the subject patent had already expired and the board agreed with the patent owner and instituted using the Phillips standard. Thus, in all cases where an institution decision was reached for a patent that had expired before the filing of the petition, the board used the Phillips standard for claim construction.



*Petition Filed Before Expiration of Patent and Institution After Expiration of Patent*

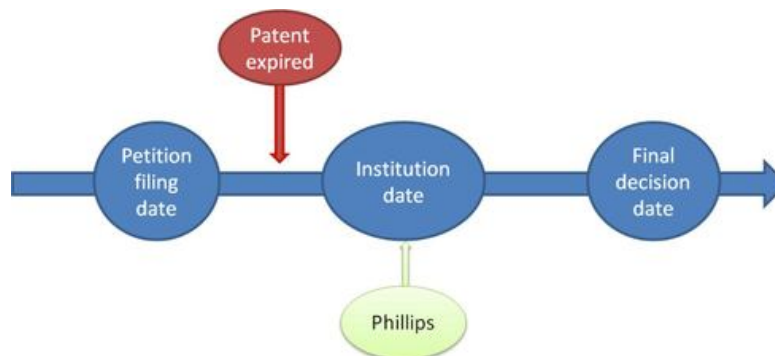
At least seven IPR petitions have been filed before expiration of the challenged patent, but with the institution decision, which is typically approximately six months after filing of the petition, coming after expiration of the patent. In these instances, petitioners appear to have employed two different strategies.

Some petitioners noted that construction under either the BRI or the Phillips standard would lead to the same result.[10] Other petitioners noted that because the patent will expire by the time of institution decision, construction under the Phillips standard should be applied.[11] In all cases, the board applied the Phillips standard in its institution decision.

Notably, in some of these proceedings, the petitioner requested that the board adopt constructions applied in parallel district court proceedings based on the Phillips standard.[12] However, the board has not always agreed. For example, in *Facebook Inc. LinkedIn Corp., and Twitter Inc. v. Software Rights Archive LLC*, IPR2013-00478, the board, while acknowledging that the Phillips standard applied because the patent had expired, rejected the district court’s construction.

Specifically, the board noted that “[a]lthough a district court’s interpretation of the claims of an expired patent is instructive in a proceeding before the Board, we are not bound by these constructions. Furthermore, petitioners have not provided any reasoning explaining why we should adopt the district court’s constructions; in fact, it is unclear whether petitioners even wish for us to do so, as opposed to applying the ordinary meaning of the terms. As such, for the purposes of this decision, we decline to adopt the district court’s constructions of the four claim terms.”[13] Rather than adopting the constructions of claim terms from the district court, the board construed different claim terms, including claim terms that were not raised by either the petitioner or the patent owner.[14]

Practitioners should thus be aware that the board can alter the construction of claim terms from those adopted in district court proceedings even when utilizing the Phillips standard. If the petitioner and/or the patent owner wish to have the constructions from the district court proceedings adopted in the IPR proceedings, practitioners should carefully explain why the Board should adopt those constructions.



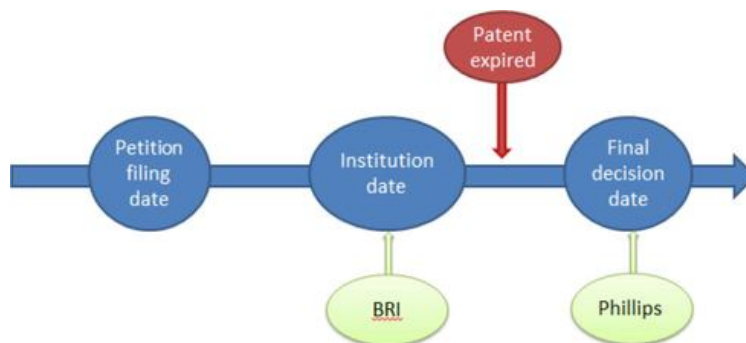
*Petition Filed and Institution Before Expiration of Patent and Expiration of Patent Thereafter*

At least seven IPR petitions have been filed and instituted before expiration of the patent where the patents would expire before the final decision. In each of these cases, the board applied the BRI standard in instituting the petitions but applied the Phillips standard after institution.[15] For example, in *Clearwire Corporation and Clear Wireless LLC v. Mobile Telecommunicationns Technologies LLC*, IPR2013-00306, even when the patent owner raised the issue that the challenged patent would expire after institution but before final written decision of the IPR proceeding, the board “without exception” applied the BRI standard to construe the terms for institution purposes.[16]

Then, the board has applied the Phillips standard after institution.[17] In fact, in many instances, the board sua sponte “raised for discussion the matter of potential expiration of the involved patent during this trial.”[18] The board explained that this issue was raised “to provide an opportunity for briefing by the parties within the Patent Owner Response and the Petitioner’s Reply.”[19]

Accordingly, when a petitioner decides to challenge the validity of a patent that is set to expire at a time between institution and final written decision, both constructions should be considered. For example, when a patent is set to expire prior to a final written decision, petitioner and patent owner may wish to focus most of their substantive analysis on the Phillips standard. Nevertheless, because the board “without exception” applies the BRI standard for institution purposes for unexpired patents, petitioner and patent owner should provide at least some commentary regarding the construction under the BRI standard, such as any variations that may arise under the Phillips standard.

Petitioner may be able to address the BRI construction by simply noting that the IPR proceeding should be instituted under either BRI or the Phillips standard because “[t]he broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower.” Alternatively, in some cases (e.g., *Webasto Roof Systems Inc. v. UUSI LLC*, IPR2014-00650 discussed above), a petitioner may be able to discuss the construction under the BRI standard and argue that the construction should be the same under the Phillips standard.

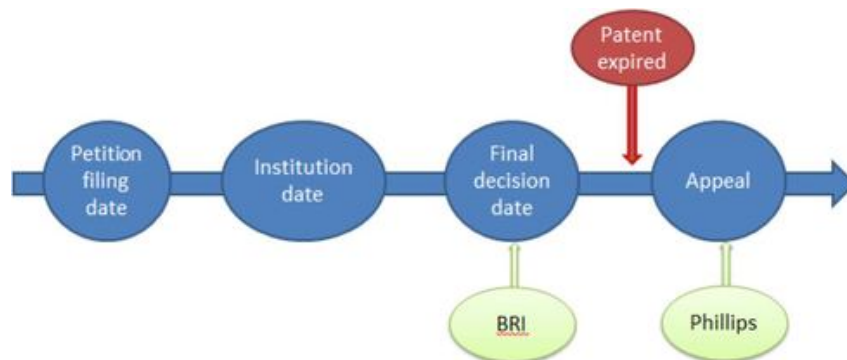


### *Patent Expiration After Final Decision*

Although we have not yet observed an IPR proceeding where the patent expired after the board reached its final decision but prior to an appeal to the Federal Circuit, the Federal Circuit would most likely also apply the Phillips standard.

Recently, the Federal Circuit noted that two “reexamination appeals come to us in an interesting procedural posture. The ’470 and ’921 patents had not expired at the time of the Board’s decisions, but are both expired now. Because the patents were then unexpired, the Board construed the claims in accordance with the broadest reasonable interpretation standard. .... We review the Board’s claim construction de novo.”[20] The Federal Circuit then noted that the correct construction is reached “after applying the Phillips claim construction framework, as the patents are now expired.”[21] It can be expected that the Federal Circuit will follow the same approach in an IPR proceeding.

Accordingly, both petitioner and patent owner should carefully consider how arguments presented during the IPR proceedings, based on a BRI construction, could be altered if the patent expires after the board’s final decision and during the pendency of an appeal to the Federal Circuit.



### **Conclusion**

Mindful that IPR proceedings are often brought in response to litigation, a patent owner may consider delaying assertion of a patent (if possible) so that even if the defendant files an IPR proceeding very soon after receiving the complaint, the institution decision (typically six months after the filing of the petition) occurs after the patent has expired. This will ensure that the board utilizes the narrower Phillips standard when deciding whether to institute the IPR proceeding. This potentially narrower construction may help the patent owner avoid progressing through the next phases of the IPR proceeding or at least frame the issues more favorably for the patent owner.

For the patent challenger, there can be certain advantages for challenging the validity of an expired (or soon-to-expire) patent using the IPR proceeding despite the fact that the Phillips standard is utilized. In addition to the possible benefits of being before the board instead of a jury, (1) there would be no presumption of validity in an IPR proceeding; (2) the petitioner’s burden of proof is preponderance of the evidence; and (3) the board will not construe the claims with an aim to preserve the validity of claims.

In practice, when a petitioner challenges the validity of a soon-to-expire patent, the petition should identify prior art that renders the claims invalid under the Phillips standard, especially if the petitioner observes any notable differences in the constructions under *BRI vs. Phillips*. However, if the patent is set to expire after the decision institution date, construction under *BRI* should also be addressed for institution purposes.

—By Yung-Hoon (Sam) Ha, Natalie Pous and Don Steinberg, [WilmerHale](#)

*Sam Ha, Ph.D., is a counsel and [Natalie Pous](#) is a senior associate in WilmerHale’s New York office. [Don Steinberg](#) is a partner and chairman of the intellectual property department in the firm’s Boston office.*

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[1] 37 C.F.R. § 42.100(b), 200(b), 300(b) (2012).

[2] *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).

[3] See *Facebook Inc. v. Pragmatus AV LLC*, 2014 U.S. App. LEXIS 17678, \*11 (Fed. Cir. Sep. 11, 2014) (nonprecedential) (stating that “[t]he broadest reasonable interpretation of a claim term may be the same as or broader than the construction of a term under the Phillips standard. But it cannot be narrower. Thus, the Board’s construction cannot be the broadest reasonable one.”)

[4] *Id.* at 3; see also *In re Rambus Inc.* 753 F.3d 1253, 1256 (Fed. Cir. 2014) (“If, as is the case here, a reexamination involves claims of an expired patent, a patentee is unable to make claim amendments and the PTO applies the claim construction principles outlined by this court in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).”)

[5] *Square, Inc. v. eCharge Licensing LLC*, IPR2014-00156, Order Conduct of Proceedings dated June 4, 2014 at 3; see also *Square Inc. v. eCharge Licensing LLC*, IPR2014-00157, Order Conduct of Proceedings dated June 5, 2014, at 3-4; see also *Square Inc. v. eCharge Licensing LLC*, IPR2014-00158, Order Conduct of Proceedings dated June 4, 2014, at 3-4.

[6] *Id.*

[7] *Id.*

[8] *Omron Oilfield & Marine Inc. v. MD/Totco, a Division of Varco LP*, IPR2013-00265; *Intel Corp. v. Fuzzysharp Technologies Inc.*, IPR2014-00001; *Intel Corp. v. Fuzzysharp Technologies Inc.*, IPR2014-00002; *Harmonix Music Systems Inc., v. Princeton Digital Image Corp.*, IPR2014-00155; *TRW Automotive US LLC v. Magna Electronics Inc.*,

IPR2014-00251; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00255; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00256; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00259; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00260; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00261; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00264; PanelClaw, Inc. v. SunPower Corp., IPR2014-00386; Brookwood Companies Inc. v. Nextec Applications Inc., IPR2014-00412; Brose North America Inc. and Brose Fahrzeugteile GMBH & Co. KG, Hallstadt v. UUSI LLC, IPR2014-00416; ARM Inc. v. Vantage Point Technology Inc., IPR2014-00467; Schrader International Inc. and Schrader-Bridgeport International Inc. v. Wasica Finance GMBH & Bluearc Finance AG, IPR2014-00476; Chrysler Group LLC and Nissan North America Inc. v. Norman IP Holdings LLC, IPR2014-00563; Ubisoft Entertainment SA v. Princeton Digital Image Corp., IPR2014-00635; Visa Inc. v. Leon Stambler, IPR2014-00694; and St. Jude Medical Inc., St. Jude Medical S.C. Inc. and Pacesetter Inc. v. Atlas IP LLC, IPR2014-00916.

[9] Omron Oilfield & Marine Inc. v. MD/Totco, a Division of Varco LP, IPR2013-00265; Intel Corp. v. Fuzzysharp Technologies Inc., IPR2014-00001; Intel Corp. v. Fuzzysharp Technologies Inc., IPR2014-00002; Harmonix Music Systems, Inc., v. Princeton Digital Image Corp., IPR2014-00155; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00251; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00255; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00256; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00259; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00260; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00261; TRW Automotive US LLC v. Magna Electronics Inc., IPR2014-00264; Brookwood Companies Inc. v. Nextec Applications Inc., IPR2014-00412; Brose North America Inc. and Brose Fahrzeugteile GMBH & Co. KG, Hallstadt v. UUSI LLC, IPR2014-00416; ARM Inc. v. Vantage Point Technology Inc., IPR2014-00467; Schrader International Inc. and Schrader-Bridgeport International Inc. v. Wasica Finance GMBH & Bluearc Finance AG, IPR2014-00476; Chrysler Group LLC and Nissan North America Inc. v. Norman IP Holdings LLC, IPR2014-00563; Ubisoft Entertainment SA v. Princeton Digital Image Corp., IPR2014-00635; Visa Inc. v. Leon Stambler, IPR2014-00694; and St. Jude Medical Inc., St. Jude Medical S.C. Inc. and Pacesetter Inc. v. Atlas IP LLC, IPR2014-00916.

[10] See Zoll Lifecor Corp., v. Philips Electronics North America Corp. and Koninklijke Philips N.V., IPR2013-00618, Petition at 5 (“Petitioner is not aware of a manner relative to this proceeding how the two different claim construction standards would produce different interpretations.”); Toyota Motor Corp., v. Leroy G. Hagenbuch, IPR2014-00123 (“The terms below should be construed the same under either standard.”).

[11] Samsung Electronics Co. LTD., v. U.S. Ethernet Innovations LLC, IPR2013-00384; Facebook Inc., LinkedIn Corp., and Twitter Inc., v. Software Rights Archive, IPR2013-00478; Continental Automotive Systems Inc., v. Wasica Finance GMBH & Bluearc Finance AG, IPR2014-00295; and Arris Group Inc., v. C-Cation Technologies LLC, IPR2014-00746 .

[12] Facebook, Inc., LinkedIn Corp., and Twitter Inc., v. Software Rights Archive, IPR2013-00478; and Arris Group Inc., v. C-Cation Technologies LLC, IPR2014-00746.

[13] See Facebook Inc., LinkedIn Corp. and Twitter Inc., v. Software Rights Archive, IPR2013-00478, Decision on institution at 11.

[14] *Id.* at 12-14.

[15] Clearwire Corp. and Clear Wireless LLC v. Mobile Telecommunications Technologies LLC, IPR2013-00306; Toyota Motor Corp. v. Leroy G. Hagenbuch, IPR2013-00483; Square Inc. v. J. Carl Cooper, IPR2014-00156; Square Inc. v. J. Carl Cooper, IPR2014-00157; Square, Inc. v. J. Carl Cooper, IPR2014-00158; Cisco Systems Inc. v. AIP Acquisition LLC, IPR2014-00247; Webasto Roof Systems Inc., v. UUSI LLC., IPR2014-00650.

[16] Clearwire Corp. and Clear Wireless LLC v. Mobile Telecommunications Technologies LLC, IPR2013-00306, Decision on Institution at 11 (“In this proceeding, Patent Owner raises the issue the ’403 patent is alleged to expire on Dec. 31, 2013, while inter partes review is ongoing. At the time of this decision, the ’403 patent, however, has not expired, and therefore, we apply without exception the standard of construction consistent with the broadest reasonable interpretation. We note, however, that the Board’s analysis and constructions in the present case do not depart significantly from the district court’s constructions.”).

[17] See Clearwire Corp. and Clear Wireless LLC v. Mobile Telecommunications Technologies LLC, IPR2013-00306; Toyota Motor Corp. v. Leroy G. Hagenbuch, IPR2013-00483; Square, Inc. v. J. Carl Cooper, IPR2014-00156; Square, Inc. v. J. Carl Cooper, IPR2014-00157; Square Inc. v. J. Carl Cooper, IPR2014-00158; Cisco Systems Inc. v. AIP Acquisition LLC, IPR2014-00247.

[18] Square Inc. v. J. Carl Cooper, IPR2014-00156, Order Conduct of Proceedings dated June 4, 2014, at 3; see also Square Inc. v. J. Carl Cooper, IPR2014-00157, Order Conduct of Proceedings dated June 5, 2014, at 3-4; see also Square Inc. v. J. Carl Cooper, IPR2014-00158, Order Conduct of Proceedings dated June 4, 2014, at 3-4.

[19] *Id.*

[20] Facebook Inc. v. Pragmatus AV LLC, 2014 U.S. App. LEXIS 17678, \*3 (Fed. Cir. Sept. 11, 2014).

[21] *Id.* at \*10.