

Lessons From Inter Partes Review Denials

Law360, New York (August 07, 2014, 10:24 AM ET) --

This article reviews denied inter partes reviews to determine the rationale used by the Patent Trial and Appeal Board therein. While many IPRs were denied because the prior art was insufficient to meet the “reasonable likelihood” standard used by the PTAB, there are some important procedural and technical reasons why petitions have been denied. This article summarizes the lessons learned from the different PTAB denials thus far and provides a guide to drafting future IPR petitions.

The America Invents Act introduced an administrative procedure known as inter partes review, in which a party can petition the U.S. Patent and Trademark Office to adjudicate the validity of patent claims. The procedure begins when a petitioner files a petition with the Patent Trial and Appeals Board identifying one or more grounds for unpatentability based on prior art patents and printed publications. Thereafter, the patent owner has an opportunity to respond with a “preliminary” response.



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About six months after the petition is filed, the board makes a decision on institution (“DI”), which is the board’s first opportunity to evaluate the substance of the petition. In the DI, the board analyzes the petition and any response filed by the patent owner. If the petitioner has established a reasonable likelihood that it will prevail on at least one claim, the board institutes a trial proceeding on such claims. In some instances, the board grants or denies all the grounds presented in a petition, whereas in other instances, the board institutes a trial on some, but not all, of the petitioner’s grounds. A trial proceeds only on those grounds instituted by the board.

As of July 10, 2014, the board issued 763 decisions on institution of an inter partes review.[1] Of those, the board declined to institute a trial in 158 proceedings, approximately 20 percent of the petitions. When the board denies all the grounds presented in the petition, the claims of the patent remain valid and the petitioner may request a rehearing by the board. While some denials are case and fact-specific, and do not lend themselves to overall guidance for petitioners, some common themes appear.

A review of the denials indicates that the board denied a majority of petitions because the board considered the prior art identified in the petition insufficient to render the claims unpatentable. These kinds of denials were typically the result of inadequate prior art and/or the petitioner providing insufficient

explanation about the prior art. These denials lead to important lessons for those who may prepare petitions in the future. In many instances, recognizing how the board addresses particular issues can assist in proper planning so that the petitioner may avoid a denial. Generally, as discussed below, the key guidance from the denials is the importance of providing well-developed and well-reasoned grounds for invalidity and supporting those grounds with evidence.

Denials Based on Insufficient Support

In many instances, the board found that the petitioner provided insufficient support when it merely provided conclusory and unsupported arguments. For example, the board has found it insufficient to cite entire sections of a prior art reference without explanation or state that a reason to combine prior art references is “common sense.”[2] Moreover, relying on an expert declaration that is equally vague is not a solution. For example, the board found it insufficient when, for inherency purposes, an expert merely stated that a prior art system must operate in the same manner as the claim without providing any evidentiary proof.[3] These and other examples are discussed below.

Denials Based on Inadequate Explanation of Prior Art

Many denials on institution were because the petitioners only provided summaries of, quotations from, or citations to the prior art. The board has indicated that such summary is not sufficient and alone does not support the institution of a trial.[4] Rather, a petitioner must show how and why a claim is invalid in view of the prior art.

For example, when subject matter of a challenged claim is not clearly presented in the prior art, the petition should explain how the cited portions of the prior art correspond to the challenged claim limitation rather than merely restating the cited portion of the prior art.[5] In IPR2013-00552 (Paper 6), for instance, the board noted that the petitioner did little more than provide citations to the references and to the accompanying expert declaration to support its position.

According to the board, “to the extent that unexplained citations qualify as argument, they are inadequate” to support the petitioner’s arguments (in this instance, inherency and obviousness).[6] As another example, in IPR2013-00474, the board stated: “[Petitioner] merely summarizes the references and cites broad passages of them corresponding to [the claim] limitations, but does not explain how the cited portions correspond to the limitation for which they are cited.”[7]

The board is looking for a petition to provide the “how” and “why” of an obviousness argument, more than simply describing the references and then having an expert state that it would have been obvious to combine the references. The denied petitions suggest that the petitioner should explain why a person of ordinary skill in the art would have reason to modify the prior art to achieve the invention disclosed in the claim.[8] The petitioner’s argument cannot be conclusory and must include “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” [9]

In IPR2014-00347 (Paper 9), for example, the petitioner asserted, “one of ordinary skill in the art would have recognized that [Reference 1] discloses methods ... and would have viewed combining the known aspects ... of [Reference 2] as common sense application of known systems in a known manner with an expected outcome.”[10] The board found this statement “conclusory” and noted that it “does not provide an articulated reasoning with rational underpinning to support” an obviousness argument.[11]

Ultimately, the board concluded that, “absent a meaningful explanation of the elements of [Reference 1’s]

system that are to be combined with the element of [Reference 2's] system, we are not persuaded that one with ordinary skill in the art would have combined the teachings of the references.”[12]

As another example of the importance of providing both a description of the prior art itself and a reason to modify it, in some instances the board assumed for purposes of analysis that a secondary reference included the claimed limitation and instead focused on the petitioner failing to provide a reason to modify the primary reference.

For example, in IPR2013-00551 (Paper 6), the petitioner asserted that a secondary reference taught an audio template, but did not explain why a person of ordinary skill would add the audio template to the primary reference. The board did not analyze whether the secondary reference taught the audio template, and instead stated “[n]evertheless, even if [the secondary reference] teaches this limitation ... Petitioner fails to explain why a person of ordinary skill in the art would have reason to modify [the primary reference] in view [of the secondary reference].” [13]

In sum, petitioners should strive to describe how and why the cited portions of the prior art teach the claim limitations and, in the case of an obviousness argument, provide specific reasoning why a person of ordinary skill would have modified the teachings of one or more references to arrive at the claimed invention.

Denials Based on Inadequate Expert Declaration(s)

Petitioners have the opportunity to prepare and file an expert declaration along with the petition. The declaration plays a critical role in the overall proceeding in that it provides evidence that the board typically relies on when deciding a petition.[14] For example, the board usually will not “take the petitioner’s word for it” when it comes to what the prior art teaches. Instead, the board places a special emphasis on the conclusions and support in the expert’s declaration. In the reviewed decisions, it was common for the board to look to the expert declarations for evidence of what the prior art teaches, why a particular feature is inherent in the prior art, and why a person of ordinary skill would have modified the teachings of a reference to satisfy a claim limitation.

However, merely having an expert offer a conclusory opinion on an issue is not sufficient — like the petition, the expert must explain himself or herself. Indeed, a review of the denied IPRs indicates that the board generally disfavors declarations that simply repeat what the petition says, gloss over the prior art, or include conclusory statements without support.

For example, in IPR2014-00201 (Paper 11), the petitioner argued that a particular feature was inherent in a prior art reference. The petitioner supported its argument by citing to an expert declaration that concluded that the prior art reference must be implemented in the same way as the challenged claim. The board, however, found that the expert did not introduce “persuasive evidence” to support his conclusion that the prior art reference necessarily operated in the same way as the challenged claim.[15] Accordingly, parts of the declaration were “entitled to little weight as [the expert] does not identify any evidence to” support his conclusions.[16] While the declaration showed that the prior art possibly contained the claimed feature, the expert stopped short and did not provide any persuasive evidence that the prior art necessarily contained the claimed feature (which is required for inherency).[17]

Similarly, in IPR2014-00152 (Paper 12), one issue was whether the prior art disclosed an “exchanges information” limitation. The petitioner’s expert noted in the prior art the existence of two ports that could communicate with one another and then stated “[the exchanges information limitation] is strongly

suggested by the architecture shown in [the prior art].”[18] According to the board, this statement was not supported by facts or data, and thus, was not persuasive.[19] The board noted the absence of any evidence from petitioner’s expert that the two ports actually communicated with one another as required by the claim.

Denials Based on the Structure of the Proposed Grounds

The board also has denied petitions when a petitioner did not clearly separate and explain its proposed grounds of invalidity. For example, in IPR2013-00492 (Paper 14), the board denied the petition because it conflated grounds for unpatentability without identifying which prior art applies to which individual ground. In this instance, the petition simultaneously addressed “grounds that [a first reference] anticipates a claim, that the claim is obvious over [first reference] alone, and that the claim is obvious over the combination of [the first reference with a second reference].”[20] The petition, however, did not identify how the petitioner applied each prior art reference in each ground.

In response to the petition, the board stated that it would not “engage in supposition of how to effect such analysis for the individual grounds as a substitute for Petitioner’s analysis.”[21] Therefore, according to the board, “none of the grounds are supported by sufficient reasoning of how the identified disclosures relate to the claim limitations.”[22]

Conclusion and Lessons

This review of the denied IPRs strongly suggests that petitioners should be clear and detailed in their petition and supporting declaration. The petition should clearly identify the grounds for invalidity and the specific arguments that apply to each.

When describing prior art, the petition should describe how and why it satisfies the claim limitations, rather than merely citing to or restating the prior art. The petition should provide support for all elements of the proposed grounds for invalidity. For anticipation, at a minimum, this includes supporting any inherency arguments with actual evidence, and for obviousness, providing evidence why a person of ordinary skill would have modified the teachings of a reference to arrive at the challenged claim limitation.

Lastly, the expert should support his or her position equally well. Conclusory statements by the expert will not suffice; instead the expert should provide a detailed explanation supporting points made in the declaration.

With the proper prefiling effort and preparation, a petitioner will have a much higher likelihood of having its petition granted.

The next article in this series on inter partes review will analyze the interplay between IPRs filed against branded pharmaceutical companies and Hatch-Waxman litigation.

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[1] See http://www.uspto.gov/ip/boards/bpai/stats/071014_aia_stat_graph.pdf, last accessed July 18, 2014.

[2] IPR2013-054 (Paper 12) and IPR2014-00347 (Paper 9).

[3] IPR2013-00552 (Paper 6).

[4] IPR2013-00552 (Paper 6) at 20-21.

[5] IPR2013-00474 (Paper 16) at 13.

[6] IPR2013-00552 (Paper 6) at 20-21.

[7] IPR2013-00474 (Paper 16) at 13.

[8] IPR2013-00528 (Paper 11) at 19.

[9] IPR2014-00347 (Paper 9) citing *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007) (citations omitted).

[10] IPR2014-00347 (Paper 9) at 26.

[11] *Id.*

[12] *Id.*

[13] IPR2013-00551 (Paper 6) at 32.

[14] For example, in IPR2013-00093 (which was granted), the Board relied on an expert declaration as evidence that the prior art inherently disclosed a prior art limitation.[xiv]

[15] IPR2014-00202 (Paper 11) at 13-14

[16] *Id.* at 14.

[17] *Id.* at 13-15.

[18] *Id.*

[19] *Id.*

[20] *Id.* at 8.

[21] IPR2013-00492 (Paper 14) at 7.

[22] *Id.*