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## USPTO Holds First *Inter Partes* Review Hearing

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On Friday the Patent Trial and Appeal Board (the Board) held the first hearing for an *Inter Partes* Review (IPR) proceeding. IPR proceedings are a new proceeding at the US Patent and Trademark Office (PTO) to adjudicate the validity of issued patents as part of several patent reforms enabled by the America Invents Act (AIA) signed into law on September 16, 2011. Because this is a new procedure, patent stakeholders have been wondering how the PTO will conduct these hearings.

The IPR process begins with a petitioner filing a petition and a patent owner filing a preliminary response. The Board evaluates the petition and preliminary response, and then makes a decision on institution. The decision on institution sets the schedule for the trial proceeding. Once the IPR is instituted, the parties are allowed to submit evidence supporting their positions. The final date set forth in the schedule is a date for a hearing before a panel of three members of the Board in a designated hearing room at the PTO in Alexandria, Virginia. The hearing provides an opportunity for the parties to summarize their positions and allows the Board to ask questions about the respective positions. Live testimony and introduction of evidence is not part of the hearing. Each party is given an hour to present its positions to the panel of three judges-the petitioner goes first, followed by the patent owner, and rebuttal time may be reserved by each party. The parties may designate a lead counsel or a combination of lead and backup counsel to present their positions during the hearing.

The first IPR hearing, held on Friday, August 16, was for *Garmin International, Inc. v. Cuozzo Speed Technology LLC* (IPR2012-00001), challenging the validity of US Pat. No. 6,778,074. During the hearing, the Board considered arguments related to claim construction, validity of the challenged claims, and "substitute" claims submitted by the patent owner during the IPR proceeding.

### **Claim Construction**

The Board provided a claim construction in its decision on institution, although neither the petitioner nor the patent owner requested any particular constructions in their initial briefing. The patent owner challenged the Board's construction of the claim term "integrally attached" in the claim that requires a speedometer integrally attached to a display. At the hearing, the Board questioned whether the claim construction set forth in the decision on institution should be changed, and asked the parties why their early briefs did not address claim construction. Their questions suggest the importance of

considering claim construction during initial filings in IPRs. Because a modified claim construction may affect other aspects of the proceeding, the Board may be reluctant to change the claim construction in the final written opinion on the merits.

### **Validity of the Challenged Claims**

The parties were permitted to summarize their positions on the references relied upon by the Board in its decision on institution. Each party used demonstrative slides to help illustrate its points. The Board asked relevant questions related to the references, and it was clear from the discussion that the Board had read the references in addition to the briefing. In the proceeding, the patent owner sought to avoid some prior art by establishing an earlier invention date. In this regard, the Board's process for evaluating antedating evidence in an IPR proceeding may be clearer when it issues the final written opinion in this case.

### **Substitute Claims**

As part of the IPR process after the decision on institution, a patent owner may request to file claim amendments or substitute claims corresponding to the challenged claims. During this proceeding, the patent owner elected to file substitute claims, which added limitations to the challenged issued claims. The IPR rules permit the petitioner to oppose the substitute claims and identify reasons why they should not be entered. Here, the petitioner challenged entry of the substitute claims on the grounds that they were broader than the original claims, they were not supported by the specification, and they did not sufficiently distinguish over the prior art. The Board appeared to pay particular attention to these issues, likely to ensure that the final written opinion will address the substitute claims on all conditions of patentability.

Each party relied on one expert to support its positions in the IPR proceeding. Throughout the entire hearing, the Board referred to expert testimony, in particular with regard to the disclosure of the references described in the decision on institution, and how someone skilled in the art would combine the references to meet the claim limitations. The Board identified when positions articulated by a party were not supported by an expert declaration, and when a party did not respond to the opposing expert's positions. Thus, it appears that experts can provide important contributions throughout the proceeding, even though they are not present during the hearing.

The hearing was attended by numerous PTO officials, and about 50 interested practitioners. This proceeding was instituted in January 2013 and the AIA provides that in the ordinary course, the final written opinion should be issued within one year of institution. Thus, a decision for this IPR can be expected from the Board sometime in the next three to four months.

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