

Post-grant Strategies for Patent Litigation
美国专利诉讼: 专利局无效程序的策略

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US Patent Litigation Trend and Risks for Chinese Companies

District Court Patent Cases (2011-2018)

Year	2011	2012	2013	2014	2015	2016	2017	2018
Cases	387	441	505	438	397	368	357	377

About 380 IP Cases in ITC (2011-2018)

Year	2011	2012	2013	2014	2015	2016	2017	2018
Cases	80	70	65	60	65	70	75	70

741 ITC Cases involving Chinese companies

About 3,750 District Court Patent Cases Involving Chinese Companies (2011-2019)

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Cases	729	356	442	338	418	482	434	389	357

Source: Lex Machina, 11/23/2018

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Why IP Litigation – Business Strategy

- Protect/fight for market shares
- Slow down competitors: cost; business loss & disruption; stop IPO; stock price
- Demand/defend against damages and/or licensing fees



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- **How can a patent owner strengthen its patent before litigation?**
 - Supplemental Examination
 - Reissue
 - Ex Parte Reexamination ("EPR")
 - Continuation or continuation-in-part

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Supplemental Examination

- 35 U.S. Code § 257(a): "A patent owner may request supplemental examination of a patent in the Office to **consider, reconsider, or correct information believed to be relevant to the patent**"

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Reissue

- 35 U.S.C. § 251: "Whenever any patent is, through error, **deemed wholly or partly inoperative or invalid**, . . . the Director shall, on the surrender of such patent . . . reissue the patent . . . for the unexpired part of the term of the original patent."

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Ex Parte Reexamination

- 35 U.S.C. § 302: "Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art"
- 35 U.S.C. § 303(a): "the Director will determine whether a **substantial new question of patentability affecting any claim** of the patent concerned is raised"

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	Supplemental Examination	Reissue	EPR	Continuation
Purpose	Cure possible defects relating to inequitable conduct	Cancel, amend, add claims (broadening only within 2 years of issuance)	Cancel claims as unpatentable, or compel narrowing amendments	Obtain stronger, more targeted, and/or broader patent
Standing	Patent owner only	Patent owner only	3rd party, patent owner, FTO Director	Patent owner only
What Patent	Any patent	Any patent before expiration	Any patent	Based on a pending or allowed parent patent application

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	Supplemental Examination	Reissue	EPR	Continuation
When	Any time during enforceability of patent	Any time before patent expires	Any time during enforceability of patent (up to 6 years after lapse or expiration)	Any time during pendency of parent patent application
Grounds	Any "information believed to be relevant to the patent"	The patent, through error, is considered to be wholly or partly inoperative or invalid	102 and 103 only, and only patents or printed publications	N/A
Standard for Institution	Raises Substantial New Question (SNQ) of patentability	N/A	Raises Substantial New Question (SNQ) of patentability	N/A

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	Supplemental Examination	Reissue	EPR	Continuation
Burden of Proof	Preponderance of evidence	Preponderance of evidence	Preponderance of evidence	N/A
Before Whom	Examiner	Original examiner, if available	CRU	Original examiner, if available
Estoppel	None	None	No legal estoppel	None
Appeal	Only patent owner may appeal to PTAB then Federal Circuit	Only patent owner may appeal to PTAB then Federal Circuit	Only patent owner may appeal to PTAB then Federal Circuit	Only patent owner may appeal to PTAB then Federal Circuit

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Supplemental Examination

- Pros
 - Cure patent of inequitable conduct
 - Strengthen claim of validity against assertion of allowance based on incorrect/incomplete information
 - Can consider issues other than 102/103
 - Determination for institution within 3 months
 - Need not assert inoperative or invalid patent

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Supplemental Examination

- Cons
 - Expensive
 - Likely to find substantial new question of
 - Patentability: *ex parte* reexamination
 - Requires extensive work to file

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- **Ex Parte Reexam**
 - Assert invalid claims of patent
 - Less extensive work initially
 - Slightly cheaper
 - Likely to result in similar fashion to Supplemental Examination

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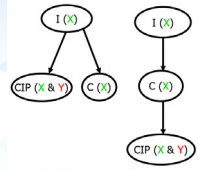
- **Reissue**
 - Assert inoperative or invalid patent
 - Less extensive work initially
 - Much cheaper

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Continuation

- It is a good practice to file one or more continuations for an important patent application.



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graph TD; I1((I (X))) --> CIP1((CIP (X & Y))); I1 --> C1((C (X))); C1 --> CIP2((CIP (X & Y))); I2((I (X))) --> C2((C (X))); C2 --> CIP3((CIP (X & Y)))
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- How can an accused infringer challenge the validity of an asserted patent?
 - Post-grant Review ("PGR")
 - Inter Partes Review ("IPR")
 - Covered Business Method Review ("CBM")
 - Ex Parte Reexamination ("EPR")

Trial Proceeding Timeline

*Time period set by statute *No more than 12 mos.

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	IPR	PGR	CBM	EPR
Standing	3rd party; Not filed civil action challenging patent; not served w/ complaint >1 yr	(Same as IPR)	3rd party; Sued or charged with patent infringement; not served w/ complaint >1 yr	3rd party; patent owner, or Director of PTO
What Patent	Any patent	Any patent having an effective filing date on or after 3/16/2013	at least one claim of patent is directed to a "financial product or service"	Any patent
When	For pre-AIA patent, any time during enforceability, for AIA patent, 9 months after issuance or reissue of patent, or termination of PGR	Within 9 months of issuance or reissuance of patent having an effective filing date on or after 3/16/2013	None until 9/16/2020, unless extended, except during period a PGR is available or ongoing	Any time during enforceability of patent (up to 6 years after lapse or expiration)

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	IPR	PGR	CBM	EPR
Grounds	102 and 103 only, and only patents or printed publications	Any invalidity ground: 101, 102, 103, 112	Any invalidity ground, except § 102(c) prior art	102 and 103 only, and only patents or printed publications
Standard for Institution	"Reasonable likelihood"	"More likely than not"	(Same as PGR)	Raises Substantial New Question (SNQ) of patentability
Burden of Proof	Preponderance of evidence	Preponderance of evidence	Preponderance of evidence	Preponderance of evidence
Before Whom	PTAB	PTAB	PTAB	CRU

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	IPR	PGR	CBM	EPR
Anonymous	No	No	No	Yes
Estoppel	Issues raised or reasonably could have been raised	(Same as IPR)	PTAB raised or reasonably could have raised <u>District Court</u> raised	None
Appeal	Both parties may appeal to Federal Circuit	(Same as IPR)	(Same as IPR)	Only patent owner may appeal to PTAB then Federal Circuit
Settlement	Yes	Yes	Yes	No

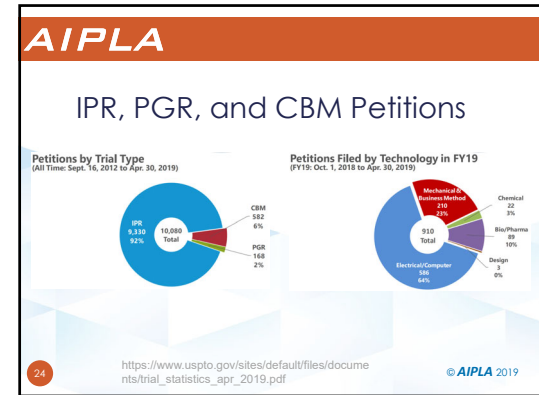
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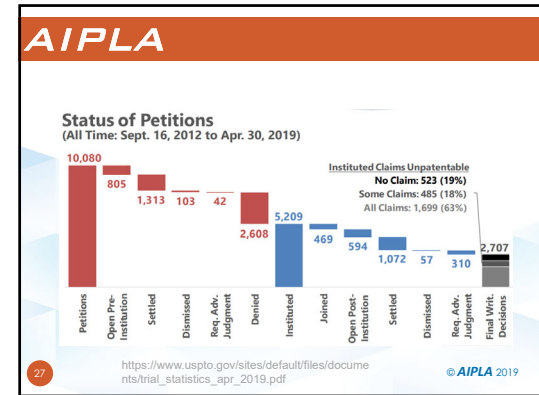
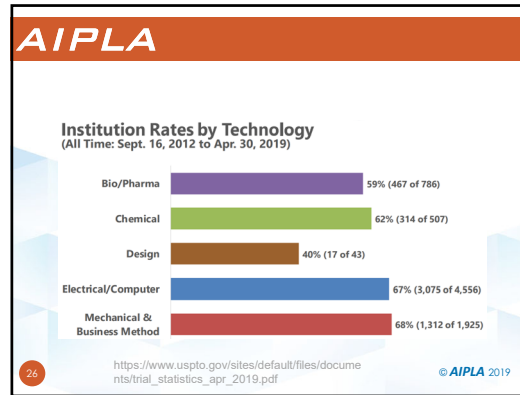
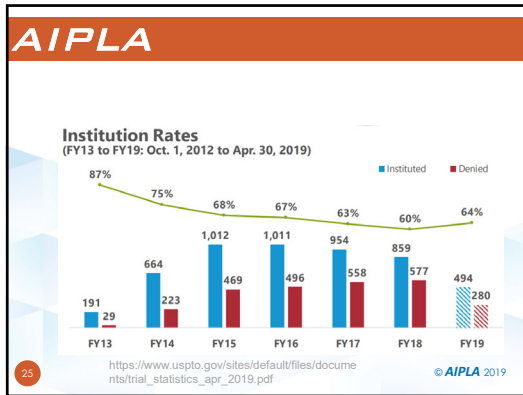
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Advantages of IPR, PGR, CBM

- Cost: 1/10 of litigation cost in the district court
- Speed: 12 months to conclude after institution
- Effect: Cancel or narrow claims
- Much higher success rate:
 - No presumption of validity
 - Preponderance of evidence vs. clear & convincing evidence
 - Administrative judges vs. jury

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Use IPR to Force a Settlement

- Step 1: Search prior art and prepare invalidity positions: may present to the plaintiff
- Step 2: Prepare IPR petition and present to the plaintiff
- Step 3: File IPR and negotiate with the plaintiff for settlement




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Step 1: Search Prior Art

- Third-party patent search vendor
 - Helpful to provide background art
 - May not be helpful to find killer art
- Attorneys and petitioner
 - Search and find killer art
- Prepare invalidity claim chart to identify caveats
- Continue searching for better art




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Step 2: Prepare IPR Petition

- Provide expert support, well-articulated motivation
- Don't incorporate by reference into Petition
- Provide important claim constructions
- Clearly identify where claim elements are found in prior art
- Identify **all real parties-in-interest** in Petition
- Use annotated figures to show the similarities
- Annotation words added to figures are counted




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Step 3: File IPR, Stay, & Settle

- Move the district court to stay after an IPR is filed
- Discuss settlement with the plaintiff
- Renew the motion to stay and settlement discussions after the PTAB institutes the IPR




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Responding to Threat of Injunction

- An injunction?
- PTAB proceeding may impact:
 - Whether to grant an injunction
 - Whether to stay the entry of an injunction pending appeal




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Asymmetrical Discovery Burdens

- Petitioner: much more time locating experts and preparing arguments, evidence, and declarations in support of the petition
- Patent owner: much less time to conduct all discovery, prepare claim amendments, draft declarations, and submit patent owner response




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Technical Complexity of Invalidity Arguments

- The more technically complex, the less suited for a judge or jury, who most typically lack any technical training or background
- PTAB judges are more likely to appreciate obviousness for technically complex



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Strategically Use IPR

Grounds	102 and 103 only, and only patents or printed publications	Any invalidity ground: 101, 102, 103, 112	Any invalidity ground, except § 102(c) prior art	102 and 103 only, and only patents or printed publications
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- Save litigation cost
- Increase the chance of success
- Force a settlement



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