

## PTAB At 5: Part 2 — Patents That Survive PTAB Scrutiny

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Sept. 16 is the fifth anniversary of the establishment of the U.S. Patent and Trademark Office Patent Trial and Appeal Board. To mark this milestone, attorneys at Sterne Kessler Goldstein & Fox PLLC have written a series of articles discussing the significance the PTAB has had on the practice of intellectual property law.

The first installment explored the topic from patent owners' and petitioners' perspectives. The article considered the lessons learned from the first five years of the new trial-like PTAB proceedings created by the America Invents Act, with an emphasis on the surprises, the reality versus original expectations, and the prominent issues that have been addressed.

The second article discusses several insights learned from PTAB challenges that should be considered when developing an effective "prep and pros" strategy geared toward surviving PTAB scrutiny. The strategies take into account both a global outlook and the advances in big data that need to be considered when developing IP portfolios in the PTAB era.

The third article will analyze statistics from more than 250 judgments and over 120 issued opinions deciding Federal Circuit appeals of post-grant proceedings. The data reveals how the court has addressed those appeals and, conversely, how those appeals are affecting the court.

Finally, the fourth article will discuss the intersection of PTAB and district court jurisdiction as it relates to patent invalidity challenges. While there are many considerations and issues associated with the intersection of PTAB and district court invalidity challenges, the article will address key aspects that impact practitioners.

### Introduction

Over the past five years, companies have witnessed tremendous upheaval in the laws, rules and policies affecting their return on investment in patents both in the U.S. and globally. From Congress' salvo against the core of the first-to-invent



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patent system via the America Invents Act to the U.S. Supreme Court's continued interest in reviewing, and in many cases disrupting, decades of lower court precedent, and an increased focus on preparation, prosecution, and enforcement in Europe and China, the U.S. patent system is at best described today as one in chaotic transition. The axiom that "change is good" rings hollow for most patent owners through the U.S. patent system's upheaval, driven in large part by the formation of the Patent Trial and Appeal Board in 2012 and its mandate to revisit the patentability of patents through adversarial administrative proceedings — inter partes review, post-grant review and covered business method challenge.

Innovative companies mapping out their patent activities and strategy in the midst of the U.S. patent system's tumultuous transition must ignore the thought of "Why bother?" and instead ask, "What must we do differently to leverage this change in order to grow our bottom-line?" Answering this question is a must given the popularity of the PTAB, which has significantly surpassed expectations. Indeed, the number of petitions at the PTAB exceeded 1,000 within the first year and has settled at a volume near 2,000 annually over the last three years — almost three times the expectation of 600 per year. That volume brings the PTAB to the most popular forum to bring litigation proceedings, and with it an evolving body of jurisprudence from the PTAB, and the Federal Circuit on review, yielding five years of practical lessons learned.

Application of the jurisprudence and lessons learned must be a part of the IP strategy conversations from the C-suite down to the general and patent counsel offices, where the patent activity spend today needs to provide the most value for the future. The traditional focus and investment on the "prep and pros" patent paradigm has shifted necessarily to one focused on going further to protect that investment against likely patentability challenges at the PTAB. With that dynamic in mind, we aim to share several insights learned from PTAB challenges that should be considered when developing an effective prep and pros strategy geared toward surviving PTAB scrutiny. The strategies below take into account both a global outlook and the advances in big data that need to be considered when developing IP portfolios in the PTAB era.

### **Fully Integrate Patent Portfolio Building in Three Phases**

Surviving a PTAB attack requires understanding three phases of patent portfolio development: engineers and scientists understanding the altered IP legal landscape; soliciting details of an invention to capture; and working efficiently with the USPTO during procurement of the patent. But what does this mean on a practical level?

Phase one starts by planting a seed among the scientists and engineers working on an innovation regarding what is, for example, patentable subject matter, with an acute eye to Mayo and Alice challenges via CBM and PGR. For them to meet the patentable subject matter threshold today is in stark contrast to the standard they were held to when companies, particularly in the electronics industry, developed a lot of lower-budget, short-focused inventions and patent applications that had been common practice since the mid-1990s. Rather, scientists and engineers today need to concentrate on unique, technical solutions to the industry state of the art. In addition, the solution needs to be complete — one cannot capture a single piece of the process and hope to survive, e.g., CBM and PGR Alice attacks. Having unique, technical and complete solutions enables patent attorneys to translate the detailed explanation of why the invention is a unique, technical solution and the exact steps in the process that are unique and technical into a set of patent claims. The same information helps to enhance claims against other frequent grounds of challenge, such as obviousness, by building and identifying a story of the invention.

Phase two involves investing more time in harvesting and developing inventions and patent applications throughout product development and its lifecycle. In-depth thinking needs to be involved, and there must be deeper discussion of underlying technology. For example, you must answer the questions, “Where is that state of the art line?” and “How is the new development crossing it for that technology space?” Each claim needs to be narrowly focused to precisely portray and capture the problem-solution of the technology space. This then needs to be flushed out in excruciating detail in the specification. Large, omnibus patent applications are preferred — at least to provide divisional safe harbor protection. Note that since patents cannot be challenged in a CBM if the features fall under the technical invention exclusion, focusing on the unique, technical solution further mitigates against CBM eligibility and institution.

Finally, in Phase three, it is imperative to take advantage of all of the special programs and procedures available to applicants during prosecution: Track One, Interview pilots, After Final pilot, etc. Interacting early and often with the examiner — both via phone and in person — will actively shepherd the application along. Plus, interviews can minimize estoppel and increase speed to allowance.

And, in this era of big data, claims should also be written with the intent of sending them to the right USPTO examiner in the right technology centers and art units. Analytics are available that highlight what claim types, with what preambles or recited features, are likely to be directed to preferred art units for examination. This particularly rings true for art units that value patent rights and work with applicants to gain allowances. Applicants must use big data to understand what examiners and units are most amenable to finding claims that include patentable subject matter, are allowable over art, and satisfy the description and enablement requirements.

### **Maintain a Flexible Patent Portfolio Strategy**

A "patent thicket" is a popular way to describe a portfolio that makes life difficult for a competitor to operate in the marketplace by covering different structural or functional aspects of a product or product family. A well-cultivated patent thicket is equally adept at staving off potential challengers at the PTAB. In addition, maintaining the thicket with continuation applications allows a patent owner to account for newly identified prior art from a PTAB proceeding or from a potential licensee, for example. Maintaining a pending application in an important family also allows the patent owner to adapt to the state of the market, a competitor's new product version, or any design-arounds that have become visible in the marketplace.

Additionally, a pending application provides maximal flexibility when combined with Track One applications and other USPTO programs for expediting prosecution. This flexibility is particularly important because a patent owner is precluded from later obtaining a patent with a claim that is inconsistent with an indistinct, finally refused or canceled claim in a PTAB challenge. Thus, expediting prosecution in one application while a PTAB challenge involving a similar patent proceeds can be critical.

### **Align Prosecution Globally**

For international companies, the target of PTAB challenges is often a patent first-filed abroad. Aligning a non-U.S. priority case with patentability-focused patent strategies is critical and requires consistent communication with global co-counsel. U.S. patent counsel should mandate an annual presentation for educating the global team on the latest U.S. case law and developments at the PTAB to ensure well-drafted priority cases. Drafting claims with the U.S. in mind, providing complete disclosures that include as many additional embodiments as possible, and carefully treating prior art and technical effects in the

specification are all ways to strengthen a priority case. This, in turn, leads to improved U.S. prosecution and a stronger likelihood of survival when priority is challenged at the PTAB. Dedicating resources for well-crafted priority cases must be sold to C-suite management, because it leads to cost savings through streamlined prosecution in all targeted jurisdictions and enhanced overall patent quality.

### **Approach Patent and Patent Claim Drafting with Complexity in Mind**

While claims must be definite, that does not mean a successful application and claim strategy needs to be simple. Complicating the task of challenging your patent is a worthwhile objective when drafting an application. To that end, draft claims from different vantage points and contexts (e.g., system, method, computer program), not only to complicate the challenger's task of finding prior art, but also to specifically target an infringer's accused products. Securing patents with robust and voluminous claim sets makes an effective IPR, PGR, or CBM petition more difficult to draft because of word count limits or that require multiple petitions (and the compounded USPTO fees that result) to challenge.

Claim construction remains at the center of any patent dispute, including patentability challenges before the PTAB. Independent and dependent claims of varying scope that require different or nuanced interpretations layer complexity onto the task facing a petitioner of convincing the PTAB of a construction that reads on the asserted prior art. Preambles, in particular, can be fertile ground for subtle differences in claim scope. Varying the length of the preamble can alter its patentable weight, for example. Appropriate use of a glossary in the specification can also clearly define critical claim features, as can using dependent claim terms through claim differentiation laws. The use of express definitions, or even definitions described as exemplary embodiments, may help overcome art later presented in a validity challenge. Practitioners should draft from different vantage points and contexts, and should consider full, detailed claim sets that include narrow claims specifically targeted to an infringer's accused products. Even the use of means-plus-function claims, where appropriate, may trap the challenger into a flawed construction that ultimately saves important claims before institution of a PTAB proceeding.

### **Develop a Prosecution Record That Provides a Path to Uphold Patentability**

Fully developing the record before getting to the PTAB can and has led to denial of institution of post-grant challenges. Although patent owners are now permitted to submit evidence to the PTAB during the pre-institution stage, some evidence may be more suitable and effective for submission during ex parte prosecution (either original, reissue or even patent-owner filed re-examination). While traditional best-practices that seek to avoid creating estoppels and maintain a clean record cannot be thrown out with the bath water, case-by-case consideration of targeted declaratory evidence — technical, inventor, indicia of nonobviousness, etc. — can make the difference in overcoming the challenger's prior art. And, as the PTAB has increased the teeth associated with denials under its discretion pursuant to 35 U.S.C. § 325(d), a more thorough examination may lead the PTAB to conclude that an argument has already been presented during examination and thus to deny institution.

A developed prosecution record also integrates several strategies discussed above (harvesting and developing inventions; articulating unique, technical solutions; carefully defining claim terms; crafting claims of varying scope) to tell a story of the invention. That story is best told grounded in the art, both prior to and contemporaneous with the invention. Extracting the need in the art as told by the literature and articulating the advances provided by the inventors, including known surprising results, can distinguish the invention particularly where the elements in the art may have been known but never before combined as proposed by a petitioner.

And finally, a fully developed prosecution record, including expert or inventor declarations, swear behind declaration, or objective evidence of nonobviousness, forces the petitioner to address that evidence in its petition. Forcing the challenger's hand can pose a significant obstacle, because the challenger must go beyond making conclusory arguments unsupported by the record evidence — it must develop evidence to counter the merits of the patent owner's prosecution evidence.

Regardless of technology area, innovative companies building patent portfolios to withstand PTAB scrutiny must invest in an invigorated prep and pros strategy. The investment requires careful study and understanding of the PTAB to prepare patent portfolios that set the barrier for attack — challengers beware!

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