

Representative Orders, Decisions, and Notices, in PTAB Trials

By Rick Neifeld, of Neifeld IP Law, and Ben Davidson, of the Davidson Law Group¹

I. INTRODUCTION

In the short time since it was created by the America Invents Act, the Patent Trial and Appeal Board ("PTAB") has become one of the busiest venues for challenging issued U.S. patents. Companies accused of infringing patents are increasingly turning to the PTAB to review those patents through the new AIA review proceedings. These include inter partes reviews ("IPRs") and covered business method patent reviews ("CBMs").² The USPTO lists "Representative Orders, Decisions, and Notices" of the PTAB's AIA proceedings on its website.³ These documents are organized on a web page under various subheadings. This paper abstracts those documents to provide information relevant to practitioners. The headings and sequence of the abstracts below track the subheadings and sequence of documents on the noted web page.

II. REPRESENTATIVE TRIAL HEARING ORDERS

SAP America, Inc. v. Versata Development Group, Inc., CBM2012-00001, paper 61 (PTAB 4/8/2013) (Order by APJ Medley, for a panel consisting of APJs Medley, Tierney, and Elluru) - In this order, the PTAB clarified the requirements for a request for a hearing. This order shows that the PTAB is receptive to requests by non parties to make hearings electronically available to the public. The order noted that "a request had been made to have the hearing made publically available to those who were unable to attend the hearing in person"; that neither party had objected to that request; that there is a policy of public availability of post grant reviews; and ordered the hearing to be made telephonically available to the public.

III. REPRESENTATIVE DECISIONS TO INSTITUTE

Microsoft Corporation v. Proxyconn, Inc., IPR2012-00026, paper 17, (PTAB 12/21/2012) (Decision by APJ Giannetti, for a panel consisting of Vice CAPJ Boalick, and APJs Medley and Giannetti) - In this decision, the PTAB conducted independent claim constructions even though the petitioner's claim constructions were unchallenged because the patent owner had filed no preliminary response. The PTAB noted the petitioner's claim constructions, but reached different constructions in several instances.

SAP America, Inc. v. Versata Development Group, Inc., CBM2012-00001, paper 36 (PTAB 1/9/2013) (Decision by Lead APJ Tierney, for a panel consisting of Lead APJ Tierney and APJs Medley and Elluru) - First, in this decision, the PTAB conducted an independent claim construction. In construing the claims, the PTAB rejected a claim construction of a term ("pricing types") for which *both parties* had agreed.

Second, the PTAB interpreted the meaning of "financial" in AIA Sec. 18(d)'s definition of a "covered business method patent," to mean "relating to monetary matters." The decision noted that "the legislative history explained that the definition of covered business method patents supported the notion that the definition be broadly interpreted and encompass patents

claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity."

Third, the PTAB provided guidance on what it deems to *not* be an AIA Sec. 18(d) "technological invention." Sec. 18(d)(1) excludes patents for a "technological invention" from the definition of a "covered business method patent." Sec. 18(d)(2) authorizes the PTO to "issue regulations for determining whether a patent is for a technological invention." In response, the PTO issued regulation 37 CFR 42.301 which states that factors the PTAB will take into account in determining "whether a patent is for a technological invention" include "whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution." In CBM2012-00001, paper 36, the PTAB addressed both the "technological feature" and the "technical solution" elements.

The PTAB noted that "the claimed method steps [of claim 17] could be performed by one of ordinary skill in the art with pencil and paper" and therefore did not "rise to the level of a technological feature." The PTAB also noted that the subject patent stated that "no specific, unconventional software, computer equipment, tools or processing capabilities" were required to implement the patent's invention. From the foregoing, the PTAB held that the subject claim lacked a novel and unobvious technological feature. The PTAB also noted that claim 17's "[o]rganizing data into hierarchies ... is not a technical solution as this is akin to creating organizational management charts," from which the PTAB concluded that claim 17 did "not solve a technical problem using a technical solution."

Fourth, when the petition was filed, the patent owner had already won a judgment at the district court on validity and infringement and that judgment was on appeal to the Federal Circuit. The patent owner contended that the petitioner was estopped from obtaining relief by filing the petition. The patent owner argued that a decision on appeal to the Federal Circuit (1) was after the time contemplated in AIA Sec. 18(a)(1)(B)'s "has been sued for infringement" standing requirement and (2) issue and claim preclusion did apply. The PTAB disagreed. The PTAB concluded that a judgment pending appeal is not "sufficiently firm" for issue or claim preclusion to apply and did not require the petition to be denied under AIA Sec. 18(a)(1)(B).

Fifth, the PTAB concluded that lack of compliance with 35 USC 101 was a basis for unpatentability that could be raised in a CBM proceeding.

Garmin International, Inc. v. Cuozzo Speed Technologies, LLC, IPR2012-00001, paper 15 (PTAB 1/9/2013) (Decision by APJ Lee, for a panel consisting of Lead APJ Tierney and APJs Lee and Cocks) - In this decision, the Board discounted the petitioner's reliance upon the patent owner's claim construction in related patent infringement litigation, noting that, "[t]here is no reason to assume that the patent owner's litigation position is correct."

Microstrategy, Inc. v. Zillow, Inc., IPR2013-00034, paper 23, (PTAB 2013) (By APJ Kim, for a panel consisting of APJs Lee, Cocks, and Kim) - In this decision, the PTAB noted that 37 CFR 42.71 required grant of a request on rehearing to be based upon a showing of abuse of discretion. The decision concluded that it was not an abuse of discretion to fail to consider arguments relevant to particular claims when the petition failed to indicate that those arguments were relevant to those claims.

IV. REPRESENTATIVE SCHEDULING ORDERS

Microsoft Corporation v. Proxyconn, Inc., IPR2012-00026, paper 18 (PTAB 12/21/2012) (Order by APJ Giannetti, for a panel consisting of Vice CAPJ Boalick, and APJs Medley and Giannetti) - In this order, the PTAB specified the standard schedule, including the time periods, respectively, for (1) patent owner response and motion to amend; (2) petitioner reply and opposition; (3) patent owner reply; (4) petitioner motion for an observation on cross examination of any reply witness; motions to exclude; request for oral argument; (5) patent owner reply to petitioner observations; oppositions to motion to exclude; (6) replies to motions to exclude; and (7) oral argument. The time periods specified by the standard schedule are: about 3 months to time period (1); 3 months to period (2); 1 month to period (3); 3 weeks to period (4); 2 weeks to period (5); 1 week to period (6); and 2 weeks to period (7).⁴

SAP America, Inc. v. Versata Development Group, Inc., CBM2012-00001, paper 37 (PTAB 1/9/2013) and Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC, IPR2012-00001, paper 16 (PTAB 1/6/2013) follow the same form as Microsoft Corporation v. Proxyconn, Inc., IPR2012-00026, paper 18, and provide no further guidance.

V. OTHER REPRESENTATIVE ORDERS AND DECISIONS

Unified Patents, Inc. v. Parallel Iron, LLC, IPR2013-00639, paper 7, (Representative Order) (PTAB 10/15/2013) (Order by APJ Bisk, for an expanded panel consisting of Vice CAPJ Boalick, and APJs Lane, Robertson, Giannetti, Obermann, Bisk, and Quinn) - In this order, the PTAB listed the requirements for grant of a motion to admit counsel *pro hac vice*. 37 CFR 42.10(c) provides that lead counsel must be a registered practitioner, and provides for *pro hac vice* admission of other counsel upon a showing of good cause. This order specifies what is required to meet the good cause standard.

Nichia Corp. v. Emcore Corp., IPR2012-00005, paper 27, (PTAB 6/13/2013) (Order by APJ Chang, for a panel consisting of APJs Tierney, Turner, and Change) - In this Order, the PTAB clarified that the patent owner must show support for proposed substitute claims in the original disclosure, not the issued patent.

Idle Free Systems, Inc. v. Bergstrom, Inc., IPR2012-00027, paper 26 (PTAB 6/11/2013) (Decision by APJ Lee, for an expanded panel consisting of Vice CAPJ Boalick, Lead APJ Tierney, and APJs Lee, Chang, Giannetti, and Fitzpatrick) - In this decision, the PTAB explained important requirements for motions to substitute claims: including (1) the presumption that a challenged claim can only be replaced by one substitute claim, absent a showing of special circumstances; (2) the requirement that any substitute claim, including a substitute of a dependent claim, must narrow the challenged claim and be responsive to an alleged ground of patentability; and (3) the requirement of clearly indicating the correspondence between substitute and challenged claims.⁵

Kyocera Corp. v. Softview LLC, IPR2013-00004, paper 15, (PTAB 4/24/2013) (Order by APJ McNamara, for a panel consisting of Vice CAPJ Boalick and APJs Giannetti and MacNamara) – In this order, the PTAB explains that third parties who wish to join pending IPRs

must explain in their motion for joinder why joinder is appropriate, including what new grounds of unpatentability would be raised and how joinder would impact the schedule and cost of the proceeding. This Order places the public on notice that the PTAB will not join proceedings if joinder would significantly delay or complicate the proceedings.⁶

VI. REPRESENTATIVE NOTICES

Liberty Mutual Insurance Company v. Patent of Progressive Casualty/BHGL, CBM2012-00002, paper 4 (PTAB 9/21/2012)(Notice by Supervisory Paralegal Specialist Despertt) - 37 CFR 42.304(a) requires the petitioner "demonstrate that the patent for which review is sought" *inter alia* "meets the eligibility requirements of § 42.302." 37 CFR 42.302 specifies that the eligibility requirements for a CBM petition include (1) having been "sued" or "charged" with infringement and (2) lack of estoppels. In this notice, the PTAB advises petitioners to certify, in their petition, that the 42.304 eligibility requirements have been met.

CBS Interactive, Inc., v. Helferich Patent Licensing, LLC, IPR2013-00033, paper 14 (PTAB 10/26/2012) (Notice by Trial Paralegal Kellogg) - This is a standard notice according a filing date. These notices include: (1) identification of a petition filing date; (2) a managing APJ; (3) the deadline for patent owner mandatory notices and preliminary response; (4) reference to the *pro hac vice* motion requirements; (5) notice that all filings must be via the PRPS system; and (6) how to contact the Board via telephone.

Macauto USA v. Baumeister & Ostler Gmbh & CO., IPR2012-00004, paper 6 (PTAB 9/21/2012) (Notice by supervisory trial paralegal Despertt) - This notice shows how the PTAB handles petitions that are defective but otherwise entitled to a filing date because they meet the statutory requirements for a filing date. The notice requires correction of the defects within five business days to avoid termination. The notice also indicates that the petition will be accorded the filing date of the original petition if the defects are corrected.

Ariosa Diagnostics v. Isis Innovation Limited, IPR2012-00022, paper 5 (PTAB 9/27/2012) (Notice by Supervisory paralegal Gould) - This notice shows how the PTAB handles petitions that are deemed to be incomplete. 37 CFR 42.106(b) defines an IPR petition to be incomplete if it fails to comply with the 37 CFR 42.104 petition content requirements; the 37 CFR 42.105(a) service requirements; and the 37 CFR 42.105(a) fee payment requirements. These requirements include: (1) certifying the patent is available for review; (2) certifying that the petitioner is not barred or estopped; and (3) specifically identifying the challenge. In this case, the petition contained discrepancies in identification of the exhibits suggesting that the challenge was not specifically identified. The PTAB notice states that the petition had not been accorded a filing date. The PTAB notice then indicated that under 37 CFR 42.106(b), the petitioner had one month to correct the deficiencies in which case the petition would be accorded the filing date of the correction, and otherwise the petition would be dismissed.⁷

VII. REPRESENTATIVE SETTLEMENT RELATED ORDERS

Macauto U.S.A. v. BOS GMBH & KG, IPR2012-00004, paper 21 (PTAB 2/4/2013)(Order by APJ Giannetti, for a panel consisting of APJs Blankenship, Giannetti, and McNamara) - In this order, the PTAB authorized the parties to file a joint motion to terminate the trial. The PTAB noted that termination of an IPR was discretionary with the PTAB, and that settlement agreements must be in writing and filed in the Office prior to termination of a IPR trial.

International Business Machines Corporation v. Financial Systems Technology (Intellectual Property) Pty. Ltd., IPR2013-00078, paper 7 (PTAB 2/8/2013) (Order by APJ Medley, for a panel consisting of APJs Medley, Easthom, and Siu) - In this order, the PTAB authorized the parties to file a joint motion to terminate the proceeding. This order was rendered prior to a decision on institution. The PTAB noted that it generally "expects that a proceeding will terminate after the filing of a settlement agreement;" that any settlement agreement must be in writing and filed with the PTAB; and that the motion to terminate shall briefly explain why termination is appropriate.

International Business Machines Corporation v. Financial Systems Technology (Intellectual Property) Pty. Ltd., IPR2013-00078, paper 11 (PTAB 2/12/2013) (Judgment by APJ Medley, for a panel consisting of APJs Medley, Easthom, and Siu) - In this judgment, the PTAB granted the joint motion to terminate, and granted the parties' joint request to treat the settlement agreement as business confidential. The PTAB noted that trial had not yet been instituted, and that, based upon the facts of the case, it was appropriate to terminate the proceeding. The PTAB routinely grants joint requests to maintain, as business confidential, settlement agreements filed with requests to terminate proceedings.

VIII. EVIDENTIARY DECISIONS AND ORDERS INCLUDING DISCOVERY

Corning Incorporated v. DSM IP Assets B.V., IPR2013-00043, paper 27 (PTAB 6/21/2013) (Decision by APJ Bisk, for a panel consisting of Lead APJ Tierney, and APJs Bisk and Kamholz) - In this decision, the PTAB granted, in part, a motion for additional discovery. The petition relied on testimony by an expert who prepared compositions disclosed in the prior art and tested the resulting samples for the properties recited in the challenged claims. The motion *inter alia* sought production of "laboratory notebooks and other documents and things containing (a) the protocols and procedures followed in preparation of the oligomers and coatings relied on in the petition, and (b) the underlying data obtained during testing those oligomers and coatings." The PTAB granted this relief. In granting the relief, the PTAB clarified two issues concerning discovery of test results.

First, the PTAB ruled that the requested production was not "routine discovery," and therefore was not information required to have been submitted by the petitioner with the filing of the petition. As stated by the PTAB, "We do not agree that any reference to experiments in a paper requires that all the underlying data and lab notebooks be produced with that paper. We therefore consider this a request for additional discovery under 37 C.F.R. § 42.51(b)(2)."

Second, the PTAB ruled that the motion satisfied the PTAB's requirements for "additional discovery" (the factors for which are specified in the abstract below of Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC, IPR2012-00001, paper 26 (PTAB

3/5/2013) (Decision by APJ Lee, for a panel consisting of Lead APJ Tierney and APJs Lee and Cocks)). The PTAB noted that the details of the procedures, upon which the test results relied upon in the petition were obtained, satisfied the PTAB's "more than a mere possibility of finding something useful" requirement for granting additional discovery. As stated by the PTAB, "The details of the procedures used to synthesize and test the oligomers and coatings involved in this case are per se useful as Corning has proffered the expert testimony, which relies upon those details, to demonstrate the unpatentability of DSM's claims."

Bloomberg Inc. v. Markets-Alert Pty Ltd, CBM2013-00005, paper 32 (PTAB 5/29/2013) (Decision by APJ Chang, for a panel consisting of APJs Lee, Medley, and Chang) - In this decision, the PTAB slightly modified the Garmin factors it had specified for evaluating discovery motions in IPRs, in view of the lower "good cause" standard for discovery applicable to CBMs and IPRs. While substantially more detail is contained in this decision, the PTAB specified the following five factors it considers in deciding whether to grant a motion for additional discovery under the good cause standard: (1) whether the movant identifies a "specific factual reason for expecting reasonably that the discovery will" support a contention of the moving party; (2) the request must not be merely for discovering a litigation position or underlying basis for such a position; (3) whether the information sought is not reasonably available without discovery; (4) whether the discovery "questions and instructions are easily understandable"; and (5) the burden in complying with the discovery requests. Interestingly, under the specific facts of this case, the PTAB granted discovery, by production, but "only to the extent of Dr. Kursh's recollection," of "all documents and things reviewed or considered by Dr. Kursh in conjunction with preparation of his declaration." That limited discovery is consistent with 37 CFR 42.65(a), which provides that expert testimony that does not disclose underlying facts upon which the testimony is based is entitled to "little or no weight."

SAP America, Inc. v. Versata Development Group, Inc., CBM2012-00001, paper 24, (PTAB 11/15/2012) (Decision by Lead APJ Tierney, for a panel consisting of Lead APJ Tierney and APJs Medley and Elluru) - In this decision, the PTAB ordered SAP to produce five documents specifically identified by Versata. Versata represented that these five documents were previously produced during related district court litigation and that these documents related to allegations of invalidity of the involved patent. SAP opposed only on the ground of lack of relevance. An important point is that this decision resulted from a telephone hearing, not a written motion for discovery, showing the substantive nature of Board telephone hearing practice.

Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC, IPR2012-00001, paper 26 (PTAB 3/5/2013) (Decision by APJ Lee, for a panel consisting of Lead APJ Tierney and APJs Lee and Cocks) - Paper 20 in this proceeding is an Order authorizing a motion by Cuozzo for additional discovery. That Order specified a five factor test for grant of a motion for additional discovery. In this decision, the PTAB denied Cuozzo's motion for additional discovery. In doing so, the PTAB noted that a party was not required to produce file histories of patents when relying upon the patents as prior art.

The PTAB also reiterated its five factor test for grant of additional discovery in an IPR. More useful information on each factor appears in the decision. However, in summary, these

factors are: (1) "possession of evidence tending to show beyond speculation that in fact something useful will be uncovered"; (2) the other party's "litigation positions and the underlying basis for those positions" are not subject to discovery; (3) why "the requesting party [cannot ...generate the requested information without ... discovery "; (4) easily understandable instructions; and (5) requests that are "not ... overly burdensome to answer." The PTAB went on to analyze Cuozzo's civil suit type of request for discovery and found it failing most of these criteria. In discussing the first factor, the PTAB went on to explain that "useful" meant "favorable in substantive value to a contention of the party moving for discovery," as opposed to merely "relevant" or "admissible."⁸

Microsoft Corporation v. Proxyconn, Inc., IPR2012-00026, paper 32, (PTAB 3/8/2013) (Decision by APJ Giannetti, for a panel consisting of Vice CAPJ Boalick, and APJs Medley, and Giannetti) - In this decision, the PTAB denied the patent owner's request for additional discovery relating to alleged commercial success of the claimed invention. The PTAB noted that the patent owner had failed to show relevance of the information sought, and specifically had failed to show the existence of a nexus of the information sought to the alleged commercial success, and that therefore had failed to meet the requirement to show that its requested discovery met the statutory interests of justice standard.

Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC, IPR2012-00001, paper 34 (PTAB 3/14/2013) (Decision by APJ Lee, for a panel consisting of Lead APJ Tierney, and APJs Lee and Cocks) - In this decision, the PTAB, in effect, dismissed Cuozzo's motion to seal, for abjectly failing to carry the relevant burden. The PTAB (graciously) gave Cuozzo one week to correct its deficiencies or have the information to which the motion to seal was directed made publicly available. This decision reiterates the policy, statutory, and regulatory framework governing motions to seal, restating the good cause standard, and indicating that sealing is limited to only confidential information.

LKQ Corporation v. Clearlamp, LLC, IPR2013-00020, paper 17, (PTAB 3/5/2013) (Decision by APJ Medley, for a panel consisting of APJs Medley, Turner, and Cocks) - In this decision, the PTAB dismissed what it deemed to be an improper motion by the patent owner to exclude evidence. The patent owner had filed a preliminary response arguing that copies of certain Web pages were unauthenticated and constituted hearsay. The PTAB rejected that argument, pointing out that its rules make it improper to object to evidence before trial was instituted. The PTAB also pointed out that its rules call for service of supplemental evidence in response to an objection to evidence, and that a motion to exclude would only be appropriate if such supplemental evidence did not moot the inadmissibility contention. The decision makes clear that arguments in a preliminary response directed to the admissibility of evidence are both improper and useless.

Garmin International, Inc. et al. v. Cuozzo Speed Technologies LLC, IPR2012-00001, paper 36 (PTAB 4/5/2013) (Decision by APJ Lee, for a panel consisting of Lead APJ Tierney, and APJs Lee and Cocks) - In this decision, the PTAB granted, in part, Cuozzo's revised motion to seal. This decision is a sequel to IPR2012-00001, paper 34, discussed above, in which the PTAB, in effect, dismissed Cuozzo's original motion to seal. In this decision, the PTAB

explained that it would "balance Cuozzo's needs in protecting the above-identified personal confidential information and the public's interest in maintaining a complete and understandable file history of this *inter partes* review." All of Cuozzo's evidence that it requested to have sealed were showings in support of pre filing conception and diligence. Based on that balancing text, the PTAB (1) sealed exhibits having little or no probative value on the conception and diligence issue but which contained information personal to Mr. Cuozzo; (2) sealed a contract; and (3) did not seal communications between Cuozzo and his attorney. As to those communications, the PTAB dismissed the possibility that unsealing attorney-client communications might constitute a general waiver of Cuozzo's attorney-client privilege, concluding that the cost to Cuozzo was outweighed by the public's interest in having access to information pertinent to Cuozzo's case.

¹See <http://www.neifeld.com/cv.html> for Rick Neifeld and http://www.davidson-lawfirm.com/ben_bio.html for Ben Davidson. We thank Jason DeMont and Ken Ottessen for discussions leading to this paper and helpful comments on drafts of the paper, and Bruce Margulies for editorial review of drafts.

²Trials before the PTAB include inter partes reviews, post-grant reviews, the transitional program for covered business method patent reviews, and derivation proceedings, all of which were enacted by the America Invents Act. See generally "Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions; Final Rule" at 77 FR 48612 (2012).

³See http://www.uspto.gov/ip/boards/bpai/representative_orders_and_opinions.jsp.

⁴A more detailed review of the procedural time line for AIA PTAB proceedings appears in "[PTAB Trials Time Line and Docketing Assistant](#)" Rick Neifeld, December 4, 2012, available from <http://www.neifeld.com/advidx.html>.

⁵*Idle Free Systems, Inc. v. Bergstrom, Inc.* is discussed in detail in connection with the requirements and burdens in obtaining grant of a motion to substitute claims in an IPR, in "[Kill Rate of the Patent Death Squad, and the Elusory Right to Amend in Post-Grant Reviews - Part I of II](#)," Rick Neifeld, Intellectual Property Today, April, 2014.

⁶The discretionary nature of joinder is discussed in "Two Bites at the Apple in IPRs," Rick Neifeld, Intellectual Property Today, January, 2014, available from <http://www.neifeld.com/advidx.html>.

⁷The time bar to an IPR is discussed in "PTAB Guidance on the Statutory Time Bar to an Inter Partes Review," Rick Neifeld, Intellectual Property Today, May 2013. Real party and privy requirements are discussed in "[When Is a Parent Company Deemed to Be a Real Party-In-Interest or Privy to a Subsidiary Company, for Purposes of an Inter Partes Review?](#)" Rick Neifeld, March 26, 2014, and also in "[Real Parties and Privies in PTAB Trials](#)" Rick Neifeld, Intellectual Property Today, June 2013, both available from <http://www.neifeld.com/advidx.html>.

⁸A more detailed review of the discovery issues raised in *Garmin International, Inc. v. Cuozzo Speed Technologies LLC* appears in "[Additional Discovery Before the PTAB](#)", Rick Neifeld, available from <http://www.neifeld.com/advidx.html>.