

# The Role of Post Grant Challenges in Offensive and Defensive Litigation Strategies

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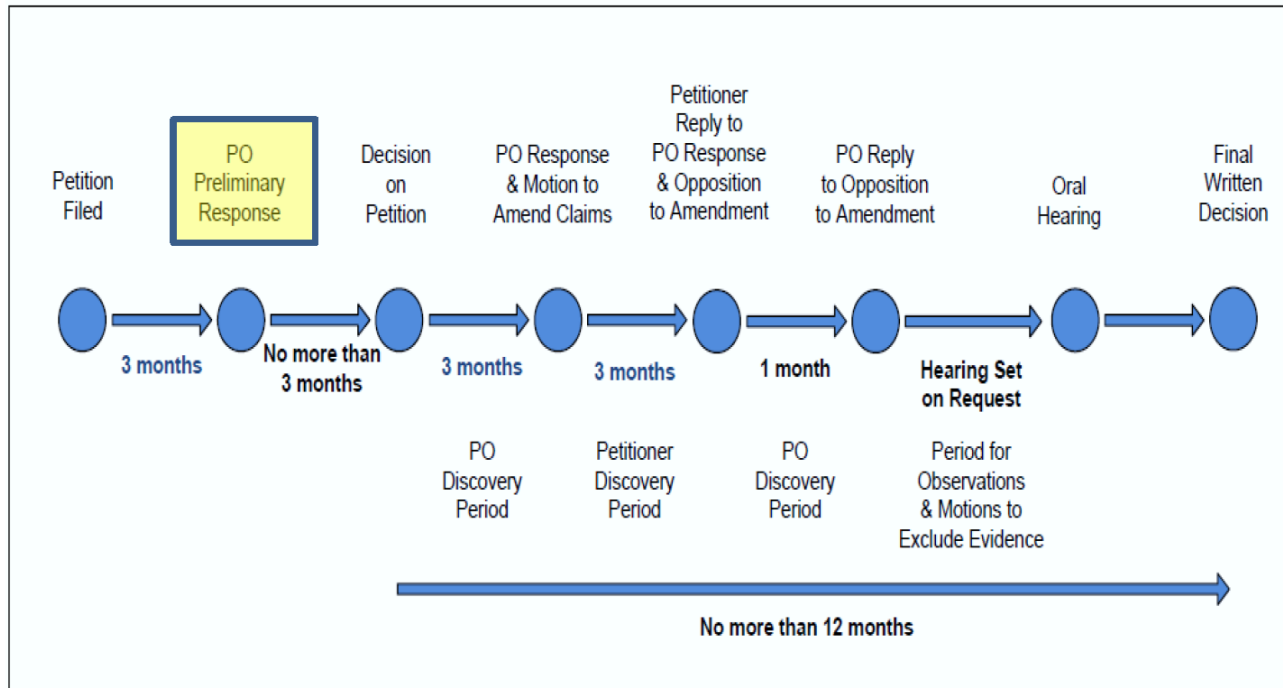
Eastern District of Texas Bench Bar Conference  
2016



# Standard of Review

Issue	PGR/CBM PGR/IPR	D. Ct.
Burden of Proof	Preponderance of the evidence	Clear and convincing evidence
Presumption of validity	No	Yes
Claim construction	Broadest Reasonable Interpretation (“BRI”)	Markman framework: analyze claims, specification and prosecution history – as understood by one of ordinary skill in the art
Decision Maker	Patent Trial and Appeal Board (PTAB)	District court judge or jury

# IPR Timeline

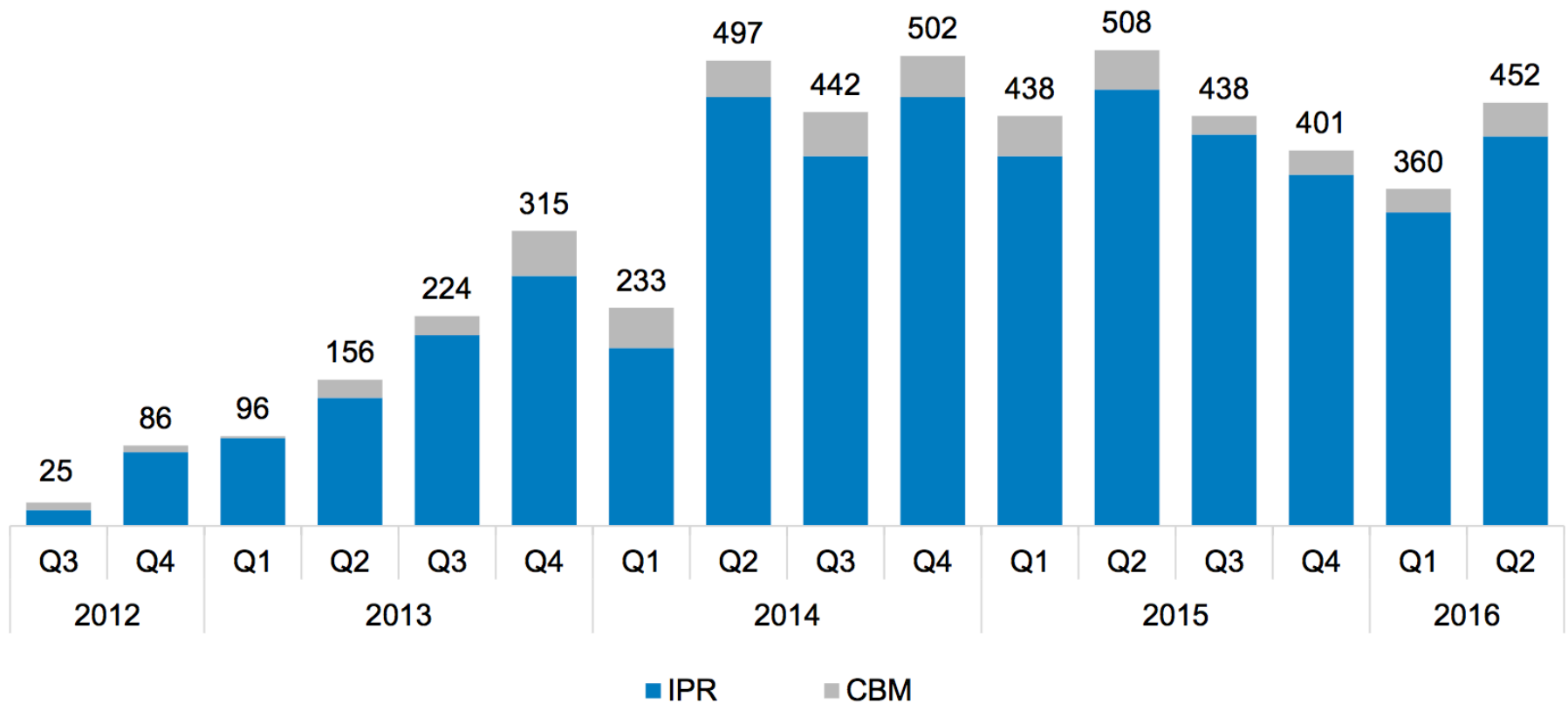


Sample timeline from USPTO



# IPR Statistics

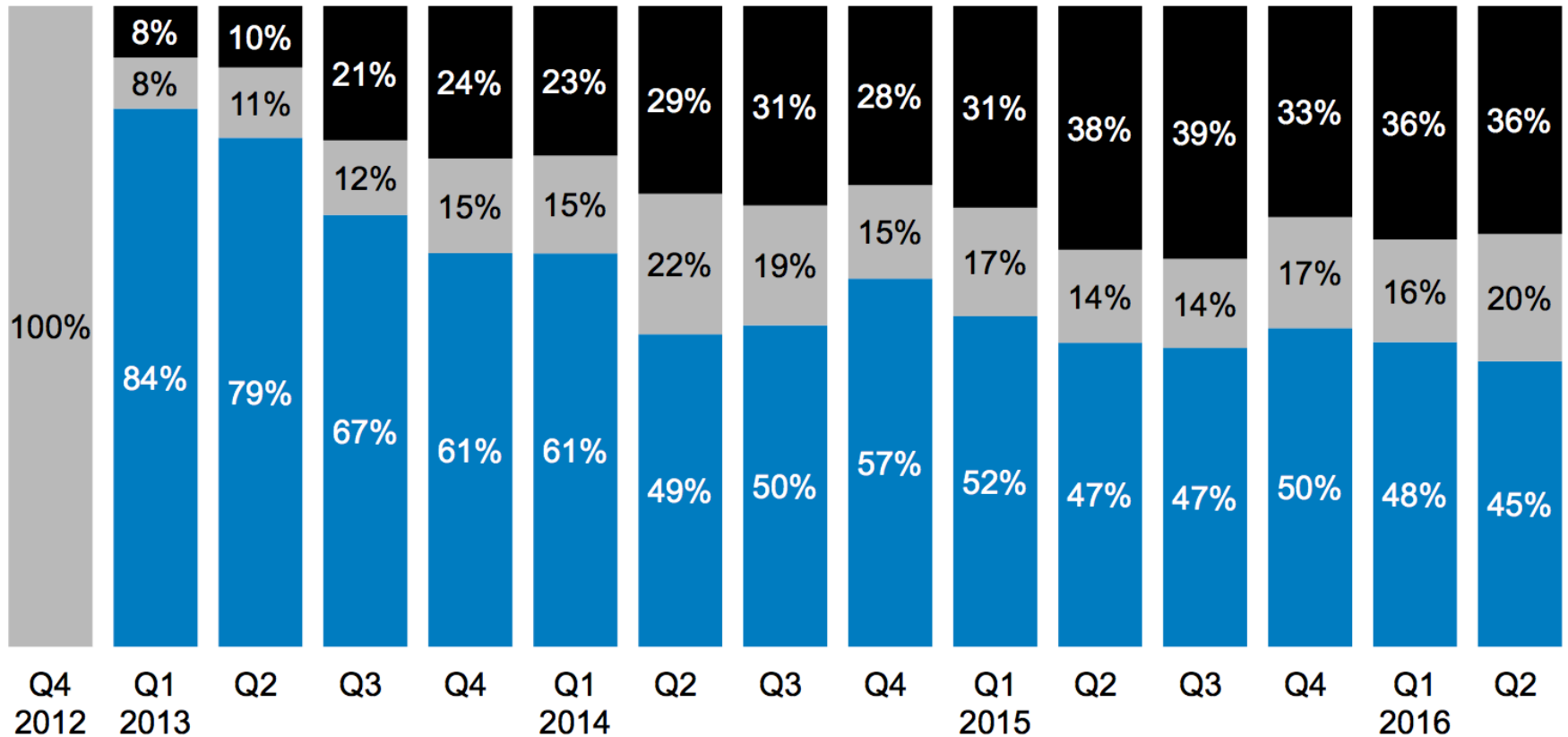
# Number of Petitions Filed



# Institution Rate

Challenged Claims Instituted:

■ All ■ Some ■ None



# Plaintiffs and IPRs - Anticipating What's Coming

- 80% of patents subject to IPRs are in co-pending litigation
- Pre-suit filing considerations to avoid a stay
  - Whom to hire
  - Whom to sue
  - Where to file
  - How many patents and claims to assert

# Plaintiffs and IPRs - Anticipating What's Coming

- Budgeting for IPRs
- Reducing the number of asserted claims in litigation
- Advantages of having a patent that survives IPR



# POPR's and Supporting Expert Declarations

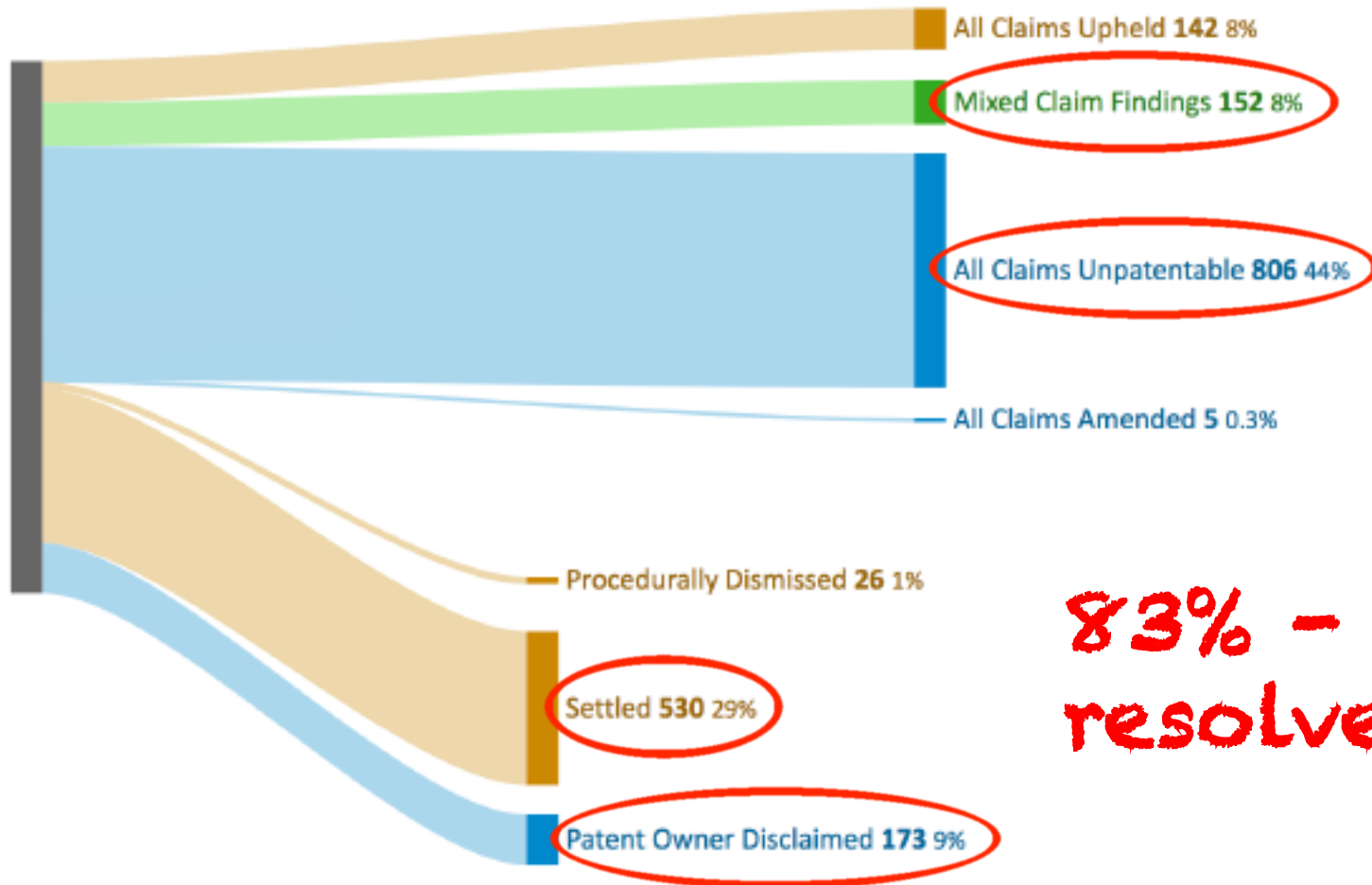
- **Benefits**
  - High cancellation rate of instituted claims
  - PO submitted a POPR in app. 90% of the IPRs that were denied by the PTAB
  - Fight fire with fire
  - Avoid the cost and risk of institution

# POPR's and Supporting Expert Declarations

- Challenges
  - Timing, internal resources, and cost
  - PO has 3 months to file a POPR
- Alternative strategy
  - PO seeks permission to depose petitioner's expert at the preliminary response stage

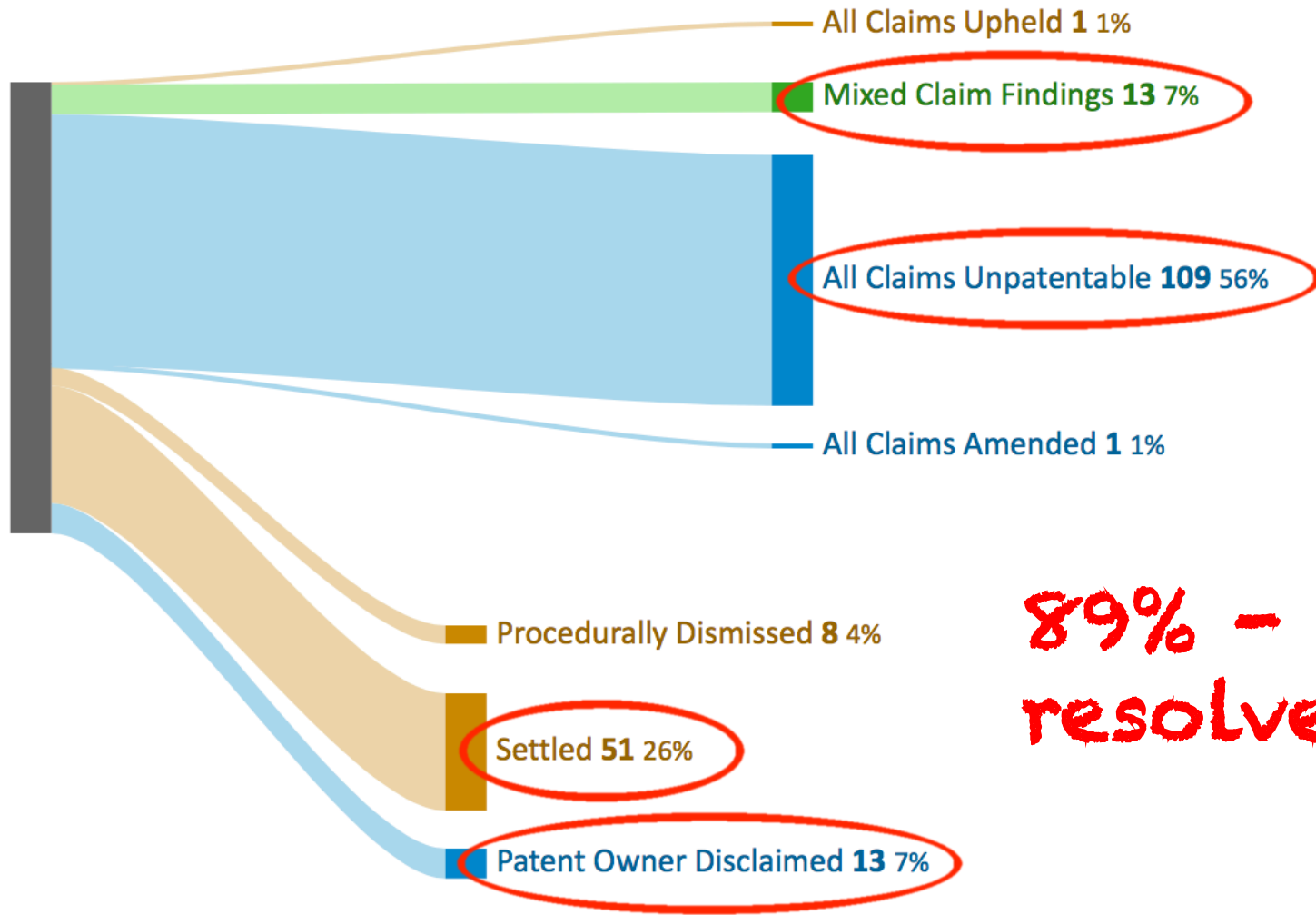
# What Happens After Institution?

# IPRs



83% - 91%  
resolved

# CBMs



89% - 95%  
resolved

# Apple Experience

- ~300 IPRs filed against 150+ patents, stemming from ~50 litigation campaigns
- 92% of instituted claims invalidated

# EDTX Experience

- 36 cases with fully granted stay motions
- 21 stays still pending
- 14 of 15 cases resolved during stay (93%)



# Benefits of IPRs



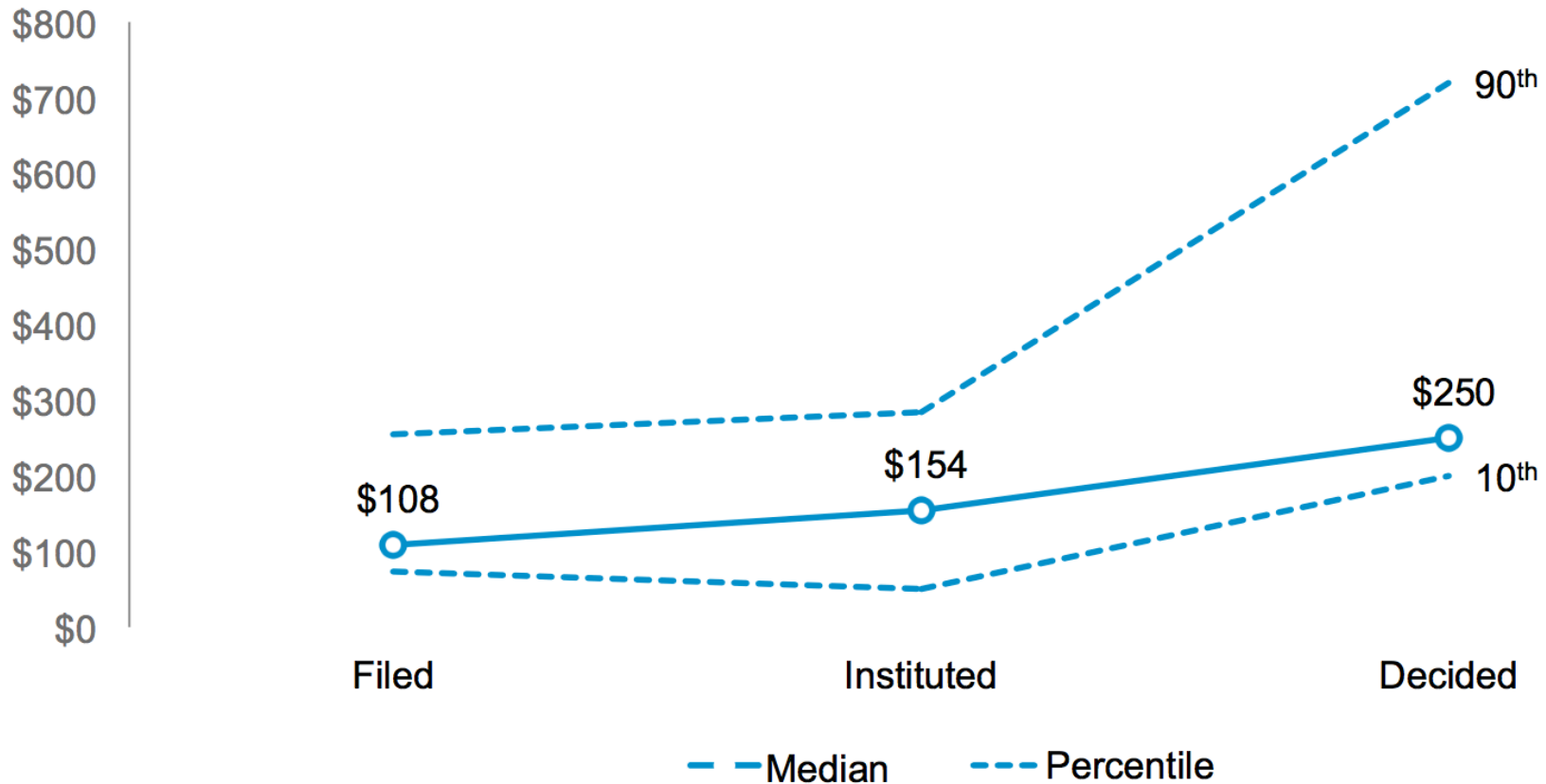
# Litigation Stay

- National average stay grant rate: 60-70%
- Historic EDTX: 30%; first half 2016: 40%
  - Recent EDTX approach: institution generally yields stay, potentially partial stay
- 25% of Apple docket currently stayed

# Case Study: Partial Institution

- **Parthenon:** EDTX, stay on instituted patents, proceed to trial on remaining patent
- **Chestnut:** D. Del., court gave plaintiff choice – waive or stay
- **Case to Watch:** Personalized Media Communications (all patents have instituted IPRs, but some claims *within* patents not instituted; further IPRs pending)

# Lower Cost Than Litigation



# Apple: Savings Measured in Dollars

- Apple asks for budgets that include estimates assuming no stay
- Compare budget to actual expenditure in stayed matters, including IPR costs
- Savings for 20 matters: **\$40M, just to date**

# Apple: Savings in Docket Entries

- Average Apple matter: 0.6 docket entries / day
- Apple has 20+ stayed cases, stayed for ~11,000 total days
- During that time, there would have been **6,600** docket entries

# CBMs Compared to IPRs

- Only available for financial product or service
- Can challenge on 101, 112 in addition to 102/103
- Stronger legislative history and case law in favor of stay
- Court estoppel limited to actually-raised grounds
- Very high success rate on certain issues (e.g., 101)

# Whom Do You Hire to Handle IPRs?

- Case-by-case analysis
- Experience, cost, and relevant technical expertise are critical

# Whom Do You Hire to Handle IPRs?

- Using the same litigation and IPR counsel
  - Litigation counsel often has a head start on the technology and prior art
  - Less expensive than hiring two firms
  - Easier to harmonize positions



# Whom Do You Hire to Handle IPRs?

- Using separate litigation and IPR counsel
  - Litigation counsel may lack IPR experience and/or bandwidth
  - Too many eggs in one basket?
  - Collaborative effort can lead to better results

What Happens After?

# Case Study: Even Denial Simplifies

- Apple non-infringement position: claim language “widget is invoked” requires that *only* the widget is invoked
- Opponent: requires *at least* widget invoked, not *only* widget
- BUT ... at PTAB, opponent successfully distinguished prior art arguing it did not disclose invocation of *only* widget, resulting in institution denial
- Held: equivalent to prosecution disclaimer; opponent stuck with “*only* widget” claim construction; summary judgment win 30 days to trial

# Open Issue: Tell Jury About IPR?

- Majority approach is exclusion, except to impeach on content
- Excluded: ABS (W.D. Wisc.); Allure (EDTX); Finjan (N.D. Cal.); Flexuspine (EDTX); Interdigital (D. Del.); Ivera (S.D. Cal.); Magna (W.D. Mich.); MTEL (EDTX); Rembrandt (EDTX); Samsung (N.D. Cal.); Smartflash (EDTX); Tesco (S.D. Tex.); Transamerica (N.D. Iowa); Ultratec (W.D. Wisc.); WARF (W.D. Wisc.); Ziilabs (EDTX)
- Admitted: Oracle (N.D. Cal.); StoneEagle (M.D. Fla.); Universal Electronics (C.D. Cal.)

# Open Issue: Estoppel?

Was it Raised?	Was Institution Granted on This Ground?	Estoppel Result
Yes	Yes	Estopped
Yes	No	No estoppel ( <i>Shaw, HP</i> )
No, but could have been	N/A	Maybe
No, but could not have been	N/A	No estoppel

- Case to watch: E-Watch

# IPR Strategy

- Whether to file
- How many grounds/petitions to assert
- When to file
- Another option: ex parte

# Do IPRs Impact Licensing Negotiations?

- It depends on the licensee
- IPRs have maximum impact when licensee:
  - Has one patent or a small portfolio
  - Has a crown jewel patent
  - Has limited resources
  - Is licensing its patents for nuisance value
  - Is asserting patents in litigation