

# Firms Claim Bragging Rights in New Field of Patent Litigation

By Scott Graham

SAN FRANCISCO — If there really is a death squad for patents, it may not be found at the Patent Trial and Appeal Board. A more likely location is the Plano, Texas, office of David O'Dell, chairman of Haynes and Boone's patent trials practice group.

Haynes and Boone has persuaded the PTAB to institute inter partes review in 72 cases—the most for any law firm according to an analysis of Lex Machina's new PTAB database. Haynes has been turned away without a trial only three times. Even in light of the PTAB's willingness to launch IPR proceedings, Haynes and Boone's 96 percent success rate is exceptionally high.

"I think we have a good sense of what the board wants to see," said O'Dell, whose name is on more than 50 of those 72 petitions.

Three other firms—Foley & Lardner; Wilmer Cutler Pickering Hale and Dorr; and Finnegan, Henderson, Farabow, Garrett & Dunner—appear similarly dialed in. All three firms' IPR petitions have met with preliminary approval 95 percent of the time or more.

On the other hand, when the tables are turned and Haynes and Boone is representing patent owners, the firm has had less success blocking trials. None, in fact—the firm has gone 0-for-16. That's bad, though not way out of line from many other firms.

But a few have beaten the odds: Kilpatrick Townsend & Stockton has helped patent owners beat back 10 out of 17 petitions without a trial, sometimes on procedural quirks, other times on the merits. "As a patent owner, you have to attack wherever you see the other sides' weaknesses," Kilpatrick partner Ko-Fang Chang said.

Finnegan seems equally fluent representing petitioners and patent owners. Along with

its strong success rate for petitioners, it's managed to block nearly 50 percent of proceedings when representing patent owners.

That's not an accident, said Erika Arner, chair of Finnegan's patent office practice. Most Finnegan attorneys have practiced both patent prosecution and litigation, positioning them well for PTAB proceedings. "Nearly all of us have done both and do both," Arner said.

The data sheds lights on which firms are doing the most work in this new patent arena and which ones are seeing the most success—at least in the early stages of the proceedings.

No matter how good the lawyering, sometimes it's impossible for patent owners to avoid PTAB trials. The PTAB has instituted proceedings at a 76 percent rate, according to PTO statistics. Arner and other PTAB specialists interviewed for this story describe an evolution in patent-owner strategy over the past couple of years, with less emphasis on blocking petitions up-front and more on reserving some arguments for trial.

"There are battles and there are wars," said W. Karl Renner, co-chair of Fish & Richardson's postgrant practice group. "Part of good counseling for a patent owner is to discern where and when your best arguments are brought."

## POPULAR NEW PROCEEDINGS

Inter partes review and its cousin, covered business method review, were established by the 2011 America Invents Act. Patent challengers have flocked to the proceedings, which are quicker and less expensive than full-blown district court trials. Some 2,553 IPR petitions had been filed as of February, and 307 covered business method petitions.

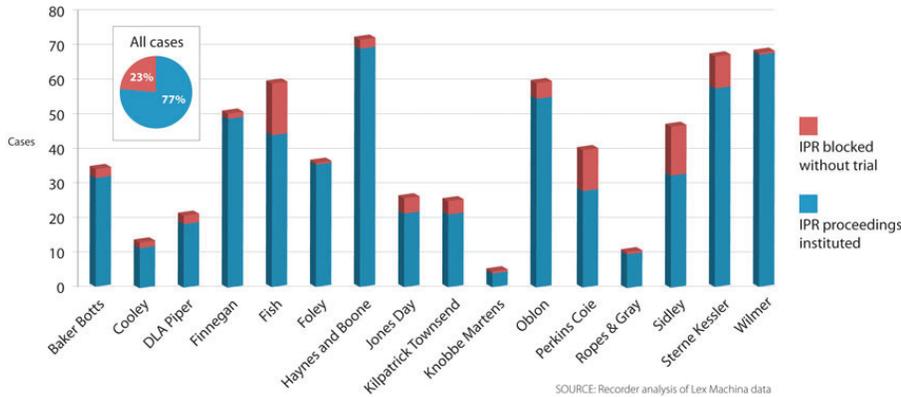
PTAB litigation proceeds in two stages. First, based on the petition and the patent owner's

FIRM	TOTAL CASES TO INSTITUTION DECISION
Sterne Kessler	161
Fish	132
Finnegan	114
Haynes	93
Oblon	89
Wilmer	79
Foley	58
Sidley	53
Jones Day	49
Perkins	49
Kilpatrick	46
Ropes	46
Knobbe	45
Baker Botts	42
DLA Piper	42
Cooley	35

preliminary response, the board decides whether to institute proceedings. The petitioner only needs to show that it's more likely than not that one or more claims will be found invalid, based on the broadest reasonable interpretation

## Attacking Patents

How top PTAB firms performed for petitioners seeking to institute IPR proceedings



of the claims. If proceedings are instituted, the parties conduct discovery and trial, and the board issues a final written decision.

For this report The Recorder focused exclusively on decisions to institute, through Feb. 12. The institution decision, which is nonappealable, is critical for petitioners. If proceedings are instituted, petitioners usually can obtain a stay of any related district court litigation and proceed to trial before the PTAB, where decisions on the merits have been extremely favorable to petitioners. If proceedings are not instituted, petitioners can try making the same arguments to a district court judge, but good luck with that: They'll face a higher burden of proof and a tighter standard of claim construction.

The patent owner might even be able to tout the PTAB's decision not to institute to a jury, though the law isn't clear yet. Apple Inc. was just hit last month with a \$533 million jury verdict in a Texas case a few months after the PTAB declined to institute proceedings against two of the patents at issue. Bradley Caldwell of Caldwell Cassidy & Curry said U.S. District Judge Rodney Gilstrap did not allow his client, Smartflash LLC, to talk about the PTAB proceedings before the jury. But, he said, "I could see a different court deciding differently and allowing the fact of noninstitution to come in, or I could see a party making other arguments in trial that opened the door to reconsideration of a ruling like the one in our case."

With so much at stake, IPR petitions must be fully developed and supported, Foley & Lardner partner Andrew Baluch said. They require more

detail than a district court complaint. "The petition is pretty much the name of the game," he said. "You need to put all of your eggs in that basket."

### MAKING A PETITION STICK

Baluch should know. He helped develop the rules for inter partes and covered business method review while working as an adviser to the PTO director. He has since returned to Foley and co-chairs its patent office trials group, which pairs patent litigators with PTAB specialists "who know the IPR rules backward and forward."

That approach seems to have worked well, judging from the Lex Machina data analyzed by The Recorder. Foley has persuaded the PTAB to institute proceedings in 37 of 38 petitions, representing clients such as Sony Corp. and Renesas Electronics Corp.

The firms with the busiest PTAB practices—including Haynes and Boone; Fish & Richardson; Finnegan; Wilmer; Oblon Kaler; and Sterne, Kessler, Goldstein & Fox—benefited from having active re-examination and interference practices before the America Invents Act came along. Sterne Kessler, which has litigated 161 cases to institution decisions, filed four IPRs the second day the PTAB opened for business. "We would have filed the first day, but it was a Sunday and the computer system didn't work yet," partner Lori Gordon quipped.

Gordon and O'Dell say mainstream patent litigators sometimes pattern their IPR petitions after the invalidity contentions or summary-judgment motions that are filed in district court.

Those often don't have "nearly the detail the board expects," O'Dell said.

"You've got to show the PTAB how each and every word of every claim is disclosed in the references," Gordon said.

O'Dell said his firm will occasionally advise clients not to take the risk of filing a petition. "We do say, 'We can't file here because we don't have a good rejection [argument],' " he said.

Haynes, Wilmer and Foley owe a measure of their success to Zond LLC, the patent owner most frequently targeted before the PTAB. Wilmer brought 60 IPRs against Zond, a Massachusetts-based developer of thin film technology, on behalf of The Gillette Co. and Intel Corp. Haynes brought 23 against Zond for Fujitsu Semiconductor of America Inc. and Taiwan Semiconductor Manufacturing Co. Foley brought 10 for Renesas. Every single one was instituted except for 17 of Intel's that settled before a decision.

Some of those IPRs targeted different claims on the same patent. Petitioners do this to get in as much prior art as they can without exceeding the PTAB's strict 60-page limit. Finnegan's Arner notes that not every client can afford such an approach because of the \$23,000 filing fee for each instituted IPR. Especially when co-pending district court litigation is still in early stages, accused infringers may face potentially hundreds of individual patent claims across numerous patents. Responding with a fusillade of IPRs can be cost-prohibitive.

So deciding which art to raise in a petition and which to leave aside is a key strategic calculation, Arner said, especially given that art that isn't cited might be excluded in future district court proceedings. "It's a very challenging thing for companies to let some prior art go," she said. "It's very hard for companies' lawyers to explain to their businesspeople."

Those decisions don't appear to have burned Finnegan. Proceedings were instituted on 51 of the firm's 53 petitions.

Baker Botts, Oblon and Ropes & Gray are three other firms that saw proceedings instituted on more than 90 percent of their IPR petitions.

Fish & Richardson, Sidley Austin and Perkins Coie batted closer to 70 percent. Fish partner Renner said the firm always aims to

get proceedings instituted, but sometimes an additional goal is to force a patent owner to take a position on validity that will undercut its infringement theory down the road. "In this way, a defeat or a failure to institute is actually a victory," he said.

There was a common thread running through the Fish, Sidley and Perkins IPRs that weren't instituted: Apple and Microsoft Corp.

Fish brought five IPRs for Apple against Mobile Telecommunications Technologies, a company that won a \$23 million jury verdict against Apple in November over paging technology. Two of Fish's IPRs were instituted in January, but three others were rejected. Fish also got six Microsoft IPRs instituted in its long-running battle with VirnetX Inc., but five others were rejected. A few months later Microsoft settled VirnetX's claims for \$23 million.

Sidley represented Apple in its own PTAB battles with VirnetX, with seven IPRs instituted but seven rejected. Sidley filed five IPRs for Apple against Evolutionary Intelligence that were rejected (along with one instituted), and three for Apple against Rensselaer Polytechnic Institute that were turned away.

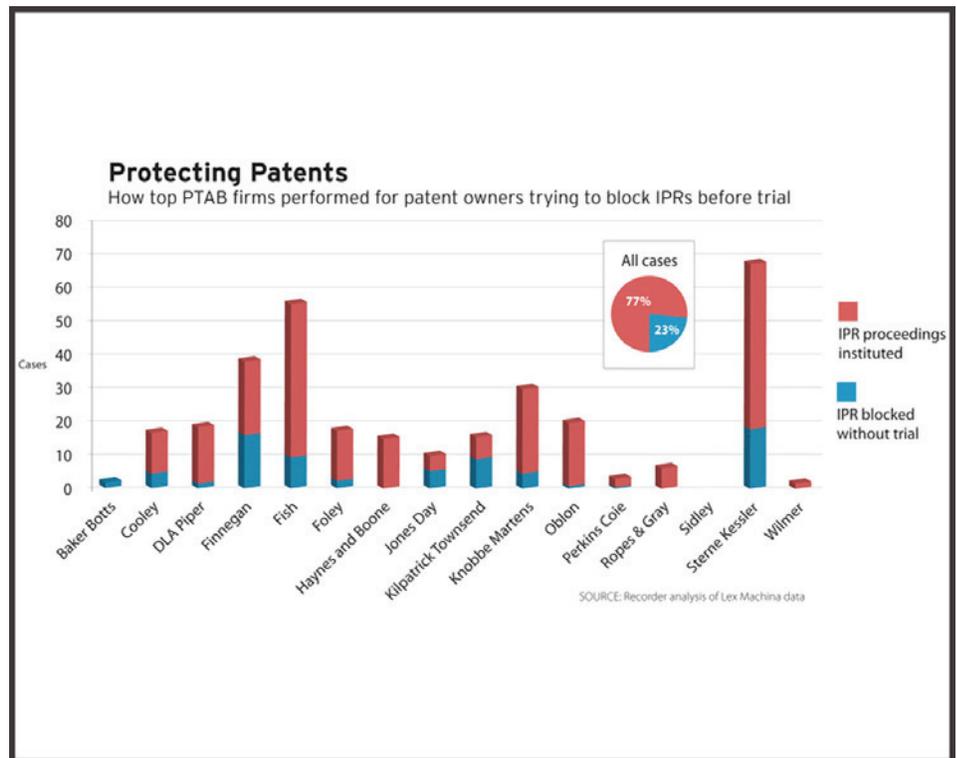
Perkins, meanwhile, misfired on four of eight IPRs filed for Microsoft against Enfish over database technology. But Perkins knocked the claims out in district court following the Supreme Court's decision in *Alice v. CLS Bank*.

## ROUGH SLEDDING FOR PATENT OWNERS

With a 76 percent institution rate, petitioners have the wind at their backs. Keeping patent owners out of PTAB trials is a much more challenging proposition. While petitioners can bring detailed arguments backed by expert declarations, patent owners can only point to flaws in the petition. They cannot offer new evidence until later in the proceedings.

"You don't have the presumption of validity. You don't have clear and convincing evidence. Sometimes there's not a lot you can do," Oblon partner Scott McKeown said. "You can amend, but most people don't want to amend."

Kilpatrick Townsend has managed to get a handful of petitions thrown out. Three of them



established the rule that filing an amended complaint in district court does not reset the one-year limitation period for filing an IPR. Kilpatrick's Chang chalked up the win partly to favorable facts. But, he added, "We're paid to actually know the rules."

Sterne Kessler and Finnegan had solid rates of success for patent owners across a large sample size. Finnegan helped VirnetX beat back the Apple and Microsoft IPRs, while Sterne Kessler and Knobbe Martens Olson & Bear have had some wins defending another frequent target of IPRs, Intellectual Ventures LLC. Sterne Kessler has knocked out five of 17 petitions for IV at the early stage, while Knobbe has beaten back six of 15.

IV's chief counsel for postgrant proceedings, Tim Seeley, said the company looks for attorneys with deep understanding of PTO and PTAB proceedings, who can also coordinate effectively with litigators that handle parallel district court litigation. "We are finding that some of the very best practitioners in these new proceedings are those that also have patent litigation experience, like the ones we work closely with at Sterne Kessler; Knobbe Martens; Novak Druce; and McAndrews, Held & Malloy," Seeley said.

Losing at the early stage is not as big a deal for patent owners as it is for petitioners, several lawyers interviewed for this story said. That's because patent owners can bring new arguments backed by expert evidence once the process moves to discovery.

"The patent-owner strategy has evolved as we've learned how these trials really work," Arner said. Patent owners are more often thinking, "if you do get instituted, do you have something left?"

A patent owner also may not want to give petitioner, and its experts, a sneak preview of the patent owner's best invalidity defense. That way, Haynes' O'Dell said, "when you depose petitioner's expert, you can convince them to support it because they haven't already heard it.

"When we represent the patent owner, if we can kill it outright that's great," O'Dell said. "But we might consider holding back some of our arguments until we can file our official response."

Contact the reporter at [sgraham@alm.com](mailto:sgraham@alm.com).