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 Amer, 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,” Amer 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. Amer 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 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.
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
judgment motions that are filed in district court. “We would have filed the first day, but it was a
Sunday and the computer system didn’t work
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
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


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.

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

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