

Posturing IPRs for Settlement

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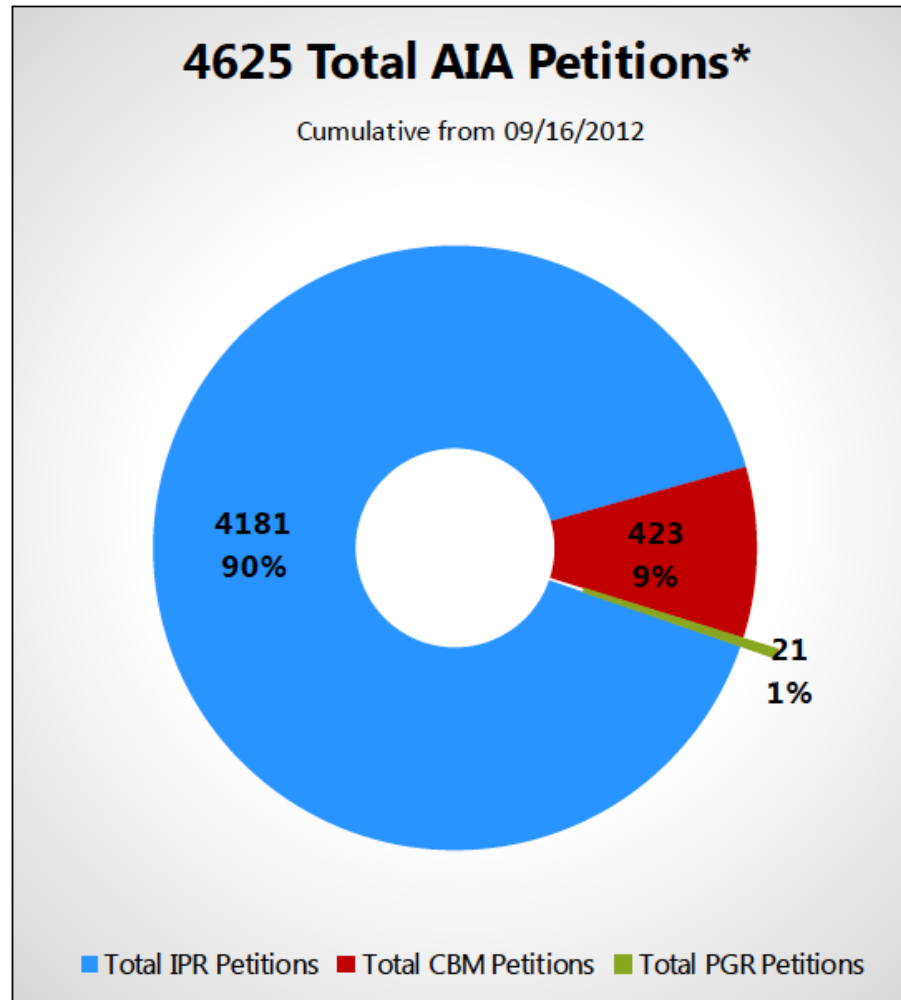
About Tim Bianchi

- M.S.E.E. Patent Attorney
 - Electronics, Medical Devices, Software
- Principal, Schwegman Lundberg Woessner
 - 120 patent attorneys in Minneapolis, San Jose, Austin +
 - Patent Prep & Prosecution
 - Opinions and Due Diligence
 - Litigation Support
 - Post-Grant Proceedings

About Today's Talk

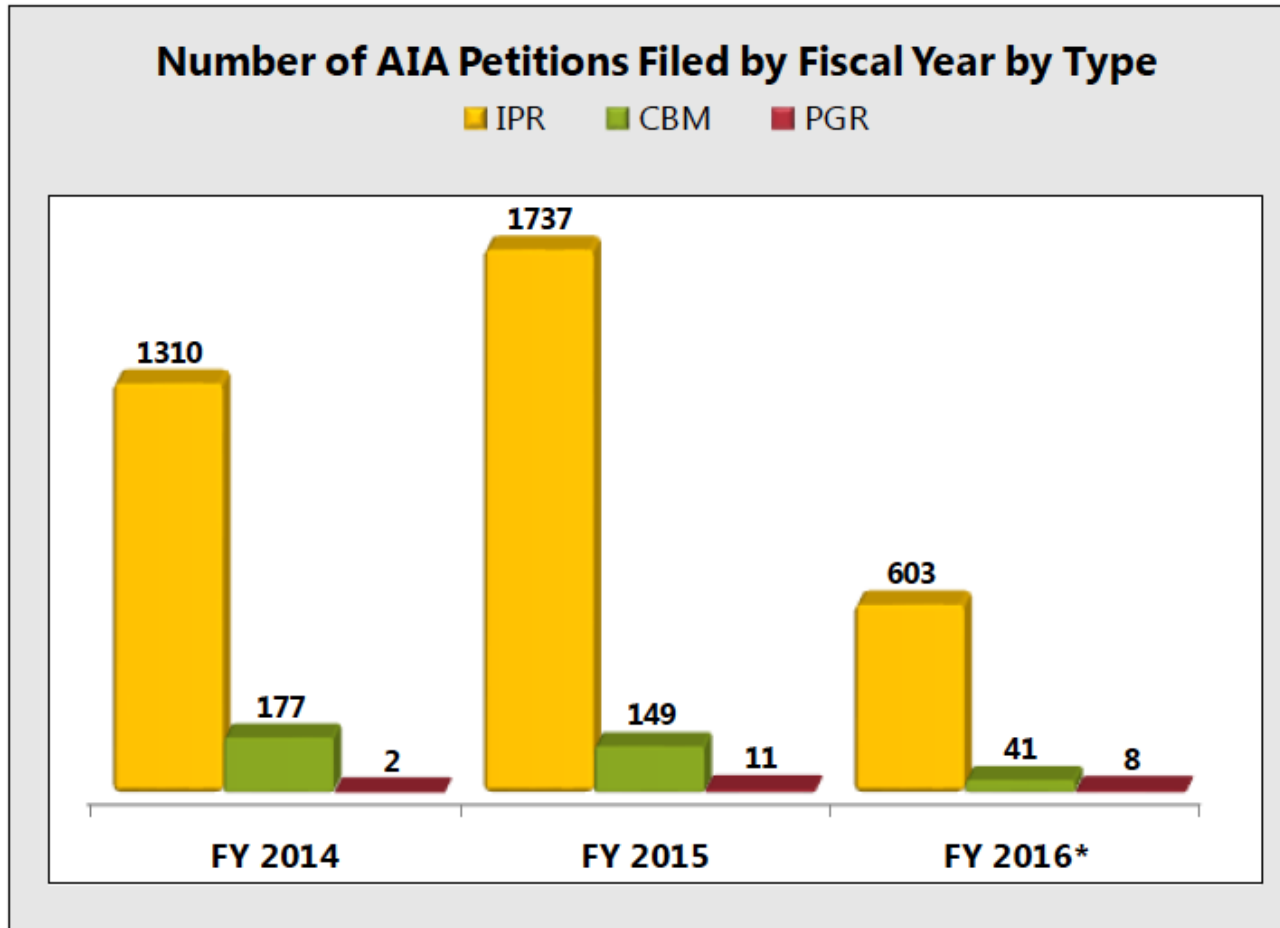
- Brief Introduction With IPR Statistics
- Petitioners and Patent Owners Viewpoints
 - Why they overlook opportunities to settle
 - Benefits
 - For both Parties, Settlement:
 - Saves time and money
 - Provides Certainty and reduces risk
- Timing Factors for Potential Early Settlement
- Posturing Your IPR for Early Settlement

A Few Statistics – Total AIA Petitions



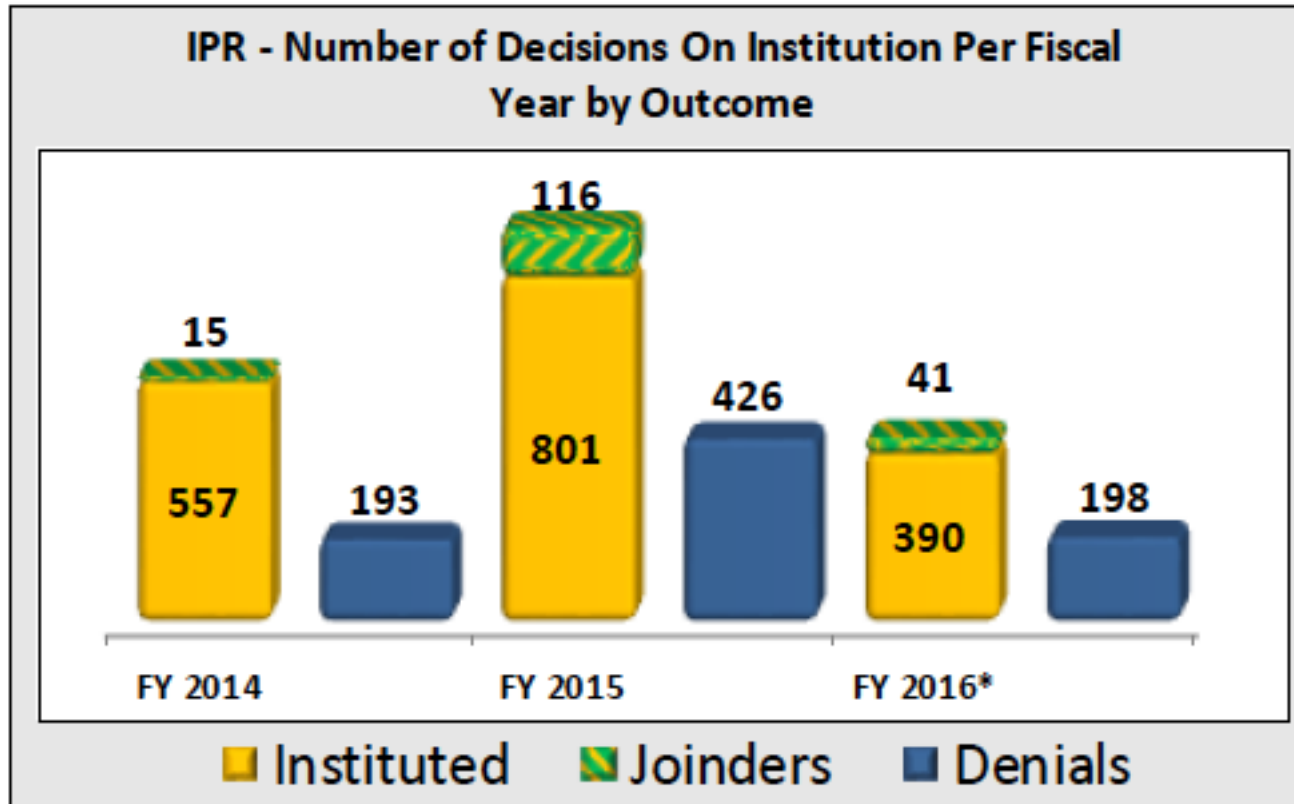
Source: USPTO
Data Current to
2/29/2016

Petitions Per Year



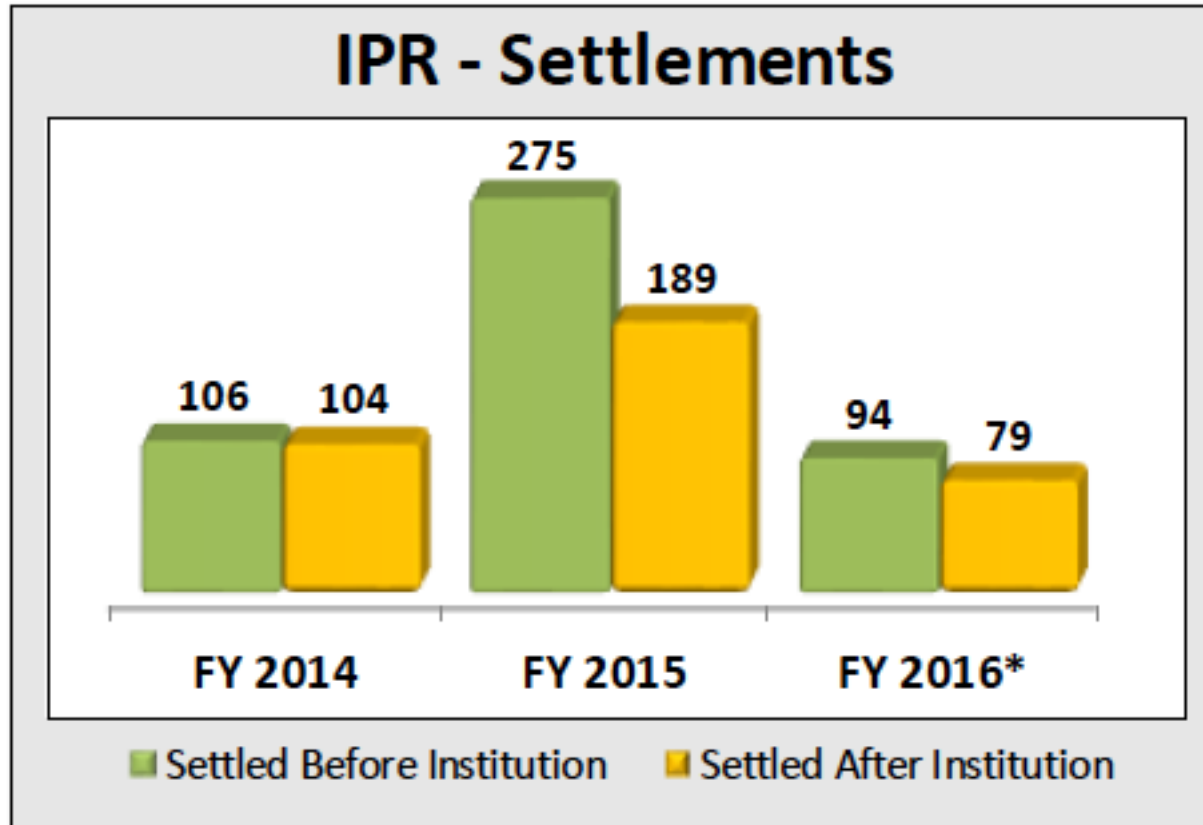
Source: USPTO
Data Current to
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IPR Decisions



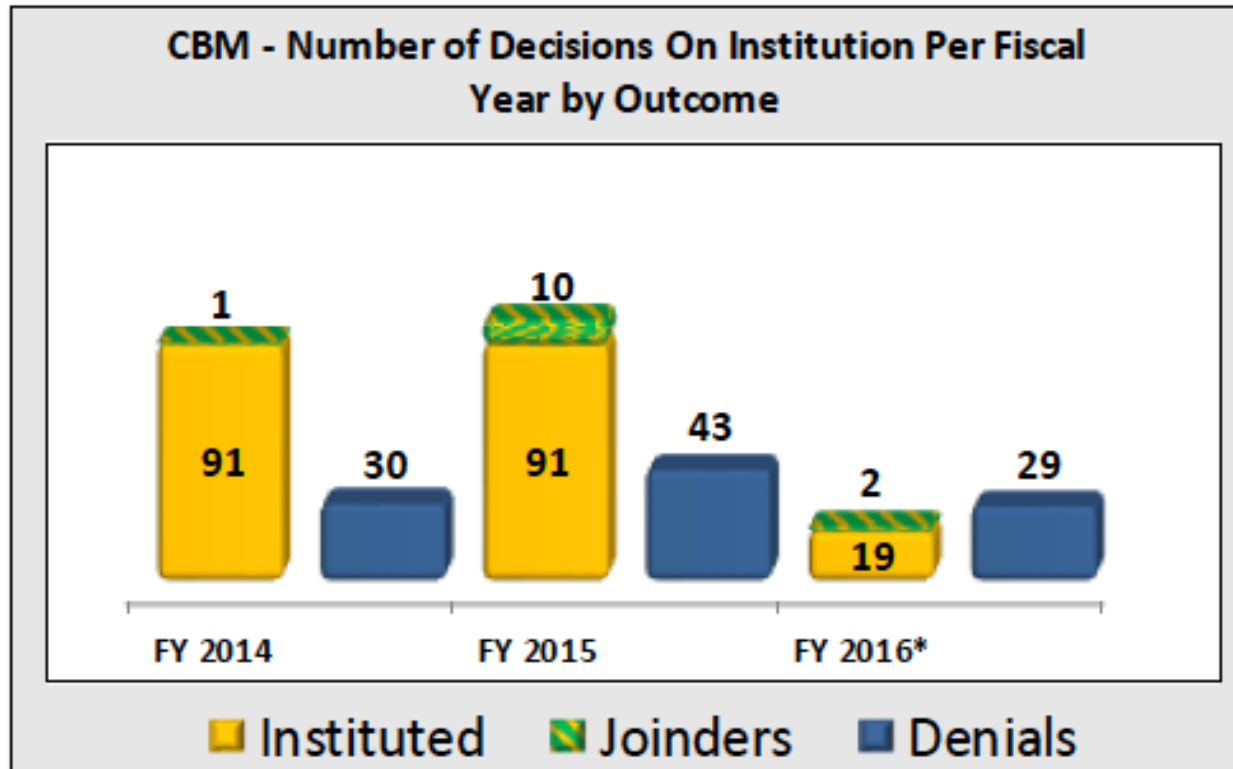
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Data Current to
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IPR Settlements



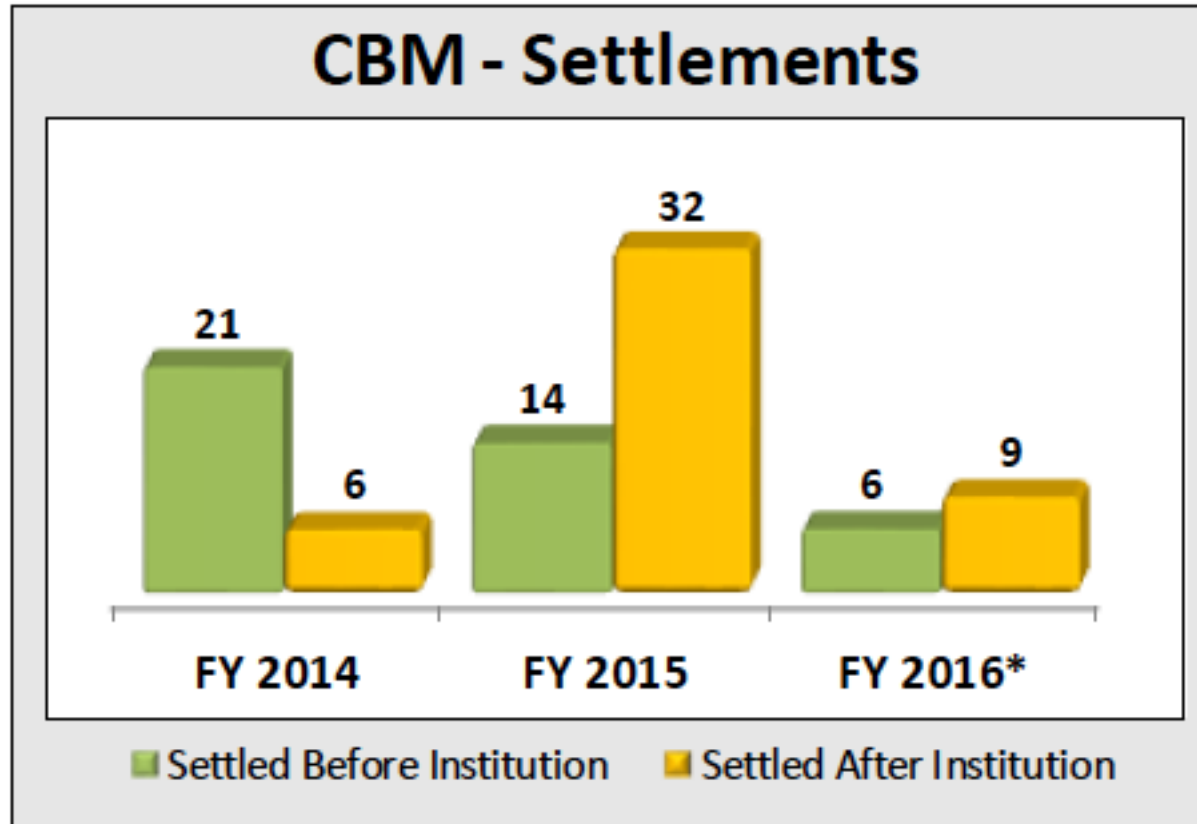
Source: USPTO
Data Current to
2/29/2016

CBM Decisions



Source: USPTO
Data Current to
2/29/2016

CBM Settlements



Source: USPTO
Data Current to
2/29/2016

Petitioner Psychology

- Patent has every appearance of being invalid
 - Known publication prior art “data points”
 - Concern about certain dependent claims?
- Nonpublication Prior Art also Known
 - Non-publication prior art can be useful in patent litigation if IPR not successful
- IPRs are statistically successful, but if I don’t win on institution of IPR on at least the relevant claims it will be harder to defend against this patent
- Conclusions:
 - Patent Owner is not being reasonable
 - Company Will Not Pay For License/Patent
 - As long as institution and final written decision against patent is likely, Petitioner will forge ahead

Petitioner Wants to Know

- Will the IPR be successful?
 - Against all relevant claims?
 - Are there relevant dependent claims that are likely to survive the IPR?
 - Partial institution and/or partial invalidity is not a full solution
- Can I get a claim construction that will resolve issues for me in a parallel litigation?
- Does the Patent Owner have a right to file continuations?
- Will this challenge of the patent help me or help my competition or both?

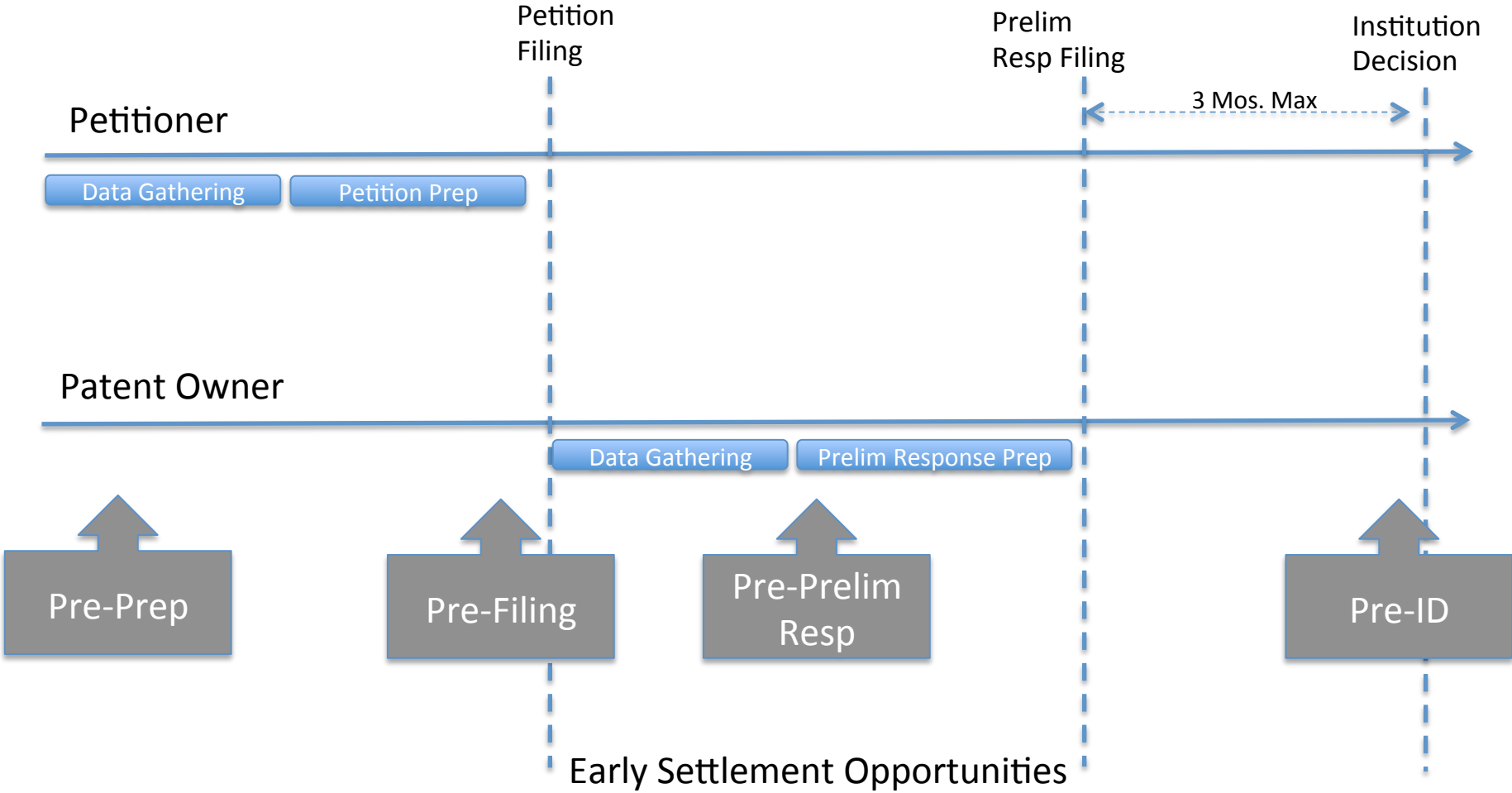
Psychology of Patent Owner

- My claims were allowed for a reason
 - The Patent Office issued the claimed invention
 - Want to tell my story of why my claims are patentable over the prior art
- The petition is flawed
 - It has defects
 - The cited prior art is not on point
 - Or: prior art is analogous, but I have dependent claims that should survive the IPR
- If my patent claims are instituted for trial, it could ruin my chances to enforce patent against Petitioner and against other defendants
- Patent Owner wants to fight the IPR, but institution is a serious threat

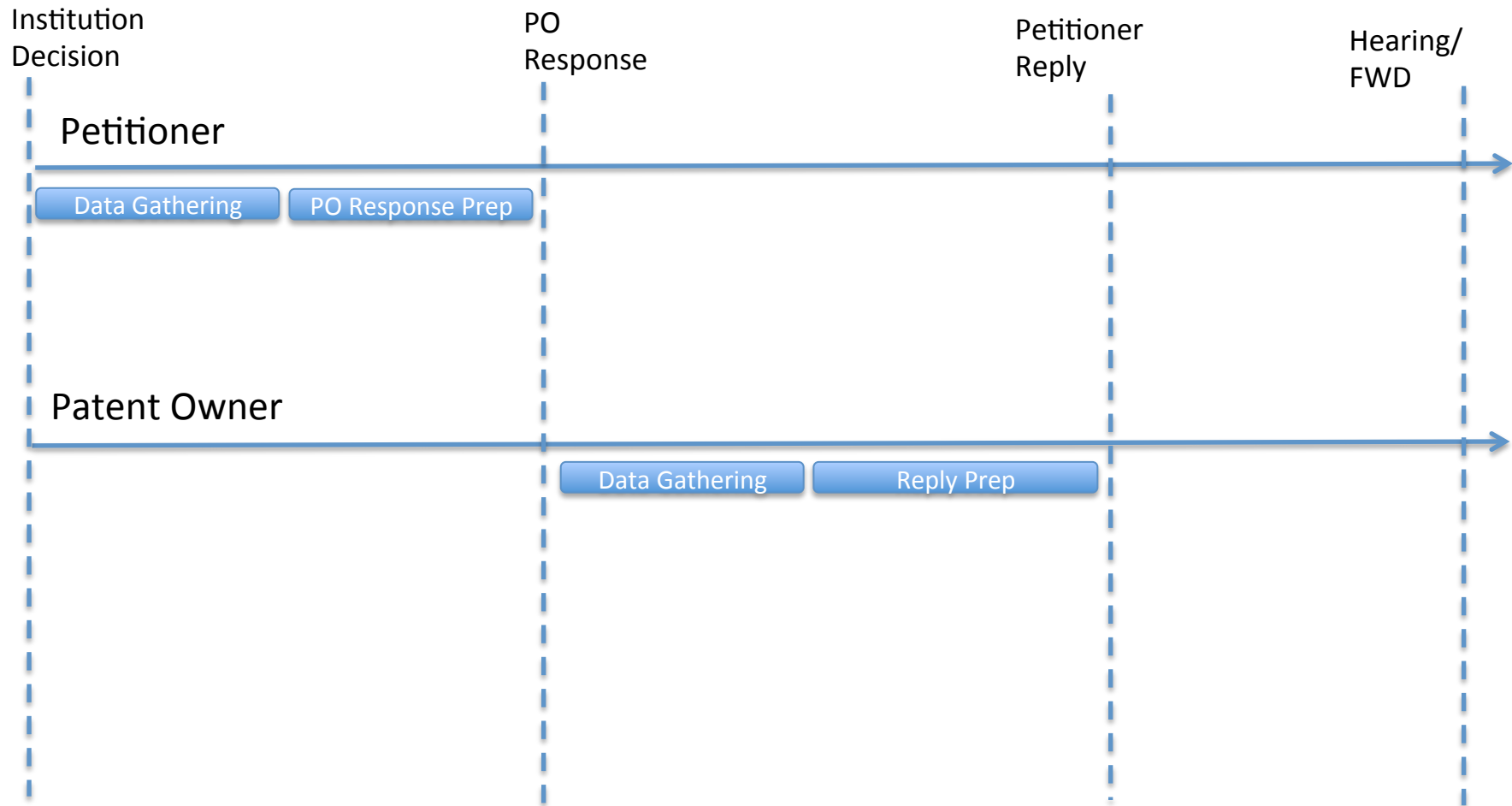
Patent Owner Wants to

- Tell a consistent story with its patents
 - How can that be done with BRI v. Phillips claim constructions?
- Use the IPR to strengthen its patent(s)
 - That which does not kill my patents, only makes them stronger
 - But avoid joinder opportunities for other potential Petitioner Defendants
- Educate other infringers about the strength of its portfolio

IPR Timeline (early stages)



IPR Timeline (cont'd)



Petitioners Can Encourage Early Settlement

- Develop case thoroughly
 - Need best prior art and arguments
- Know how you stand compared to other defendants
 - Relative sizes of liability
 - Timing of suits/bars
 - IPR team factors
 - Complicating factors
 - e.g. real party in interest
- Work with litigation team
- Communicate the strengths of Petitioner's IPR without undermining it
 - Petitioner needs to show that it understands the target patent, its technology, the prior art, and the process better than Patent Owner understands it
- Sometimes filing is the only way to resolve the case

Patent Owners Can Also Encourage Early Settlement

- Analyze patent at issue promptly in either case:
 - Upon a threat of IPR (no petition filed)
 - Communicated by potential petitioner or litigation team
 - After IPR petition is filed
- Critical to get as much information as possible and review the assertions using experience and an open mind
- If a petition is filed, and negotiation is not a likely option, prepare a strong Patent Owner's Preliminary Response
- Be realistic about the prior art and amendments
 - Broadest reasonable interpretation
- Use other tools

Higher Potential for Settlement Before the Institution Decision When . . .

- Petitioner Defendant is not the Patent Owner's main target
 - And especially If:
 - Petitioner has a strong IPR team and strong IPR petition
 - Other Defendants are barred under the 315(b) bar for failure to timely file an IPR petition
 - Joinder is their only entry to IPR

Higher Potential For Settlement After Institution Decision When

- Partial Institution of Claims
 - Especially when Petitioner is barred or effectively barred from future IPR filings
- Multiple Patent Cases with Many Petitions
 - Especially with partial institution of patents/claims

Discussion

- If Questions, please contact
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 - See my blog on patent prosecution, litigation and post-grant topics at www.ReexamLink.com