

Does Expert Testimony Aid Preliminary IPR Responses?

By **Anthony Sotelo, Amanda Antons and Katherine Helm** (May 9, 2024, 2:02 PM EDT)

A clock starts ticking after a petition for inter partes review has been filed against your patent at the Patent Trial and Appeal Board.

For patent owner, the first alarm is for patent owner's preliminary response, or POPR, which is due three months following the petition's accorded filing date. You have one chance to beat the odds on trial institution.

And this is where the fun-filled strategy begins: Should we file a POPR? Should we support the POPR with expert testimony?

Assuming you haven't received advance notice of the petition, three months for a POPR is not a lot of time. Many patent owners opt to focus POPR arguments on deficiencies in the petition, rather than substantive arguments on the merits of patentability, hoping for discretionary denials but preparing for trial.[1]

Is the thinking to hold one's powder dry for a post-institution patent owner response outdated? The rules regarding how the board must evaluate evidence at the institution stage have changed.

Specifically, the presumption favoring the petitioner as to preinstitution testimonial evidence was eliminated in 2020.[2] Title 37 of the Code of Federal Regulations, Section 42.108(c) provides:

Inter partes review shall not be instituted unless the Board decides that the information presented in the petition demonstrates that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.

The board, however, under a prior version of Section 42.108(c), used to give deference to petitioner's expert. Prior to Dec. 9, 2020, Section 42.108(c) instructed that the

Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute an inter partes review.



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Expert testimony submitted with a POPR is now a stronger arrow in a patent owner's quiver.

What are patent owners doing, and what is the PTAB deciding with respect to expert testimony in POPRs?

Here, we analyzed nearly 300 IPR petitions, in which POPRs were submitted, to assess patent owner behavior regarding the use of expert testimony to support a POPR in view of the rule change on testimonial evidence.

Methods

We randomly selected 280 cases[3] with an IPR[4] institution decision and a POPR, 140 filed about three years before and 140 three years after Jan. 8, 2021, the effective date of amendments to Section 42.108(c).[5]

We excluded cases where POPRs raised only discretionary grounds or nonmerit institution denials that do not lend themselves to expert testimony. Forty cases from seven technology centers were selected and assessed.[6]

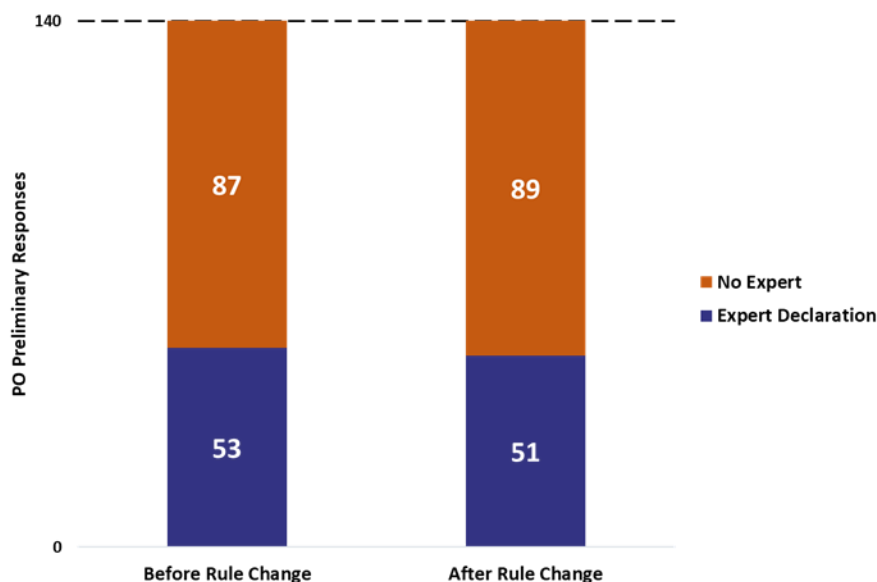
Using this data, we asked four overarching questions.

Are more expert declarations being submitted to support POPRs now that Section 42.108(c) no longer requires that evidence be "viewed in the light most favorable to the petitioner"?

We asked whether, in the approximately three years since the rule eliminated heightened deference to petitioner's testimonial evidence, have patent owners been more aggressive in using expert testimony in POPRs. So far, the answer appears to be no.

In the figure below, orange represents POPRs in which no expert declaration was filed in support, and blue represents POPRs that were filed with supporting expert declarations.

Overall, only about 37% of POPRs are supported by expert testimony. That percentage remains steady before and after the rule change, 38% and 36% respectively.



This suggests that the lack of deference now given to petitioner's evidence has not significantly changed patent owner's behavior in supporting the POPR with expert testimony — still less than half of patent owners proceed with the support of expert testimony at the institution stage.

There are a few potential explanations. One being patent owner's continued belief that raising genuine issues of material fact, however weighed, are more likely to prompt institution.

Another could be that patent owners are not seeing the board apply this rule with meaningful change.

Another variable could be the uncertainty of how preinstitution testimonial evidence could prompt further briefing including petitioner preinstitution replies.

This uncertainty prompted our next question.

Does submission of an expert declaration in support of a POPR improve the chances of institution denial? Do those denials rely upon or cite to the patent owner's expert?

We next sought out any trends suggesting an advantage to patent owners that choose to support POPRs with expert testimony.

Interestingly, our data set shows that submitting an expert declaration does not improve a patent owner's likelihood of achieving institution denial, and this is relatively consistent before and after the change to Section 42.108(c).

According to USPTO metrics,[7] for financial year 2018 to financial year 2023, approximately 39% of petitions are not instituted, while 61% of petitions are instituted for trial. The overall institution rate in our data set was similar — at 56% instituted.[8]

Prerule change, petitions in our data set were denied at an equivalent rate with or without an expert declaration supporting the POPR — 22% in both cases.

After the rule change, however, patent owners obtained more institution denials when the POPR was not supported by expert testimony when compared to POPRs filed with expert testimony — 30% versus 14% respectively.

Institution Denied				
	Before Rule Change	After Rule Change	Overall	USPTO (FY19 to FY23)
No Expert Declaration	22% (31)	30% (42)	26%	
Expert Declaration	22% (31)	14% (20)	18%	
Total	44% (62)	44% (62)	44%	39%
Institution Granted				
	Before Rule Change	After Rule Change	Overall	USPTO (FY19 to FY23)
No Expert Declaration	40% (56)	34% (47)	37%	
Expert Declaration	16% (22)	22% (31)	19%	
Total	56% (78)	56% (78)	56%	61%

For instituted petitions, petitions involving POPRs without an expert declaration were more likely to be instituted before and after the rule change. We next compared the pre- and post-rule institution rates of petitions involving POPRs with a declaration.

Surprisingly, we found that approximately 42% of petitions involving POPRs with a declaration prerule change were instituted. After the rule change, that rate jumped to approximately 61% of petitions instituted involving POPRs with an expert declaration.

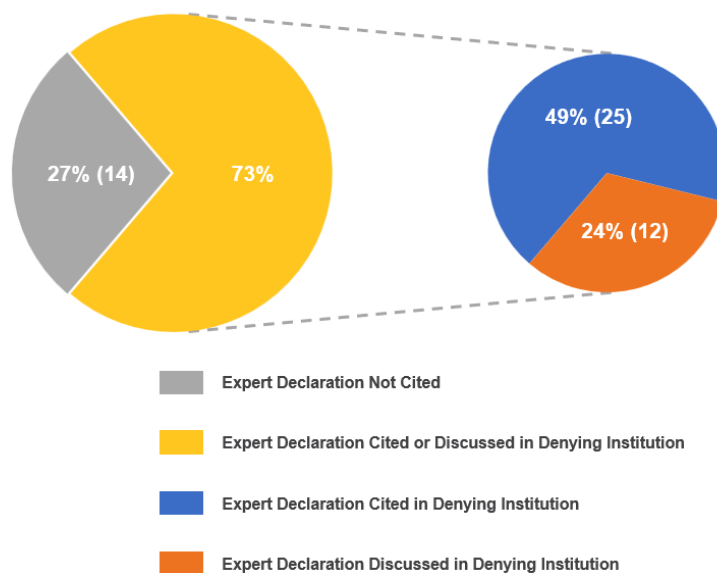
Institution Granted		
	Before Rule Change	After Rule Change
Expert Declaration	42% (22)	61% (31)

Despite these seemingly counterintuitive findings, we observed that the PTAB is more likely to cite the expert declaration when institution is denied. In the 51 institution denials containing an expert declaration by patent owner, the majority of denial decisions, 73%, cited to patent owner's expert declaration.

Nearly half of institution decisions, 49%, either cited the expert declaration indirectly when citing to the POPR or cited to a passage in the expert's declaration. Twenty-four percent specifically discussed an expert's testimony.

Patent owners should take solace that the PTAB is giving careful attention to the expert testimony in declining institution.

Citation to Expert Declaration in IPR Denials

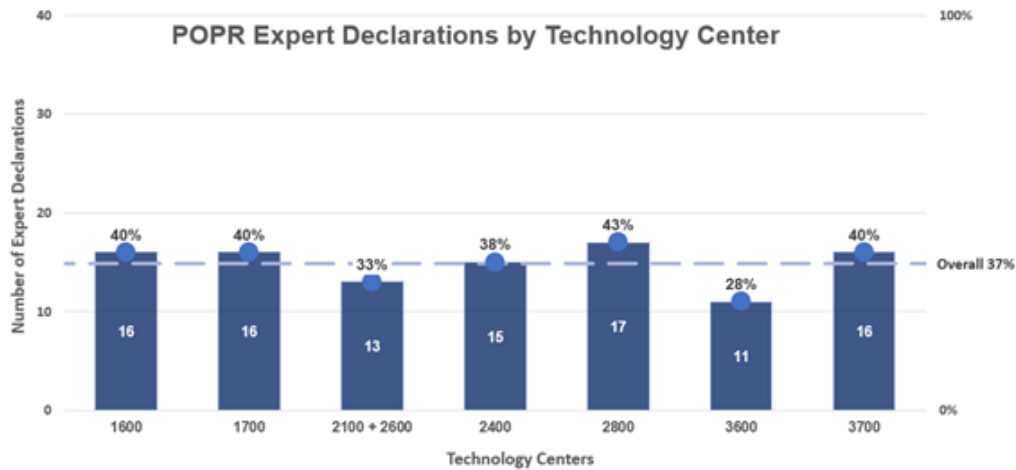


Are expert declarations supporting POPRs more common in certain industries?

We next asked if there are technology areas that are more likely to involve a POPR supported by expert testimony.

We correlated the POPR with the technology center of the challenged patent. As shown below, across technology centers experts were used at a similar rate when compared to the overall average, about 37%.[9]

Regardless whether the challenged patents involve high-tech or life sciences subject matter, the percentage hovers around 40%.



In instituted cases, despite an expert declaration supporting the POPR, are patent owners using the same expert declarants during the PTAB trial?

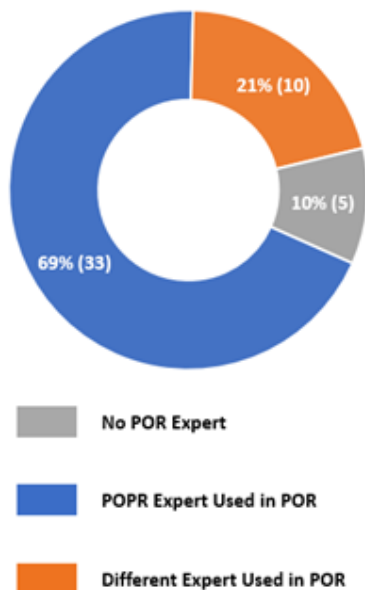
Finally, we asked how patent owners proceeded when they fail in getting institution denied despite using an expert to support the POPR.

For example, is there any indication from the data that patent owners are concerned with using the same expert post-institution that was used in the failed attempt to deny institution?

Our data set included 53 instituted petitions, of which 48 of those cases continued through patent owner's response.

We observed that 69% of patent owners used the same expert in support of the POPR and POR. But 21% of patent owners sought new experts to support their POR. Five percent of patent owners did not use expert testimony to support the POR.

POPR Expert Use After Institution



Considering the investment made in experts and in developing their testimony, and the potential, and unintentional, risk of competing opinions between experts, the fact that 21% of patent owners opted to use a different expert is noteworthy.

At least some patent owners seem concerned with using the same expert in this scenario.

Conclusion

Patent owner strategy, regardless of technology center, has remained steadfast despite significant changes to the rules of institution.

Less than half of POPRs filed between 2018 and 2024 have leveraged an expert, and this appears to have remained consistent despite the potential impact resulting from changes to Section 42.108(c), which no longer allows the PTAB to view testimonial evidence "in the light most favorable to the petitioner" at the institution stage.

Query whether we will see meaningful change in this practice in the future. Whereas some patent owners shied away from using experts in a POPR for fear of creating genuine issues of material fact, the thumb is no longer on the scale in favor of petitioner.

Accordingly, patent owners should consider whether expert testimony is in fact useful to demonstrate that a petition has failed to meet its burden for institution in complex technology areas where, e.g., the board could benefit from expert testimony to better understand the technology and prior art.

Regardless of technology center, the percentage hovers around 40% for those using experts to support a POPR.

In the few years since the rule change, this data set does not show any trends that suggest submitting an expert declaration will improve a patent owner's chances of achieving institution denial.

Meaningful change may be afoot following the advance notice of proposed rulemaking related to PTAB practice last month.[10] And our data shows that the PTAB is giving careful thought to expert testimony when the board declines to institute.

While patent owners should give due consideration to expert testimony in the right POPR circumstances, so too should petitioners be mindful of this microtrend when preparing petitions.

As it has often been said, it never gets better for petitioner than upon an institution decision. The nine months following institution are effectively an exercise of patent owner throwing darts at the petitioner.

All parties should consider whether the proceedings could be efficiently circumvented with more robust preinstitution practice and testimonial evidence.

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[1] See 35 U.S.C. § 325(d); *Apple v. Fintiv Inc.*, No. IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020).

[2] See 37 C.F.R. § 42.108(c); PTAB Rules of Practice, 85 FR 79120, 79122 (Dec. 9, 2020) ("Eliminating the Presumption at Institution Favoring Petitioner as to Testimonial Evidence") (effective Jan. 08, 2021). Rule § 42.108(c) was revised "to delete the phrase 'but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute [a] review.'" *Id.* Now the Board evaluates "any testimonial evidence submitted with a patent owner's preliminary response" and accounts for it "as part of the totality of the evidence." *Id.*

[3] From FY18-FY23, (Oct. 01, 2017, to Sept. 30, 2023), there have been 7,464 total petitions filed, 4,589 petitions instituted, and 2,875 institution denials.

[4] To control for the different institution standards, only IPRs were considered. Post Grant Review ("PGRs") petitions must demonstrate that it is "more likely than not" that at least one challenged claim is unpatentable. While an IPR challenger must prove that there is a "reasonable likelihood" that the challenger will prevail with respect to at least one challenged claim.

[5] The date of collection spanned January 08, 2021 to April 03, 2024 (post-institution) and September 26, 2017 to January 8, 2024 (about the same number of days, pre-institution). A data set of 280 cases was selected as a number that would be sufficient to analyze across technology centers (i.e., 40 cases for each technology center) and could be reasonably assessed for questions (1) and (2). To gauge the data set's representativeness to all IPRs, we compared the institution rate of this random data set to the USPTO's published overall institution rate—which were comparable. In addition, a post-hoc analysis showing consistency of PTAB practice across technology centers suggests that the data set is robust enough to show general trends.

[6] <https://www.uspto.gov/patents/contact-patents/patent-technology-centers-management>.

[7] USPTO, FY23 End of Year Outcome Roundup, <https://www.uspto.gov/patents/ptab/statistics>; USPTO, FY22 End of Year Outcome Roundup, <https://www.uspto.gov/patents/ptab/statistics>.

[8] This data set has a slightly lower institution rate likely because technology centers with fewer petitions and lower institution rates have the same weight as technology centers with larger volumes with higher institution rates.

[9] Technology center 3600 may be an outlier, but this may be due to the limited data set.

[10] <https://www.federalregister.gov/documents/2024/04/19/2024-08362/patent-trial-and-appeal-board-rules-of-practice-for-briefing-discretionary-denial-issues-and-rules>.