

ARTICLES

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CONSIDER THIS POTENTIAL DOWNSIDE OF *INTER PARTES* REVIEW: DENIAL OF THE PETITION MAY BE USED AGAINST YOU IN A CONCURRENT DISTRICT COURT LITIGATION

In many instances, it may be advantageous to challenge patent validity via an AIA trial in front of the Patent Trial and Appeal Board (PTAB). Despite all of the **advantages to an AIA trial**, a potential AIA trial petitioner should also consider the **potential downsides** particularly when involved in concurrent district court litigation. One such potential downside – that the denial of a petition for an *inter partes* review (IPR) may be used against the petitioner – is illustrated by a recent summary judgment decision in the District Court of the Southern District of Ohio.¹

Procedurally, the litigation involves a pattern that has become quite common with the availability of AIA trials. Proctor & Gamble (P&G) filed suit alleging infringement of patents relating to tooth whitening products and the alleged defendants then took the patent validity challenge from court to the PTAB. Specifically, P&G sued Team Technologies alleging infringement of three patents pertaining to home tooth whitening products (U.S. Patent Nos. 5,891,453 (the '453 Patent); 5,894,017 (the '017 Patent); and 7,122,199 (the '199 Patent)). Defendants Clio USA, Inc. and Brushpoint Innovations, Inc. were added at a later date.² Clio filed an IPR for each of the patents-in-suit. The PTAB denied institution of the IPRs for many of the challenged claims, and granted as to a small number of the claims.³ Meanwhile, the District Court refused to stay the proceeding pending outcome of the IPRs.

With the IPRs still ongoing, P&G moved for summary judgment of validity alleging that the Defendants could not meet their burden of proof. Defendants, in turn, moved for summary judgment of patent invalidity. The Defendants' summary judgment motion relied in large part on the same arguments, the same references, and supporting expert testimony that the PTAB determined to be insufficient to meet the threshold of IPR institution.

The Court granted summary judgment of validity and denied Defendant's motion of summary judgment of patent invalidity, in part relying on the PTAB's refusal to institute the IPRs.⁴ Specifically, in the IPRs, the PTAB rejected the same arguments but under the lower standard in front of the PTAB.⁵ The Court's reasoning focused on the Defendants' inability to meet the threshold requirements to institute the proceedings:

In this litigation, Defendants bear the burden of establishing invalidity by clear and convincing evidence. In order to show that the challenged claims are invalid in the IPR proceeding, however, Clio must only meet a preponderance of the evidence standard. Further, for the PTAB to institute proceedings in the first place, Clio needed only to show a reasonable likelihood that it would ultimately succeed under the lower "preponderance of the evidence" burden. Nevertheless, under this "reasonable likelihood" standard, which is significantly lower than the "clear and convincing" burden in this litigation, the PTAB found that Clio's and Dr. Gaffar's inherency arguments were insufficient. (Internal citations omitted.)⁶

Moreover, the Court also relied on the PTAB's denial of Clio's request for rehearing of the PTAB's institution decisions, noting, "[t]he PTAB rejected Clio's inherency arguments, under a lower standard of proof, not once, but twice."⁷

Thus, the decision in *Team Technologies* illustrates a large potential downside that should be considered before filing a petition for IPR. Should the PTAB decline to institute an IPR even as to some of the challenged claims, this denial may be relied upon in a concurrent District Court litigation to show that the burden of proving invalidity cannot be met. Potential IPR petitioners should be mindful of this potential negative inference being drawn by the District Court.

Moreover, the *Team Technologies* case shows that District Courts may exercise their discretion to rely on concurrent AIA trials as evidence of a patent's validity and/or invalidity.⁸

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¹ *The Procter & Gamble Corporation v. Team Technologies, Inc.*, Case No. 1:12-cv-552, order granting summary judgment of no invalidity and denying motion for summary judgment of invalidity (S.D. OH. July 3, 2014).

² *Id.*, see also IPR2013-00438 (IPR of the '017 patent); IPR2013-00448 (IPR of the '454 patent); IPR2013-00450 (IPR of the '199 patent)

³ See IPR2013-00438 (granted as to claim 21, denied as to claims 1 to 3, 6-9, 11-13 of the '017 patent); IPR2013-00448 (granted as to claims 1, 19 and 21, denied as to claims 2,3, 6-9, 11-13 and 18 of the '453 patent); IPR2013-00450 (denied as to claim 20; instituted as to claims 17, 23-26, and 28-30 of the '199 patent)

⁴ *P & G*, Case No. 1:12-cv-552 order at 21.

⁵ *Id.*

⁶ *Id.* at 21-22 (internal citations omitted)

⁷ *Id.* at 24.

⁸ *Id.* at 22, fn. 4 ("Opinions from administrative agencies may be properly considered as evidence under Fed. R. Evid. 803(8) if the findings are trustworthy and probative of the issues.").