



## The New World Order — Current Developments in Challenging and Defending Patents in the PTAB:

### *Topic 3: Legislative Action*

December 2, 2015



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# Legislative Action

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## Panelists –

- ▶ **Henry Hadad**, Senior Vice President and Deputy General Counsel, Bristol Myers Squibb
- ▶ **Chris Israel**, Partner, American Continental Group
- ▶ **Colman Ragan**, Intellectual Property Counsel, Actavis
- ▶ **Peter Waibel**, Patent Litigation Head, Novartis

## Moderator:

- ▶ **Jeffrey Butler**, Acting General Counsel & Advisor, Sentient Lifesciences / Global IP Consulting



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# 114<sup>th</sup> Cong. – Bills Introduced

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## H.R. 9 – Innovation Act

- Introduced in the House (02/05/2015)
- Reported to the House amended (07/29/2015)

## S. 632 – STRONG Patents Act

- Introduced in the Senate (03/03/2015)

## S. 1137 – PATENT Act

- Introduced in the Senate (04/29/15)
- Reported to the Senate amended (09/08/2015)

## S. 2019 – Preserve Access to Affordable Generics Act

- Introduced in the Senate (09/09/2015)



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# Legal and Policy Implications – Comparison of Key Bills

Provision	H.R. 9	S. 1137
Pleading Requirement	Details what complaint must include	Details what complaint must include
Transparency	Requires initial disclosures	Requires initial disclosures
Customer Stay	Stays suit for covered end user	Stays suit for covered end user
Discovery Stay	Limited prior to motion to dismiss	Limited prior to motion to dismiss/transfer/sever
Fee Shifting	Mandatory unless “reasonably justified ...”	Available pending motion by prevailing party
Fee Recovery/Joinder	Joins “interested parties”	Certification for PAEs
Demand Letters	Sense of Congress	Clarifies FTC jurisdiction, but does not exempt States
Venue	Limits to Districts with connection to case (business, infringement occurred, inventor, facility ...)	



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H.R. 9

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## ▶ LITIGATION REFORMS

- ▶ Heightened Pleadings Standards
- ▶ Discovery Stays
- ▶ Fee Shifting
- ▶ Transparency in Patent Ownership
- ▶ Venue
- ▶ Double-Patenting Amendments
- ▶ 271(e) Exemptions



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# PATENT Act (S. 1137)

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- ▶ **LITIGATION REFORMS**
  - ▶ Heightened Pleading Standards
  - ▶ Discovery Delays
  - ▶ Fee-Shifting
  - ▶ Disclosure of Parent Entity
  - ▶ 271(e) Exemptions



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# Legal and Policy Implications – IPR Proposals

Provision	H.R. 9	S. 1137
PGR/IPR	<ul style="list-style-type: none"><li>• District Court claim construction</li><li>• Prohibits hedge activity and/or payment demands</li><li>• Eliminates provision barring PGR petitioner from later asserting in civil action that claim is invalid on any ground petitioner “reasonably could have raised” during PGR.</li></ul>	<ul style="list-style-type: none"><li>• Eliminates provision barring PGR petitioner from later asserting in civil action that claim is invalid on any ground petitioner “reasonably could have raised” during PGR.</li><li>• Clarifies Director discretion.</li><li>• Prohibits IPR based on differing evidentiary standard</li><li>• Clarifies validity presumption</li></ul>



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H.R. 9

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## ▶ IPR REFORMS

- ▶ Use of *Phillips* Claim Construction
- ▶ Hedge Fund “Standing” Requirement





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# PATENT Act (S. 1137)

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## ▶ IPR REFORMS

- ▶ Use of *Phillips* Claim Construction Standard
- ▶ Presumption of Validity
  - ▶ But with Preponderance Standard
- ▶ Estoppel Provisions
- ▶ Increased Live Testimony
- ▶ Discretion to Decline to Institute
  - ▶ Not in the Interests of Justice.
- ▶ Changes to Amendments



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# STRONG Patents ACT

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## ▶ IPR REFORMS

- ▶ Article III Standing Requirement
- ▶ *Phillips* Claim Construction Standards
- ▶ District Court Evidentiary Standards



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# Legal and Policy Implications – Key Players and Positions

Groups/Positions	Pleading	Discovery	Stay	Fee Shifting/ Joinder	Demand Letters	Venue	IPR	Overall
Tech/Internet	Support	Support	Strong Support	Strong Support	Support	Support	Oppose	*Support
Bio/Pharma	Neutral	Neutral	Support	Support*	Support	Support	Support w/ Tillis	*Oppose
Retailers	Support	Support	Strong Support	Support	Support	Support	Oppose	Support
Universities	Oppose – defer to JC	Oppose – defer to JC	Oppose	Strong Oppose	Support	Oppose	Oppose	Oppose
VC/Startup	Oppose – defer to JC	Oppose – defer to JC	Oppose	Strong Oppose	Support	Oppose	Oppose	*Oppose
Tech Licensing	Oppose – defer to JC	Oppose – defer to JC	Oppose	Strong Oppose	Support	Oppose	Oppose	Oppose



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## Side Deals

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- ▶ Tillis Amendment
- ▶ IPR “Off Ramp”
- ▶ Pay-For-Delay



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# Legal and Policy Implications – Going Forward

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- ▶ End of 2015 Outlook
- ▶ Linkage with Other IP Issues
  - ▶ Trade Secrets
  - ▶ *Preserve Access to Affordable Generics Act*
  - ▶ *TPP*
- ▶ IPR & PTAB ... the biggest issue to solve
- ▶ 2016 ... election year, short calendar and aversion to controversy



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# Questions?