

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MYLAN PHARMACEUTICALS INC. and
DR. REDDY'S LABORATORIES, INC.,
Petitioners,

v.

HORIZON PHARMA USA, INC. and NUVO PHARMACEUTICALS
(IRELAND) DESIGNATED ACTIVITY COMPANY,
Patent Owners.

Case IPR2017-01995¹
Patent 9,220,698 B2

**PETITIONER MYLAN'S REQUEST FOR REHEARING OF DENIAL
OF REFUND UNDER 37 C.F.R. § 42.71**

¹ Petitioner Dr. Reddy's Laboratories, Inc. ("DRL"), from IPR2018-00894, was previously joined as a Petitioner to this proceeding.

Pursuant to 37 C.F.R. § 42.71, Petitioner Mylan Pharmaceuticals Inc. (“Mylan”) respectfully submits this request for rehearing of the Patent Trial and Appeal Board’s (“PTAB”) denial of Mylan’s Request for Refund of Post-Institution Fees. Paper 78. For the reasons described below, given that institution here was vacated, refund of Mylan’s post-institution fee is proper.

BACKGROUND

On August 24, 2017, Mylan petitioned for *inter partes* review of the ’698 patent. Paper 2. Mylan’s request was accompanied with two distinct fees, as required by 37 C.F.R. § 42.15 (2017): a “request fee” (\$9,000) and a “post-institution” fee (\$14,000).

On March 8, 2018, the PTAB instituted Mylan’s review over Patent Owners’ objections that the Petition was time-barred. Paper 18. However, on March 27, 2019, the PTAB vacated its institution decision. Paper 71. Petitioners timely moved for rehearing, Paper 73, which the PTAB denied on August 12, 2019. Paper 77.

On August 13, 2019, because the Petition was not instituted, Mylan promptly submitted a request for refund of its \$14,000 post-institution fee.² Paper 78. On

² While Mylan requested a refund of \$15,000 in post-institution fees, upon further investigation, this request more accurately should have been made for only \$14,000, the statutory post-institution fee at the time of Mylan’s Petition.

October 23, 2019, the PTAB denied Mylan's request. Paper 79. The PTAB provided two justifications for its denial. *See id.* at 1. First, the PTAB claimed denial of Mylan's post-institution fee refund was appropriate because "vacation of institution was based on a post-institution change in the law, not an error on the panel's part." *Id.* Second, the PTAB noted that "the case involved bankruptcy of one of the patent owners, necessitating considerable additional work by the judges." *Id.* The PTAB provided no authority supporting its ability to withhold Mylan's refund on either ground. *See id.*

LEGAL STANDARDS

"A party dissatisfied with a decision may file a single request for rehearing." 37 C.F.R. § 42.71(d). The movant bears the burden to "identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply." *Id.*

ARGUMENT

Mylan's Petition was not instituted. Paper 71, 13-14. That decision was affirmed on rehearing. Paper 77. Accordingly, Mylan has no right to appeal (*see* 35 U.S.C. § 314(d)), the PTAB will not conduct an oral hearing, and Mylan will not receive a final written decision.

Under such circumstances, Mylan is entitled to a refund of its \$14,000 post-institution fee. *See, e.g.,* Setting and Adjusting Patent Fees During Fiscal Year 2017,

82 Fed. Reg. 52,780, 52,790, 2017 WL 5259547 (Nov. 14, 2017). Indeed, a party requesting *inter partes* review must pay upfront both the “request fee” and the “post-institution fee.” 37 C.F.R. § 42.15 (2017). Although the request fee is non-refundable, the Patent Office has *repeatedly* made clear that “[t]he USPTO will refund the post-institution fee if the *inter partes* review proceeding is not instituted by the PTAB.” 82 Fed. Reg. 52,790, 2017 WL 5259547; Setting and Adjusting Patent Fees During Fiscal Year 2017, 81 Fed. Reg. 68,150, 68,164, 2016 WL 5607912 (Oct. 3, 2016) (“The USPTO will refund the post-institution fee if the IPR proceeding is not instituted by the PTAB.”); Setting and Adjusting Patent Fees, 78 Fed. Reg. 4212, 4256, 2013 WL 179704 (Jan. 18, 2013) (“Further, many of these services, including post-grant review and *inter partes* review, provide for refunds if the Office does not elect to institute a proceeding, which could significantly lower the cost.”); Setting and Adjusting Patent Fees, 77 Fed. Reg. 55,028, 55,076, 2012 WL 3838932 (Sept. 6, 2012) (“With *inter partes* review, for instance, the Office proposes to return fees for post-institution services should a petition not be instituted.”); PTAB E2E Frequently Asked Questions at E7, *available at* <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/ptab-e2e-frequently-asked-questions> (last visited Oct. 29, 2019) (“[I]n such a situation, the petitioner may file in PTAB E2E a request for a refund of any post-institution fee paid.”); *see also* *Special Tactical Servs., LLC v. Hagedorn*, No.

IPR2019-00240, 2019 WL 1503792, at *1 (PTAB Apr. 3, 2019) (“As indicated above, an *inter partes* review was not instituted in this proceeding. Thus, the Office will refund Petitioner's post-institution fees.”).

The justifications provided by PTAB to deny Mylan’s refund are unsupported. *See* Paper 79. PTAB provides no authority for the notion that the basis for denial of institute bears on the refundability of Mylan’s post-institution fee. *See id.* Regardless of the reason for the PTAB’s decision—whether because of a panel error or a change in law—the end result is the same: the PTAB denied institution, no final written decision will issue, no hearing will be held, and Mylan cannot appeal. And that a patent owner declared bankruptcy is equally immaterial to Mylan’s right to a refund. Mylan has no control over patent owner’s financial management, which caused a delay in these proceedings. Yet, on this basis Mylan (and not patent owner) is now being ordered to pay post-institution expenses for a review that was not instituted.

To be sure, Mylan is appreciative of any additional effort undertaken by the PTAB in denying institution in this matter. But, to the extent effort was required, Mylan has paid (and PTAB has retained) the required \$9,000 request fee. In contrast, its \$14,000 post-institution fee is refundable where, as here, institution was denied.

CONCLUSION

Mylan respectfully submits that the PTAB’s decision denying Mylan’s refund was in error and requests refund of its post-institution fee of \$14,000.

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