

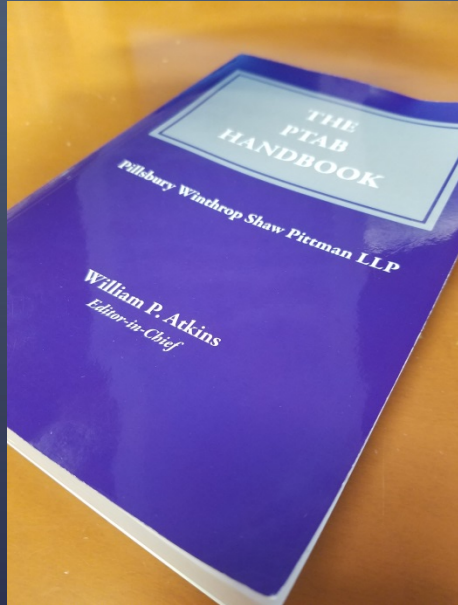
# The Patent Trial and Appeal Board: Top Ten Current PTAB Topics and How They Affect Your Practice

*Bloomberg BNA Webinar— April 24, 2018*

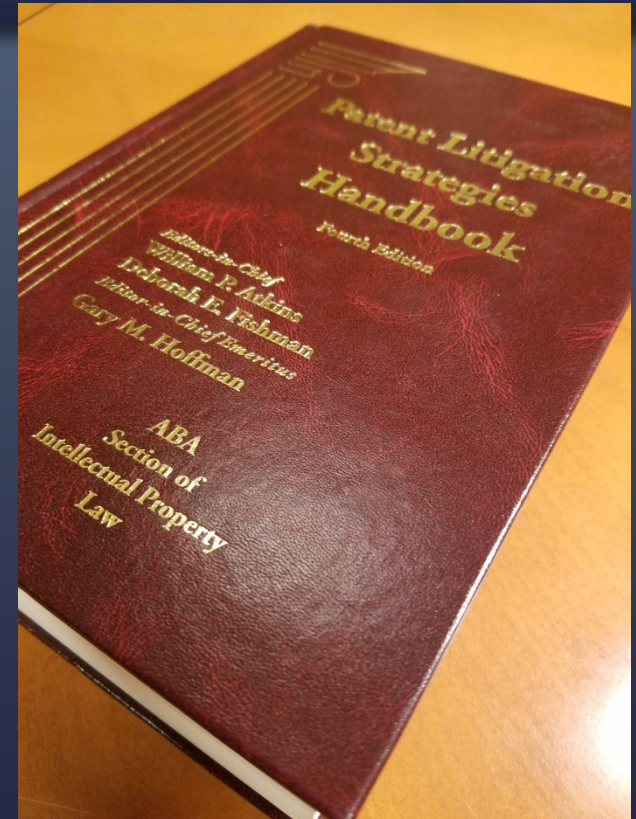
# Objectives

- How recent PTAB, District Court, Federal Circuit, and Supreme Court decisions/orders impact your practice and your business advice
- Understand how Post Grant proceedings are changing litigation and licensing strategies
- Provide a distilled, useful, and memorable analysis of recent developments at the PTAB
- Information since last webinar and what to expect

# Bill Atkins

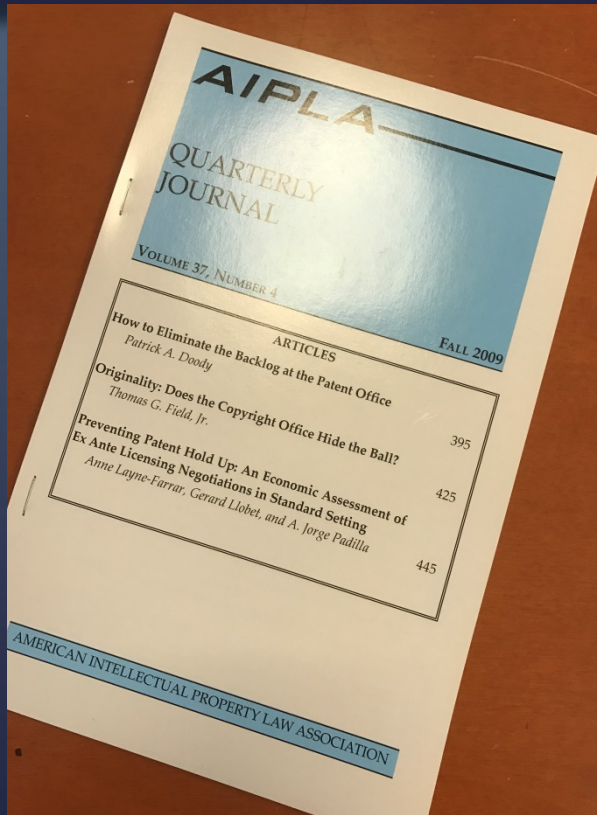


- JD/MBA/LLM
- 26 years
- 125+
- 52/X



# Pat Doody

- JD – Adjunct Professor
- 30 years
- Former Examiner



# Top Ten Current PTAB Topics By Section

- Trends at the PTAB since July
  - 1. PTAB filings are down since July 2017; matches general IP litigation trends
- *Oil States/SAS* and PTAB shift to Consistency
  - 2. Decisions in *Oil States* and *SAS*
  - 3. Focus by the PTAB toward more consistent decision-making
- Issues regarding Institution Decisions
  - 4. *Wi-Fi One* and appealability of § 315 one-year time bar determinations
  - 5. Developments in sovereign immunity at the PTAB including tribal immunity

# Top Ten Current PTAB Topics Cont.

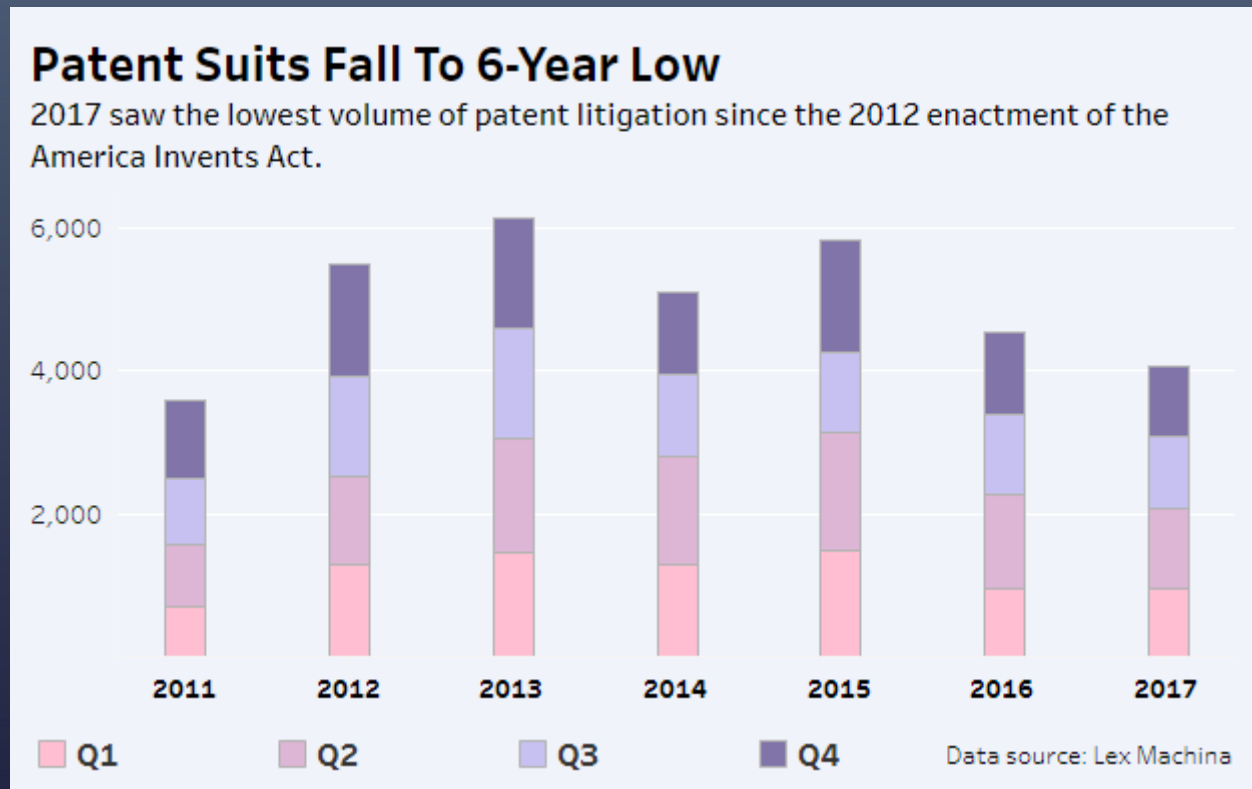
- Issues regarding Institution Decisions Cont.
  - 6. Filing of statutory disclaimers to avoid CBM review; Facebook v. Skky
  - 7. PTAB discretionary denials of institution for follow-on/serial petitions
- Post-institution procedure
  - 8. Aqua Products: returning the burden to Petitioners in motions to amend
  - 9. Standing on appeal for appellees and USPTO as intervenor
  - 10. New standard operating procedures for remands from the Federal Circuit
- Other Changes and What is Coming
  - Patent agent privilege, patent owner estoppel, derivations, and *SAS Institute*

# 2017-18 Shifts at the PTAB

- **Trends at the PTAB since July webinar**
- Oil States/SAS and PTAB shift to Consistency
- Issues regarding Institution Decisions
- Post-institution procedure
- Other Changes and On the Horizon

# 1. Filing Trends through 2017 – District Court

- Patent infringement suits continue to decrease
- 4,057 in 2017, lowest since 3,578 in 2011 (Lex Machina)
- 101, PTAB, *TC Heartland*, fewer NPE suits
- *T.C. Heartland*: Shift away from E.D. Texas; into D. Del. and the ITC



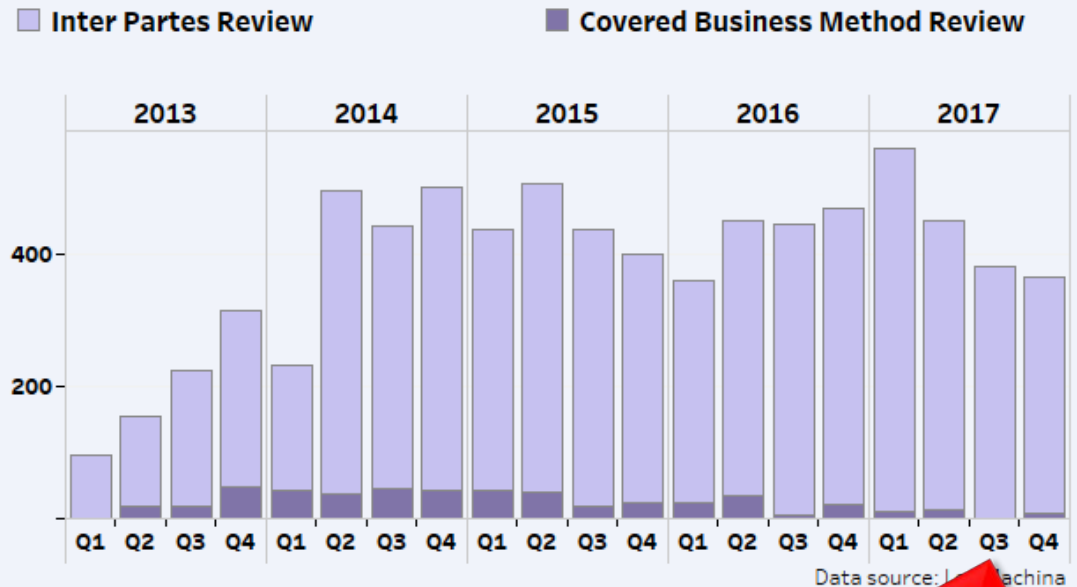
Source: Lex Machina, as reported by Jacqueline Bell in Law360, available at <https://www.law360.com/articles/1009203/how-patent-litigation-changed-in-2017>.



# 1. Filing Trends through 2017 – PTAB Filings

- After an early boom, PTAB filings steadily drop in 2017
  - 548 petitions for IPR filed in Q1 2017; record high
  - Only 356 in Q4; second-lowest since 2014
- CBM petitions continue to fall after *Unwired Planet*
  - Only 1 CBM petition filed in Q3 2017
- Decrease in patent litigation
- Decreasing institution rates (59%) for petitioners means more risk

## IPRs Fall As Patent Litigation Slows



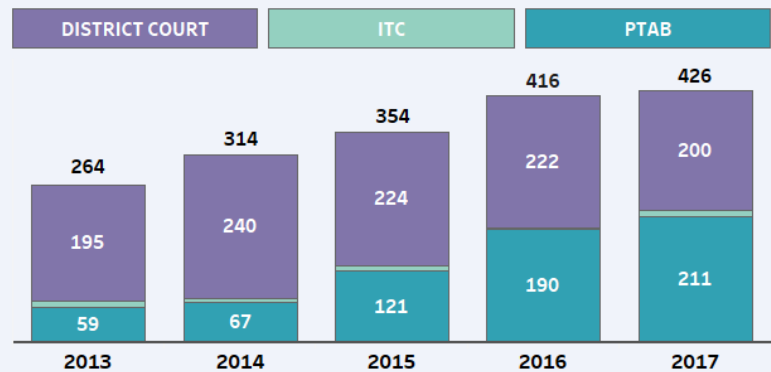
Source: Lex Machina, as reported by Ryan Davis in Law360, available at <https://www.law360.com/articles/1009207/drop-in-iprs-tied-to-patent-litigation-slowdown>.

# 1. Filing Trends through 2017 – Fed. Cir.

- 2017 saw appeals from the PTAB take up a majority of the patent docket at the Federal Circuit for the first time
  - Increased scrutiny over PTAB decision-making, especially for compliance with procedure

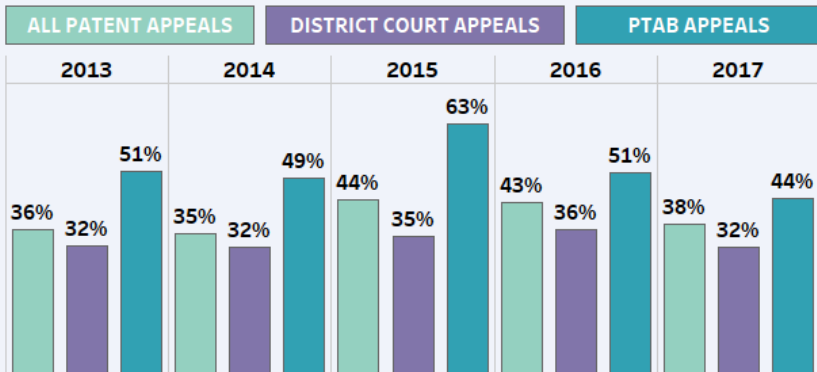
## Patent Docket Levels Off

A drop in district court appeals slowed the rising tide of Federal Circuit patent cases in 2017.



## Rule 36 Fades At The Federal Circuit

One-sentence stamps of approval grew scarcer in 2017.



Hover for additional data.

- 2017 also continued the trend from 2016 of less reliance on Rule 36 affirmances by the Fed. Cir.
  - Push for greater predictability and uniformity at the PTAB has led the Fed. Cir. to issue more written opinions

Source: Lex Machina, as reported by Cristina Violante in Law360, available at <https://www.law360.com/articles/1013254/how-the-federal-circuit-s-patent-docket-changed-in-2017>.

# Oil States and PTAB Consistency

- Trends at the PTAB since July webinar
- Oil States/SAS and PTAB shift to Consistency
- Issues regarding Institution Decisions
- Post-institution procedure
- Other Changes and On the Horizon

## 2. Oil States: Constitutionality of AIA Reviews

- *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, No. 15-1855, slip op. (Fed. Cir. May 4, 2016), *cert. granted*, No. 16-712 (U.S. June 12, 2017).
  - Question presented: Whether inter partes review, an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents, **violates the Constitution** by extinguishing **private property rights** through a **non-Article III forum** without a jury.
  - Oral arguments were heard on November 27, 2017; three key issues
    - Adjudicatory review: Whether AIA reviews are so adjudicatory in nature as to constitute an unconstitutional exercise of the judicial power by an agency
    - Public vs. Private right: If patents are a public right, i.e. deriving from a regulatory scheme, Congress may allow agencies to adjudicate them
    - Takings/due process: Concern about possible unfairness; “panel stacking”
  - Many expect S.Ct. to uphold constitutionality of AIA reviews

## 2. *Oil States*: Decision Today

- Determination to grant a patent is “matte[r] involving public rights.” “It need not be adjudicated in Article III court.” 8

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- Determination to grant a patent is “matte[r] involving public rights.” “It need not be adjudicated in Article III court.” 8
- “matters governed by public-rights doctrine ‘from their nature’ can be resolved in multiple ways: Congress can ‘reserve to itself the power to decide,’ ‘delegate that power to executive officers,’ or ‘commit it to judicial tribunals.’” 14

## 2. *Oil States*: Decision Today

- “We emphasize the narrowness of our holding.” 16
  - Infringement actions in a non-Article III court not at issue here
  - OS did not challenge retroactive application of IPR, procedure not being in place when its patent issued; no due process claim
  - Patents are Property

## 2. *Oil States*: Decision Today

- Breyer, Ginsburg, Sotomayor – Private rights could be adjudicated in non-Article III courts.



## 2. *Oil States*: Gorsuch/Roberts Dissent

“After much hard work and no little investment you devise something you think truly novel. Then you endure the further cost and effort of applying for a patent, devoting maybe \$30,000 and two years to that process alone. At the end of it all, the Patent Office agrees your invention is novel and issues a patent. The patent affords you exclusive rights to the fruits of your labor for two decades. But what happens if someone later emerges from the wood-work, arguing that it was all a mistake and your patent should be canceled? Can a political appointee and his administrative agents, instead of an independent judge, resolve the dispute? The Court says yes. Respectfully, I disagree.”

## 2. *Oil States*: Gorsuch/Roberts Dissent

- U.S. government is founded upon review by independent judiciary
- Cites Hamilton's Federalist No. 78
- "how do we know which cases independent judge must hear?" 3
- Majority opinion "points to three English cases that represent the Privy Council's dying gasp ... "
- "Just because you give a gift doesn't mean you forever enjoy the right to reclaim it." 10

# SAS Institute: IPR Partial Institution

- USPTO's policy, **37 C.F.R. 42.108(a)**, instituting petitions as to only “some of the challenged claims” and on only “some of the grounds of unpatentability asserted for each claim.”
- Does the Board have to issue a final written decision as to **every claim challenged** by the petitioner, or **only some of the patent claims** challenged by the petitioner.
  - *SAS Institute, Inc. v. Complementsoft, LLC*, No. 2015-1346, slip op. (Fed. Cir. June 10, 2016), *cert. granted, SAS Institute, Inc. v. Lee*, No. 16-969 (U.S. May 22, 2017) (oral arguments heard Nov. 27, 2017):
- Waiting for a decision alongside *Oil States*
- It will have important ramifications for IPR estoppel and institution discretion

# 3. PTAB's Response to Appellate Scrutiny

- While the Supreme Court will likely uphold AIA reviews, increased scrutiny from Fed. Cir. and SCOTUS, as well as input from the IP community, have spurred PTAB toward an emphasis on consistency
  - Since July, PTAB has designated 2 decisions precedential and 8 informative
    - Public involvement: members of the IP community can make requests to the Board that certain decisions be designated precedential; PTAB encourages it
    - CBM disclaimer, discretionary denial of institution, § 315(b) one-year bar
  - Expanded panels to provide a clear statement of a consensus opinion by the PTAB
    - Concern about “panel stacking” in order to reach a conclusion in *Oil States*
    - Chief APJ Ruschke: focus is on uniformity; original decision rarely changes
  - First ever acceptance of amicus briefs in *Mylan v. Allergan/Saint Regis Mohawk*
  - Issued guidance on amendment procedure post-*Aqua Products* and “Standard Operating Procedure 9” to provide uniform procedure in remand proceedings

# Institution Decisions

- Trends at the PTAB since July webinar
- Oil States/SAS and PTAB shift to Consistency
- **Issues regarding Institution Decisions**
- Post-institution procedure
- Other Changes and On the Horizon

# 35 U.S.C. § 314

- § 314(a) - “**Threshold.** – The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged.”
- § 314(d) - “**No Appeal.** – The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

# 35 U.S.C. § 315

- § 315(b) - “**Patent Owner’s Action.** – An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.”

## 4. *Achates* then *Cuozzo*

- *Achates Reference Publ'g v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015):
  - Federal Circuit holds 315(b) time-bar determinations non-appealable under § 314(d)
- *Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131 (2016):
  - Upholds 314(d) “final and non-appealable” rule; bars appeals from institution decisions
  - Leaves door open for challenges: “our interpretation applies where the grounds . . . Consist of questions that are closely tied” to patent determinations; § 312 here
  - Alito’s concurrence: “Can Congress really have intended to shield such shenanigans [as the petition’s timeliness] from judicial scrutiny?”



## 4. *Wi-Fi One*

- *Wi-Fi One, LLC v. Broadcom Corp.*, 837 F.3d 1329 (Fed. Cir. 2016):
  - Panel decision defers to *Achates* as on-point precedent; time-bar unreviewable
  - “We see nothing in the *Cuozzo* decision that suggests *Achates* has been implicitly overruled. . . . Both [315, 312] govern the decision to initiate inter partes review.”



Ericsson, the original Patent Owner, assigned the patents to Wi-Fi One, LLC mid-IPR.

## 4. §315(b) One-Year Bar and *Wi-Fi One*

- *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018):
  - Rehearing the case *en banc*, Federal Circuit finds that the § 314(d) bar against appeals from institution decisions is limited to preliminary institution issues
  - “Under this section” language in § 314(d): *en banc* majority finds that this clause limits the bar to the “reasonable likelihood” of unpatentability found in § 314



## 4. §315(b) One-Year Bar and *Wi-Fi One Cont.*

- “§ 315(b) controls the Director’s authority to institute that is unrelated to the Director’s preliminary patentability assessment”; “condition precedent”
- Decisions not to institute based on the one-year time-bar in § 315(b) are now appealable
  - *Wi-Fi* was really a real-party-in-interest issue not a timing issue; challenge was based on whether Broadcom was in privity with defendants of earlier lawsuit
- What about other non-patent-focused issues in institution decisions?
  - Identification of RPIs (312(a)(2))? IPR estoppel (315(e)(2))?

## 4. Post-Wi-Fi One - 2 Informative Decisions

- To help practitioners make strategic choices around the one-year time bar, the PTAB designated two decisions informative on Jan. 10, 2018
- *Luv'n Care, Ltd. v. McGinley*, IPR2017-01216, Paper 13 (PTAB Sep. 18, 2017): filing error led to petitioner missing one-year deadline
  - Petitioner filed petition a day before the one-year bar: the account from which they attempted to pay the \$23,000 filing fee did not have sufficient funds; Board ordered petitioner to show cause to assign earlier filing date
  - Petitioner could not provide a reasonable explanation for error; denied earlier date
- *Amneal Pharm., LLC v. Endo Pharm. Inc.*, IPR2014-00360, Paper 15 (PTAB June 27, 2014): for amended complaint, one-year clock begins when the motion to amend is granted and amended complaint is actually filed
  - Patent Owner argued that filing of motion to amend complaint should start the clock; PTAB denied this argument since a party is not “officially a defendant in a law suit” until the motion is granted by the Court

# 5. Developments in PTAB Sovereign Immunity

- From July webinar: *Covidien LP v. Univ. of Fl. Research Found. Inc.*, IPR2016-01274, Paper 21 (PTAB Jan. 25, 2017) and *NeoChord, Inc. v. Univ. of Md.*, IPR 2016-00208, Paper 28 (May 23, 2017)
  - PTAB in two decisions finds that arms of the state, such as state universities may raise sovereign immunity defense as patent owners to defeat challenges in IPRs
- *Ericsson Inc. v. Regents of the Univ. of Minnesota*, IPR 2017-01186, Paper 14 (PTAB Dec. 19, 2017) (7-member expanded panel):
  - Expanded panel limits the reach of sovereign immunity by finding that Univ. of Minnesota **waived its 11<sup>th</sup> Amendment immunity by filing suit** on the patents
  - “We agree with the Petitioner that the filing of an action in federal court alleging infringement effectively waives Patent Owner’s Eleventh Amendment immunity defense.”
  - “[T]he rule governing waiver . . . Rests on the need to avoid unfairness and inconsistency, and to prevent a State from selectively using its immunity to achieve a litigation advantage.”
  - Notes that filing suit triggers one-year bar under § 315(b); forces Petitioner’s hand

# 5. Sovereign Immunity Cont.: Tribal Immunity

- *Mylan Pharm. Inc. v. Saint Regis Mohawk Tribe*, IPR2016-01127, Paper 130 (PTAB Feb. 23, 2018): PTAB denies tribal immunity
  - Background: Allergan, Inc., the original Patent Owner and party to the suit, assigned its rights in the patents-at-issue to the Saint Regis Mohawk Tribe, a Native American tribe, in exchange for a license to continue use of the patents
  - Shortly thereafter, the Tribe requested permission to and did file a Motion to Dismiss for Lack of Jurisdiction Based on Tribal Sovereign Immunity; Paper 81
  - Seemingly for the first time ever, the Board authorized interested third parties to file briefs as *amicus curiae* of the PTAB; 15 amici filed briefs (Papers 104-118)
- PTAB unanimously held that tribal immunity should not apply to protect a tribe-patent owner from review of its patents in IPRs
  - Recognized differences between state sovereign immunity and tribal immunity
  - No interferences with “exclusive rights to self-governance in purely intramural matters,” no conflict with Indian treaties, and no ability to compel the Tribe to act

## 5. Tribal Immunity and *Mylan Cont.*

- “[T]he scope of the authority granted by Congress to the Patent Office with respect to *inter partes* review proceedings is limited to assessing the patentability of the challenged claims.”
  - The PTAB only has jurisdiction over the challenged patent, not the patent owner
- The Board notes though that even if the Tribe *is* held to be immune from the IPR, the proceedings could continue against *Allergan* alone
  - “[T]he Federal Circuit has held that the ‘party that has been granted all substantial rights under the patent is considered the owner regardless of how the parties characterize the transaction that conveyed those rights’” (at 19).
- Saint Regis Tribe immediately appealed the decision; Fed. Cir. granted its motion to stay the IPRs until oral arguments on appeal
  - The strategy employed by Allergan has been criticized heavily by lawmakers, leading to the introduction of the “Preserving Access to Cost Effective Drugs Act (PACED)” to abrogate “sovereign immunity accorded to an Indian tribe”

## 6. CBM Disclaimer: *Facebook v. Skky*

- *Facebook, Inc. v. Skky, LLC*, CBM2016-00091, Paper 12 (PTAB Sep. 28, 2017) (designated precedential on Dec. 21, 2017):
  - With the Federal Circuit narrowing the scope of CBM review again in *Unwired Planet* and *Secure Axxcess*, Patent Owners have new tools to avoid CBM review
  - In December, the PTAB designated this case precedential as to “AIA § 18 pre-institution statutory disclaimer”
- Designation signals tacit approval of strategic CBM-dodging disclaimers





## 6. CBM Disclaimer: *Facebook v. Skky* Cont.



- Patent Owner disclaimed all challenged, financially-related claims of the patent-at-issue before institution, leaving no CBM-eligible claims
  - The Board declined to institute: under § 18 of the AIA, whether the PTAB may institute CBM is based on whether a patent “is” a covered business method patent
  - 37 C.F.R. § 42.207(e): disallows post-grant review on disclaimed claims
- Petitioner urged the Board to adopt a “time-of-filing” rule
  - PTAB declined because, as an agency, “[a]ny and all authority . . . ultimately must be grounded in an express grant from Congress” (At 5)
- Disclaimers to avoid CBM review are a very important tool
  - CBM review, including 101/112 claims, of any claims of a patent need only one to be CBM-eligible; disclaimer of a few business-related claims can shield the rest

# 7. Serial Petitions: Even Fewer Second Bites

- During our July webinar, we mentioned a conscious effort by the PTAB, as stated by Chief APJ Ruschke on May 4, 2017, to reduce abusive and harassing serial IPR petitions against the same patent
  - USPTO has released studies to show that serial patent attacks are few: found 87% of patents challenged no more than twice; 85% are “one-on-one contests”
- 35 U.S.C. § 314(a): “The Director may not authorize an inter partes review to be instituted unless the Director determines . . . that there is a reasonable likelihood that the petitioner would prevail . . . .”
  - Interpreted as giving the PTAB authority to exercise discretion and deny institution
- 35 U.S.C. § 325(d): “In determining whether to institute . . . the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.”

## 7. § 314(a): *Gen. Plastic v. Canon Kabushiki*



- *Gen. Plastic Indus. Co. v. Canon Kabushiki Kaisha*, IPR2016-01367, Paper 19 (PTAB Sep. 6, 2017) (designated precedential on Oct. 18, 2017) (7-member expanded panel):
  - Shortly after rendering its expanded panel decision here, the PTAB designated it precedential
- The Board (1) re-affirms its discretion to decline institution even if the “reasonable likelihood” threshold is met and (2) outlines seven factors the Board will consider in deciding whether to exercise its discretion not to institute “follow-on petitions”
  - Also designated informative regarding process by which and reasons why PTAB will expand a panel

# 7. *Gen. Plastic v. Canon Kabushiki* Factors

“Non-exhaustive list of factors [to] inform practitioners and the public” (Pg. 15-16):

1. “Whether the same petitioner previously filed a petition directed to the same claims of the same patent;
2. “whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have known of it;
3. “whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition;
4. “the length of time that elapsed between the time the petitioner learned of the prior art asserted in the second petition and the filing of the second petition;
5. “whether the petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to the same claims of the same patent;
6. “the finite resources of the Board; and
7. “the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.”

## 7. § 325(d): “Same or Substantially the Same”

- § 325(d) also affords the PTAB discretion to deny institution when the petition asserts the “same or substantially the same” prior art or arguments as were already before the Office; including examination
- PTAB designated five decisions informative for denials under 325(d)
- *Unified Patents Inc. v. Berman*, IPR2016-01571, Paper 10 (PTAB Dec. 14, 2016) (designated informative on Oct. 24, 2017):
  - Exercising discretion to not institute one obviousness ground that combined a reference considered during prosecution with another that was cumulative of other prior art, but not exercising discretion over other not-previously-considered grounds
- *Hospira, Inc. v. Genentech, Inc.*, IPR2017-00739, Paper 16 (PTAB July 27, 2017) (designated informative on Oct. 24, 2017):
  - Exercising discretion to not institute where Petitioner raised same challenge to patent’s claim to priority by the same arguments already considered during prosecution; concluding that examiner’s priority determination was dispositive

## 7. § 325(d): “Same or Substantially the Same”

- *Cultec, Inc. v. Stormtech LLC*, IPR2017-00777, Paper 7 (PTAB Aug. 22, 2017) (designated informative on Oct. 24, 2017):
  - Exercising discretion to not institute where Petitioner relied on two references already considered by the examiner and two that were cumulative of other prior art that were already considered by the examiner
- *Kayak Software Corp. v. Int’l Bus. Mach. Corp.*, CBM 2016-00075, Paper 16 (PTAB Dec. 15, 2016) (designated on Mar. 21, 2018):
  - Exercising discretion to not institute where three cited references were considered by the examiner, and a fourth reference was only an “incremental addition”
  - Explaining that “specific circumstances,” if presented by the Petitioner, may weigh in favor of institution, such as errors in the original prosecution,  cursory consideration of evidence in examination, or changed circumstances/new evidence

## 7. § 325(d): “Same or Substantially the Same”

- *Becton, Dickinson & Co. v. B. Braum Melsungen AG*, IPR2017-01587, Paper 8 (PTAB Dec. 15, 2017) (designated on Mar. 21, 2018):
  - Six “common *non-exclusive*” factors considered under § 325(d) (at 16-17):
    - a) “the similarities and material differences between the asserted art and the prior art involved during examination;
    - b) “the cumulative nature of the asserted art and the prior art evaluated during examination;
    - c) “the extent to which the asserted art was evaluated during examination, including whether the prior art was the basis for rejection;
    - d) “the extent of the overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishes the prior art;
    - e) “whether Petitioner has pointed out sufficiently how the Examiner erred in its evaluation of the asserted prior art; and
    - f) “the extent to which additional evidence and facts presented in the Petition warrant reconsideration of the prior art or arguments.”

# Post Institution

1. Trends at the PTAB since July webinar
2. Oil StatesSAS and PTAB shift to Consistency
3. Issues regarding Institution Decisions
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## 8. Aqua Products: Motions to Amend

- *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017):
  - The Federal Circuit sitting en banc (sans Judge Stoll) issued a 148-page decision encompassing five separate written opinions; led by 5-member plurality
  - Rule on motions to amend at the PTAB before *Aqua Products* shifted the burden of persuasion to the patent owner; 37 C.F.R. § 42.20(c) (“The moving party has the burden of proof to establish that it is entitled to the requested relief.”)
  - Burden-shifting rule seemed to conflict with 35 U.S.C. 316(e), which provides that “the petitioner shall have the burden of proving a proposition of unpatentability”
- Held: “in an inter partes review, the burden of persuasion is on the petitioner to prove ‘unpatentability by a preponderance of the evidence,’ and that burden never shifts to the patentee” (pg. 1307)
  - *Chevron* deference?: plurality concluded that the burden-shifting rule was adopted without promulgating agency rulemaking under the statute; owed no deference
  - Overall scheme: motions to amend are meant to be responsive to unpatentability grounds for which the petitioner is allocated and keeps the burden of persuasion

## 8. Impact of *Aqua Prods.* and PTAB Guidance

- Effect of *Aqua Prods.* on mechanics of motions to amend is minimal
  - Patent owner must still demonstrate that the proposed amended claims meet all statutory requirements (e.g., written description support and patentable distinction)
  - Burden of persuasion for a preponderance of the evidence standard is less significant; if evidence is completely equal for both parties, patent owner should win
- After *Aqua Prods.*, the USPTO published a memorandum with guidance for motions to amend to clarify the effect of the decision
  - “[T]he Board will not place the burden of persuasion on a patent owner with respect to the patentability of substitute claims presented in a motion to amend”
  - “Thus, for example, if the entirety of the evidence of record before the board is in equipoise as to the unpatentability of one or more substitute claims, the Board will grant the motion to amend with respect to such claims”
  - “[G]enerally speaking, practice and procedure before the Board will not change

## 8. Notable Cases After *Aqua Prods.*

- *Minerva Surgical, Inc. v. Hologic, Inc.*, IPR2016-00868, Paper 57 (PTAB Oct. 5, 2017): six-month schedule extension of the IPR
  - In what appears to be a first, the PTAB allowed a deadline extension in this IPR that would cause the proceeding to exceed the one-year statutory schedule
  - Reason was to allow for additional briefing regarding the impact of the *Aqua Products* decision on a motion to amend that had been filed in that trial
- *Taiwan Semiconductor Mfg. Co. v. Godo Kasha IP Bridge 1*, IPR2016-01249, Paper 47 (PTAB Dec. 20, 2017):
  - The single motion to amend that was granted since *Aqua Products* as of Feb. 20
  - Interesting procedural note: the Board here issued a preliminary order on the motion to amend (Paper 46), in which it suggested a different way that the patent owner could draft its amended claims, which the Board was ready to accept
  - Patent owner stuck with its proposed amended claim as originally drafted and won

# 9. Standing on Appeal: Case and Controversy

- *Personal Audio, LLC v. Electronic Frontier Foundation*, 867 F.3d 1246 (Fed. Cir. 2017): appellee from PTAB does not need standing
  - Remember *Phigenix, Inc. v. ImmunoGen, Inc.*, 845 F.3d 1168 (Fed. Cir. 2017): held that appellant from PTAB (petitioner who lost) must have standing before the Federal Circuit; cannot be a disinterested petitioner-appellant
  - *Personal Audio* addressed the opposite case: when the patent owner is the appellant, does the otherwise disinterested petitioner have standing to participate?
- Court: “the party invoking judicial review is [the Patent Owner] . . . on cancellation of its patent claims . . . has experienced an alteration of ‘tangible legal rights . . . to confer standing under Article III’”
  - “With Article III satisfied as to the appellant, [the Petitioner] is not constitutionally excluded from appearing in court to defend the PTAB decision in its favor”

# 9. Standing on Appeal: USPTO Intervention

- *Knowles Elecs. LLC v. Iancu*, No. 2016-1954, slip op. (Fed. Cir. Apr. 6, 2018): USPTO has standing to intervene when a party drops out
  - Federal Circuit on its own motion ordered briefing from the patent owner-appellant and USPTO on whether the USPTO had standing to defend the PTAB’s decision
  - 35 U.S.C. § 143: “The Director shall have the right to intervene in an appeal from a decision entered by [the PTAB] in a derivation . . . or in an inter partes or post-grant review . . .”; but must still satisfy constitutional standing requirements
  - Majority in a footnote defers to language in the Supreme Court’s decision in *Cuozzo*: “the [USPTO] may intervene . . . to defend its decision – even if the private challengers drop out”; also “*cf.*” cites to *Personal Audio* for support
- Newman dissenting: “statutory authorization to the PTO Director to intervene was not intended to change the rules of intervenor standing”
  - No mention of a change to intervenor standing in the legislative history
  - *Cuozzo* reference to intervention was just to compare IPR to district court litigation

# 10. Remand Procedure: SOP 9

- For five years under the AIA, there were no established rules or procedures for how the PTAB should handle AIA reviews on remand
- Nov. 16, 2017: the PTAB published Standard Operating Procedure 9
  - SOP 9 set uniform procedures for remands from the Federal Circuit; consistency
  - Sets a target scheduling goal of issuing a remand decision within 6 months
  - Establishes process wherein the merits panel from the original decision will meet with the Chief APJ to discuss the issues remanded back to PTAB for consideration
- Sets default procedures regarding briefing, evidence, and hearings
  - Parties must meet and confer before proposing procedures to the Board; discretion
  - Briefing: whether parties had adequate opportunity to address the issues already
  - Evidence: may be willing to re-open the evidentiary record for good cause
  - Hearings: not authorized in most cases, but may be to supplement new evidence

# Other Changes

1. Trends at the PTAB since July webinar
2. Oil States/SAS and PTAB shift to Consistency
3. Issues regarding Institution Decisions
4. Post-institution procedure
5. **Other Changes and On the Horizon**

# Patent Agent Privilege

## 37 C.F.R. § 42.57



- Nov. 11, 2017
  - Part 42 is “Trial Practice Before the Patent Trial and Appeal Board”
- “A communication between a client and a USPTO patent practitioner or a foreign jurisdiction patent practitioner that is reasonably necessary and incident to the scope of the practitioner’s authority shall receive the same protections of privilege under Federal law as if that communication were between a client and an attorney authorized to practice in the United States”



# Patent Owner Estoppel

- *Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345 (Fed. Cir. 2018):

- Tees up an issue arising between two PTAB regs: 37 C.F.R. § 42.73(b) adverse judgments and 42.73(d)(3)(i) patent owner estoppel
- 42.73(b): “A party may request judgment against itself at any time during a proceeding. Actions construed to be a request for adverse judgment include . . . Cancellation or disclaimer of a claim such that the party has no remaining claim in the trial.”
- 42.73(d)(3)(i): “A patent application or owner is precluded from taking action inconsistent with the adverse judgment, including obtaining in any patent: A claim that is not patentably distinct from a finally refused or cancelled claim . . . “



- See also *Steadymed Ltd. v. United Therapeutics Corp.*, IPR2016-00006, Paper 91 (PTAB Jan. 8, 2018):
  - Two continuation applications based on a patent that was held unpatentable in an IPR; affirmed by the Fed. Cir.
  - 42.73(d)(3)(i) prevents the patent owner from pursuing the continuation applications

# Patent Owner Estoppel Cont.

- Arthrex filed a preliminary response, i.e. before institution, disclaiming the claims challenged in IPR, and stated that “[b]y filing the statutory disclaimer, Arthrex, Inc. is not requesting an adverse judgment”
  - Board entered adverse judgment against Arthrex regardless pursuant to 42.73(b)
  - Issue: Arthrex had two pending continuation applications that would be impacted by estoppel under 42.73(d)(3)(i) if the IPRs were resolved by adverse judgment
- Majority upholds the Board’s decision, but notes in conclusion, “We do not reach questions of whether the regulation is authorized by the statute or whether, if so, it was properly promulgated”
  - Majority is responding to O’Malley’s concurrence: “I write separately to point out that I have doubts about whether the Director had the authority . . . to issue [42.73(b)] or whether, if so, the regulation was properly promulgated”
  - Newman dissent: “in the trial” as used in 42.73(b) is meant to be a limitation that makes the regulation inapplicable to pre-institution disclaimers; there is no trial yet

# First Derivation Institution



- *Andersen Corp. v. GED Integrated Solutions, Inc.*, DER2017-00007, Paper 32 (PTAB Mar. 21, 2018): first ever derivation institution
  - Now five years with AIA proceedings, we have our first grant of institution in a derivation proceeding
  - Derivations: proceeding used to determine whether an issued patent was derived from the work of a different, later-filing inventor under the first-to-file provisions of the AIA
  - Allegation: Andersen employee developed prototype for the invention; shared it with GED at a symposium, leading to GED's marketing of an identical device
- Not clear that this grant of institution can teach much for prospective derivation litigants, but it's certainly a newsworthy occasion

# Expected Developments and Strategies

- *Oil States* will likely be decided with the Supreme Court upholding the constitutionality of AIA reviews
  - *SAS Institute* partial institutions are a closer call; must-watch decision
- PTAB petition rates will continue to decrease
  - *Unwired Planet* and *Secure Axxess* seem to have caused an irreversible downturn in CBM reviews; more so after *Facebook*
  - As Petitioners see IPRs as less certain, IPR filings will likely continue to decrease as well; skews the cost-benefit analysis for litigants
- Patent owners will continue making use of tools available to them in AIA proceedings to protect their patents
  - CBM disclaimers, motions to amend, challenges to serial petitions, and now perhaps even appeals from certain institution-related decisions

# The End.

*Thank you for listening and viewing.*



**William P. Atkins** | Partner  
Intellectual Property

Northern Virginia  
Phone: 703.770.7777  
william.atkins@pillsburylaw.com



**Patrick A. Doody** | Partner  
Intellectual Property

Northern Virginia  
Phone: 703.770.7755  
patrick.doody@pillsburylaw.com