

PTAB Year In Review & Looking Forward: New Procedures Require Reassessment Of AIA Trial Strategies



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PTAB Procedures Continue to Evolve

- Framing Grounds for Challenge
 - SAS
- Finding the Real Party-in-Interest
 - *Click-to-Call*
- Amending Claims
 - *Aqua Products and Pending Rule Changes*
- Claim Construction Standard
 - *New PTAB Rules*
- Equitable Considerations in Institution Denials
 - *Shenzhen Silver Star Intelligent Technology*
 - *NHK Spring Co. Ltd. v. Intri-Plex Technologies Inc.*
- Updated Trial Practice Guide

SAS Institute, Inc. v. Iancu

- 5-4 Decision by Gorsuch
- § 318(a) requires “a final written decision with respect to the patentability of any patent claim challenged by the petitioner[.]”
 - Petitioner, like plaintiff in civil action, “is master of its complaint and normally entitled to judgment on all of the claims it raises, not just those the decisionmaker might wish to address.”
 - “So when §318(a) says the Board’s final written decision ‘shall’ resolve the patentability of ‘any patent claim challenged by the petitioner,’ it means the Board must address every claim the petitioner has challenged.”

Impact of SAS on IPR Strategy

- Broader estoppel potential for petitioners: PTAB will not deny institution on selected grounds (which would avoid estoppel under *Shaw Industries*).
 - If full denial of institution, then no estoppel.
 - Any institution will be on all grounds, triggering estoppel.
 - “Reasonably could have raised” standard remains unclear.
- Impacts:
 - Careful selection of grounds by petitioner.
 - Use of Patent Owner Preliminary Response (POPR).
 - Strategic reservation of challenges based on prior art products and public uses for district court litigation.

Privity/Real Party-in-Interest

- 35 U.S.C. § 315(b) establishes a one-year time bar based on the date “the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement[.]”
- *Click-To-Call Tech. v. Ingenio, Inc.*, 899 F.3d 1321 (Fed. Cir. 2018) (en banc) found in a 10-2 decision that voluntary dismissal without prejudice does not reset the bar.
 - Affects ability of accused infringer to structure a settlement, while leaving the parties right to litigate unchanged.
 - Will require defendants to license patents to resolve case.

Claim Amendments

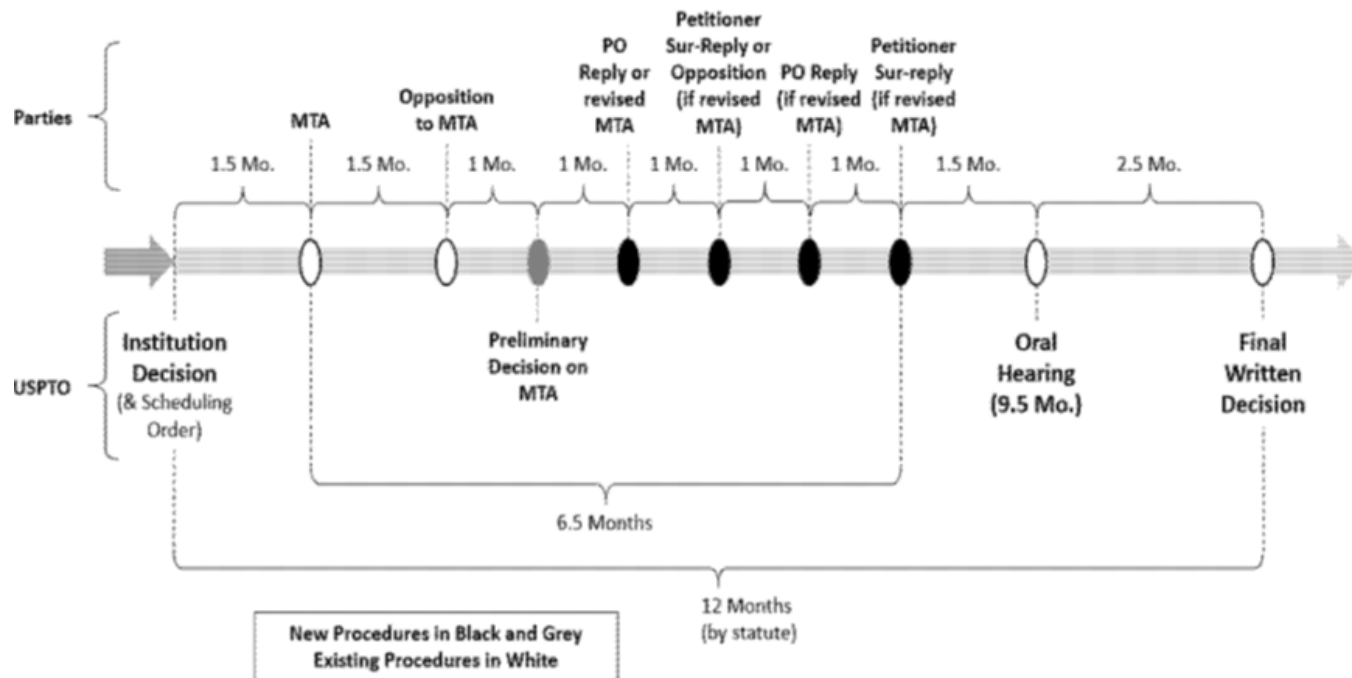
- A patent owner may move to amend claims challenged in an IPR, PGR, or CBM. See 35 U.S.C. § 316(d).
- In practice, however, most patent owner motions to amend have been unsuccessful, and that has contributed to relative disuse of that option.
 - A recent USPTO study reported that patent owners file motions to amend in less than 10 percent of AIA trials, and only five percent of those motions are granted.
- In *Aqua Prod., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017)(en banc), the CAFC rejected USPTO's motion to amend procedures, primarily relating to burdens.

Proposed Rule

- USPTO promulgated rule, adopting *Aqua Products*.
- Patent owner may proposed contingent amendment based on grounds in petition.
- PTAB issues “preliminary” decision on amendment request.
 - Patent owner has opportunity to submit revised amendment.
 - Petitioner has right to seek reconsideration.
- Preliminary decision not binding, would be incorporated in FWD.

Proposed Rule

Proposed Timeline for New Motion to Amend Process



Claim Construction

- October 11, 2018, Final Rules for claim construction in IPRs published.
- Adopts district court standard from *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), replacing BRI.
- Applies to all IPRs filed on or after November 9, 2018.
 - “Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the inter partes review proceeding will be considered.”

Claim Construction - Strategy

- Adoption of *Phillips* increases chance that PTAB claim interpretation will be binding in subsequent litigation.
- Change may affect outcome in very few cases.
- Parties should submit any helpful interpretations from other tribunals.

Discretionary Factors in Institution Decisions

- PTAB may exercise discretion to institute, including for follow-on or repetitive petitions.
- In *General Plastic Industrial Co. v. Canon Kabushiki Kaisha*, Case IPR2016-01357, PTAB identified non-exclusive factors:
 - 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.

Shenzhen Silver Star Intelligent Technology Co. v. iRobot Corp., Case Number IPR2018-00761

- PTAB declined to institute based on fact that the same petitioner already challenged the same claims and the evidence relied upon previously was available.
- PTAB also noted that the petitioner had access to the patent owner's earlier initial response.
- APJ Saindon argued for an additional factor: When two petitions are filed by co-defendants in infringement litigation, there should be a presumption that the later-filed petition will be denied if the patent owner has filed a response in the first case or there has been an institution decision.

NHK Spring Co. v. Intri-Plex Techs., Inc., Case IPR2018-00752

- NHK was sued for infringement and filed IPR within the 1-year bar period.
- Patent owner argued that IPR would be inefficient given the advanced state of the district court proceeding:
- The PTAB noted that the district court trial would be over before the IPR proceeding, a *Markman* ruling had issued, and the same references had been cited in the action.
 - It concluded that “instituting a trial under the facts and circumstances here would be an inefficient use of Board resources” and that institution “would not be consistent with ‘an objective of the AIA . . . to provide an effective and efficient alternative to district court litigation.’”

Revised PTAB Trial Practice Guide

- Revised TPG, published in the Federal Register on August 13, 2018, provides updated guidance on practice and procedure before the PTAB.
 - Factors the PTAB may consider in denying institution, including factors bearing on institution in “follow-on” petitions stated in *General Plastic*.
 - Updated guidance on a patent owner sur-replies, including that while sur-replies are “not generally permitted,” they may be allowed to address the institution decision if needed to respond to the reply.
 - Procedures for optional pre-hearing conferences with the PTAB to preview (but not argue) the issues to be discussed at the oral hearing.
 - At oral hearing, “[a]bsent special circumstances, a petitioner will not be permitted to reserve for rebuttal more than half the total time allotted for argument” to discourage “sand-bagging” by saving substantive points until the petitioner’s rebuttal.

Questions?