

# The Changing Landscape of AIA Proceedings

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## The Changing Landscape of AIA Proceedings



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## Overview

- **Motions to Amend**
- **All-or-Nothing: No Partial Institutions**
- **Scope of 315(e) Estoppel**
- **Proposed Rules Regarding Claim Construction**
- **Appealability of Institution Decisions**
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## Motions to Amend Claims in AIA Proceedings

## Motions to Amend - *Aqua v. Matal* 872 F.3d 1290 (Fed. Cir. 2017) (en banc)

- **Burden of persuasion regarding the issue of patentability of amended claims is on **petitioner**.**
  - *Aqua* effectively overturned PTAB’s earlier decision in *Masterimage*.
  - *Aqua* court pointed to 35 U.S.C. § 316(e), which specifies that in IPRs, “the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”
- **PTAB must consider entirety of record in assessing amended claims and must justify any unpatentability conclusions.**

## Motions to Amend – PTAB’s Guidance

- **PTAB’s November 21, 2017 “Guidance on Motions to Amend”:**
  - Does patent owner’s motion comply with 35 U.S.C. § 316(d), i.e., a reasonable number of proposed claims (generally, one per) that do not enlarge scope and do not introduce new matter?
  - If so, PTAB will determine whether substitute claims are unpatentable by a preponderance of the evidence based on the entirety of the record, including any opposition by petitioner.
  - “[I]f 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 . . .”
  - Otherwise, practice before the PTAB will not change.

## Motions to Amend – *Western Digital* Case IPR2018-00082 (Apr. 25, 2018) (Paper 13)

- “Informative” decision in *Western Digital* provides additional guidance.
- PTAB will normally consider a proposed substitute claim only if claim it replaces is determined to be unpatentable.
  - “A patent owner should adopt a claim-by-claim approach to specifying the contingency of substitution, e.g., which claim for which claim and in what circumstance.”
- Petitioners have burden of persuasion to show proposed substitute claims are unpatentable by preponderance of evidence.
- PTAB first must determine whether motion to amend meets requirements set forth in 35 U.S.C. § 316(d) and 37 C.F.R. § 42.121. See <https://patentdevelopments.com/western-digital-corp-v-spex-techs-inc-case-ipr2018-00082-00084-apr-25-2018-paper-13/>.

## More Motions to Amend are Being Granted

- Before *Aqua* (five years):
  - PTAB granted only **14 MTAs** in 170 decisions (4 in full and 10 in part).
  - This works out to an 8% grant rate.  
<https://www.uspto.gov/sites/default/files/documents/PTAB%20MTA%20Study%20%203%20%20update%20through%2020170930.pdf>.
- Since *Aqua* (eight months):
  - PTAB has granted **5 MTAs**.
  - This works out to just under a 20% grant rate.

## Takeaways Regarding Motions to Amend

- **Patent owners should consider potential claim amendments upon receiving petition.**
  - Must respond to grounds of unpatentability.
  - So long as amendments respond to grounds of unpatentability, amendments can also address 101 and 112 issues.
  - Be sure any amendment is supported by the written description.
  - Be sure not to broaden the scope or add new matter.
  - Duty of candor applies (to all parties).
- **Motions to amend are not a good idea in every situation.**
  - Intervening rights apply.



**All-or-Nothing:  
No Partial  
Institutions**

## No Partial Institutions – *SAS Inst. v. Iancu* 138 S. Ct. 1348 (Apr. 24, 2018)

- Supreme Court: “When the Patent Office institutes an inter partes review, it must decide the patentability of **all of the claims** the petitioner has challenged.” (emphasis added).
- PTO: Final written decision will address all patent claims in petition and all claims added through amendment. See <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>

## No Partial Institutions

- What about all of the grounds?
  - “At this time, if the PTAB institutes a trial, the PTAB will institute on **all challenges** raised in the petition.”  
<https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>.
  - “There will be no partial institution based on claims. There will be **no partial institution of grounds**.”  
[https://www.uspto.gov/sites/default/files/documents/sas\\_qas\\_20180605.pdf](https://www.uspto.gov/sites/default/files/documents/sas_qas_20180605.pdf).

## Takeaways Regarding SAS

- **All-or-nothing approach will impact courts' decisions whether to stay pending AIA proceedings.**
  - Likelihood of stay pending AIA proceedings should increase.
- **More grounds in a petition means more grounds for potential appeal for petitioner in the event a claim is upheld.**
- **Petitioners should go with their best grounds. Don't overwhelm PTAB with numerous grounds against same claim.**
  - Including numerous grounds might increase likelihood of denial in PTAB's discretion (to conserve resources).
  - Even if PTAB institutes, might give short shrift to some claims/grounds in institution decision, and lack of guidance could put parties in a difficult position, particularly petitioner who has burden of proof.

## Takeaways Regarding SAS

- **Patent owners might consider foregoing preliminary response to avoid providing unnecessary preview of positions in certain circumstances.**
- **Multiple petitions per patent?**
- **Petitioners should consider filing petition(s) early enough to allow for a re-try if the first petition(s) are denied.**
- **Estoppel will apply with respect to **all grounds in petition** (and any other ground petitioner reasonably could have raised during IPR).**
  - Courts are split on what “reasonably could have raised during” means.



## Scope of 315(e) Estoppel

## Estoppel - Background

- **Estoppel in Proceedings Before the Patent Office (§ 315(e)(1))**
  - “[P]etitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision ... **may not request or maintain a proceeding before the Office with respect to that claim** on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.
- **Estoppel in Civil Actions and Other Proceedings (§ 315(e)(2))**
  - “[P]etitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision ... **may not assert[] in a civil action ... or [an ITC investigation] that the claim is invalid** on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.”

## 315(e) Estoppel - *Shaw v. Automated Creel* 817 F.3d 1293 (Fed. Cir. 2016)

- **Holding:** Estoppel under section 315(e) does not apply to grounds in IPR petition but not instituted by PTAB.
- **Rationale for holding:**
  - Petitioner did not raise—nor could it have reasonably raised—the [non-instituted ground] “during that *inter partes* review,” as specified in section 315(e), so the “plain language of the statute prohibits the application of estoppel under these circumstances.” (emphasis added).
  - See also *HP v. MPHJ Technology Investments*, 817 F.3d 1339, 1347-48 (Fed. Cir. 2016) (citing *Shaw*).
- To the extent *Shaw*’s holding (no estoppel) is limited to grounds denied institution, it is moot as to post-SAS FWDs.

## Scope of 315(e) Estoppel

- Split of opinion regarding whether, in view of *Shaw*, estoppel applies to grounds that petitioner does not include in petition.
- Some courts conclude estoppel does not apply, e.g.:
  - *Koninklijke v. Wangs*, 2018 U.S. Dist. LEXIS 607 (D. Mass. Jan. 2, 2018):
    - Holding: Estoppel under § 315(e)(2) does not apply to grounds petitioner included in district court invalidity contentions but not in later petition.
    - Rationale: As previously explained in *Shaw*, the phrase “during that *inter partes* review” in § 315(e) refers only to the period of time after review is instituted. Therefore, estoppel does not apply to grounds not included in petition.
  - *Adv. Micro Devs., Inc. v. LG Elecs., Inc.*, 2017 U.S. Dist. LEXIS 98630 (N.D. Cal. June 26, 2017) (not estopped from raising obviousness combos left out of IPR petition and that involve prior art not included in petition).
  - *Intellectual Ventures I LLC v. Toshiba Corp.*, 2017 U.S. Dist. LEXIS 3800 (D. Del. Jan. 11, 2017) (not estopped under § 315(e)(2) from raising obviousness combo left out of IPR petition).

## Scope of 315(e) Estoppel

- Other courts conclude estoppel does apply to grounds that petitioner reasonably could have, but did not, include in petition, e.g.:
  - *Network-1 Techs., Inc. v. Alcatel-Lucent USA, Inc.*, 2017 U.S. Dist. LEXIS 171123 (E.D. Tex. Sept. 26, 2017), *report and recommendation adopted*, 2017 U.S. Dist. LEXIS 178857 (E.D. Tex. Oct. 27, 2017);
  - *Oil Dri Corp. v. Nestle Purina Petcare Co.*, 2017 U.S. Dist. LEXIS 121102 (N.D. Ill., Aug. 2, 2017).
- Before *Shaw*, PTAB concluded that 315(e)(1) estoppel applied to preclude an obviousness ground based on prior art references that petitioner was aware of when it filed earlier IPR petition. *Apotex v. Wyeth*, Case IPR2015-00873 (Sept. 16, 2015) (Paper 8).

## Takeaways Regarding 315(e) Estoppel

- Scope of estoppel will depend on district court.
- Federal Circuit will need to resolve the district court split.
- Until the split is resolved, to be safe, petitioners should assume that estoppel will apply to any grounds they reasonably could include in their petitions.
  - Holding certain prior art or grounds in “reserve” for possible use later in district court litigation is a risky proposition.



## Proposed Rules Regarding Claim Construction

## Proposed Rules Regarding Claim Construction

- **PTO proposes:**
  1. Changing the claim construction standard for AIA proceedings from broadest reasonable interpretation (“BRI”) to the same standard applied in federal courts and ITC proceedings (*Phillips* standard).
  2. Adding a rule that the PTO will consider any prior claim construction determination (concerning the claim at issue) made in a civil action, or an ITC proceeding, that is timely made of record in an AIA proceeding.
- **PTO issued Notice of Proposed Rulemaking on May 9.**
- **Comments are due July 9.**
- **Why *Phillips*? Greater uniformity, predictability, judicial efficiency.**

## Takeaways Regarding Proposed Rules

- Parties should presume that the PTAB will likely adopt prior federal court or ITC claim construction rulings addressing challenged claims.
- Be careful what you say about the claims in litigation -- PTAB will likely give significant consideration to positions taken by petitioner and patent owner in litigation (even before the court has construed the claims).
- Prospective petitioners should carefully consider any applicable prior claim construction rulings in determining whether to file AIA petition.
- District courts will likely give great weight to PTAB claim constructions using the same standard.



## Appealability of Institution Decisions

## Appealability of Institution Decisions – Background

- **35 U.S.C. § 314(d):**
  - “No Appeal.— The determination by the Director **whether to institute** an *inter partes* review under this section shall be final and nonappealable.”

## Appealability of Institution Decisions – Background

- ***Cuozzo v. Lee*, 136 S. Ct. 2131 (2016)**
  - Supreme Court held that § 314(d) bars appeal of determinations regarding compliance with § 312(a)(3).
    - Section 312(a)(3) requires that the petition identify with particularity “each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.”
  - Court concluded that § 314(d) “must, at the least, forbid an appeal that attacks a ‘determination . . . whether to institute’ review by raising this kind of legal question and little more.”
  - Held that certain kinds/aspects of institution decisions may be appealable, but did not specify which ones.

## Appealability of Institution Decisions – *Wi-Fi One v. Broadcom*, 851 F.3d 1241 (Fed. Cir. 2018)

- **Holding (en banc): time-bar determinations under § 315(b) in an institution decision are appealable**
  - Overruling the contrary conclusion in *Achates v. Apple*, 803 F.3d 652 (Fed. Cir. 2015).
- **Rationale for holding:**
  - To overcome strong presumption in favor of judicial review of agency actions, Congress must clearly and convincingly indicate intent to prohibit review.
  - No clear, convincing indication of intent to bar appeal of such rulings.
  - Natural reading of § 314(d) limits its application to determinations whether a petition demonstrates a reasonable likelihood that petitioner would prevail with respect to at least 1 claim.
  - A time-bar determination is not directed to substantive merits.

## Appealability of Institution Decisions – *Wi-Fi One*

- **Although Wi-Fi won the right to appeal, the outcome did not change:**
  - Federal Circuit affirmed PTAB’s decision of no time-bar (2-1).
    - Wi-Fi argued that Broadcom was in privity with defendants to a previous litigation involving the patent filed over a year before Broadcom’s IPR.
    - PTAB denied Broadcom’s motion seeking discovery regarding indemnity agreements, defense agreements, payments, and email or other communications between Broadcom and the defendants.
    - PTAB held there was no time-bar and challenged claims unpatentable.
  - Court found substantial evidence to support PTAB’s decision that Broadcom did not control the district court litigation and the defendant companies were not interested parties regarding the PTAB proceedings.
  - “Other than Wi-Fi’s conjecture, there is no evidentiary support for Wi-Fi’s theory that Broadcom was acting at the behest or on behalf of” the defendant companies when it challenged the patents.

## Takeaways Regarding *Wi-Fi One*

- Time-bar determinations are appealable, but establishing a time-bar through privity/RPI is not straightforward.
- Patent owner should seek related discovery promptly.
  - Where there are potential issues of privity/RPI, patent owners would be well-advised to promptly seek additional discovery on the issue.
  - Request for additional discovery should be focused (no fishing expedition) and not based on mere conjecture.
  - Patent infringement plaintiffs should consider seeking discovery relating to privity/RPI early in district court action.



## Conflicting Court and PTAB Decisions

## Conflicting Decisions - *Novartis v. Noven*, 853 F.3d 1289 (Fed. Cir. 2017)

- **Holding:** a final, non-appealable federal court judgment upholding validity of a patent claim is not binding on PTAB, which may subsequently find the same claim unpatentable.
- **Rationale:**
  - Different records may lead to different outcomes and the record before the courts was different than the record before the PTAB.
  - The petitioner in *Novartis* presented additional prior art (such as the *Sasaki* reference) and declaratory evidence that was not before the courts.
  - **Even if the records were the same**, the federal court judgment upholding validity of the patent claims was not binding on the PTAB.
    - The PTAB applies a different standard of review (preponderance of the evidence) than do the courts (clear and convincing evidence).
    - So, the PTAB may properly reach a conclusion of unpatentability based on the same evidence. See *Cuozzo v. Lee*, 136 S. Ct. 2131, 2146 (2016) (citation omitted)

## Takeaways Regarding *Novartis*

- Patent challengers should not give up on AIA proceedings, even where federal court has determined that the challenged claims are invalid over essentially the same arguments.
- Timing is important. Patent challenger can avoid paying a judgment of infringement where the decision of unpatentability originating from the PTAB is finalized before payment is made on the federal court judgment.



## Follow-on Petitions

### Follow-on Petitions - *General Plastic v. Canon* Case IPR2016-01357 thru -01361 (Sept. 9, 2017)

- PTAB has broad discretion to deny “follow-on” petitions under 35 U.S.C. § 314(a) and 37 C.F.R. § 42.108(a).
- Expanded panel held that when determining whether to institute follow-on petitions, the PTAB should consider the seven NVIDIA factors.
  - whether same petitioner previously filed a petition directed to same patent claims;
  - whether at time of filing first petition petitioner knew of the prior art asserted in the second petition or should have known of it;
  - whether at time of filing of second petition petitioner already received patent owner’s preliminary response to first petition or received PTAB’s decision on whether to institute review of first petition;
  - length of time that elapsed between time petitioner learned of the prior art asserted in second petition and filing of second petition;
  - whether petitioner provides adequate explanation for the time elapsed between the filings of multiple petitions directed to same claims of same patent;
  - finite resources of PTAB; and
  - the requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after date on which the Director notices institution of review.

## Follow-on Petitions - *General Plastic*

- **Rationale for exercising discretion and denying institution:**
  - Follow-on petitions addressed same claims as first-filed petitions.
  - Petitioner provided no explanation why it could not have found the new prior art before filing first petitions through reasonable diligence.
  - Petitioner filed the follow-on petitions after it had an opportunity to consider Preliminary Responses, Decisions Denying Institution, and Decisions Denying Rehearing regarding first-filed petitions.
  - Petitioner provided “no meaningful explanation” for why it took nine months to file the follow-on petitions.

## Follow-on Petitions - *General Plastic*

- **Rationale for denying institution (continued):**
  - Contrary to petitioner’s argument, claim construction determination (preamble included a structural limitation) was not so “surprising” as to justify follow-on petitions.
  - Follow-on petitions were seemingly used to correct deficiencies in the first-filed petitions that were unrelated to the alleged “surprise.”
  - PTAB recognized the potential for abuse of the review process through repeated attacks:
    - Absence of restrictions on follow-on petitions would allow petitioners opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review.

## Questions?



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