

# THE PTAB REVIEW

## June 2016

### Post-Grant Review Proceeding Filings Ramp Up

In addition to *inter partes* review (IPR) and covered business method (CBM) review proceedings, the America Invents Act (AIA) provides for post-grant review (PGR) proceedings. PGR allows a broader array of challenges to be brought against a patent, including challenges to patent eligibility, enablement, and written description, as well as anticipation and obviousness challenges using printed publications, public uses, or sales. However, Section 6(f) of the AIA restricts PGR to patents that are subject to the first-to-file provisions of the AIA. Under Section 3(n)(1) of the AIA, the first-to-file provisions “shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time a claim to a claimed invention that has an effective filing date . . . that is on or after” March 16, 2013. Even then, PGR is available during a limited window that lasts only nine months after the patent issues.

As shown in Figure 1, the rate of PGR petition filing has been steadily increasing as more qualifying patents issue. As of May 30, 2016, more PGR petitions had been filed in 2016 than during all of 2015.

Although the sample size is very small, PGR petitions also experienced a great deal of success at the institution stage. As shown in Figure 2, 10 out of 11 PGR petitions filed in 2015 (91 percent) resulted in institution of a PGR proceeding. It is still too soon to tell whether this rate of success will continue with the petitions filed in 2016.

The sole PGR petition filed in 2015 that was denied institution was denied based on the absence of PGR eligibility, and the panel never reached any substantive challenge to the patent. As discussed in more detail in the following article, in *Front Row Technologies, LLC v. Advanced Media, L.P.*, PGR2015-00023, Paper 8 (February 22, 2016), the PTAB denied institution because the effective filing date of the patent was not on or after March 16, 2013. A post-AIA effective filing date is a prerequisite for PGR standing.

### IPR and PGR Proceedings: A Comparison

PGR proceedings share many of the same structural features as IPR proceedings, including a decision regarding institution within six months of filing a petition, followed—if successful—by an administrative trial and a decision on the merits within one year of institution. But there are also notable differences between the proceedings, as shown below:

	IPR	PGR
<b>Eligible Patents</b>	All patents except during PGR eligibility	Effective filing date of patent is on or after March 16, 2013; eligibility extends for nine months from patent grant
<b>Petition Limits</b>	Petitioner has not filed an invalidity action and petition is filed no more than one year after service on petitioner of infringement complaint for the patent	Petitioner has not filed an invalidity action
<b>Statutory Bases for Challenge</b>	35 U.S.C. §§ 102 and 103 based on patents and printed publications	35 U.S.C. §§ 101, 102, 103, and 112 (but not best mode), and double patenting
<b>Institution Standard</b>	Reasonable likelihood	More likely than not or presents a novel or unsettled legal question important to other patents/applications
<b>Estoppel</b>	Grounds raised/reasonably could have been raised	Grounds raised/reasonably could have been raised (more statutory bases available)

**PGR Petitions Filed**

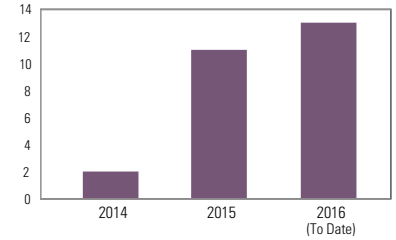


Figure 1

**2015 PGR Institution Status**

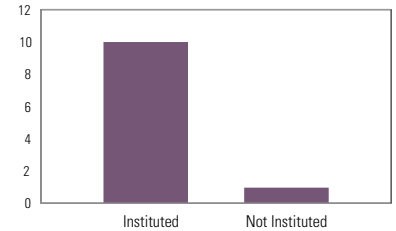


Figure 2

## Be on Alert for PGR Eligibility for Post-AIA Continuations of Pre-AIA Patents

As noted in the previous article, a post-AIA effective filing date is a prerequisite for PGR eligibility. For patent applications filed after March 16, 2013, that claim priority to an application filed before March 16, 2013, PGR eligibility may turn on whether the earlier application satisfies the written description and enablement requirements of 35 U.S.C. § 112. *See* 35 U.S.C. §§ 119, 120, 121, 365. In at least four cases reaching an institution decision, each of which is discussed below, the petitioner has requested PGR of a patent claiming a pre-AIA priority date by asserting that at least one claim lacks support in the pre-AIA application.

In *Inguran, LLC d/b/a Sexing Techs. v. Premium Genetics (UK) Ltd.*, PGR2015-00017, Paper 8 (December 22, 2015), the petition challenged a patent directed to an apparatus for identifying components from a fluid mixture. The patent issued from an application filed in 2014 that claimed priority to a chain of applications dating back to 2004. It was undisputed that the specification of the patent was identical to the priority documents. However, the PTAB found that the challenged patent was eligible for PGR because at least one claim contained at least one limitation that was not described sufficiently in the pre-AIA applications “such that one skilled in the art could conclude clearly that before March 16, 2013 the inventor was in possession of the claimed subject matter in dispute.”

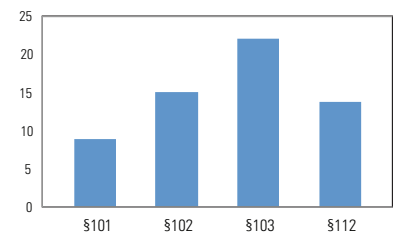
In *US Endodontics, LLC v. Gold Standard Instruments, LLC*, PGR2015-00019, Paper 17 (January 29, 2016), the PTAB found a patent to be PGR-eligible based on a lack of enablement for the patent in the pre-AIA priority document. The petition challenged a patent directed to an endodontic instrument for performing root canals and methods of making the same. This patent issued from an application filed in 2014 that claimed priority to a chain of applications dating back to 2004, and it was undisputed that the specifications were substantively identical except for the claims. The PTAB confirmed that the petitioner bears the burden of establishing a lack of pre-AIA priority date, reasoning that the petitioner is obligated to establish that the patent is eligible for PGR. The PTAB then found that the patent was eligible for PGR because the pre-AIA specification did not reasonably enable the temperature range of the challenged claims.

In *Core Survival Inc. v. S&S Precision, LLC*, PGR2015-00022, Paper 8 (February 19, 2016), the petition argued that the patent was eligible for PGR because original claim 22 included post-AIA new matter, even though the claim was ultimately cancelled during prosecution to maintain priority to a pre-AIA application. The PTAB concluded that the patent was PGR-eligible because it issued from an application that at one point contained at least one claim lacking a pre-AIA priority date. This outcome was based on the language of Section 3(n)(1) of the AIA, which provides that the AIA’s first-to-file provisions apply to a patent or patent application “that contains or *contained at any time* a claim to a claimed invention that has an effective filing date . . . that is on or after March 16, 2013” (emphasis added).

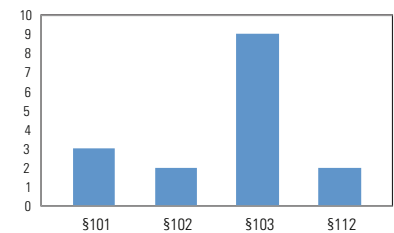
In contrast, the PTAB has rejected the argument that a post-AIA claim amendment would create PGR standing. In *Front Row Technologies, LLC v. Advanced Media, L.P.*, PGR2015-00023, Paper 8 (February 22, 2016), the PTAB denied institution based on the lack of PGR eligibility of the challenged patent. The patent at issue was filed on January 29, 2010, and did not claim the benefit of any other patent application. The petition argued that the patent’s effective filing date was September 23, 2013, because that was the date the patent owner attempted to amend the claims, but the claim amendments were rejected for introducing new matter. The PTAB rejected the argument that “the effective filing date might depend on the date of a *later-filed* amendment to a claim” (italics in original). Because the application was filed before March 16, 2013, the PTAB concluded that the patent was not PGR-eligible and denied institution.

Aside from being potentially critical for PGR petitioners and patent owner respondents, the March 16, 2013, date is also notable for owners and prosecutors of patent applications claiming priority to pre-AIA applications. Careful attention to this date is important because introducing new matter into a post-AIA application that claims a pre-AIA priority date may render the application or its progeny subject to PGR.

Most Common Grounds Asserted



Most Common Grounds Instituted



## Patent Office Designates Five Precedential AIA Decisions

On May 10, 2016, the Patent Office designated five PTAB AIA decisions as precedential. Some decisions were originally issued as long as three years ago, while others were issued within the past year. To become binding precedent, each decision had to be approved by the director of the Patent Office and by a majority of the PTAB's administrative patent judges. The decisions touched on a variety of subject areas.

### Real Parties in Interest

In *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, IPR2015-00739, Paper 38 (March 4, 2016), the PTAB held that the statutory requirement from 35 U.S.C. § 312(a) that a petitioner disclose “all real parties in interest” is not jurisdictional and can therefore be cured with permission of the PTAB. In *Lumentum*, one entity filed an *inter partes* review (IPR) petition that correctly identified the real parties in interest, but it later spun out some of its operations (including the operation handling the IPR petition) to a different entity. The PTAB instituted IPR a few weeks after the reorganization. The petitioner eventually informed the PTAB of the reorganization, but waited until after the 21-day mandatory notice period under 27 C.F.R. § 42.8(a)(3) had expired. The PTAB permitted the petitioner to file the late updated mandatory notice and granted the petitioner's unopposed motion to re-caption the proceeding to reflect the new real party in interest.

The patent owner subsequently requested termination of the proceedings, arguing that the petitioner's failure to inform the PTAB of the change in identity of the real party in interest before the PTAB issued the institution decision deprived the PTAB of jurisdiction to issue the decision and rendered the decision invalid. The PTAB rejected the argument, concluding that Section 312(a) is not jurisdictional. Although the PTAB agreed that the requirements of Section 312(a) are threshold requirements that must be satisfied to permit the PTAB to consider the petition, it concluded that “a lapse in compliance with those requirements does not deprive the Board of jurisdiction over the proceeding or preclude the Board from permitting such lapse to be rectified.” The PTAB reasoned that the contrary conclusion would permit a patent owner to undo a completed proceeding simply by belatedly pointing out that some minor requirement of Section 312(a) had been omitted, such as attaching a copy of a patent to the petition. The PTAB also reasoned that the patent owner's interpretation that Section 312(a) is jurisdictional was inconsistent with the PTAB's rule providing 21 days to update the mandatory notices to identify the new real part in interest.

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**“...a lapse in compliance with those requirements does not deprive the PTAB of jurisdiction over the proceeding or preclude the board from permitting such lapse to be rectified.”**

**From *Lumentum***

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Although *Lumentum* does not guarantee that the PTAB will always permit a petitioner to cure deficiencies in satisfying the requirements of Section 312(a), it does establish that the PTAB believes that it is empowered—in at least some circumstances—to allow a petitioner to remedy such failures, particularly where a different result would be “contrary to the interests of justice.”

### Claim Amendments

In *Masterimage 3D, Inc. v. RealD Inc.*, IPR2015-00040, Paper 42 (July 15, 2015), a six-member panel of the PTAB, including the deputy chief and the vice chief administrative patent judges, held that a patent owner seeking to enter a claim amendment has the burden to show patentable distinction over the prior art of record and also over the prior art known to the patent owner. Regarding prior art of record, the PTAB explained that this includes material art from the prosecution history of the patent, from the current proceeding (including non-instituted grounds), and from any other proceeding before the Patent Office involving the patent. Regarding prior art known to the patent owner, the PTAB clarified that this means “no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the Office under 37 C.F.R. § 42.11, in light of a Motion to Amend.” Regarding materiality, the PTAB explained that “[i]nformation about the added limitation can still be material even if it does not include all of the rest of the claim limitations.” The PTAB also explained that the ultimate burden of persuasion remains on the patent owner to demonstrate patentability of the amended claims throughout the proceeding, but that the burden of production shifts to the petitioner if the patent owner sets forth a *prima facie* case of patentability. As discussed in the [April issue of \*The PTAB Review\*](#), the Federal Circuit has already applied the *Masterimage* rule that the patent owner's duty to distinguish prior art not of record is limited to addressing references it should identify pursuant to its duty of candor.

(continued on page 4)

## One-Year Bar and Estoppel

35 U.S.C. § 315(b) provides that an IPR may not be instituted if the petition “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.” In **Oracle Corp. v. Click-to-Call Techs. LP**, IPR2013-00312, Paper 26 (October 30, 2013) (designated precedential only as to Section III.A), the PTAB held that the voluntary dismissal of an infringement complaint without prejudice “nullifies the effect of the complaint and, as a consequence, [the complaint] does not bar [the petitioner] from pursuing an *inter partes* review of the [patent under 35 U.S.C. § 315(b)].” The PTAB reasoned that the Federal Circuit “consistently has interpreted the effect of [voluntary dismissals without prejudice under Fed. R. Civ. P. 41(a)] as leaving the parties as though the action had never been brought.”

However, in a decision previously designated precedential in January 2016, **LG Electronics, Inc. v. Mondis Tech. Ltd.**, IPR2015-00937, Paper 8 (September 17, 2015), the PTAB had distinguished the earlier *Oracle* decision. In *Mondis*, infringement claims against computer monitors were subject to a release of liability in a settlement agreement and were dismissed with prejudice. In contrast, claims against the remaining “Unreleased Products” were dismissed without prejudice. Thus, unlike in *Oracle* where “the entire complaint was dismissed without prejudice,” in *Mondis*, there was a hybrid situation “where the Complaint was dismissed both with prejudice and without prejudice.” The PTAB reasoned that the complaint did not leave the parties as though the action had never been brought because the parties were prohibited from pursuing their claims and counterclaims with respect to computer monitors, were obligated to uphold their settlement agreement, and were obligated to submit to the jurisdiction of the court to enforce the agreement. Because the complaint did not leave the parties as though the action had never been brought, the PTAB concluded that the complaint triggered the one-year time bar under Section 315(b).

## Discovery

The PTAB designated two decisions relating to discovery as precedential. First, in **Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC**, IPR2012-00001, Paper 26 (March 5, 2013), the PTAB rejected Cuozzo’s attempts to secure broad discovery of the type generally available in district court litigation through either routine or additional discovery. The PTAB listed five factors to be assessed when considering a request for additional discovery in an IPR under the “interests of justice” standard:

1. Discovery requires more than a mere possibility and mere allegation that probative evidence will be uncovered. The party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something favorable in substantive value to a contention of the party moving for discovery will be uncovered.
2. Obtaining the other party’s litigation positions and the underlying basis for those positions does not satisfy the interests of justice standard because PTAB rules provide the appropriate schedule for obtaining such information in official responses.
3. Seeking information that a party can reasonably figure out or assemble without a discovery request is not in the interests of justice.
4. Interrogatory questions and document requests should be easily understandable. Ten pages of complex instructions in a discovery request is *prima facie* unclear.
5. The requests must not be overly burdensome to answer, given the expedited nature of *inter partes* review proceedings.

The PTAB denied all of Cuozzo’s requested discovery. In the process, the PTAB provided a lengthy analysis of the threshold showing that a patent owner must make before it will be allowed to obtain discovery from the petitioner to support its secondary indicia of non-obviousness case. For example, the PTAB denied the requested discovery for sales and pricing information from the petitioner because Cuozzo failed to establish first that the sales of the units at issue occurred “due to an inventive feature claimed by Cuozzo.” In other words, Cuozzo had not accounted for the presence of other desirable characteristics in the petitioner’s products, and had failed to demonstrate nexus between the petitioner’s sales and an inventive feature of Cuozzo’s claims. With respect to failure by others, the PTAB denied discovery because “any failure by Garmin alone does not establish widespread failure by skilled workers in the art” and Cuozzo had not even set forth a threshold amount of evidence showing that Garmin had tried to solve the problem but failed. Thus, in addition to setting forth factors to consider when evaluating a request for additional discovery, the *Garmin* decision suggests that the PTAB is reluctant to let the patent owner build a secondary indicia case from scratch though discovery from the petitioner.

(continued on page 5)

Second, in *Bloomberg Inc. v. Markets-Alert Pty Ltd.*, CBM2013-00005, Paper 32 (May 29, 2013), the PTAB adopted the *Garmin* discovery factors for covered business method reviews despite noting that the “good cause” discovery standard is “slightly” lower than the “interests of justice” standard in IPRs. The PTAB granted discovery of all documents and things considered by Bloomberg’s expert in preparing his declaration, but denied the remainder of the discovery requests, including the request to produce all prior art known to Bloomberg that was not submitted in the petition.

## Federal Circuit Announces Amendments to Rules of Practice Affecting PTAB Appeals

The U.S. Court of Appeals for the Federal Circuit hears appeals of PTAB decisions. The court recently announced substantial amendments to the Federal Circuit Rules of Practice. Some amendments implement changes to appellate timelines for appeals from the PTAB. These amendments are effective for all appeals docketed on or after April 1, 2016.

The Federal Circuit updated its rules to recognize the establishment of the PTAB, and the court’s jurisdiction over appeals from the new PTAB trials. Now, appellants must appeal a decision from the PTAB within 63 days and simultaneously submit one paper copy of the notice (rather than the previous three) with the \$500 filing fee. Significantly, amended Rule 15 provides “docketing upon receipt” for appeals from the United States Patent and Trademark Office (USPTO). The court will now docket appeals when a notice of appeal is received, rather than waiting to receive the certified list from the USPTO, as it would have under the previous rules, which could take up to 40 days. Accordingly, parties in PTAB appeals must now submit the initial administrative filings within 14 days of the notice of appeal, which is similar to appeals from district court.

In light of amended Rule 15, the court also amended Rule 31 to make the appellant’s brief due 60 days after the USPTO serves the certified list (the former date of docketing), rather than 60 days after docketing. In other words, these amendments do not affect the due date of the appellant’s opening brief; they simply make the administrative filings due earlier in the timeline.

### Outcome of IPR/CBM Appeals by Appellant Identity in 2016\*

Appellant	Affirmed	Mixed	Reversed	Dismissed
Petitioner	10			1
Owner	36	2	3	
Both	2	3		

As shown in the table above, Patent Owners outnumbered Petitioners by nearly 4 to 1 as the appellant (i.e., a party dissatisfied with the PTAB decision) in appeals from IPR and CBM proceedings. Petitioners, however, had a 0% success rate at the Federal Circuit in 2016, whereas Patent Owners were appellants or cross-appellants in *all* cases seeing at least partial reversal of the PTAB’s decision.

\*As of May 31, 2016

### About Our Post-Grant Practice

The professionals in Wilson Sonsini Goodrich & Rosati’s post-grant practice are uniquely suited to navigate the complex trial proceedings at the United States Patent and Trademark Office (USPTO). We have extensive experience before the PTAB, representing clients in numerous new trial proceedings and in countless reexaminations and patent interference trials. Our practice includes professionals with decades of experience at the PTAB, including former PTAB personnel. As the needs of a case may require, our team also collaborates with other WSGR professionals, including district court patent litigators and patent prosecutors, with technical doctorates or other advanced technical degrees. Our core team leverages firmwide intellectual property expertise to provide comprehensive IP solutions for clients that cover strategy, prosecution, licensing, enforcement, and defense.

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