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The *PTAB Strategies and Insights* Newsletter is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

This month we tackle three important issues:

1. Has Aqua changed motions to amend practice?
2. To file or not to file declarations with a POPR
3. The Court is giving the Board broad discretion to find waiver of issues not timely raised

Our Newsletter is designed to explore many issues. And we welcome feedback and suggestions to ensure we are meeting the needs and expectations of all our readers. So if you have issues you wish to see explored within an issue of the Newsletter, please reach out to me.

To view our past issues as well as other firm newsletters, please click [here](#).

Thank you.

Best regards,
Jason

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Jason D. Eisenberg
Editor of *PTAB Strategies and Insights*;
Director and Practice Group Leader (Electronics Group)

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Aqua Appears to be Much Ado About Nothing

By: David Haars and [Jason D. Eisenberg](#) (with statistics by Patrick Murray)

As first discussed with the 50+ participants at the inaugural Global IP Strategy Conference held at our firm's offices on Friday March 9, 2018, the Federal Circuit's October *en banc* decision in *Aqua Products Inc. v. Matal* appears to have produced more theoretical discussion than real change in how the PTAB decides motions to amend.

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By: [Lestin Kenton](#) and [Jason D. Eisenberg](#) (with statistics by Patrick Murray)

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No Second Chance on Remand for Late Arguments

By: [Jon E. Wright](#)

Dell Inc. v. Accelaron, LLC (“*Dell II*”), No. 2017-1101 (Fed. Cir. Mar. 9, 2018)

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Since November 1, 2017, 28 of 299 patent owner responses (9.4%) contained a reference to a motion to amend, as revealed by our analysis of Docket Navigator data. In the year leading up to the *Aqua* decision, 24 of 709 PORs (3.4%) contained a reference to a motion to amend.

Despite this uptick in filings, from our initial analysis, there is no statistical difference in motion to amend grant rates before and after the *Aqua* decision.

	Denied	Denied (Moot)	Granted in Part	Granted
Pre-Aqua Products	173	28	9	4
Post-Aqua Products	14	6	1	0
Total	187	34	10	4

	Denied	Denied (Moot)	Granted in Part	Granted
Pre-Aqua Products	81%	13%	4%	2%
Post-Aqua Products	67%	29%	5%	0%
Total	80%	14%	4%	2%

At first, the Board was issuing orders requesting additional briefing. For example, allowing patent owners and petitioners to refile all motions to amend and oppositions to comply with *Aqua*’s burden shift from the patent owner to the petitioner.

But five months after the ruling, the Board is still finding that motions to amend cannot be entered for similar reasons as before *Aqua*. And even when entered, the facts are atypical.

In one case, the motion to amend was entered only after the patent owner entered adverse judgment for the affected claim and showed that the other claims were non-obvious. So it was the adverse judgment and arguments in the POR, and not the motion to amend itself, that led to entry of the motion to amend.

That said, denials as moot have increased, meaning that final written decisions are increasingly

finding that petitioners have not met their burden to show that claims are unpatentable. For example, in final written decisions issued in 2016 and earlier, the Board cancelled 81% of the claims that it ruled on. But since the start of 2017, this figure has checked in at only 71% of claims being cancelled. So Patent Owners are prevailing at final written decision more frequently, tempering the need for the Board to turn to contingent motions to amend.

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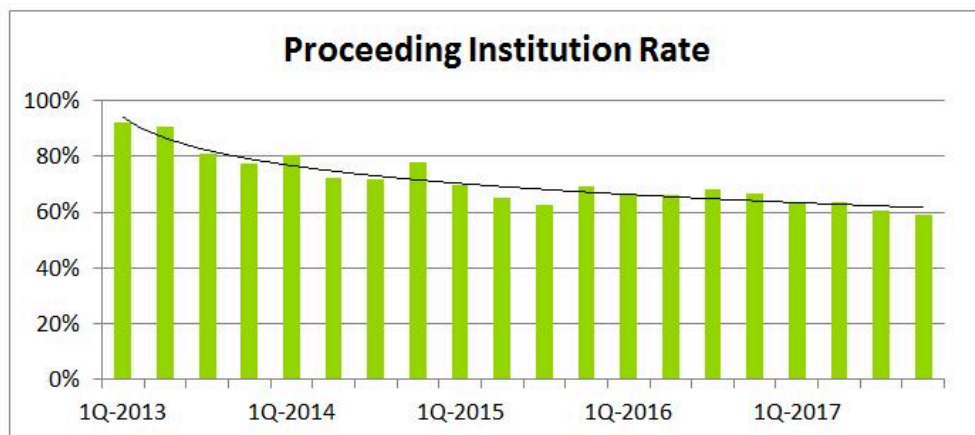
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First, we are seeing a continued decline in institutions of trial – with the most recent quarter posting a proceeding institution rate below 60%:



We examined 535 institution denials that were issued for petitions filed after May 2016, when the new PTAB rules came into effect allowing POPR expert declarations. In those 535 denials, 179 were in proceedings in which a POPR expert declaration was filed.

We read through 50 of those decisions and found 60% of the decisions included a specific discussion of the POPR expert declaration. Of those 60%:

- 80% of the time, PO's expert was credited for an obviousness ground;
- 10% of the time, PO's expert was credited for an anticipation ground;
- 10% of the time, PO's expert was credited for a claim construction argument.

Additionally, the Board appears to have allowed sur-replies in only 19 of the 179 cases. This shows that the risk-reward associated with submitting a POPR declaration is clearly in favor of the patent

owner at this stage of the proceeding.

So what are the patent owners' best practices from this sampling of data?

First and foremost, find experts quickly after a petition is filed. After the petition is filed, the patent owner is almost immediately on the clock to submit a preliminary response, and the three-month deadline from the notice of filing date is almost never extended by the Board.

Use the expert to attack motivations to combine to show: no person of ordinary skill in the art would have understood how or why to make the combination, the combination would destroy the principle of operation, there is a teaching away from the combination, etc.

Patent owners should lean towards preparing and filing POPR declarations. Any additional costs incurred in this stage of the proceeding are substantially less than those associated with participation in an entire trial through Federal Circuit appeal. Winning early can reduce costs by 50-80%.

And what does this mean for petitioners?

Petitioners' best practices are to provide thorough technical analyses by their expert for both *Graham* and *KSR* arguments in their petitions to mitigate any future POPR expert attacks. Superficially discussing how prior art combinations might work together, or why a person of ordinary skill could turn from one reference to another is not enough. One must not only show both *how* and *why* a combination should be made, but must also underpin this discussion with both an expert declaration **and** corroborating evidence to demonstrate why the expert is right. An expert's blanket conclusions supported by cursory references to other documents are ripe for attack.

In the end, both sides of the "v" need to put more emphasis on motivation statements for obviousness or non-obviousness.

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On Tuesday, the Federal Circuit issued a precedential decision affirming the Board’s refusal to consider new arguments that had been made for the first time by IPR Petitioner Dell during the original PTAB oral hearing. This was the second time this IPR appeal came before the Federal Circuit, the first appeal ending in remand to the Board.

In Dell’s first appeal from this *inter partes* review proceeding, Dell challenged the Board’s validity determination of claims 14-17 and 34-36 of Accelaron’s patent. Accelaron cross-appealed the Board’s cancellation of claims 3 and 20. For claim 3, Accelaron argued that the Board violated the Administrative Procedure Act (“APA”) by relying on an argument (the “slides” argument) that Dell presented for the first time at the oral hearing, and by not giving Accelaron an opportunity to respond. The Federal Circuit affirmed the validity of claims 14-17 and 34-36, vacated the cancellation of claims 3 and 20, and remanded the case for reconsideration of claim 3 and 20. *Dell Inc. v. Accelaron, LLC*, (“*Dell I*”) 818 F.3d 1293, 1301-02 (Fed. Cir. 2016).

On remand, the Board decided not to consider the Dell’s new “slides” argument because it was new and non-responsive to Accelaron’s Patent Owner Response. *Dell v. Accelaron LLC*, IPR2013-00440, 2016 WL 8944607, at *4 (P.T.A.B. Aug. 22, 2016). Based on the arguments and evidence presented in the petition, the Board found on remand that claim 3 was not anticipated. Dell appealed the Board’s decision on remand to the Federal Circuit.

In this second appeal, Dell argued that the Board erred on remand because it should have considered Dell’s new “slides” argument, and then provided Accelaron an opportunity to respond. According to Dell, the Board’s refusal was contrary to Federal Circuit precedent and contrary to the Court’s remand order in *Dell I*. The Federal Circuit disagreed in *Dell II*.

In *Dell II*, the Court affirmed the PTAB’s decision on remand refusing to consider petitioner Dell’s new “slides” argument, presented for the first time at the original PTAB oral hearing. The Court affirmed the Board’s ability to control the scope of remanded proceedings. Indeed, pointing to the Board’s own rules prohibiting new arguments in the oral hearing, the Court went even further, stating: “The Board was obligated to dismiss Dell’s untimely argument given that the untimely argument in this case was raised for the first time during oral argument.” *Id.* Slip op. at 10. The Court then concluded:

Dell contends that ignoring evidence of unpatentability is against public policy because it will not improve patent quality. We find that under these circumstances, due process and preserving the Board’s discretion outweigh any negative effects of not invalidating a patent

claim, especially since our decision does not preclude another party from challenging the validity of claim 3 on the same basis.

This case is instructive because it illustrates how the Board is constraining the parties to the properly developed record. It should now be clear that the Board cannot entertain new factual contentions raised for the first time at oral argument, at least not without giving the other party full opportunity to respond. Parties should thus be mindful of how they present arguments and evidence in demonstrative slides and at the oral hearing.

Finally, this case demonstrates how the Board handled the case on remand. Under PTAB SOP 9, which governs the conduct of remands within the PTAB, we know that each remand is getting considerable attention from PTAB leadership. And this case affirms the wide latitude the Federal Circuit is giving the Board to control the scope of remanded cases.

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