



Grounds for success

Stuart Nelson of Fish & Richardson shares and scrutinises decisions from the Patent Trial and Appeal Board so far in 2016, finding AIA trials as effective as ever

What have been the most significant decisions from the PTAB over the last six months (such as the chance to include additional testimonial evidence)?

Of all the hundreds of Patent Trial and Appeal Board (PTAB) opinions issued over the last few years, there are actually only eight opinions from America Invents Act (AIA) trials that are considered to rise to the level of being precedential. There are more regarding ex parte proceedings (that is when a patent applicant appeals an adverse decision to the PTAB), but that is another issue.

The most recent one is *Lumentum Holdings v Capella Photonics* (4 March 2016). This decision relates to the provisions of Section 312(a)(2), which requires that petitioners identify “all real parties in interest” when filing the petition. This rule has been important because patent owners have previously been able to get petitions denied solely for failing to identify an additional party that is interested in the proceeding.

The *Lumentum* decision clarifies that the naming of real-party-in-interest is not a ‘jurisdictional’ requirement, and that changes during a proceeding (such as when a company is reorganised) may be updated. This can give practitioners comfort that company reorganisations can proceed as usual without dooming petitions under the real-party-interest rules.

Before *Lumentum*, the last decision to be made precedential was almost a year ago, *MasterImage 3D v RealD* (15 July 2015), which

is a decision that clarifies the requirements for amending claims during AIA trials. The fact that there are so few newer opinions being designated as precedential is an indication that the law surrounding AIA trials is becoming more settled compared to 2013 and 2014.

Still, there will be additional decisions in the coming months from the Court of Appeals for the Federal Circuit and US Supreme Court that may cause significant changes. For example, the Supreme Court issued its long-awaited decision in *Cuozzo Speed Technologies v Lee* on 20 June.

In *Cuozzo*, the Supreme Court affirmed the use of some of the PTAB’s current procedures, including construing patent claims using the ‘broadest reasonable interpretation’ standard. While this decision kept with the status quo, it did settle an issue that had been disputed by practitioners for several years.

There were a number of rule changes made effective on 2 May, which included an opportunity to add additional testimonial evidence by a patent owner. Patent owners will be permitted to file expert reports and other new testimonial evidence with their preliminary response—something not previously permitted.

This was changed in effort to help balance the institution procedure, which was viewed by some to favour the petitioner. Practitioners debate whether this change will have a substantial effect on proceedings, but both petitioners and patent owners are carefully considering this new rule as they make strategy decisions.



The Supreme Court ruled that the PTAB can continue to use a broadest reasonable interpretation claim standard in the *Cuozzo v Lee* case. How will patent owners be affected?

The fact that the PTAB can continue to use broadest reasonable interpretation in inter partes review proceedings should make it easier for petitioners to invalidate patents, and consequently, harder for patent owners to defend their patents. This is true at least theoretically, since it should be easier to find prior art meeting a broad claim interpretation.

In practice, however, the PTAB has interpreted claims in the same or similar way under the broadest reasonable interpretation and the supposedly narrower Phillips standard used in district court litigation. Consequently, many practitioners think that there is currently little, if any, difference between the two standards. It will be interesting to see if that trend continues, or if the *Cuozzo* decision emboldens the PTAB to start construing claims even more broadly now that the Supreme Court has approved using the broadest reasonable interpretation standard.

The fact that institution decisions will not be subject to judicial review also maintains the status quo. Both petitioners and patent owners will be essentially stuck with the PTAB's decision whether to institute review, but can still appeal the final written decision in the end. With no ability to appeal, a 'win' of non-institution could be

considered more valuable to a patent owner than a 'win' of the final written decision.

Considering the numerous changes at the PTAB, is it still an effective forum for the purpose for which it was introduced?

AIA trials are still considered to be a very effective mechanism for challenging patents of questionable validity. In fact, statistics from the US Patent and Trademark Office show there were more petitions for AIA trials filed last year than the year before—the popularity of these proceedings remains high. However, success is far from guaranteed. Only about 70 percent of institution decisions are instituted on all challenged claims. Of those cases that go to final written decision, only about 70 percent invalidate all of the challenged claims. So while the proceeding is effective, a petitioner's success is far from guaranteed—especially for those that assume they will be successful without a clear and full analysis of the invalidity grounds.

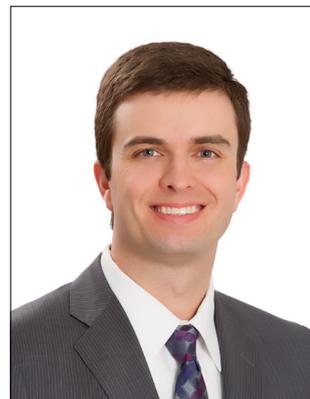
Many have called the PTAB a 'patent killing zone', but does that not show that it is an effective tool, keeping out weak patents?

AIA trials are, in fact, effective at invalidating patents that never should have issued (aka 'killing' invalid patents). But a petitioner's success is far from guaranteed—especially for those that assume they will be successful without a clear and full analysis of the invalidity grounds. **IPPro**

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Stuart Nelson, Associate, Fish & Richardson