

SAS and Oil States: One Year Later

May 8, 2019



Dorothy Whelan
*Principal and Post-Grant
Practice Co-Chair*



Karl Renner
*Principal and Post-Grant
Practice Co-Chair*



Rob Courtney
Principal

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Overview

- **Topics**

- Important decisions
- Developments
- Practice tips

- **Housekeeping**

- CLE
- Questions
- Materials

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Register

In April of 2018, the Supreme Court issued its much-anticipated decisions in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC* and *SAS Institute, Inc. v. Iancu*, both of which have had significant impacts on post-grant practice. In *Oil States*, the Court upheld the constitutionality of IPR proceedings under the public rights doctrine. In *SAS Institute*, the Court ended the PTAB's practice of partial institution, holding that it must institute IPR proceedings either on all of the challenged claims or none of the challenged claims.

As the anniversary of these decisions approaches, join Fish Principals [Dorothy Whelan](#), [Karl Renner](#), [John Dragseth](#), and [Rob Courtney](#) as they look back over the past year and discuss how these cases have changed post-grant practice. Topics of discussion will include:

- The implications of SAS for post-grant estoppel (and beyond)
- Lingering questions left unanswered by the "narrow" holding of *Oil States*
- Strategic considerations for petitioners and patent owners

Reserve your seat today!

Wednesday, May 8, 2019
1:00pm EDT

Register

Fish & Richardson P.C. is an accredited CLE provider by the California, New York, and Texas State Continuing Legal Education Boards (California Provider Number 4933). Fish & Richardson will apply for 1.0 hour of CLE credit in some additional states. Credit will be awarded only to attorneys that report their required CLE states during their registration process and that log in and complete the webinar in its entirety. Note that Fish is unable to grant CLE credit to attendees that listen to the audio portion only. This program is designed for and open to all attorneys.

If you have questions, please contact [Angela Park](#).

Agenda

- **Background Statistics**
- **One year ago: SAS**
- **Post-SAS Statistics**
- **SAS Questions and Observations**
- **Lingering questions left unanswered by the "narrow" holding of *Oil States***



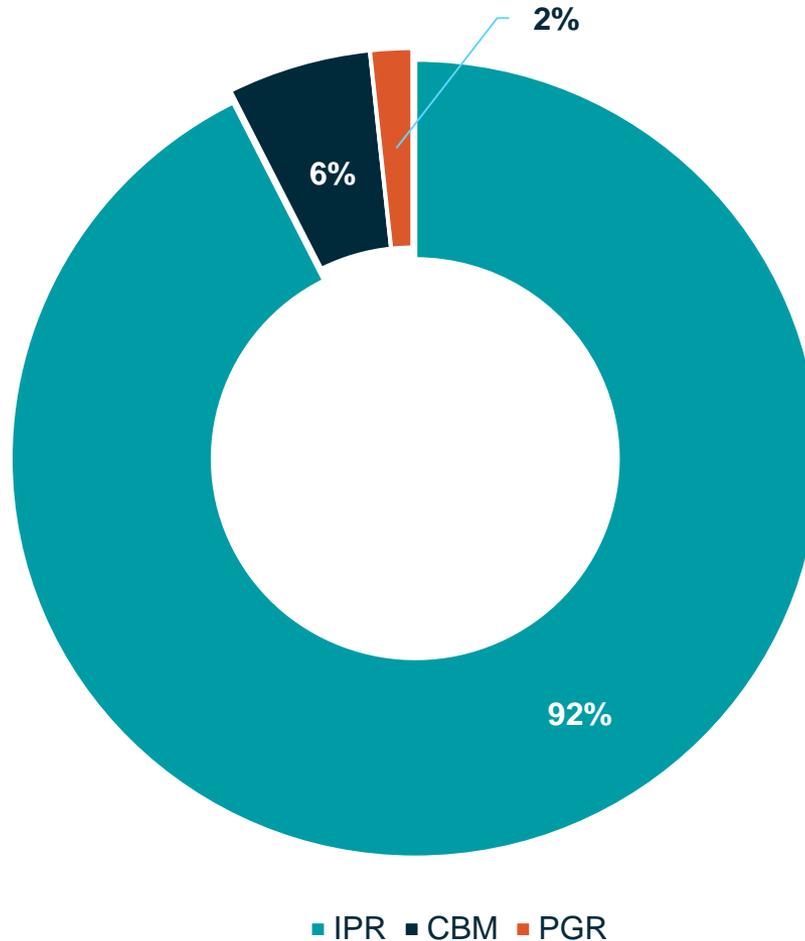
Background Statistics

PTAB – The Most Active Forum

| Most active courts by number of cases | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 YTD |
|---------------------------------------|------|------|------|------|------|----------|
| PTAB | 1677 | 1798 | 1758 | 1799 | 1718 | 466 |
| DED | 942 | 544 | 457 | 779 | 873 | 389 |
| TXED | 1429 | 2551 | 1683 | 868 | 508 | 120 |
| CACD | 320 | 278 | 290 | 339 | 308 | 91 |

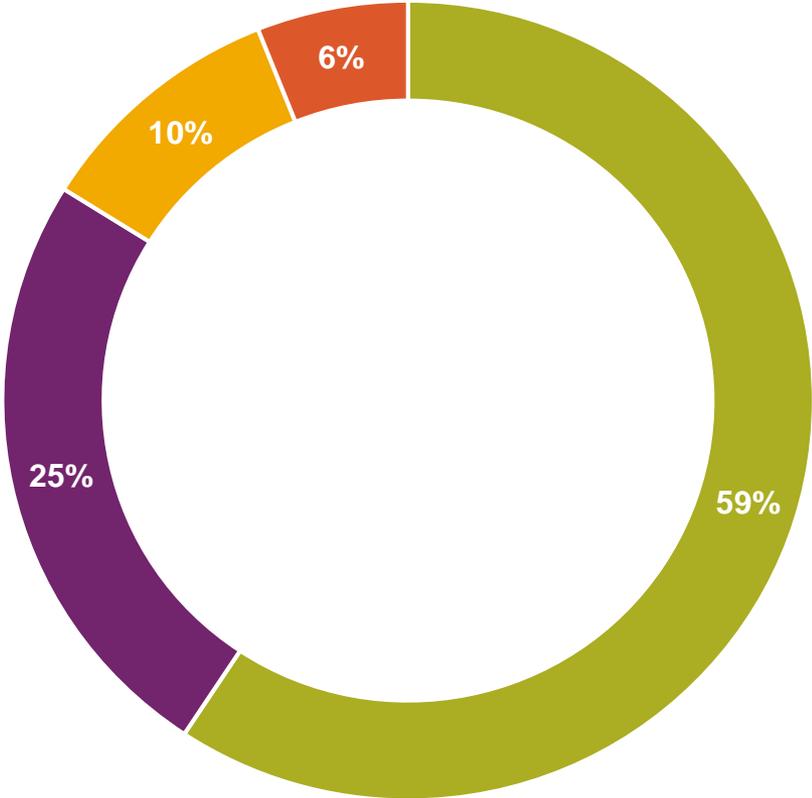
AIA Petitions

10,136 AIA Petitions Filed Since 2012



Technology Breakdown by USPTO Tech Center

2012 - Present



■ Electrical/Computer ■ Mechanical ■ Bio/Pharma ■ Chemical

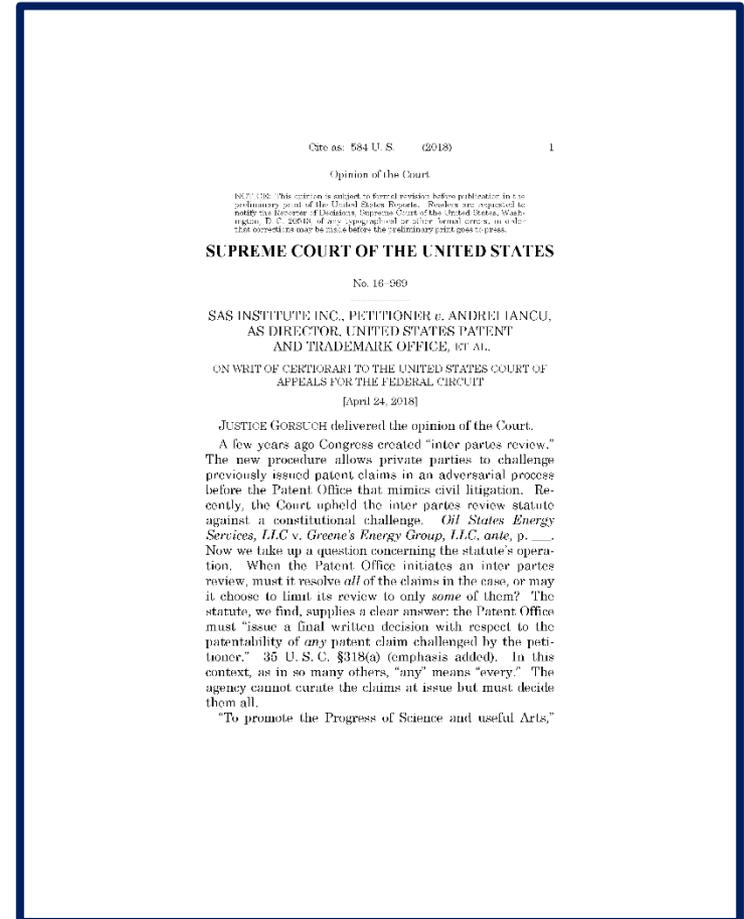


One Year Ago: *SAS*

One Year Ago: SAS

[SAS Institute Inc. v. Iancu](#) (U.S. Apr. 24, 2018)

- **Primary holding: PTAB may not “partially institute” on a petition for *inter partes* review**
 - Supreme Court found no ambiguity in § 318(a)’s requirement that PTO “shall” issue FWD “with respect to the patentability of **any patent claim challenged** by the petitioner”



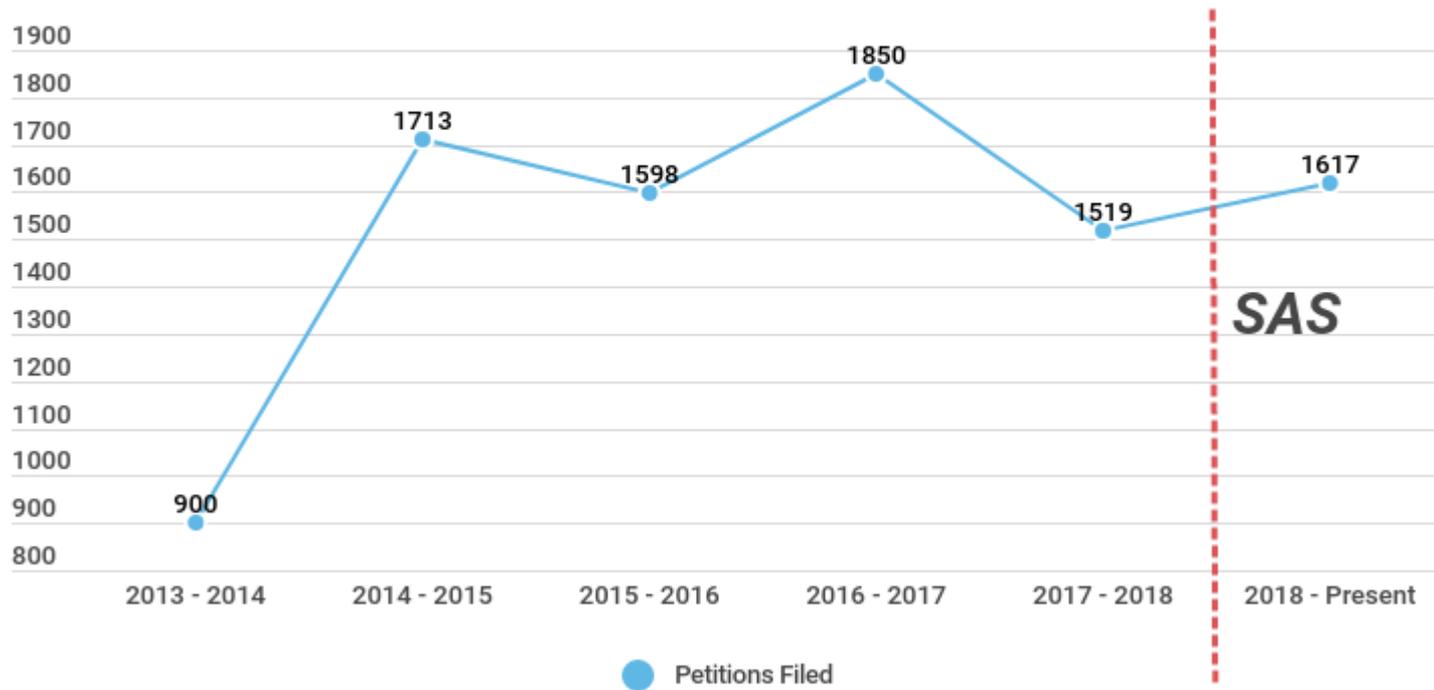


Post-SAS Statistics

SAS: One Year Later

Has SAS affected filing rates?

Petitions Filed Pre- and Post-SAS

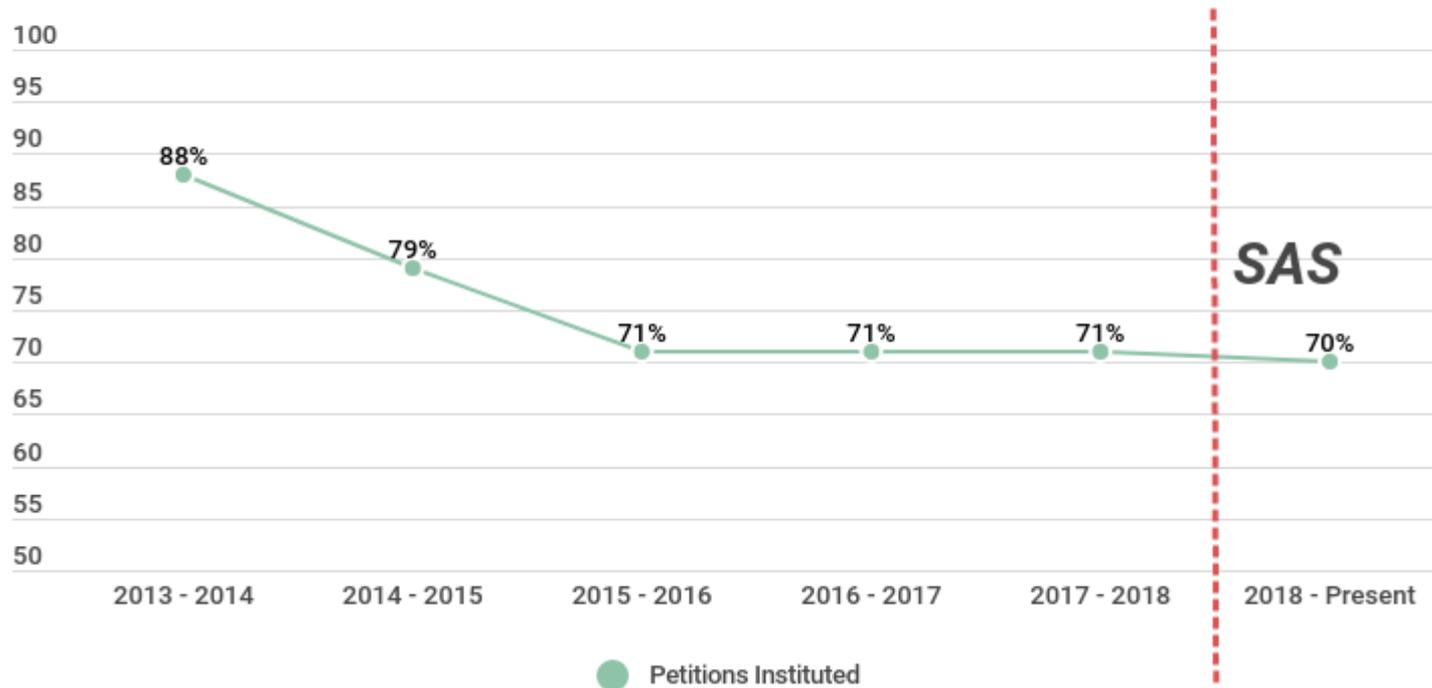


- Modest increase in petitions (possibly more multi-petition challenges)

SAS: One Year Later

Has SAS affected the likelihood of institution?

Institution Rates Pre- and Post-SAS

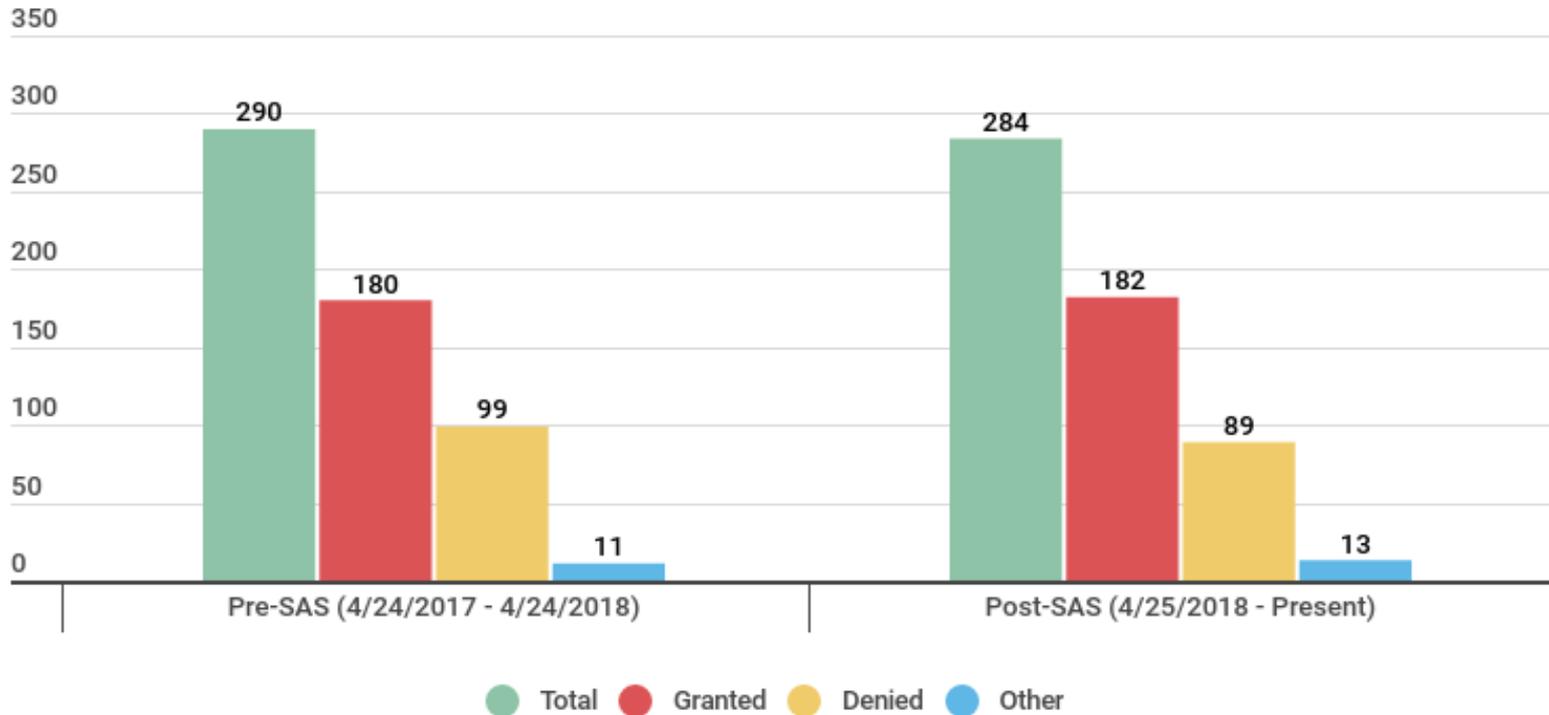


- For those reaching institution, rate of institution is steady

SAS: One Year Later

Has SAS affected district court stays?

Stays Pending IPR



- Year-over-year, stats seem steady



Post-SAS Questions & Observations

Institution Decisions Post-SAS

- **What does a post-SAS institution decision look like?**
 - Per SAS, institution on any ground requires institution on all
 - Discussion of independent claims, on grounds where there is a reasonable likelihood of success, remains fairly complete
- **What happens when the PTAB grants the petition but finds certain grounds do not meet the reasonable likelihood standard?**
 - PTAB is willing to note if it thinks a ground lacks merit—though final determination must come after full proceeding
 - Abbreviated discussion of “subsidiary” grounds in some cases

Post-institution Practice Post-SAS

- **How do the parties treat “no reasonable likelihood” grounds in subsequent filings?**
 - Patent Owner responses tend to give abbreviated discussion
 - Petitioner replies sometimes try to resuscitate those grounds, but often with little effect
- **Is there a link between SAS and discretionary denials?**
 - PTAB does not expressly link the two
 - But SAS clearly increases the administrative burden of institution
 - PTAB has denied petitions under § 314 where weak grounds outnumbered meritorious grounds. See *Biofrontera Inc. v. DUA Pharms., Inc.*, IPR2018-01585, Paper 10 (PTAB Feb. 26, 2019).

Treatment of post-SAS appeals

- **Generally, the Fed Cir granted timely-filed remand requests**
 - PTAB instructed to revisit non-instituted grounds on remand
 - Some requests rejected when made too late, or improperly
 - *Mylan v. Research Corp. Techs.*, 914 F.3d 1366 (Fed. Cir. Feb. 1, 2019) (request made during rebuttal oral argument)
 - *LG Elecs. v. Conversant Wireless Licensing*, 759 F. App'x 917 (Fed. Cir. Jan. 25, 2019) (request made five days before oral argument)
- **Where parties did not seek remand, Fed Cir was able to address other aspects of the appeals**
 - *PGS Geophysical v. Iancu*, 891 F.3d 1354 (Fed. Cir. 2018)



SAS's Impact on Litigation: Estoppel

- **Pre-SAS, any grounds on which the PTAB did not institute were not subject to estoppel**
 - *Shaw*, 817 F.3d 1293 (Fed. Cir. 2016)
- **By abrogating the practice of partial institution, SAS removed many of the issues *Shaw* was addressing from the field**
- **Institution on a petition will likely lead to estoppel on patents and printed publications**

(e) ESTOPPEL.—

...

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review of a claim in a patent under this chapter **that results in a final written decision** under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on **any ground that the petitioner raised or reasonably could have raised during that inter partes review.**

35 U.S.C. § 315(e)(2)

Post-SAS Strategic Options for Petitioners

- **Multiple petitions?**

- A final decision on any **one** petition will lead to estoppel on affected claims, so there is a motivation to file multiple petitions
 - *Biofrontera* urges against “packing” a single petition
- Filing and institution costs are a consideration
- PTAB’s response to multi-petition strategies is hard to predict



Petitioners: Dividing up petitions

- **Division by strength of prior art (i.e., grounds)?**
 - Historically, the typical approach
 - But might lead to non-institution for petitions presenting weaker prior
 - Institution only on strong grounds could lead to later estoppel against remaining art
- **Division by assertion/attempted enforcement?**
 - Focuses attention on claims of greatest concern
 - Multiple petitions could cabin estoppel risk
 - Amendments to Patent Owner contentions could be disruptive
 - Substitutionary amendments by Patent Owner could create risk even in “unasserted claims” petitions



Post-SAS Strategic Options for Patent Owners

- **Selective defense?**
 - A confident Patent Owner could focus its POPR on procedural/legal issues, leaving substantive defense for the main Response in pursuit of estoppel
- **Focus on real parties in interest**
 - Forcing clear identification of real parties in interest could expand application of subsequent estoppel
 - Recent expansion of “real party in interest” standards by Fed Cir
 - *Applications in Internet Time*, 897 F.3d 1336 (Fed. Cir. July 9, 2018)



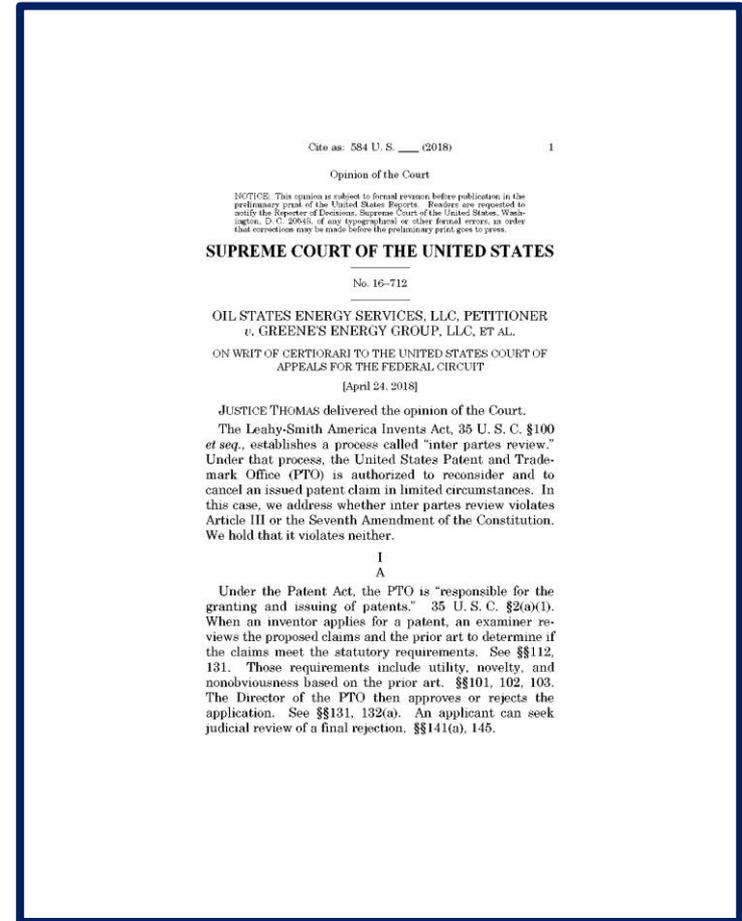
**Lingering Questions Left
Unanswered By The “Narrow”
Holding of *Oil States***

Questions *Oil States* Answered—and Didn't

Oil States Energy Services, LLC v. Greene's Energy Group, LLC (U.S.

Apr. 24, 2018)

- **Primary holding: IPR does not involve unconstitutional agency application of judicial power**
 - Congressional delegation of authority to review patents violates neither Article III nor Seventh Amendment
- **But what about IPR as to patents whose issue dates pre-date AIA?**
 - *Oil States* expressly left this issue open—it was unchallenged even though the patent owner's patent was pre-AIA. 138 S. Ct. 1379.



Retroactive Application of IPR

- Some owners of patents granted pre-AIA have urged Constitutional problems, *Oil States* notwithstanding
 - Takings challenges: Has Congress divested patent owners of property without just compensation?
 - Due process challenges: Do the PTAB's procedures meet constitutional requirements for divesting property?
 - Ex post facto law: Was AIA's establishment of IPR a violation of Article I's prohibition on ex post facto legislation?



Retroactive Application of IPR

- **Extra issues appellants have brought**
 - Special rule for CBM?
 - Unlike IPR (which has some relation to reexamination), administrative § 101 review has no real antecedent
 - Could affect takings analysis?
 - Right to jury trial on validity
 - Separation of powers arguments
 - Waiver? Most appellants did not present Constitutional arguments to the PTAB

NB: *Oil States* generally addresses these, but appellants have presented variations

Existing Jurisprudence

- **Some of these issues have been addressed in the context of reexamination**
 - *Patlex v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1984)
 - Rejected due process attack on ex parte reexamination, as well as 7th Amendment and Article III attack
 - Retroactivity of ex parte reexam statute held constitutional
- **Changes in procedural rules, applied to claims predating the change, have been upheld despite being attacked as “retroactive”**
 - *Landgraf v. USI Film Prods.*, 511 U.S. 244 (1994)
 - *Pension Benefit Guaranty v. R.A. Gray*, 467 U.S. 717 (1984)

Pipeline of Federal Circuit appeals

- ***Collabo Innovations, Inc. v. Sony Corp.*, No. 18-1311**
 - Oral argument held March 5, 2019, opinion could be soon
- ***Focal IP v. Cisco*, No. 18-1627**
 - To be argued June 5
- ***Arthrex v. Smith & Nephew*, No. 18-1584**
 - To be argued June 7
- ***Chestnut Hill Sound v. Apple*, No. 18-1163**
 - Probably argued in Sept.–Oct. time frame
- **END OF THE LINE**
 - ***St. Regis Mohawk Tribe v. Mylan*, 896 F.3d 1322 (Fed. Cir. July 20, 2018), cert denied, ___ S. Ct. ___ (Apr. 15, 2019)**
 - Rejected claim of tribal sovereign right against IPR
 - ***VirnetX Inc. v. Apple, Inc.*, 909 F.3d 1375 (Fed. Cir. Dec. 10, 2018)**
 - Rejected a constitutional attack as waived when not briefed to Fed Cir



Post-Grant Resources

Fish Sites

- **Dedicated Website:** <http://fishpostgrant.com/>
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- **Case Studies:** <http://fishpostgrant.com/case-studies/>
- **Webinar Replays:** <http://fishpostgrant.com/webinars/>
- **Post-Grant Radio:** <http://fishpostgrant.com/podcasts/>
- **Post-Grant Year-End Reports:** <https://fishpostgrant.com/downloads/>

USPTO Sites

- **Dedicated Website:** <https://www.uspto.gov/patents-application-process/patenttrialandappealboard>
- **Post-Grant Trial Practice Guide:** https://www.uspto.gov/sites/default/files/documents/2018_Revised_Trial_Practice_Guide.pdf
- **Standard Operating Procedures:** <https://www.uspto.gov/patents-application-process/appealing-patent-decisions/procedures/standard-operating-procedures-0>
- **Guidance on SAS:** <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trials/guidance-impact-sas-aia-trial>
- **Statistics:** <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/statistics>

Thank You!

Karl Renner
renner@fr.com
202-626-6447

Dorothy Whelan
whelan@fr.com
612-337-2509

Rob Courtney
courtney@fr.com
612-766-2077

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