

# Post-Grant for Practitioners: 2019 Year in Review

January 8, 2020



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*Principal and Post-  
Grant Practice Co-Chair*



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*Principal and Post-  
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# Overview

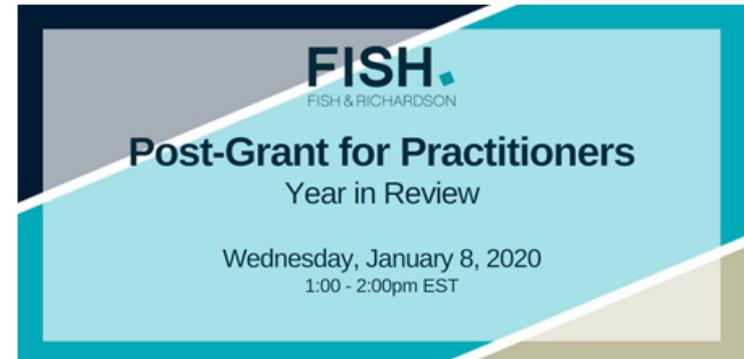
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- **Topics**

- Important decisions
- Developments
- Practice tips

- **Housekeeping**

- CLE
- Questions
- Materials
  - <http://fishpostgrant.com/webinars/>



Register

From the establishment of the PTAB Precedential Opinion Panel to an updated Trial Practice Guide to a decision throwing the constitutionality of PTAB appointments into question, 2019 was a busy year in post-grant practice. Join Fish Principals and Post-Grant Practice Co-Chairs [Dorothy Whelan](#) and [Karl Renner](#) as they take a closer look at the most significant developments in post-grant jurisprudence from 2019 and their impact on practitioners. Dorothy and Karl will discuss:

- PTAB statistics and trends
- The PTAB's Precedential Opinion Panel and some of the decisions it designated this year
- Important Federal Circuit and Supreme Court decisions, including:
  - *Celgene Corp. v. Peter*
  - *Arthrex, Inc. v. Smith & Nephew, Inc.*
  - *Return Mail, Inc. v. United States Postal Service*
- What to watch for in 2020

# Agenda

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- **Statistics**
- **Important Federal Circuit and Supreme Court Decisions**
- **PTAB's Precedential Opinion Panel**
- **Motion to Amend Practice**
- **Discretionary Denials**
- **Estoppel**
- **What to Watch for in 2020**

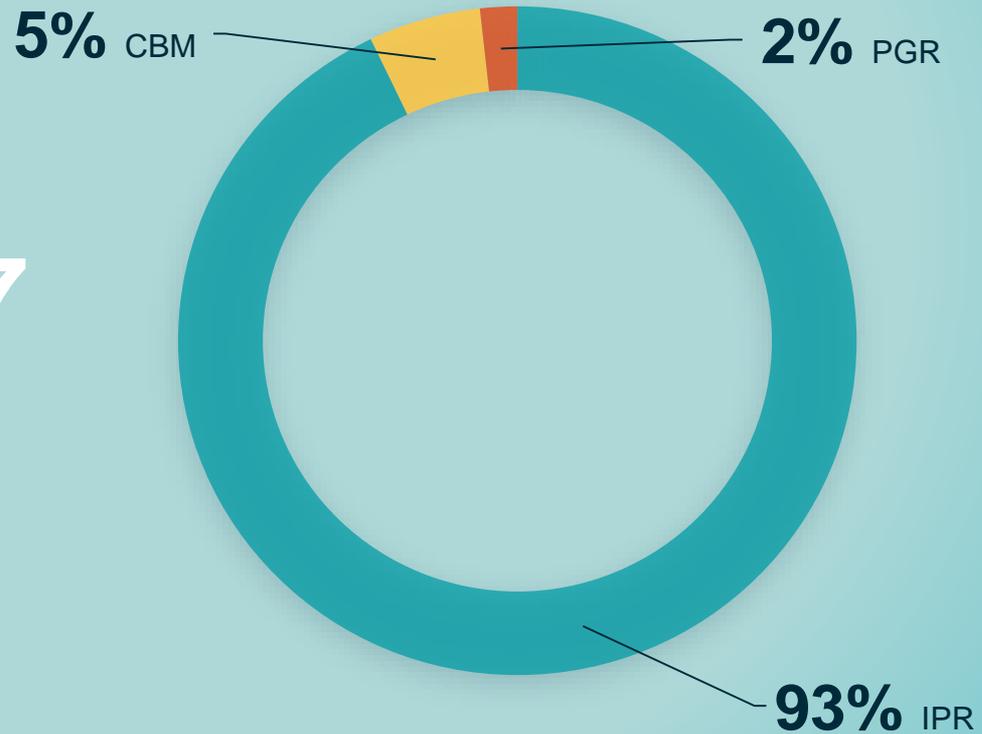


# Statistics

# AIA Petitions



**11,007**  
**AIA Petitions**  
FILED SINCE 2012

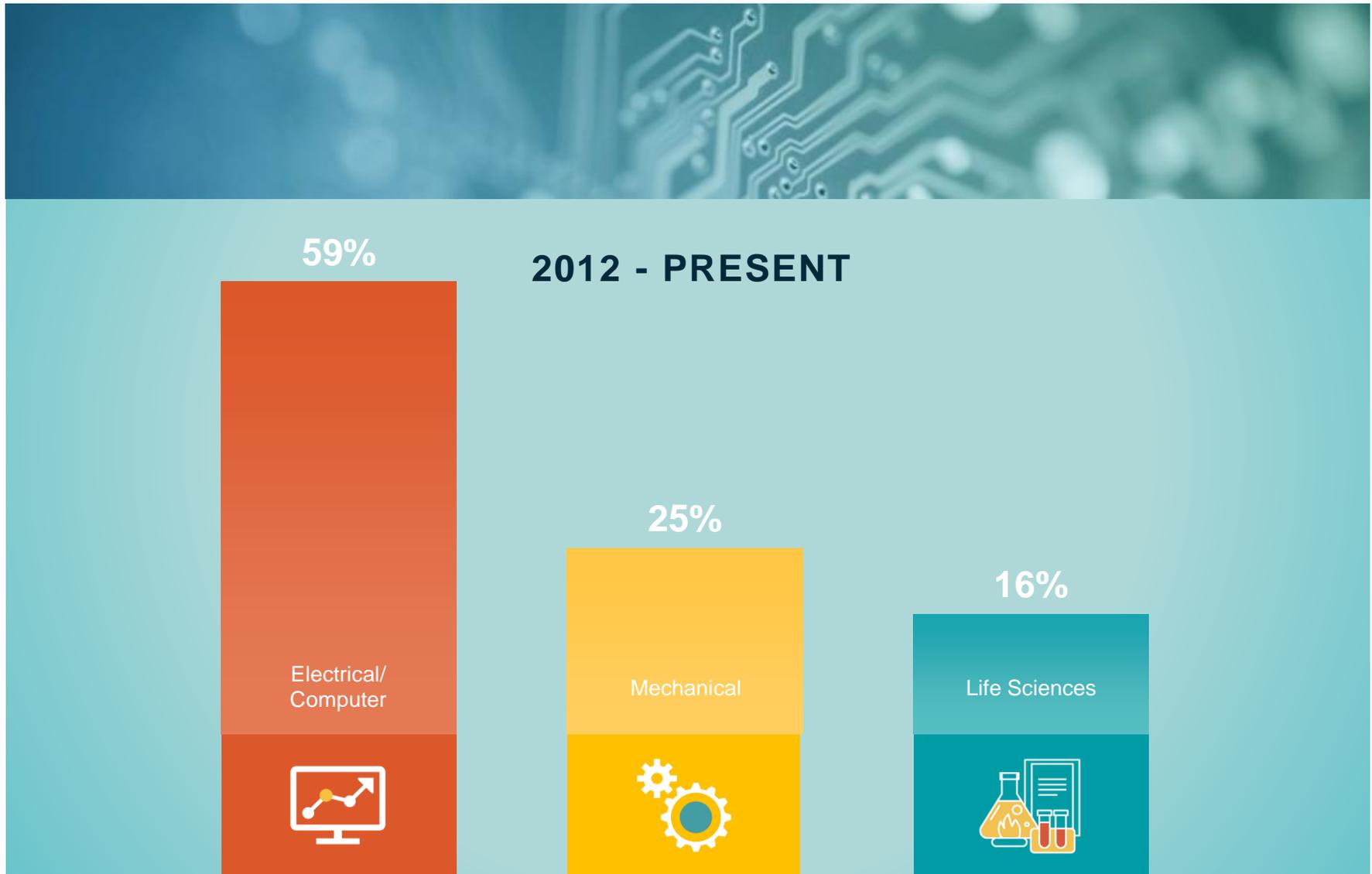


# PTAB – The Most Active Forum



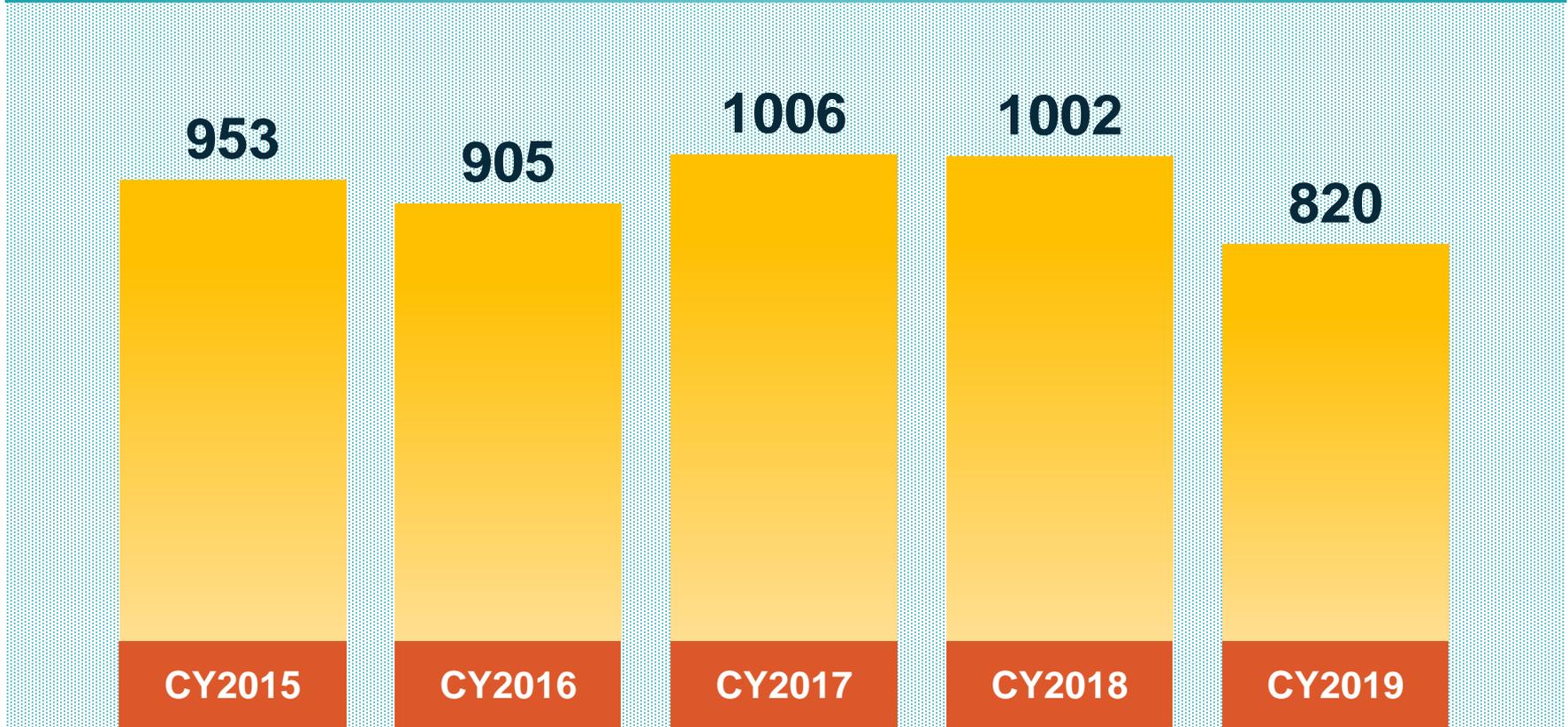
Most active courts by number of cases	CY2015	CY2016	CY2017	CY2018	CY2019
<b>PTAB</b>	1802	1762	1801	1720	1322
<b>DED</b>	544	454	775	875	1001
<b>TXED</b>	2546	1665	864	504	332
<b>CACD</b>	298	293	325	304	345

# Technology Breakdown by USPTO Tech Center



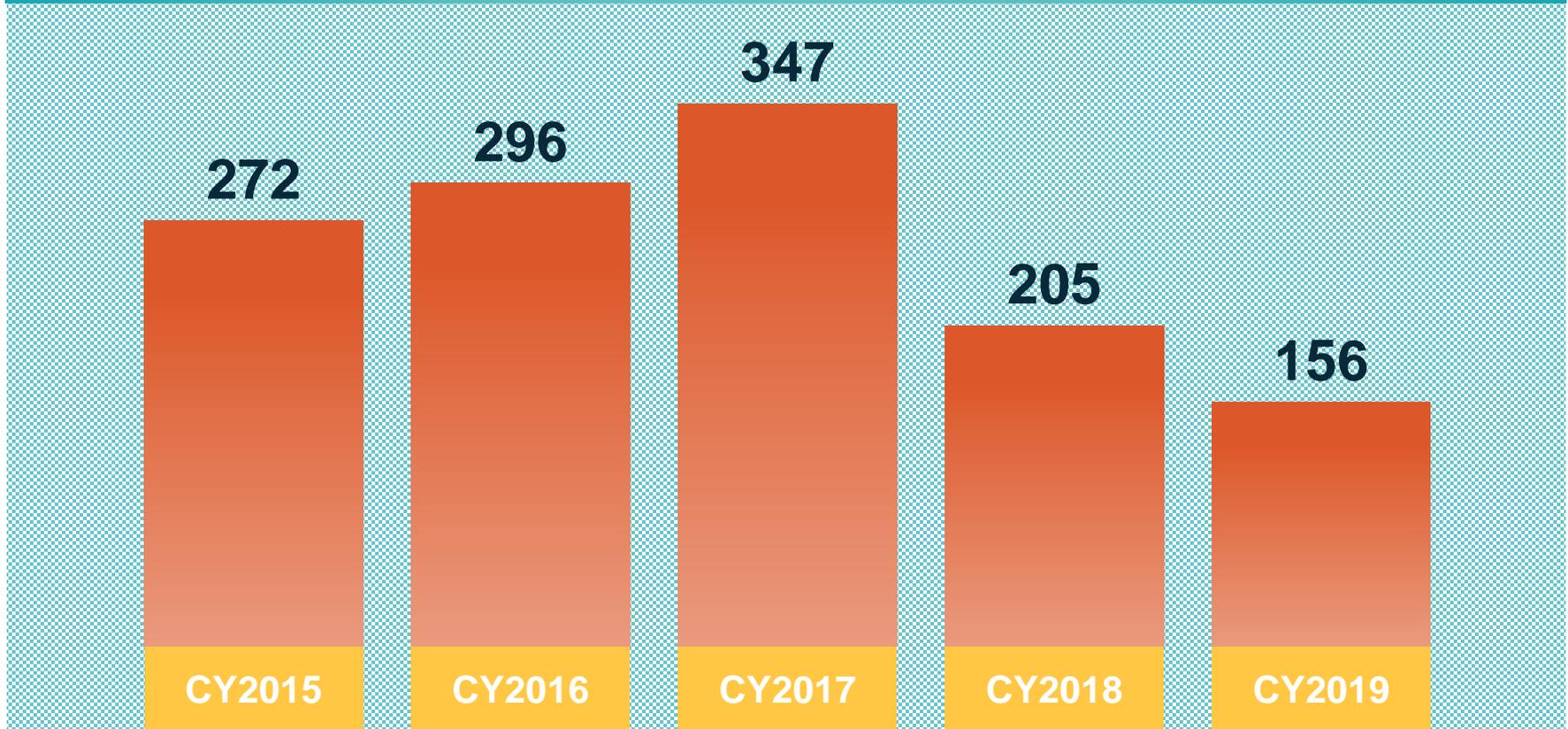
# Electrical/Computer IPR Filings

IPRS Filed in Technology Center's  
2100, 2400, 2600, AND 2800  
2015 - PRESENT

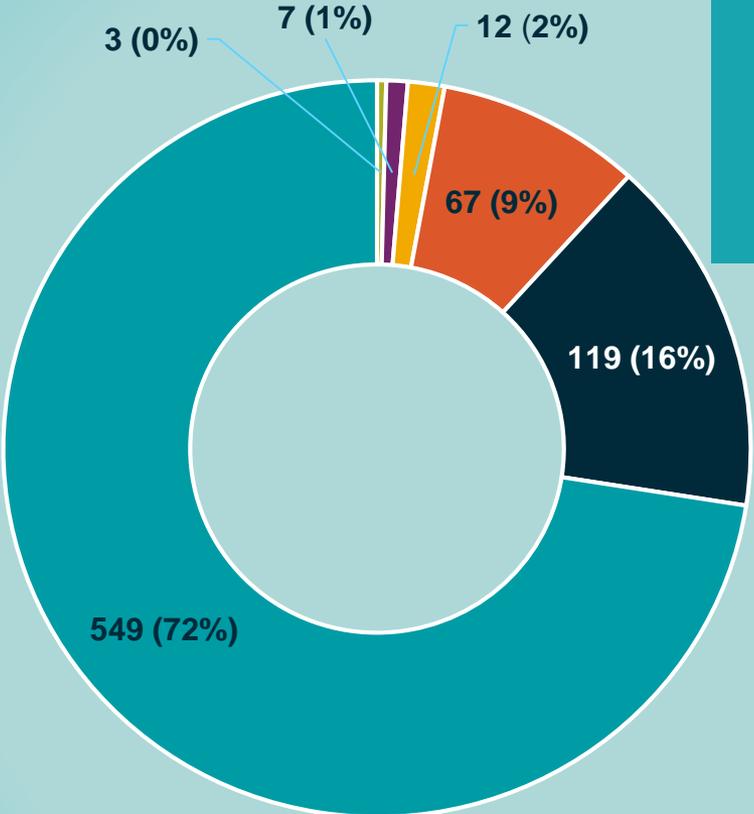


# Life Sciences IPR Filings

IPRS Filed in Technology Centers 1600 + 1700  
2015 - PRESENT



# 2019 By the Numbers – IPR Petitions



**757 (72%)**  
**IPR PETITIONS**  
WERE INSTITUTED  
IN 2019

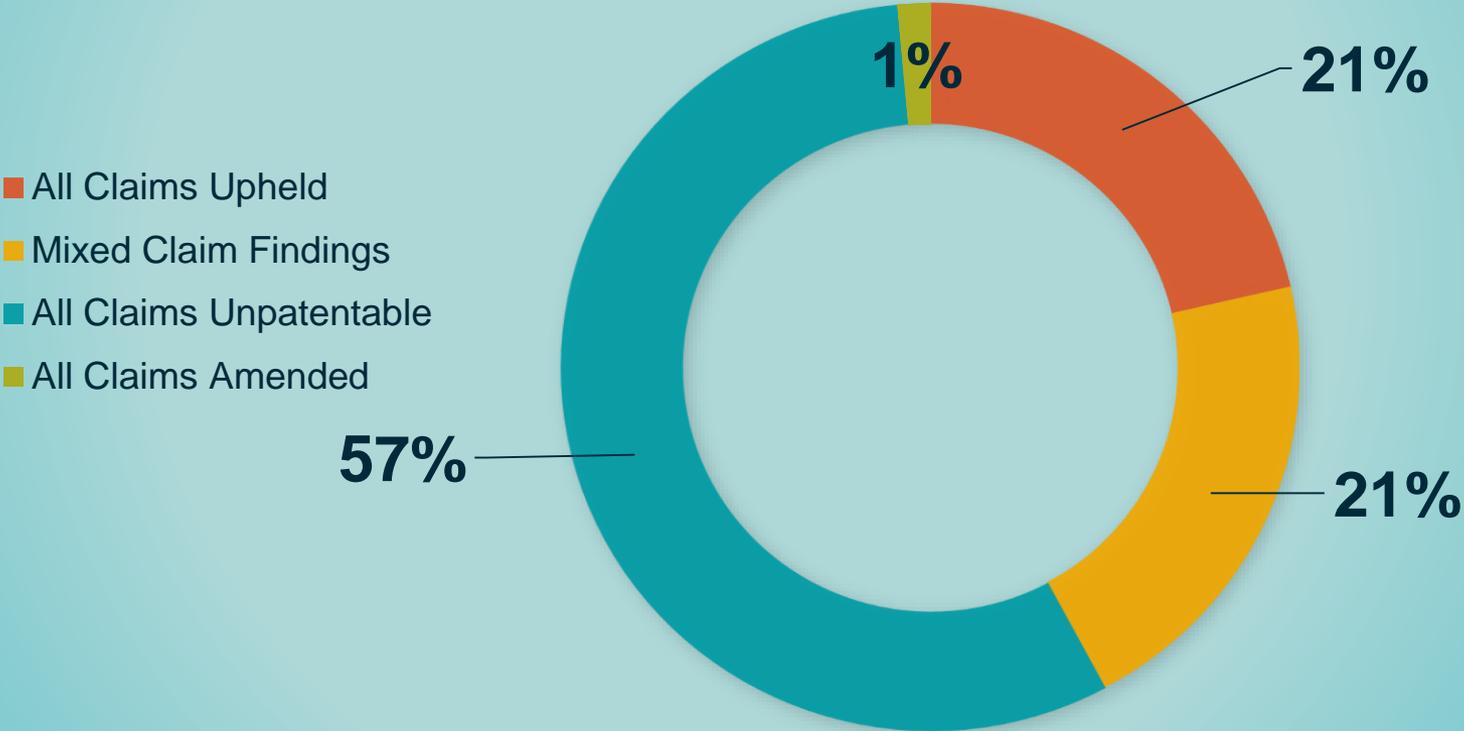


- Procedurally Dismissed
- Final Written Decision
- Patent Owner Disclaimed
- Joined to Other Trial
- Settled
- Open Post Institution/Pending

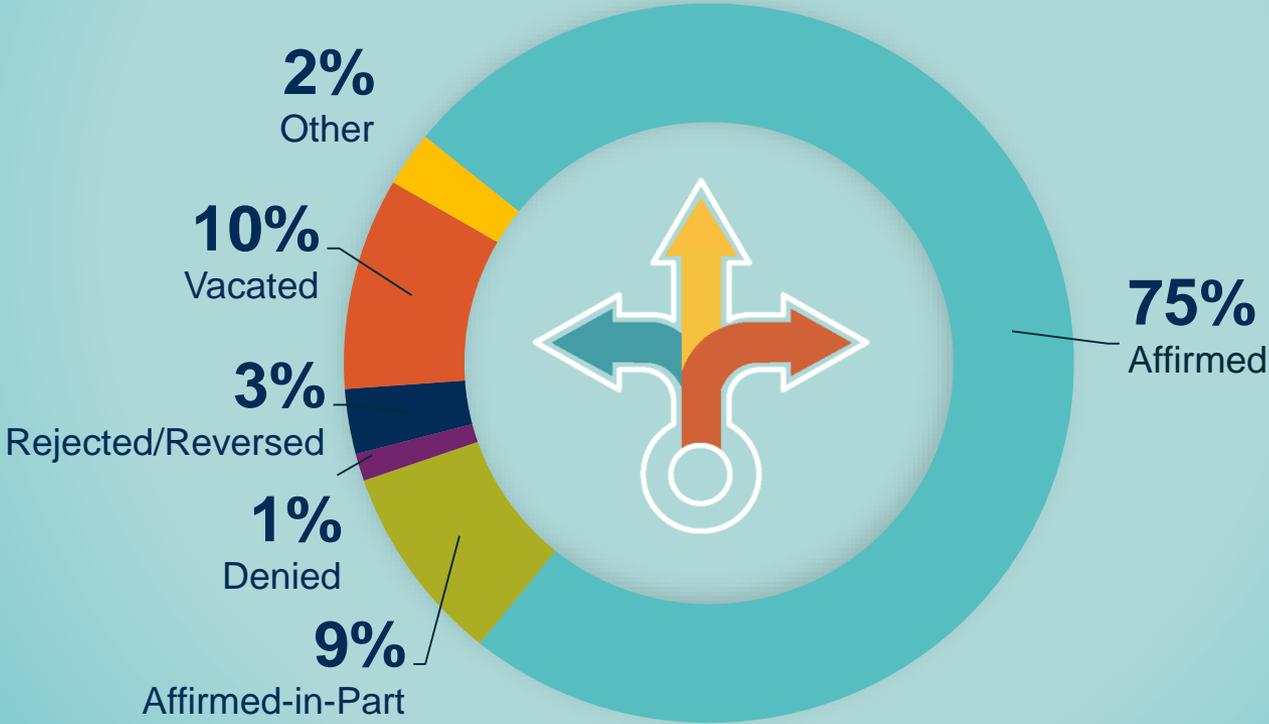
# 2019 By the Numbers – Final Written Decision

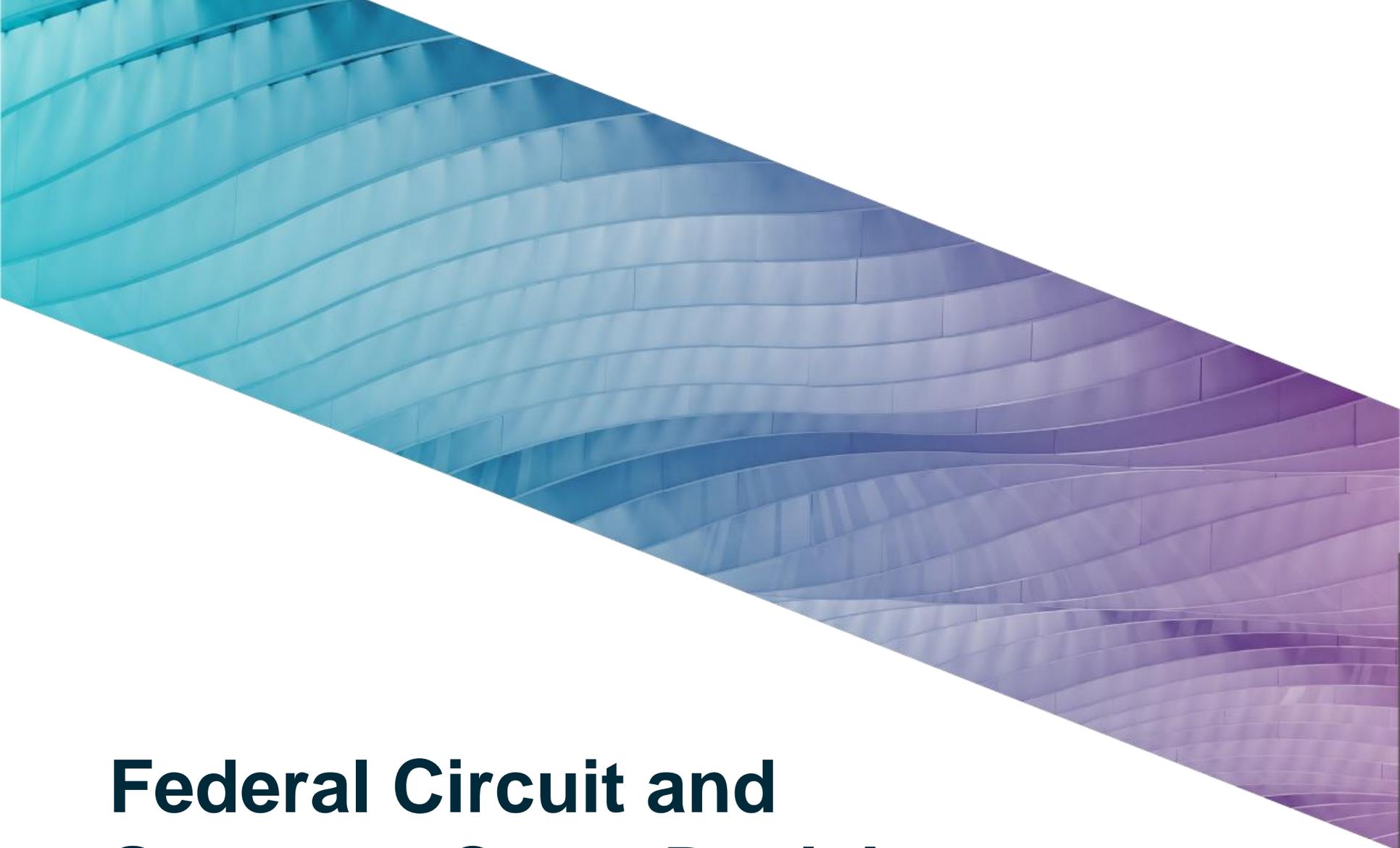
## 420 IPR PETITIONS

Reached Final Written Decision in 2019



# IPR/CBM Federal Circuit Decisions





# **Federal Circuit and Supreme Court Decisions**

# ***Celgene Corp.*: Constitutionality of IPRs**

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## ***Celgene Corp. v. Peter*, No. 18-1167, (Fed. Cir. July 30, 2019)**

- Federal Circuit affirmed that the retroactive application of IPR proceedings to pre-AIA patents is not an unconstitutional taking.
- In reaching this decision, the Court compared AIA post-grant proceedings with pre-AIA post-grant proceedings and found that the differences were not significant enough to suggest a Fifth Amendment taking.

# Arthrex: Congress Over-Delegated to APJs

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***Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 18-2140 (Fed. Cir. Oct. 31, 2019)**

## **The Constitutional Issue:**

- IPR statute gave APJs power to issue decisions binding the government, but did it appropriately **subordinate** them to the Secretary of Commerce or the Director?
- If the IPR statute calls for APJs to act as “Superior Officers of the United States”—without **appointment consistent with the Appointments Clause (art. II, § 2, cl. 2)**—the statute would be unconstitutional
  - Superior officers generally require Presidential appointment, with Senate advice and consent
- So, the question – in dispatching their duties under the IPR statute, are APJs acting as superior offices of the United States?

# Arthrex: Are IPR APJs Superior or Inferior Officers?

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In reaching its decision, the Federal Circuit applied a multi-factor test, drawn from *Edmond* [520 U.S. 651 (1997)]

- Over the APJs and their PTAB decisions, who (if anyone) has:
  - Review Power?
  - Supervision Power?
  - Removal Power?

## Conclusion

- As to IPR decisions, APJs exercise the authority of superior officers

# Arthrex: Determining IPR's Fate

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- Having reached the conclusion that APJs were acting as superior officers, the Federal Circuit was confronted with the undisputed fact that the presiding APJs were installed without accounting for Appointment Clause standards
- Question – Is this fatal to the entire IPR system?
  - Striking IPR entirely would be highly disruptive
  - Striking IPR was deemed contrary to Congress's clear intent
  - Is it possible to strike just one part, and keep the rest?

# Arthrex: Determining IPR's Fate

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- CAFC conclusion: **Yes, it is possible to strike just one part of the IPR statute, and maintain the remainder**
  - Severing Congress's grant of federal employment protections to APJs was said by this opinion to be the narrowest way to preserve the statute
  - "Title 5's removal protections cannot be constitutionally applied to APJs, so we sever that application of the statute"
  - Consequently, according to the Federal Circuit, APJs are now "at-will" employees, and their actions are no longer unconstitutional under the Appointments clause

# Arthrex: The Patent Owner's Remedy

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- Applying *Lucia* [138 S. Ct. 2044 (2018)], the CAFC remanded for rehearing, by a new panel of APJs
  - ... the case cannot be remanded “for the same Board judges to rubber-stamp their earlier unconstitutionally rendered decisions”
  - “We see no error in the new panel proceeding on the existing written record” (*Id.*)
- Other comments offered by the CAFC:
  - “... this case [is] limited to those cases where final written decisions were issued and where litigants present an Appointments Clause challenge on appeal” (Slip op. at 29)
  - “To be clear, on remand the decision to institute is not suspect; we see no constitutional infirmity in the institution decision” (Slip op. at 30)

# ***Bedgear: Remedies in Light of Arthrex***

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## ***Bedgear, LLC v. Fredman Bros. Furniture Company, Inc., No. 18-2082, (Fed. Cir. Nov. 7, 2019)***

- Among the first Federal Circuit decisions to cite *Arthrex*
- Judge Dyk disagreed with *Arthrex*, stating that its remedy aspect (requiring a new hearing before a new panel) is not required by *Lucia* and that such a remedy “imposes large and unnecessary burdens” on the IPR system

# ***Polaris Innovations v. Kingston Technology***

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## ***Polaris Innovations Limited v. Kingston Technology Co, Inc., No. 18-178 and 18-1831 (Fed. Cir.)***

- In these cases, a slightly different appointments clause challenge is being advanced to suggest that employment power is not dispositive and that the lack of supervision causes APJ decision-making under the IPR statute consistent with that of superior officers
- Rendering the *Arthrex* "fix" insufficient and the IPR statute still unconstitutional under the appointments clause

# ***Return Mail: No AIA Review for the Gov.***

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## ***Return Mail, Inc. v. United States Postal Service, Inc., 587 F.3d \_\_\_\_ (Supreme Court, June 10, 2019)***

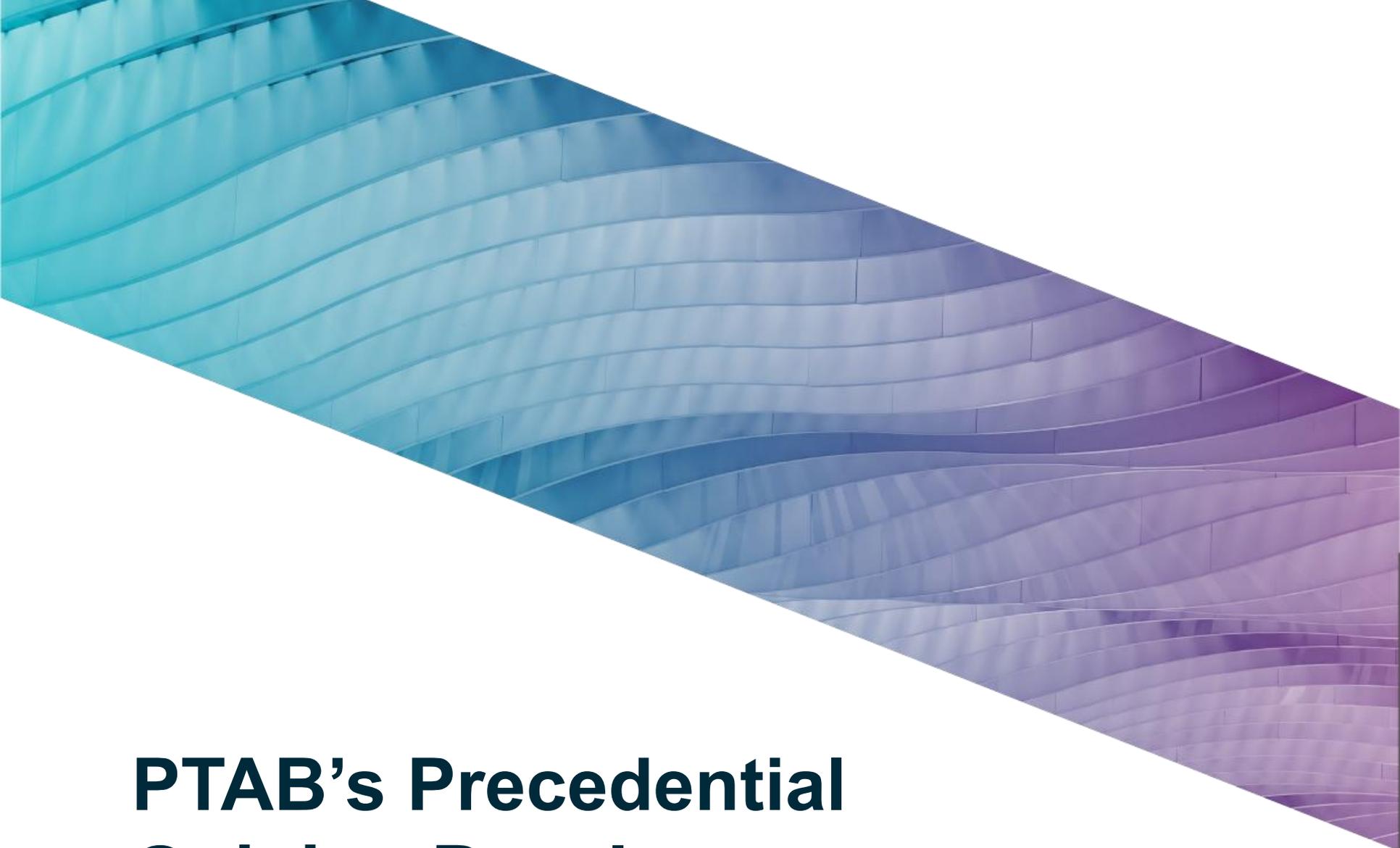
- Background: Return Mail sued the USPS in the Court of Federal Claims for patent infringement, USPS sought CBM review which resulted in all claims being cancelled
- Return Mail appealed arguing that the USPS lacks standing because it is not a “person” eligible to petition for CBM review. Federal Circuit disagreed, and affirmed PTAB’s decision
- Supreme Court reversed and held that federal agencies cannot avail themselves to AIA post-issuance proceedings because the Government is not a “person” for the purposes of AIA post-issuance proceedings
- Note: The Government can still use *ex parte* reexamination

# Thryv: Appealing One-year Bar Decisions

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## ***Thryv v. Click-to-Call* (Supreme Court, Argued on Dec. 9, 2019)**

- Key issue: whether 35 U.S.C. § 314(d) permits appeal of the PTAB's decision to institute an IPR upon finding that 35 U.S.C. § 315(b)'s time bar did not apply
- Thryv argued 35 U.S.C. § 314(d) – “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”
- Click-to-Call argued that the § 315(b) time bar language was not “under this section [§ 314]” should be appealable



# **PTAB's Precedential Opinion Panel**

# PTAB's Precedential Opinion Panel ("POP")

- USPTO revised its operating procedures in 2018 to create the POP
- POP members (by default)
  - Director
  - Commissioner for Patents
  - Chief PTAB Judge

<https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions>

## PATENT TRIAL AND APPEAL BOARD

### STANDARD OPERATING PROCEDURE 2 (REVISION 10)

#### PRECEDENTIAL OPINION PANEL TO DECIDE ISSUES OF EXCEPTIONAL IMPORTANCE INVOLVING POLICY OR PROCEDURE

#### PUBLICATION OF DECISIONS AND DESIGNATION OR DE-DESIGNATION OF DECISIONS AS PRECEDENTIAL OR INFORMATIVE

This Standard Operating Procedure (SOP) addresses the designation of a Precedential Opinion Panel in adjudications before the Patent Trial and Appeal Board (Board) to decide issues of exceptional importance (e.g., involving agency policy or procedure). The SOP sets forth the composition of the Precedential Opinion Panel, describes the mechanisms for invoking Precedential Opinion Panel review of a Board decision recently issued in a pending case, and explains the Precedential Opinion Panel review process. Unless otherwise designated, Precedential Opinion Panel decisions will set forth binding agency authority.

This SOP further addresses the publication of Board decisions and the review procedure for designating Board decisions, other than Precedential Opinion Panel decisions, as precedential or informative authority for the Board. The review procedure includes a process by which an Executive Judges Committee evaluates decisions nominated for precedential or informative designation. As part of this process, the Executive Judges Committee also may solicit and evaluate comments from all members of the Board to determine whether to recommend the nominated decision for designation as precedential or informative.

Finally, this SOP includes a procedure for de-designating precedential decisions and informative decisions.

No decision will be designated or de-designated as precedential or informative without the approval of the Director. This SOP does not limit the authority of the Director to designate or de-designate decisions as precedential or informative, or to convene a Precedential Opinion Panel to review a matter, in his or her sole discretion without regard to the procedures set forth herein. Nor does this SOP limit the Director's authority to issue, at any time and in any manner,

# POP Review Decisions

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- Function 1: Review PTAB decisions
  - Requested *sua sponte* by the Director or any party to a proceeding
- In 2019, the POP made its first three reviews
  - ***Proppant Express Investments, LLC v. Oren Technologies, LLC***, IPR2018-00914, Paper 38, 3-5 (Mar. 13, 2019). Being the first POP review decision, addressed the issue of “same party joinder,” *i.e.*, whether a petitioner may join new issues to its post-instituted petition.
  - ***GoPro, Inc. v. 360Heros, Inc.***, IPR2018-01754, Paper 38, 2 (Aug. 23, 2019). Addressed whether the one-year window to file a petition is triggered by a deficient litigation complaint.
  - ***Hulu, LLC et al. v. Sound View Innovations, LLC***, IPR2018-01039, Paper 20 (December 20, 2019). Addressed the question of what must be shown in a petition to sufficiently establish that a textbook or other non-patent reference qualifies as a “printed publication”.

# PTAB's Precedential Opinion Panel ("POP")

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A precedential decision establishes binding authority concerning major policy or procedural issues, or other issues of exceptional importance, including constitutional questions, important issues regarding statutes, rules, and regulations, important issues regarding case law, or issues of broad applicability to the Board. SOP 2, 2-3, 11.

- Function 2: Designate PTAB decisions as precedential
  - Who nominates cases?
    - USPTO employees
    - members of the public
  - More designations in 2019 than before
    - In 2019, 19 cases were designated precedential
    - Over its six prior years, ninety (90) cases designated

# POP Precedential Designations

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## *PTAB's Discretionary Denials*

- ***Valve Corp. v. Elec. Scripting Prods., Inc.***, Case No. IPR2019-00062, -00063, -00084, Paper 11 (Apr. 2, 2019) (designated: May 7, 2019). Expanded the *General Plastic* doctrine for applying a 314(a) discretionary denial from a single petitioner to multiple petitioners under certain circumstances.
- ***NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.***, Case No. IPR2018-00752, Paper 8 (Sept. 12, 2018) (designated: May 7, 2019). Applied §325(d) to deny grounds relying on art that was earlier considered during prosecution, and also noted the advanced state of the co-pending district court proceeding under §314(a).
- ***Becton, Dickinson & Co. v. B. Braun Melsungen AG***, Case IPR2017-01586, Paper 8 (Dec. 15, 2017) (designated: Aug. 2, 2019). Articulated factors informing §325(d) discretion to deny grounds relying on prior art previously presented for consideration by the Office.

# POP Precedential Designations

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## ***Motion to Amend - § 316(d)***

- *Amazon.com, Inc. v. Uniloc Luxembourg S.A.*, Case IPR2017-00948, Paper 34 (Jan. 18, 2019) (designated: Mar. 18, 2019) denied a MTA based on 101 holding that substitute claims are reviewable under all grounds of patentability
- *Lectrosonics, Inc. v. Zaxcom, Inc., Inc.*, Case IPR2018-01129, 01130, Paper 15 (Feb. 25, 2019) (designated: Mar. 7, 2019) provided guidance on MTA practice including allocations of the burdens and requirements, e.g., reasonable number of substitute claims, page limits, and the duty of candor



# **Motion to Amend Practice**

# Motion to Amend (MTA) Pilot Program

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- *Available in proceedings instituted on or after March 15, 2019*
- Overview:
  - Under the Pilot Program, Patent Owner can:
    - Request nonbinding preliminary Board guidance on its MTA
  - After receiving the Board’s preliminary guidance and Petitioner’s Opposition, Patent Owner can either:
    - File a revised MTA; or
    - Defend the original MTA.

# Board's Preliminary Guidance

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- Addresses procedural and statutory issues relevant to an MTA
  - Reasonable number of claims
  - Responsiveness
  - Enlargement
  - New matter
  - Patentability under §§ 101/102/103/112(b)
- Similar in content to an institution decision
  - Addresses only features added by amendments in the MTA

# Use of the Pilot Program

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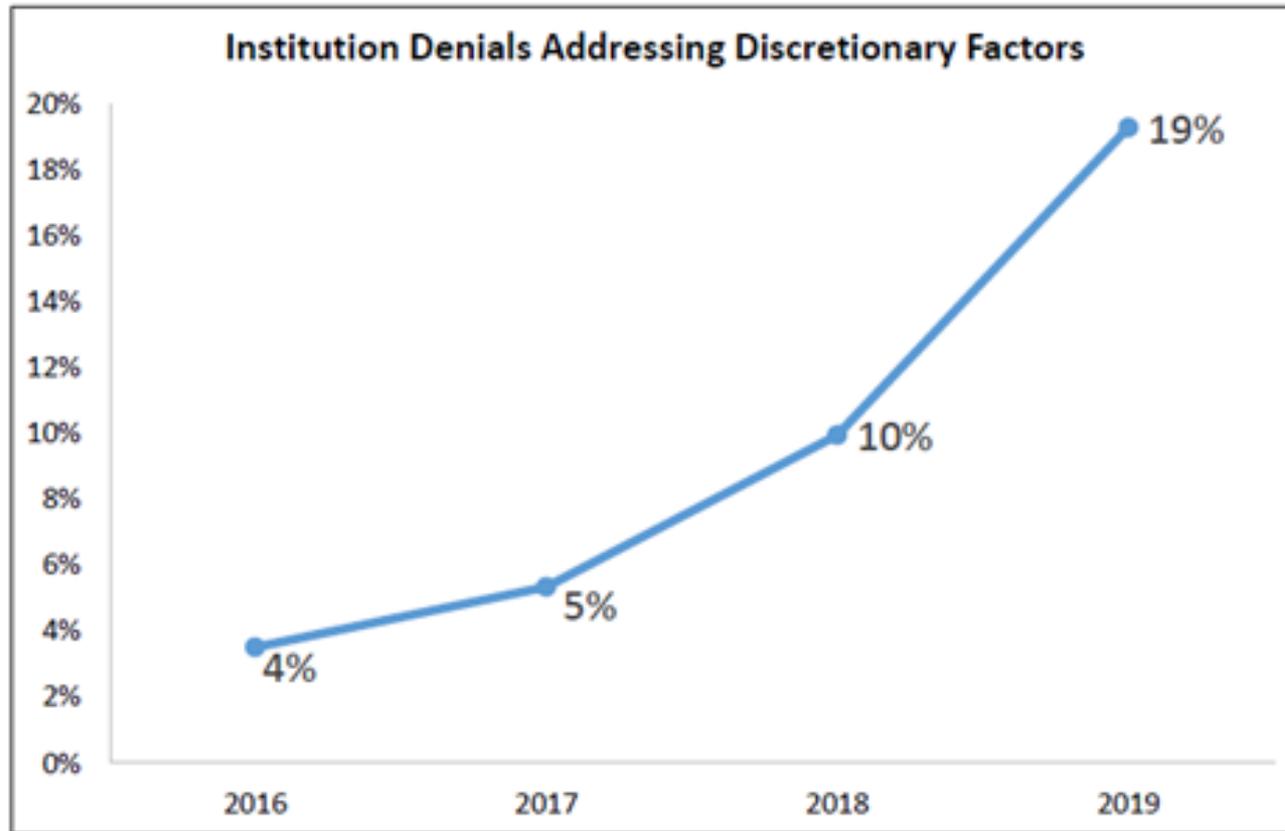
- Majority of Patent Owners have requested preliminary guidance since inception of the Pilot Program
- Board's Guidance:
  - Consistently favorable on procedural issues
  - Consistently unfavorable on patentability



# **Discretionary Denials**

# Discretionary Denials

- Board's use of discretionary denial continued to increase in 2019



Source: Docket Navigator

# Discretionary Denials

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## **Most likely scenarios for discretionary denial of institution:**

1. Multiple petitions filed by the same petitioner
2. Different petitioners challenge the same patent
3. Petition includes prior art or arguments previously presented
4. Late-stage, co-pending litigation
5. Significant number of claims and/or grounds do not have a reasonable likelihood of prevailing

# Multiples Petition, Same Petitioner

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- Trial Practice Guide updated July 15
  - “***one petition*** should be sufficient to challenge the claims of a patent in ***most*** situations.”
- Petitioners filing two or more petitions against the same patent should identify:
  - A ranking of the petitions in the order in which they wish the Board to consider the merits
  - A succinct explanation of the differences between the petitions

**NY/NJ CLE: 917**

# Multiple Petitions, Different Petitioners

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- *Valve Corporation v. Electronic Scripting Products, Inc.*, IPR2019-00062, Paper 11 (PTAB Apr. 2, 2019) (precedential)
  - Expands the *General Plastic* doctrine to multiple petitioners under certain situations (e.g., a “significant relationship” between petitioners)
  - Board denied Valve’s petition, arguing that it qualified as a follow-on petition because Valve challenged the same patent claims as earlier petitioner HTC
  - Board also found that there was a “significant relationship” between Valve and HTC because they were both co-defendants in a district court litigation

# Prior Art Previously Presented

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- Board continues to apply the *Becton Dickinson* factors
- Example cases:
  - *Aquestive Therapeutics, Inc. v. Neurelis, Inc.*, IPR2019-00450, Paper 8 (PTAB Aug. 1, 2019).
  - *Bio-Rad Laboratories, Inc. V. 10X Genomics, Inc.*, IPR2019-00566, Paper 21 (PTAB Jul. 22, 2019).

# Late-stage, co-pending litigation

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- *NHK Spring Co. Ltd. v. Intri-Plex Technologies Inc.* IPR2018-00752, Paper 8 (PTAB Sep. 12, 2018) (precedential)
  - Board exercised its discretion under 35 U.S.C. §§ 314(a) and 325(d)
  - **325(d)**: Cited art had already been considered by the examiner during prosecution.
  - **314(a)**: “The advanced state of the district court proceeding is an additional factor that weighs in favor of denying the Petition[.]”
    - **Board**: institution would not further AIA goal of efficiency, because district court would render a validity decision on the same art before an IPR institution decision was issued.

# Late-stage, co-pending litigation

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- *Next Caller Inc. v. Trustid, Inc.*, IPR2019-00961, Paper 10 (PTAB Oct. 16, 2019).
  - Board denied under 314(a) alone.
  - ““Petition presents substantially the same issues, arguments, and evidence as it has presented in the Parallel District Court Proceeding.”
  - “The district court has already expended substantial resources to gain familiarity with and resolve these issues, and is set to complete trial in the Parallel District Court Proceeding before any final decision from the Board would be due.”

# No reasonable likelihood for multiple claims / grounds

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- *Deeper, UAB v. Vexilar, Inc.*, IPR Case No. 2018-01310, Paper 7 (PTAB Jan. 24, 2019) (informative)
  - Reasonable likelihood of prevailing found for only:
    - 2 out of 23 challenged claims; and
    - 1 out of 4 grounds.
  - Board: “instituting a trial ... directed to only two claims and one ground would *not be an efficient use* of the Board’s time and resources.”



# Estoppel

# Estoppel post-SAS

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- Some district courts: SAS removes petitioners' basis for relying upon *Shaw case* to escape § 315(b) estoppel.
- One district court reasoned:
  - “After SAS, . . . [b]ecause the PTAB must now institute review (if at all) on all grounds, there will be no such thing as a ground raised in the petition as to which review was not instituted.”
  - “Accordingly, for the words ‘reasonably could have raised’ to have any meaning at all, they must refer to grounds that were not actually in the IPR petition, but reasonably could have been included.” *Palomar Technologies, Inc. v. MRSI Systems, LLC*, No. 18-10236, slip op. at 14 (D. Mass. Mar. 27, 2019).

# Estoppel Barring Later-Filed Petitions

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- *SK Hynix Inc. v. Netlist, Inc.*, IPR2018-00364, Paper 32 (PTAB Aug. 5, 2019)
  - Board issued FWD gave rise to estoppel against Petitioner.
  - Board found that estoppel barred the continuation of another pending IPR against the same patent by the same petitioner, even though pending IPR was just days from a final written decision.
- Though this *SK Hynix* decision is on appeal, two potential lessons:
  1. where possible, file multiple petitions on the same day to ensure close-in-time institution decisions; and
  2. request consolidation of proceedings when multiple petitions are instituted.



# **What To Watch For in 2020**



# **Post-Grant Resources**

# Post-Grant Resources

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## Fish Sites

- **Dedicated Website:** <http://fishpostgrant.com/>
- **Mobile Application:** <http://fishpostgrant.com/app/>
- **Case Studies:** <https://fishpostgrant.com/cases/>
- **Webinar Replays:** <http://fishpostgrant.com/webinars/>
- **Post-Grant Radio:** <http://fishpostgrant.com/podcasts/>
- **Post-Grant Year-End Reports:** <https://fishpostgrant.com/post-grant-report/>

## USPTO Sites

- **Dedicated Website:** <https://www.uspto.gov/patents-application-process/patenttrialandappealboard>
- **Post-Grant Trial Practice Guide:** <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/trial-practice-guide-july-2019-update>
- **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>

# Special Thank You!

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**John-Paul Fryckman**



**Dan Smith**



**Jenny Huang**

**Coming  
soon!**

**2019  
Post-Grant Report**

# Thank You!

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Please send your NY CLE forms or questions about the webinar to Angela Park at [park@fr.com](mailto:park@fr.com)

A replay of the webinar will be available for viewing at <http://www.fishpostgrant.com/webinars>

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**Save the date!**  
**Trademark & Copyright 2019**  
**Year in Review Webinar**

Wednesday, 1/15  
1:00-2:00PM EST

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