Post-Grant for Practitioners:
2020 Year in Review

January 14, 2021
Meet The Speakers

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Overview

• Topics
  • Important decisions
  • Developments
  • Practice tips

• Housekeeping
  • CLE
  • Questions
  • Materials
    • http://fishpostgrant.com/webinars/
Agenda

• Statistics
• Important Federal Circuit and Supreme Court Decisions
• Discretionary Denials
• PTAB’s Precedential Opinion Panel
• Motion to Amend Practice
• What to Watch for in 2021
Statistics
AIA Petitions

12,530
AIA Petitions
FILED SINCE 2012

Source: Lex Machina as of 1/11/2021
DER petitions make up <1% of remaining petitions
## PTAB – The Most Active Forum

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<th>Most active courts by number of cases</th>
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Source: Lex Machina as of 12/31/2020
Technology Breakdown by USPTO Tech Center

2012 - Present

- Electrical/Computer: 59%
- Mechanical: 25%
- Life Sciences: 16%

Source: Lex Machina as of 1/11/2021

Design Patents make up <1% of remaining petitions
Electrical/Computer IPR Filings

IPRS Filed in Technology Center’s 2100, 2400, 2600, AND 2800 2016 - PRESENT

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Source: Lex Machina as of 12/31/2020
Life Sciences IPR Filings

IPRS Filed in Technology Centers 1600 + 1700
2016 - PRESENT

Source: Lex Machina as of 12/31/2020
Design patents make up for ~7% of total PGR filings since 2016
Important Federal Circuit and Supreme Court Decisions
Legality of PTAB Judges: Arthrex


- **The Constitutional Issue:**
  - IPR statute gave APJs power to issue decisions binding the government, but did not **fully subordinate** them to the Secretary of Commerce or PTO Director
  - Thus in IPR, APJs act as “Superior Officers of the United States”—but they were not appointed as such
    - Superior officers generally require Presidential appointment, with Senate advice and consent
      - i.e., Appointments Clause (art. II, § 2, cl. 2)
    - The IPR statute is in this respect unconstitutional
Legality of PTAB Judges: *Arthrex*  

- No dispute that APJs in this IPR (and all others . . ) were not appointed under Appointment Clause standards  
- Opinion turns to whether IPR as a whole can survive  
  - Striking IPR in its entirety would be highly disruptive, and against Congress’ clear intent  
  - Possible to strike just one part, and keep the rest?  
- **Conclusion:** Yes. Severing Congress’s grant of federal employment protections to APJs [35 U.S.C. § 3(c)] is the narrowest way to preserve the statute  
  - Thus APJs are now “at-will” employees
Issues on Appeal to SCOTUS

#1. Whether, for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges of the U.S. Patent and Trademark Office are principal officers who must be appointed by the President with the Senate’s advice and consent, or “inferior Officers” whose appointment Congress has permissibly vested in a department head.

#2. Whether, if administrative patent judges are principal officers, the court of appeals properly cured any Appointments Clause defect in the current statutory scheme prospectively by severing the application of 5 U.S.C. 7513(a) to those judges.
Timeline

**WINTER**

Argument likely in early 2021

Decision likely in May or June 2021
Reviewability—*Thryv v. Click to Call*

**Federal Circuit**
- The PTO completed an IPR and refused to block institution under the one-year bar because the old lawsuit had been dismissed.
- The panel found the institution decision unreviewable.
- But reversed on rehearing, in view of the en banc holding in WiFi One.

**Supreme Court**
- Majority ruled that Cuozzo controlled and that things “closely tied” to the main institution decision included the one-year bar of Section 315 (and by extension, covers all legitimate decisions made at institution).
- Gorsuch dissent (with Sotomayor): Says only Section 314 determinations (not 312 or 315) are blocked from review.
Reviewability: Where It Matters

- Denials for one-year bar.
- Denial after petitioner kills claims, patentee uses reexam to get more, and one-year bar has expired IPR2019-00124, -00125, -00139, -00140, -00141, -00181.
- Denial when petitioner is government contractor, government has been sued, and thus government is deemed a necessary but ineligible IPR party (*Microsoft v. Science Applications*).
- Denial for other real-party-in-interest issues.
- Denial where parallel litigation in rocket docket (W.D. Tex.: Albright) might make IPR duplicative (*NHK-Fintiv* test).
  - *In re Sand Revolution* (Fed. Cir. Sept. 28, 2020) (denying mandamus to require W.D. Tex. to stay in favor of IPR)
Standing to Appeal—Argentum

- The Board is not a court—standing is not required to file a Post-Grant petition
- Anyone but the patent owner can file an IPR or PGR
  - 35 U.S.C. § 311(a) ("[A] person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.")
  - 35 U.S.C. § 321(a) ("[A] person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent.")
- But a party appealing a Final Written Decision must have Article III standing
  - Injury-in-fact (Concrete, imminent, particularized)
  - Causation
  - Redressability
Argentum: Partner’s Plans to Submit ANDA Not Enough

• Argentum Pharm. LLC v. Novartis Pharm. Corp., 956 F.3d 1374, 1377 (Fed. Cir. 2020)
  – Apotex petitioned for IPR of Novartis’ patent
  – The PTAB instituted and joined Argentum, among others
  – PTAB found petitioners did not demonstrate unpatentability and petitioners appealed but all except Argentum settled out

• The Court:
  – Argentum did not show it had standing on its own
  – No ANDA filed yet and any infringement suit would be directed at the ANDA filer - Argentum’s manufacturing/marketing partner
  – Insufficient evidence to show economic harm through renovating manufacturing space
  – Reiterated that estoppel under 35 USC 315(e) is not enough for standing
Cases Finding Standing

What is enough for specific threat of infringement?

• Adidas AG v. Nike, Inc., 963 F.3d 1355, 1357 (Fed. Cir. 2020)
  – Petitioner previously sued by patent owner (and direct competitor) on different patent has standing, where patent owner refused to grant CNS and asserted patent-in-suit against similar third-party product

• Grit Energy Sols., LLC v. Oren Techs., LLC, 957 F.3d 1309, 1319 (Fed. Cir. 2020)
  – IPR petitioner who was previously sued by patent owner on same patent has standing, where that case was dismissed without prejudice

Joined Party Has Full Appeal Rights

• Fitbit, Inc. v. Valencell, Inc., 964 F.3d 1112, 1114 (Fed. Cir. 2020)
  – Joining petitioner has standing to appeal FWD on all claims at issue in IPR whether the joining party challenged them or not
Estoppel into Litigation

Effects of Joinder

• *Network-1 Techs., Inc. v. Hewlett-Packard Co.*, 976 F.3d 1301, 1312 (Fed. Cir. 2020)
  – Party that joins IPR after institution, and who thus cannot raise new grounds, is not estopped in district court from challenging claims based on other grounds in district court
Discretionary Denials
Discretionary Denials on the Rise

![Graph showing the rise in institution denials addressing discretionary factors from 2016 to 2020 YTD. The percentages increase from 4% in 2016 to 30% in 2020 YTD.]

Source: Docket Navigator 11/10/2020
Impact of Discretionary Denials on Institution Rates

Institution Rates
In May, the Board addressed the considerations applicable to the PTAB's use of discretion to deny institution in view parallel litigation of the challenged patent.

**Six-factor test:**

1. whether the court granted a stay, or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

The Board explained that “[t]hese factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding.”
Fintiv Factors 2 and 3

• In jurisdictions with expeditious trial schedules (e.g., EDTX, WDTX, ITC), Fintiv Factors 2 and 3 may lean in favor of institution denial
  2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision
  3. investment in the parallel proceeding by the court and the parties

• However, the impact of Factor 3 may be mitigated when petitions are filed promptly after litigation has commenced
Fintiv Factor 4

- Emphasis is often placed on Factor 4, with petitioners going to great lengths to create non-overlap between issues raised in petitions and issues raised in parallel proceedings
  - e.g., using prior art at the PTAB that was not advanced in the parallel litigation
  - e.g., turning to stipulations to create non-overlap by agreeing not to continue advancing certain prior art in the parallel proceeding
• Addresses the use of stipulations in the related District Court litigation to mitigate factor four of the Fintiv test (degree of overlap between issues raised in the different forums)
• The Board endorsed “a stipulation that, if IPR is instituted, [petitioner] will not pursue in the District Court Litigation any ground raised or that could have been reasonably raised in an IPR.”
• The Board explained that “Petitioner’s stipulation here mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions.”
• Other cases have found Petitioners overcoming discretionary denial based on Fintiv with less exhaustive stipulations. See e.g., Sand Revolution, IPR2019-01393, Paper 24 (June 16, 2020)
Discretionary Denial Under 314(a) on the Rise Post *Fintiv*

In the **151 denials** to date in 2020, 314(a) has been the predominant means of procedural denial, used by the PTAB **73% of time** (110 total decisions). Meanwhile, 325(d) denials are at their lowest since 2017, with only **27 denials this year**. This year has also not seen any “combination” denials under both 314(a) and 325(d).

*Source: UnifiedPatents (Oct. 2020)*
PTAB 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
- At least 92 decisions on requests for POP review, of which only 4 have been granted in last 2 years (<5%)
PTAB’s Precedential Opinion Panel (“POP”)

- **Function 1**: Review PTAB decisions
  - Requested *sua sponte* by the Director or any party to a proceeding

- **Function 2**: Designate PTAB decisions as precedential
  - Who nominates cases?
    - USPTO employees
    - Members of the public

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.
• **Issue:** Whether “the Board [may] raise a ground of unpatentability that a petitioner did not advance or insufficiently developed against substitute claims proposed in a motion to amend.”

• **Outcome:** Despite a potentially broad grant of authority by the Federal Circuit in Nike, Inc. v. Adidas AG (955 F.3d 45), the POP restricted the Board’s *sua sponte* powers to “rare circumstances.”

• **Reasoning:** The adversarial nature and efficiency of IPRs is best served by putting the onus on petitioner to raise grounds against substitute claims.
Facebook v. Windy City – No Deference to POP?

• Federal Circuit declined to uphold the Board’s ability to join issues under 35 U.S.C. § 315(c) in Facebook, Inc. v. Windy City Innovations, LLC, 953 F.3d 1313 (Fed. Cir. 2020).
  – The Court reasoned that the USPTO’s statutory interpretation was not afforded deference, because the relevant statute was not ambiguous.

• The Windy City opinion noted the POP’s contrary intervening decision upholding the right to join issues in Proppant Express Investments, LLC v. Oren Techs, LLC, No. IPR2018-00914, Paper 38 (P.T.A.B. Mar. 13, 2019).
  – The panel (Prost, Plager, O'Malley) explained their unanimous belief that POP decisions should never be afforded Chevron deference.
Motion to Amend Practice
Motion to Amend Practice

• **Recent Trends and Observations**
  – No discernable uptick in MTA filing rates
    • Patent owners may still prefer alternative mechanisms (i.e., open prosecution, EPRx, and reissue)
  – Higher success rates (on small sample size)
    • Pre-pilot program success rate of 14%
    • Director Iancu recently reported 36% success rate under the pilot program
  – Preliminary guidance is rarely positive (reportedly <10%)
  – Filing a revised MTA is the most popular strategic choice by patent owners
Motion to Amend Practice

• 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:
    1. File a revised MTA;
    2. File a reply in defense of the original MTA;
    3. Hold arguments in defense of the original MTA for a sur-reply; or
    4. Withdraw from the MTA process altogether.
Issues Addressed by Non-Binding Preliminary Guidance

- Reasonable Number of Substitute Claims
- Responsiveness to the Petition’s Grounds of Unpatentability
- Impermissible Enlargement of Claim Scope
- Impermissible New Matter (Written Description Support)
- Patentability (101/102/103/112)
Motion to Amend Practice

Compressed timeline raises challenges for both parties

- MTA & POR
  - 12 weeks

- Petitioner’s Reply & Opposition to MTA
  - 6 weeks

- PO Revised MTA (rMTA)
  - 3 wks

- Petitioner Opposition to rMTA
  - 3 wks

- Petitioner sur-reply re rMTA
  - 1 wk

- Institution Decision & Scheduling Order

- Preliminary Guidance

- Oral Hearing

- FWD
What to Watch for in 2021
A New Director For the USPTO?

• With a new presidential administration comes the possibility of a replacement for Andrei Iancu as Director of the USPTO
COMING SOON!

2020 Post-Grant Report
Post-Grant Resources
Post-Grant Resources

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
- Standard Operating Procedures: https://www.uspto.gov/patents-application-process/appealing-patent-decisions/procedures/standard-operating-procedures-0
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Thank You!

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