

**Post-Grant for Practitioners
Webinar Series**

**Post-Grant for Practitioners
Mid-Year Review**

August 11, 2022



Meet The Speakers



Nicholas Stephens
Principal



Casey Kraning
Associate

Overview

- **Topics**
 - Important Decisions
 - Developments
 - Practice Tips
- **Housekeeping**
 - CLE
 - Questions
 - Materials
 - <http://www.fr.com/webinars>

FISH.

+ Complimentary CLE Webinar

Navigating ITC Investigations:
What You Need to Know Before Institution
and After Initial Determination

SIGN ME UP



DATE

Thursday,
September 8, 2022



TIME

1:30 – 2:30 p.m. ET/
10:30 – 11:30 a.m. PT

Webinar | Navigating ITC Investigations: What You Need to Know Before Institution and After Initial Determination

Many of the important strategic considerations at the International Trade Commission occur either before an investigation is instituted or after the administrative law judge's final initial determination, and these issues are often overlooked until it is too late.

On Thursday, September 8th, please join attorneys [Daniel Tishman](#) and [John Thuermer](#) as they discuss these important phases of an ITC investigation.

New Date!

Thursday, September 8, 2022
1:30 - 2:30 p.m. ET

REGISTER

Agenda

- **USPTO's Updated *Fintiv* Guidance**
- **USPTO's Updated Applicant Admitted Prior Art (AAPA) Guidance**
- **Cases Selected for Director Review**
- **Clarification of the Scope of IPR Estoppel**
- **Proposed PTAB Legislation**



Updated Guidance on Application of *Fintiv* Discretionary Denials

***Apple, Inc., v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020)**

- **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 stated 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.”**
- **The USPTO issued a Request for Comments on PTAB's current approaches to *Fintiv*.**

Director Vidal's Updated *Fintiv* Guidance (June 22, 2022)

- **No *Fintiv* Denials where Petition Presents Compelling Evidence of Unpatentability**
 - *Fintiv* factor 6 requires the Board to consider the merits of petitioner's challenge in view of parallel district court litigation.
 - Guidance clarifies that “compelling, meritorious challenges” will proceed regardless of parallel litigation.
 - “Compelling, meritorious challenges” = “those in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.”
 - Board retains discretion to deny where abuse has been demonstrated.
- **No *Fintiv* Denials for Parallel ITC Proceedings**
 - Guidance limits applicability of *Fintiv* to proceedings at the ITC, which lacks the authority to invalidate patents.

Director Vidal's Updated *Fintiv* Guidance (June 22, 2022)

- **No *Fintiv* Denials where Petitioner Commits to *Sotera*-style Stipulation**
 - *Fintiv* factor 4 directs the Board to consider overlap between issues raised in the petition and in district court.
 - In a *Sotera*-style stipulation, petitioner stipulates not to pursue in district court the same grounds as in the petition or any grounds that could reasonably have been raised in the petition.
 - Guidance affirms that the Board will not discretionarily deny institution where petitioner commits to *Sotera*-style stipulation.
- **Board Can Consider Median Time-to-Trial in District**
 - Factor 2 requires the Board to consider the proximity of district court trial date to the Board's projected final written decision deadline.
 - Guidance now directs the Board to consider median time-to-trial rather than relying on the trial date alone.



Updated Guidance on Use of Applicant Admitted Prior Art (AAPA) in IPR Proceedings

Background - 35 U.S.C. § 311(b)

- § 311(b)
 - A petitioner in an *inter partes* review may request to cancel as unpatentable one or more claims of a patent only on a ground that could be raised under section 102 or section 103 and only on the basis of prior art consisting of patents or printed publications.

Director Vidal's Updated AAPA Guidance (June 9, 2022)

- **Supersedes prior guidance from August 2020**
- **However, some provisions remain largely unchanged:**
 - AAPA can be used in combination with one or more prior art patents or printed publications in an obviousness ground to supply a missing claim limitation, to support a motivation to combine, to demonstrate a POSITA's knowledge, or for any other purpose related to patentability.
 - AAPA alone cannot form the basis of a prior art ground in an IPR.
 - Prior guidance interpreted § 311(b) to require that the “basis” of an IPR ground include prior art patents or prior art printed publications.
 - Updated guidance maintains this view, following decision in *Qualcomm Inc. v. Apple Inc.*, 24 F.4th 1367 (Fed. Cir. 2022).
 - Explains that 37 C.F.R. § 42.104(b)(4) does not preclude the use of AAPA to supply a missing claim limitation, despite requirement for the petition to “specify where each element of the claim is found in the prior art patents or printed publications relied upon.”

Director Vidal's Updated AAPA Guidance (June 9, 2022)

- **Key Change in Updated Guidance**

- Eliminates requirement from August 2020 guidance for a prior art patent or printed publication to form the “foundation or starting point” of an IPR ground.
 - “Board panels should not exclude the use of admissions based on the number of claim limitations or claim elements the admission supplies or the order in which the petition presents the obviousness combination (e.g., prior art modified by admission or admission modified by prior art).”

Qualcomm - Federal Circuit Backdrop to Updated AAPA Guidance

- **Qualcomm Inc. v. Apple Inc., 24 F.4th 1367 (Fed. Cir. 2022)**

- *Held:*

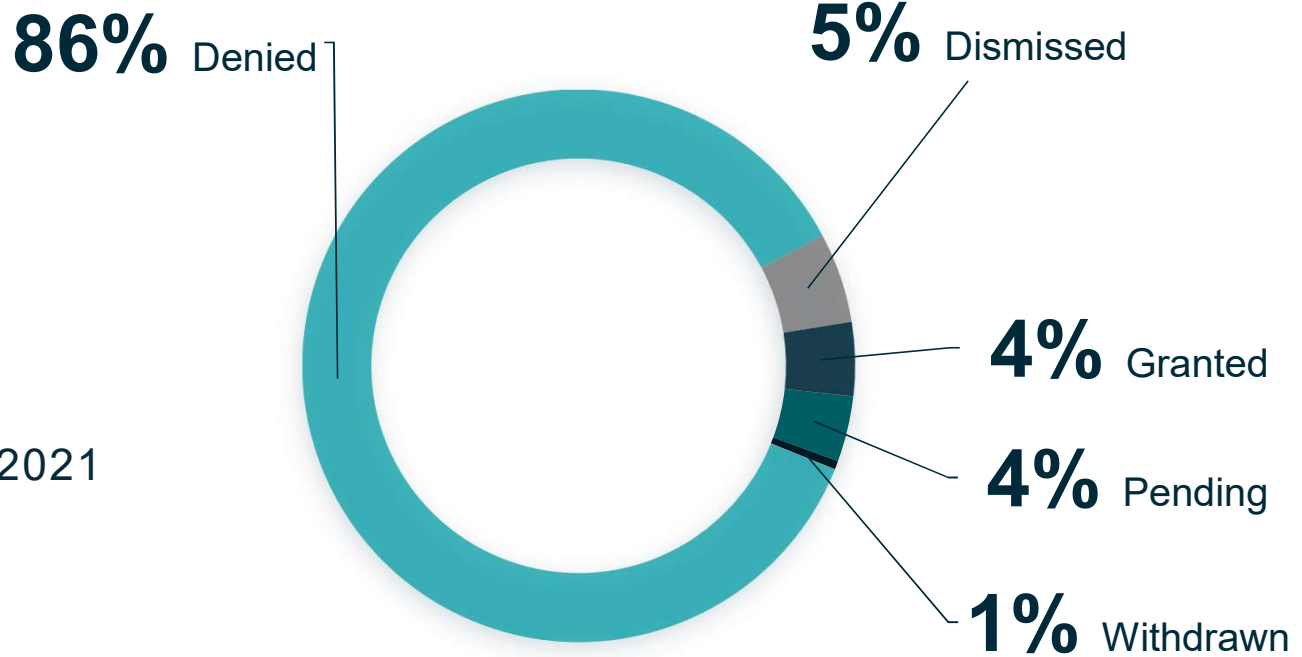
- “[T]he ‘patents or printed publications’ that form the ‘basis’ of a ground for *inter partes* review must themselves be prior art to the challenged patent. That conclusion excludes any descriptions of the prior art contained in the challenged patent.”
 - However, “it does not follow that AAPA is categorically excluded from an *inter partes* review.”
 - “Even though evidence such as expert testimony and party admissions are not themselves prior art references, they are permissible evidence in an *inter partes* review for establishing the background knowledge possessed by a person of ordinary skill in the art.”
 - “AAPA may not form the ‘basis’ of a ground in an *inter partes* review, and it is therefore impermissible for a petition to challenge a patent relying on solely AAPA without also relying on a prior art patent or printed publication.”



Overview of Cases Selected for Director Review

Director Review Requests

208
Requests
FILED SINCE June 2021



MED-EL – Applicant Admitted Prior Art (AAPA)

- **MED-EL Elektromedizinische Geräte v. Advanced Bionics AG (IPR2020-01016, 2021-00044)**
 - Director Vidal issued a *sua sponte* order for director review on June 1, 2022 “to clarify Office guidance on the treatment of statements of the applicant in the challenged patent, in view of the *Qualcomm* decision.”
 - Updated AAPA Guidance released June 9, 2022
 - Background:
 - Petition relied on AAPA in combination with a prior art patent or printed publication to allege obviousness of challenged claims.
 - In a Final Written Decision dated March 31, 2022, the PTAB panel applied the Office's *pre-Qualcomm* AAPA Guidance from August 2020, and concluded that *MED-EL*'s petition failed to set forth a valid obviousness ground under 35 U.S.C. § 311(b).
 - The panel concluded that AAPA impermissibly formed the “foundation or starting point” of the obviousness ground, and therefore was the “basis” of the ground contrary to § 311(b).
 - Director Vidal expected to reconsider in view of updated AAPA guidance and *Qualcomm*.

Nested Bean – Validity of Multiple Dependent Claims

- ***Nested Bean, Inc. v. Big Beings USA PTY Ltd. (IPR2020-01234)***
 - **Background:** Final written decision made the following determinations:
 - Independent claim 1 not shown to be unpatentable;
 - Independent claim 2 was shown to be unpatentable; and
 - Claims 3-16, which are multiply dependent on claims 1 or 2, deemed unpatentable “if either version of these claims (the version depending from claim 1 or the version depending [from] claim 2) is described by the prior art.”
 - Director Vidal granted patent owner’s request for director review on June 17, 2022.
 - **Issue:** Whether a multiple dependent claim is rendered wholly unpatentable when less than all versions of the claim are demonstrated unpatentable, and if not, how the Board should treat such a claim following a partial showing of invalidity?
 - Multiple supplemental rounds of briefing authorized, expected to complete in August.
 - Patent owner argues that a multiple dependent claim should be treated as a “bundle” of dependent claims, and the Board must determine the validity of each one separately.
 - Petitioner argues that “[a] claim cannot be partially invalid,” and a finding of unpatentability as to any version of the claim is sufficient to render the claim wholly unpatentable.

VLSI Technology – Institution Decisions

- ***OpenSky Indus., LLC v. VLSI Tech. LLC (IPR2021-01064)***
- ***Patent Quality Assurance, LLC v. VLSI Tech. LLC (IPR2021-01229)***
 - **Background:**
 - In March 2021, jury awarded VLSI \$2 billion in a suit against Intel for infringement of the '759 and '373 patents. At trial, Intel challenged validity of the '759 patent on different grounds than raised in the IPR; Intel did not challenge validity of the '373 patent.
 - Intel had previously challenged the asserted patents, and the Board denied under *Fintiv*.
 - OpenSky, formed after the verdict, filed copycat petitions on both patents in June 2021. It used Intel's expert declarations, but did not retain the experts.
 - PQA, formed one week after OpenSky filed its petition, filed its own petition challenging the '373 patent in July 2021. PQA entered an "exclusive" retention agreement with one of Intel's experts, and argued that OpenSky's petition should not be instituted because of this agreement.
 - Intel subsequently re-filed its petitions and moved for joinder.
 - The Board instituted PQA's '373 petition and OpenSky's '759 petition, finding that the different parties and arguments did not warrant discretionary denial.

VLSI Technology – Institution Decisions

- *OpenSky Indus., LLC v. VLSI Tech. LLC* (IPR2021-01064)
- *Patent Quality Assurance, LLC v. VLSI Tech. LLC* (IPR2021-01229)
 - **Background:**
 - VLSI appealed to the Precedential Opinion Panel, claiming the petitions were filed for purposes of harassment.
 - On June 7, Director Vidal denied the POP appeal, taking up the case sua sponte under the new director review process instead.
 - Finding review “appropriate because this case raises novel issues of law and policy, as well as issues of particular importance to the Office and the patent community.”
 - On June 8, the Board joined Intel as a Petitioner.
 - Director Vidal subsequently found no error in the Board’s findings on the merits, *Fintiv*, or *General Plastics*.

VLSI Technology – Institution Decisions

- **Issues for Director Review:**

1. What actions the Director, and by delegation the Board, should take when faced with evidence of abuse of process or conduct that otherwise thwarts, as opposed to advances, the goals of the Office and/or the AIA; and
2. How the Director, and by delegation the Board, should assess conduct to determine if it constitutes an abuse of process or if it thwarts, as opposed to advances, the goals of the Office and/or the AIA, and what conduct should be considered as such.

- **Director Vidal further requested the parties to brief the issues and address the following interrogatories with citations to documentary evidence:**

- When was OpenSky / PQA formed? For what purpose? What entities have an interest?
- What is the relationship between OpenSky / PQA and each other parties? Any other communications not in the record?
- Could OpenSky / PQA be subject to infringement claims for these two patents? Policy reason for filing?
- Did OpenSky / PQA ever condition any action relating to this proceeding on payment or consideration from Patent Owner or anyone else?

VLSI Technology – Institution Decisions

- **Director Vidal also mandated certain categories of discovery from OpenSky / PQA, as well as Intel:**
 - Formation documents
 - Documents relating to OpenSky’s business plan including its funding, potential revenue, and future allocation of any of its profits
 - Documents / communications relating to filing or settlement, or with experts
 - Documents relating to any real party in interest (RPPI) and decisions made to list or not list any person or entity as an RPPI
 - Communications with any named party relating to the filing, settlement, or potential termination of this proceeding
- **Director Vidal ordered initial and answering briefing, and authorized *amici* briefs as well.**
 - Briefing set to finish on September 1st
- **Underlying proceedings are continuing on the merits; OpenSky / PQA have disputed discovery deadlines and authority of Director to mandate discovery.**

USPTO's Request for Comments

- **On July 20, 2022, the USPTO issued a “Request for Comments on Director Review, Precedential Opinion Panel Review, and Internal Circulation and Review of PTAB Decisions”**
 - USPTO intends to formalize these processes through notice-and-comment rulemaking.



Clarification of the Scope of IPR Estoppel

Statutory Basis for IPR Estoppel

- **§ 315(e)**

- **(1) Proceedings before the office.** 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 request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.
- **(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.

Shaw Industries – Federal Circuit’s Pre-SAS Decision

- **Shaw Indus. Grp. v. Automated Creel Sys., 817 F.3d 1293 (Fed. Cir. 2016)**
 - IPR petitioner appealed to the Federal Circuit to request a writ of mandamus ordering the Board to consider a ground that was raised in the petition but that the Board had exercised discretion not to institute. The Board had determined that the non-instituted ground was “redundant” to other instituted grounds.
 - Petitioner argued that consideration of all petitioned grounds in the IPR was necessary and appropriate because petitioner would otherwise be estopped by 35 U.S.C. § 315(e) from pursuing the non-instituted ground in other proceedings.
 - Federal Circuit rejected petitioner’s request, reasoning that the non-instituted ground was not subject to estoppel since the ground was never raised, nor could it reasonably have been raised, “during that *inter partes* review” as required by § 315(e). The Board held that a ground is not raised “during” the IPR until IPR is instituted.
 - District courts were split in interpreting *Shaw*:
 - Some courts interpreted *Shaw* to mean that any non-petitioned ground was not subject to estoppel.
 - Other courts interpreted *Shaw* more narrowly, e.g., limiting the estoppel shield only to grounds that were petitioned but not instituted under similar circumstances.

Cal. Tech. – Estoppel Applies to Non-Petitioned Grounds

- **California Inst. of Tech. v. Broadcom Ltd., 25 F.4th 976 (Fed. Cir. 2022)**
 - Clarifies that § 315(e) estoppel applies to non-petitioned grounds:
 - “[E]stoppel applies not just to claims and grounds asserted in the petition and instituted for consideration by the Board, but to all grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition.”
 - Reasoning driven by implications of SAS:
 - “[T]he Supreme Court made clear [in SAS] that there is no partial institution authority conferred on the Board ... and that it is the petition, not the institution decision, that defines the scope of the IPR. ... Given the statutory interpretation in SAS, any ground that could have been raised in a petition is a ground that could have been reasonably raised 'during *inter partes* review.’”

Other Notable Decisions re IPR Estoppel

- ***Intuitive Surgical, Inc. v. Ethicon LLC*, 25 F.4th 1035 (Fed. Cir. 2022)** (affirming PTAB's termination of pending IPR following FWD upholding patentability of overlapping claims, citing *Cal. Tech.*)
- ***Alarm.com Inc. v. Hirshfeld*, 26 F.4th 1348 (Fed. Cir. 2022)** (holding that a party can properly seek district court review under the Administrative Procedure Act of a decision by the USPTO director to vacate an *ex parte* reexamination proceeding based on IPR estoppel under § 315(e)(1))



Legislative Developments

Related Pending Legislation

- **PTAB Reform Act of 2022**

- Introduced by Senators Patrick Leahy (D-VT), John Cornyn (R-TX) and Thom Tillis (R-NC) on June 16, 2022

- **Follows Previously Introduced Legislations:**

- Restoring the America Invents Act

- Introduced by Senators Patrick Leahy (D-VT) and John Cornyn (R-TX) on Sept. 29, 2021

- Restoring America's Leadership in Innovation Act

- Introduced by Rep. Thomas Massie (R-KY) on November 4, 2021

PTAB Reform Act of 2022 - Legislative

- **Director Review**

- Codifies *Arthrex* by giving the Director the authority to review, modify, or set aside decisions of the PTAB. Separate opinion in writing setting forth the reasons for the decisions.
- Directs PTO Director to create rules laying out the timeline for review and bases for review within 18 months of bill's passage.

- **Appeal**

- Extends standing for the right to appeal to “at least to any dissatisfied party that reasonably expects that another person will assert estoppel against the party...as a result of the decision.”
- Clarifies that the Board or Director shall cancel claims determined to be unpatentable within 60 days of a mandate issuing and shall decide any issue on remand within 120 days of the mandate.

PTAB Reform Act of 2022 – USPTO Centric

- **Limiting Discretionary Denial**

- Limit on Repeated Petitions (abrogating *General Plastic*) – “The Director shall not authorize a post-grant review to be instituted if the Director has previously instituted an [IPR] or [PGR] that includes one or more of the same claims based on a petition that was filed on a different day by the same petitioner, or a real party in interest or privy of the same petitioner.”
- Institution Not to Be Based on Parallel Proceedings (abrogating *Fintiv*) – “The Director shall not in any respect consider an ongoing civil action or a proceeding before the [ITC]...” other than the time bar already in the statute.
- Maintains carve-out for discretion to deny institution if “the same or substantially the same prior art or arguments previously were presented to the Office.”

PTAB Reform Act of 2022 – USPTO Centric

- **Curbing Bad Faith Conduct and Promoting Transparency**
 - Requires the Director to prescribe sanctions against petitioners who offer to deliberately delay or lose an instituted challenge for consideration.
 - Prevents ex parte communications between any APJ and “[a]n officer who has supervisory authority or disciplinary authority” over that APJ who is not a member of the panel “concerning any pending matter.”
- **Claim Construction**
 - Requires the Board to construe claim terms using the same construction standard used in civil actions.
 - If a term has previously been construed in a civil action, the Board shall make that construction of record in the proceeding, and shall consider it but not be bound to it.

PTAB Reform Act of 2022 – USPTO Centric

- **Multiple Proceedings**

- Imposes Notification Requirements.
 - Requires notification of the Director if “another proceeding or matter involving the patent is before the Office”
- Requires Written Decision by Director.
 - The Director “shall issue a decision” regarding how the other proceeding may advance, “including providing for stay, transfer, consolidation, or termination”
- Party May Petition for Review of the Decision

- **Support for Small and Micro Entities in IPR and PGR**

- Directs the PTO to cover the reasonable litigation expenses of small businesses who have undertaken the expense of applying for patents.
- Avoids the small entity having to pay again to defend the same patent before the Board.



Nicholas Stephens
Principal
nstephens@fr.com



Casey Kraning
Associate
kraning@fr.com

Thank You!

Please send your NY CLE forms to mcleteam@fr.com

Any questions about the webinar, contact Makayla Mainini at mainini@fr.com

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

© Copyright 2022 Fish & Richardson P.C. The opinions expressed are those of the authors and do not necessarily reflect the views of Fish & Richardson P.C., any other of its lawyers, its clients, or any of its or their respective affiliates. This presentation is for general information purposes and is not intended to be and should not be taken as legal advice and does not establish an attorney-client relationship.

These materials may be considered advertising for legal services under the laws and rules of professional conduct of the jurisdictions in which we practice. Legal advice of any nature should be sought from legal counsel. Unsolicited e-mails and information sent to Fish & Richardson P.C. will not be considered confidential and do not create an attorney-client relationship with Fish & Richardson P.C. or any of our attorneys. Furthermore, these communications and materials may be disclosed to others and may not receive a response. If you are not already a client of Fish & Richardson P.C., do not include any confidential information in this message. For more information about Fish & Richardson P.C. and our practices, please visit www.fr.com.

FISH.
FISH & RICHARDSON