

January 10, 2018

# Post-Grant for Practitioners: 2017 Year in Review



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# Overview

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- ◆ How often? ... bi-monthly
- ◆ When? ... 2<sup>nd</sup> Wednesday
- ◆ Topics? ...
  - Important decisions
  - Developments
  - Practice tips
  - Housekeeping
    - CLE
    - Questions
    - Materials
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### 2017 Post-Grant Year in Review


Coupled with groundbreaking arguments and precedential opinions, 2017 has been the busiest year at the Patent Trial and Appeal Board (PTAB). The PTAB also continues to be the forum of choice for challenging the validity of patent claims. Join Fish Principals and Post-Grant Practice Co-Chairs [Dorothy Whelan](#) and [Karl Renner](#), as they look back on significant developments from the past year. The discussion will include:

- PTAB statistics and trends
- Decisions and case law developments at the PTAB, Supreme Court of the United States (SCOTUS), and Court of Appeals for the Federal Circuit (CAFC) including:
  - *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*; *SAS Institute Inc. v. Lee*; *Aqua Products, Inc. v. Mataji*; and *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*
  - Tribal and State Sovereign Immunity
- Procedures for dealing with remands from the CAFC
- Developments in biopharma IPRs
- What to watch for in 2018


[Register](#) now for this Post-Grant for Practitioners webinar.

Wednesday, January 10, 2018  
1:00 PM - 2:00 PM EST  
Via the web

Speakers:



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If you have questions, please contact Lauren McGovern at [mogovern@ftr.com](mailto:mogovern@ftr.com).




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- ◆ Statistics
- ◆ Decisions and Case Law Developments:
  - SCOTUS
  - CAFC
  - PTAB
- ◆ Procedures for Dealing with Remands from the CAFC
- ◆ What To Watch For in 2018



Statistics

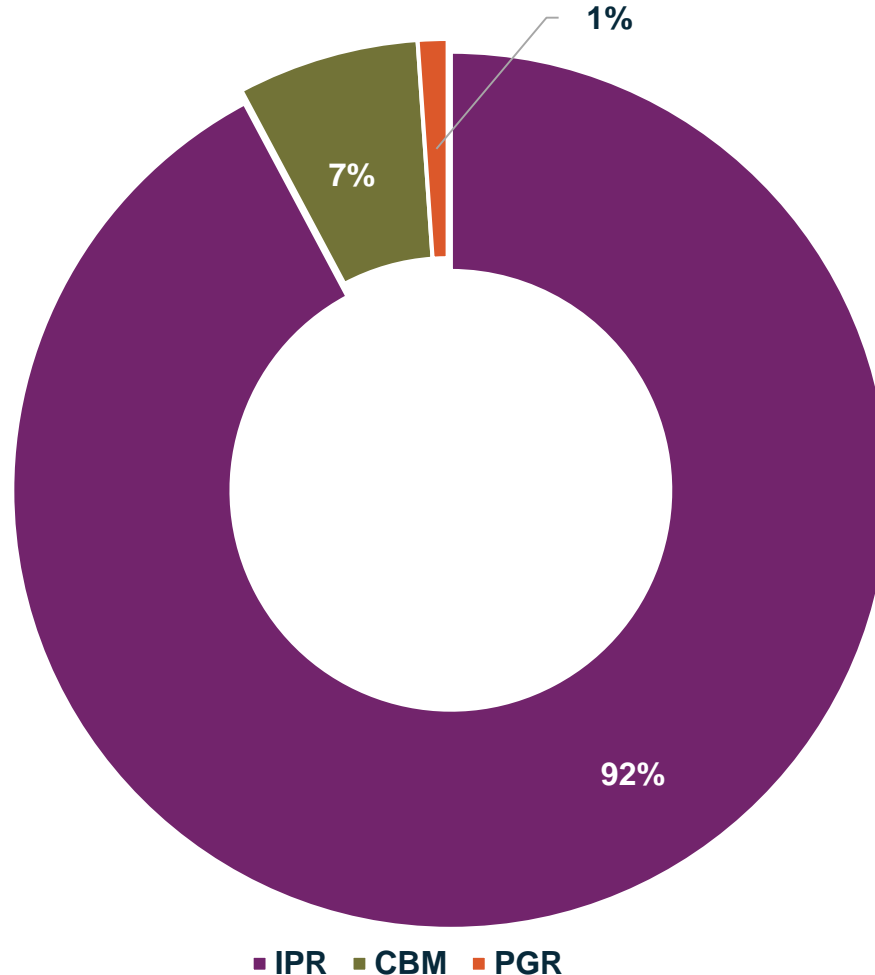
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# PTAB – The Most Active Forum

Most active courts by number of cases	2013	2014	2015	2016	2017	2018 YTD
<b>PTAB</b>	792	1,677	1,800	1,758	1,799	23
<b>TXED</b>	1,499	1,428	2,548	1,678	870	0
<b>DED</b>	1,335	942	544	459	783	15
<b>CACD</b>	411	320	278	292	364	2

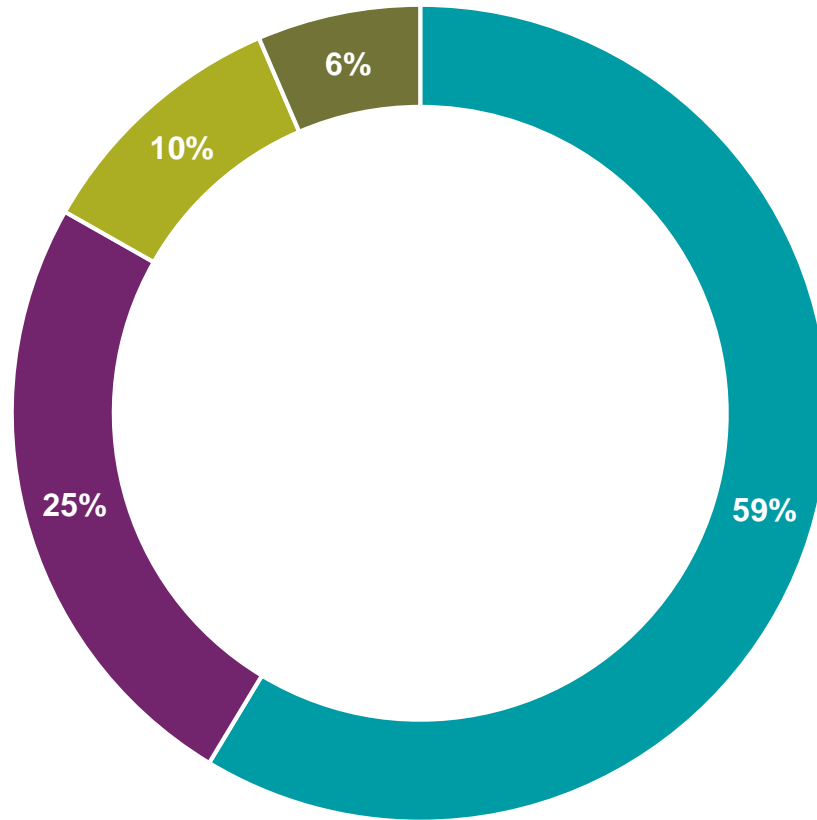
# AIA Petitions

## 7,958 AIA Petitions Filed Since 2012



# Technology Breakdown by USPTO Tech Center

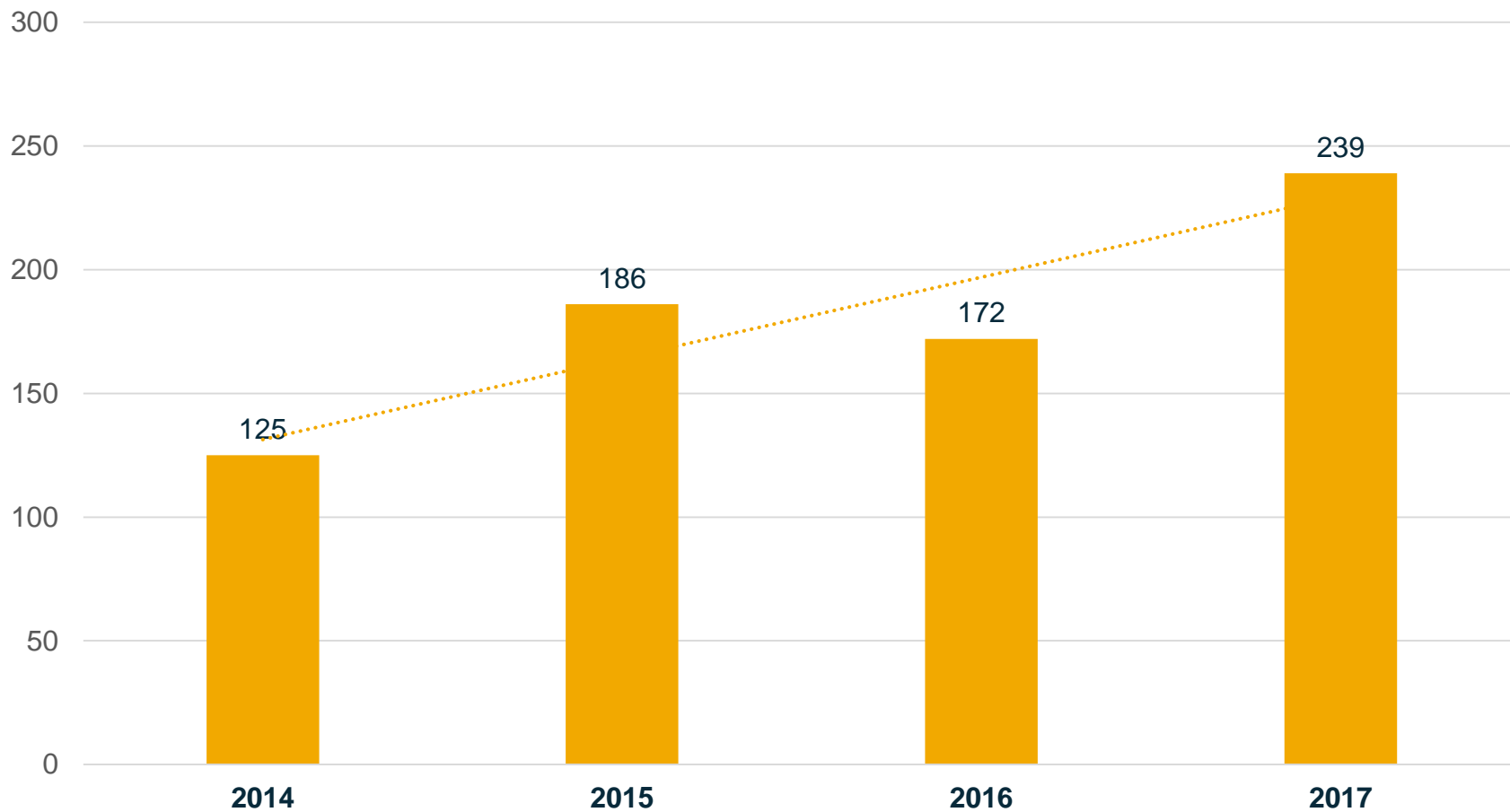
2012 - Present



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

# BioPharma IPR Filings

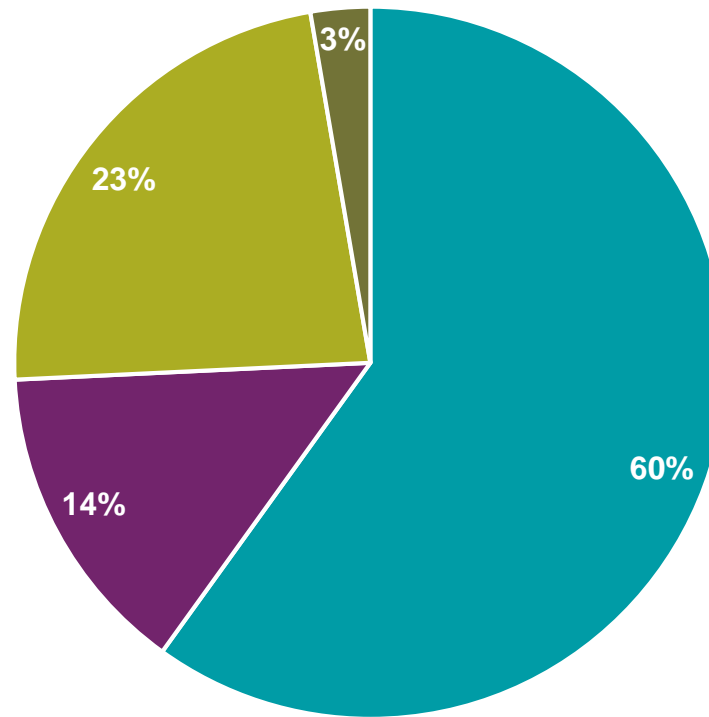
## IPRs Filed in TC1600





# 2017 By the Numbers – IPR Petitions

**504 (71%) IPR petitions were instituted in 2017**

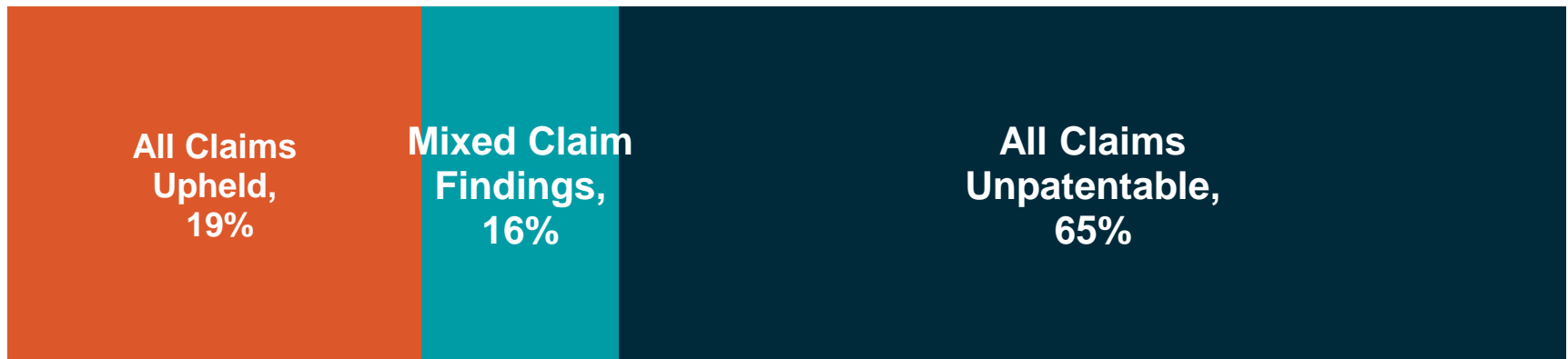


■ Open Post-Institution ■ Joined to Other Trial ■ Settled ■ Patent Owner Disclaimed

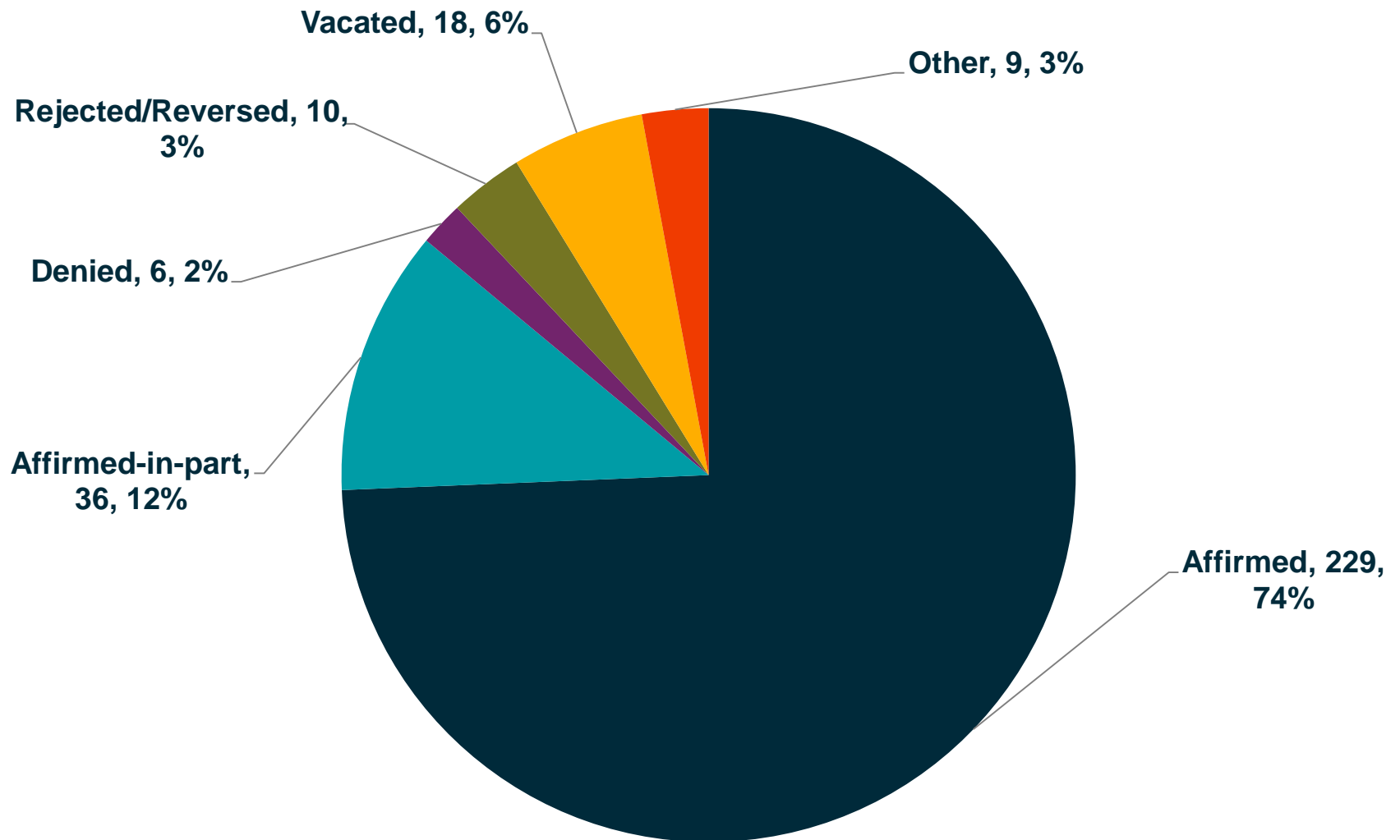
# 2017 By the Numbers – Final Written Decision



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**522 IPR petitions reached Final Written Decision in 2017**



# IPR Federal Circuit Decisions





# Decisions and Case Law Developments: SCOTUS

# Decisions and Case Law Developments: SCOTUS

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- ◆ ***Oil States Energy Services, LLC v. Greene's Energy Group, LLC* ([No. 16-712](#))**
  
- ◆ ***SAS Institute Inc. v. Matal* ([No. 16-969](#))**

# Decisions and Case Law Developments: SCOTUS

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## ***Oil States Energy Services, LLC v. Greene's Energy Group, LLC***

- Addresses whether IPRs are constitutional
- Oral argument heard November 27, 2017
- Decision expected first half of 2018

# Decisions and Case Law Developments: SCOTUS

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## ***Oil States Energy Services, LLC v. Greene's Energy Group, LLC***

- ◆ Two questions addressed:
  1. Whether IPR violates Article III of the Constitution because it allows an administrative agency—not Article III courts—to extinguish a patentee's rights;
  2. Whether IPR violates the Seventh Amendment because it allows administrative judges, rather than juries, to adjudicate validity.
- ◆ Federal Circuit previously addressed both issues in [\*MCM Portfolio LLC v. Hewlett-Packard Co.\*](#), 812 F.3d 1284 (Fed. Cir. 2015). In that case, the Federal Circuit held that because patent rights were “public rights,” neither Article III nor the Seventh Amendment prohibited an administrative agency from making determinations about the validity of patents.
- ◆ ***Oil States*** was an interesting choice for granting cert because it was a Rule 36 affirmance; thus there was no formal Federal Circuit opinion.
- ◆ Decision to grant cert considered by many a consequence of Justice Gorsuch's appointment to the Court.

# Decisions and Case Law Developments: SCOTUS

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## ***Oil States Energy Services, LLC v. Greene's Energy Group, LLC***

- ◆ During argument, the justices focused on the Article III issue, probing to explore the question of whether patent rights were “public” or “private.”
- ◆ Justices Roberts and Gorsuch seemed skeptical of constitutionality.
  - Justice Gorsuch noted that 400 years of history suggested that patent rights were private rights and could not be adjudicated by an administrative agency.
  - Justice Roberts pressed the government on the fairness of IPR procedures, repeating accusations of “panel packing” by the PTAB to drive/change case results; Roberts proclaimed that the government cannot deprive a person of a right without due process, noting cases from the public employment and welfare benefits context.
- ◆ Justice Thomas asked few questions. However, he previously opined that the PTO cannot revoke trademark rights after they are issued, so scholars tend to predict that he will also consider IPRs unconstitutional.



# Decisions and Case Law Developments: SCOTUS

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## ***Oil States Energy Services, LLC v. Greene's Energy Group, LLC***

- Justices Ginsburg, Sotomayor, Kagan and Breyer all seemed to recognize constitutionality of IPR.
  - Justice Sotomayor and Kagan suggested that judicial review by the Federal Circuit obviates potential Article III problems.
  - Justice Breyer noted that agencies routinely adjudicate all kinds of disputes
  - Justice Ginsburg revealed her view that agencies should be permitted to correct mistakes after patent issuance, challenging Oil States to differentiate IPR from other tools historically employed for this purpose, such as reexamination.

# Decisions and Case Law Developments: SCOTUS

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## *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*

- Justices Kennedy and Alito appear to be the two swing votes who will decide the case. Both of them said relatively little, but the few comments they made seemed to suggest that Congress could condition the grant of a patent subject to the IPR.
  - Justice Alito asked whether Congress was under a constitutional obligation to give patent rights at all, and, when Oil States said it was not, asked whether Congress could condition the grant of a patent on agreeing to IPR.
  - Justice Kennedy asked Oil States whether Congress could change the patent term to 10 years, and when Oil States said it could, followed up by asking whether Congress could explicitly condition its grant of a patent on having the inventor agree that the patent would be subject to IPR procedure.
  - Both justices also previously joined [an opinion](#) holding that PTO decisions regarding trademark validity should be given preclusive effect in an Article III court.

**Prediction: Split decision with Justices Alito and Kennedy joining the liberal justices and voting for affirmance, and Justices Roberts, Thomas and Gorsuch dissenting.**

# Decisions and Case Law Developments: SCOTUS

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## ***SAS Institute v. Matal***

- SAS involved a challenge to the PTO's practice of partially instituting petitions for IPR.
- Oral argument heard November 27, 2017.
- Decision expected first half of 2018.

# Decisions and Case Law Developments: SCOTUS

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## ***SAS Institute v. Matal***

- SAS (the petitioner) argued that 35 U.S.C. § 318(a), which states that the Board shall issue a final written decision “with respect to the patentability of any patent claim challenged by the petitioner,” unambiguously requires the Board to issue a final written decision with respect to every claim addressed in a petition for IPR.
- SAS argued that the Board violated the statute by addressing only a subset of petitioned claims within its final written decision and that the Board’s choice at institution should be a binary yes/no decision as to whether to institute trial on all petitioned claims (i.e., the petition as a whole).

# Decisions and Case Law Developments: SCOTUS

## ***SAS Institute v. Matal***



- The Federal Circuit held that the statute does not require the Board to issue a final written decision on all claims in a petition, in a series of decisions starting with *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309 (Fed. Cir. 2016), *overruled on other grounds by Aqua Products, Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). It reasoned:
  - (1) the provision-governing institution (which states that the Board may not institute unless it finds a likelihood of success “with respect to at least 1 of the claims ***challenged in the petition***”) differed from the language of § 318(a), suggesting that § 318(a) was not meant to cover claims raised in the petition but only instituted claims;
  - (2) the precatory phrase of § 318(a) (“If an *inter partes* review is instituted ...”) similarly suggested that § 318(a) only addresses instituted claims;
  - (3) institution is purely discretionary, the PTO can institute on less than the full petition, and it would make very little sense to require a final written decision on non-instituted claims based on an incomplete record

# Decisions and Case Law Developments: SCOTUS

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## ***SAS Institute v. Matal***

- Justice Sotomayor asked counsel for SAS whether its challenge was a backdoor way to get around *Cuozzo*'s prohibition on challenges to institution.
  - Counsel for SAS countered by saying they're not asking the PTAB to institute on all claims, but merely to issue a final written decision with respect to all claims by, for example, including the explanation from the institution decision with respect to non-instituted claims in the final written decision.
  - Several justices questioned this idea, asking why it would make sense to ask the Board to issue a final decision on an incomplete record.
- ♦ Justices Roberts, Alito and Gorsuch questioned the government about whether the statute was ambiguous and whether the government should be afforded deference in its interpretation. Their questions suggested that they sided with SAS.
- ♦ Justice Breyer characterized the language of the statute as favoring SAS, but he also characterized the gov'ts position as a more harmonious way of organizing IPR.
- ♦ Justice Kennedy seemed to seek a compromise position, asking SAS whether the Board could condition its institution on the petitioner accepting trial on less than all claims raised in the petition. SAS answered yes, and suggested that this might be a good solution, allowing the petitioner to decide whether to proceed at the PTO or raise challenges in a district court.



# Decisions and Case Law Developments: CAFC

# Decisions and Case Law Developments: CAFC

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## ***Aqua Products, Inc. v. Matal*, Appeal No, 15-1177 (October 4, 2017 (en banc))**

- Dealt with PTAB's amendment practice.
- Two questions presented:
  1. When the patent owner moves to amend its claims under 35 U.S.C. § 316(d), may the PTO require the patent owner to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims as a condition of allowing them? Which burdens are permitted under 35 U.S.C. § 316(e)?
  2. When the petitioner does not challenge the patentability of a proposed amended claim, or the Board thinks the challenge is inadequate, may the Board sua sponte raise patentability challenges to such a claim? If so, where would the burden of persuasion, or a burden of production, lie?



# Decisions and Case Law Developments: CAFC

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## ***Aqua Products, Inc. v. Matal*, Appeal No, 15-1177 (October 4, 2017 (en banc))**

- No clear majority opinion.
- Burden of persuasion
  - Patent Owner does not have the burden of persuasion w/r/t establishing the unpatentability of proposed amended claims.
  - Unsettled whether PTO could, via rulemaking, place the burden of persuasion on the Patent Owner.
- ◆ Burden of production?
  - Statute requires patent owner to file a “motion to amend the patent.”
  - As such, some sort of burden will remain with the patent owner, but the ultimate burden of persuasion as to the patentability of substitute claims will lie with the petitioner.

# Decisions and Case Law Developments: CAFC

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## ***Aqua Products, Inc. v. Matal*, Appeal No, 15-1177 (October 4, 2017 (en banc))**

- The PTAB is still trying to determine the practical implications of ***Aqua Products***.
  - Our experience has been that various Board members read *Aqua Products* quite differently.
    - Some members believe (correctly?) that *Aqua Products* left the general structure intact and that the Patent Owner bears the burden of production.
    - Other members seem to be more hardline, believing that the petitioner has all of the burden.
- ◆ Still an open question as to whether the Board can, on its own, conduct an examination of proposed substitute claims and find issues that the petitioner has not identified.

# Decisions and Case Law Developments: CAFC

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## ***Aqua Products, Inc. v. Matal*, Appeal No, 15-1177 (October 4, 2017 (en banc))**


- Where does this leave motions to amend?
- The PTAB remains a difficult forum for claim amendments.
- Reissue remains an attractive alternative.
- Some have attempted to use reexamination.

# Decisions and Case Law Developments: CAFC

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## ***Wi-Fi One LLC v. Broadcom Corp.*, Appeal No, 15-1944 (en banc)**

- Relates to whether appellate review is available for a PTAB decision denying institution of a petition as time-barred.
- Oral argument before entire court held in May, 2017.
- Supreme Court's 2016 ***Cuozzo*** decision left open the possibility that certain aspects of institution decisions can be appealed.
- Federal Circuit en banc decision issued 1/8/18: appellate review is available
- Consider the implications of the impending US Supreme Court decision in ***Oil States***, particularly if SCOTUS ties the constitutionality of IPR proceedings to reviewability by an Article III court.



# Decisions and Case Law Developments: PTAB

# Decisions and Case Law Developments: PTAB

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## ***LSI Corp. and Avago Tech. U.S., Inc. v. Regents of the University of Minnesota, IPR2017-01068***

- ◆ Raised the issue of sovereign immunity.
- ◆ U of MN moved to dismiss the IPR on the ground of sovereign immunity.
- ◆ On December 19, 2017, an expanded panel of the PTAB denied the U of MN's motion to dismiss, holding that by filing an infringement action in federal district court involving the patent, the U of MN waived its right to assert sovereign immunity in an IPR proceeding challenging the patent.
- ◆ MN stated its intention to seek immediate review by the Federal Circuit
  - The U of MN sought, but was denied, stay of IPR pending appeal.
  - Both parties are briefing the appropriateness of stay.

# Decisions and Case Law Developments: PTAB

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***Mylan et al. v. St. Regis Mohawk Tribe and Allergan, Inc. LSI Corp. and Avago Tech. U.S., Inc. v. Regents of the University of Minnesota, IPR2016-01127, 01128, -01129, -01130, -01131, -01132***

- ◆ Raised the issue of tribal sovereign immunity.
- ◆ The Tribe moved to dismiss IPR proceedings on grounds of tribal sovereign immunity after Allergan transferred the patents to the Tribe.
- ◆ The PTAB accepted amicus briefing on the issue.
- ◆ A decision on the motion to dismiss is pending.

# Decisions and Case Law Developments: PTAB

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## ***General Plastic Industrial Co. Ltd. v. Canon Kabushki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB Sept. 6, 2017)**

- ◆ Designated precedential.
- ◆ Sets forth standards relating to follow-on petitions.
- ◆ After the PTAB denied several petitions that General Plastic filed, General Plastic filed new petitions directed towards the same patents. The PTAB exercised its authority under 35 U.S.C. § 314(a) and denied the petitions. General Plastic, in a request for rehearing, challenged the denials.



# Decisions and Case Law Developments: PTAB

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## ***General Plastic Industrial Co. Ltd. v. Canon Kabushki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB Sept. 6, 2017)**

- ◆ In denying General Plastic's request for rehearing, an expanded panel of the PTAB emphasized the *NVIDIA* factors for determining whether to deny follow-on petitions:
  1. Whether the same petitioner previously filed a petition directed to the same claims of the same patent;
  2. Whether at the time of filing of the first petition the petitioner knew of the prior art asserted in the second petition or should have know of it;
  3. Whether at the time of filing of the second petition the petitioner already received the patent owner's preliminary response to the first petition or received the Board's decision on whether to institute the first petition;
  4. The length of time that elapsed between the time petitioner learned of the prior art asserted in the second petition and the filing of the second petition;

# Decisions and Case Law Developments: PTAB

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## ***General Plastic Industrial Co. Ltd. v. Canon Kabushki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB Sept. 6, 2017)**

5. Whether the petitioner provides adequate explanation for the time elapsed between the filing of multiple petitions directed to the same claims of the same patent;
  6. The finite resources of the Board; and
  7. The requirement under 35 U.S.C. § 316(a)(11) to issue a final determination not later than 1 year after the date on which the Director notices institution of review.
- ◆ The PTAB emphasized the fact-specific nature of the inquiry, noting that there will be circumstances where follow-on petitions are acceptable.

# Decisions and Case Law Developments: PTAB

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## ***General Plastic Industrial Co. Ltd. v. Canon Kabushki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB Sept. 6, 2017)**

- ◆ The PTAB also designed 3 decisions as informative that dealt with the related issue of the PTAB's ability to deny petitions under 35 U.S.C. § 325(d) on the ground that the petitions were based on the same or substantially the same grounds already considered by the office:
  1. ***Unified Patents, Inc. v. Berman*, IPR2016-01571, Paper No. 10 (PTAB Dec. 14, 2016);**
  2. ***Hospira Inc. v. Genentech Inc.*, IPR2017-00739, Paper No. 16 (PTAB Jul. 27, 2017);**
  3. ***Cultech Inc. v. Stormtech LLC*, IPR2017-00777, Paper No. 7 (PTAB Aug. 22, 2017).**

# Decisions and Case Law Developments: PTAB

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## ***General Plastic Industrial Co. Ltd. v. Canon Kabushki Kaisha*, IPR2016-01357, Paper No. 19 (PTAB Sept. 6, 2017)**

- ◆ Do these decisions suggests that the PTAB is adopting an institution standard similar to the “substantially new question of patentability” used in reexamination?
- ◆ How viable are follow-on petitions?



# Procedures for Remands from the CAFC

# Remands

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- ◆ On November 16, 2017 the PTAB issued guidelines (“SOP9”) for dealing with remands from the Federal Circuit.
- ◆ Guidelines apply to all remands, including IPR, PGR, CBM, ex parte appeals, and reexaminations.
- ◆ PTAB sets a goal of issuing a decision within 6 months of receiving the Federal Circuit’s mandate.
- ◆ Panels will meet with either the Chief Judge or one of the Vice Judges to discuss the remanded decision.
- ◆ Guidelines further establish procedures for determining whether further briefing, evidence, and/or oral hearing will be permitted.
- ◆ Important development given the volume of remanded decisions and prior lack of a standard procedure for dealing with them.



# What To Watch For in 2018

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# 2018 – What to Watch For

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- ◆ SCOTUS decisions in Oil States and SAS due first half of 2018.
- ◆ Appealability of institution decisions/ availability of Article III review.





# Post-Grant Resources

- Fish websites:
  - Post-Grant for Practitioners: <http://fishpostgrant.com/webinars/>
  - General: <http://fishpostgrant.com/>
  - IPR: <http://fishpostgrant.com/inter-partes-review/>
  - PGR: <http://fishpostgrant.com/post-grant-review/>
  - Rules governing post-grant: <http://fishpostgrant.com/>
  - Post-Grant App: <http://fishpostgrant.com/app/>
  - Post-Grant Radio: <http://fishpostgrant.com/podcasts/>
- USPTO sites:
  - AIA Main: [http://www.uspto.gov/aia\\_implementation/index.jsp](http://www.uspto.gov/aia_implementation/index.jsp)
  - Inter Partes: [http://www.uspto.gov/aia\\_implementation/bpai.jsp](http://www.uspto.gov/aia_implementation/bpai.jsp)

# Thank You!

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