

PTAB Strategies and Insights

September 2019



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The PTAB Strategies and Insights newsletter provides timely updates and insights into how best to handle proceedings at the USPTO. It is designed to increase return on investment for all stakeholders looking at the entire patent life cycle in a global portfolio.

This month you will find four articles covering:

- A discussion of the PTAB's discretion to reconsider and vacate its institution decisions even after trial has ended – via the Federal Circuit's decision in *BioDelivery v. Aquestive*;
- The criticality of fully pressure testing obviousness rationales before filing the petition – seen through the lens of *Henny Penny v. Frymaster*, in which the Federal Circuit affirmed the PTAB's decision to reject arguments advanced by a petitioner only after the patent owner response;
- How the words—not just the drawings—in a design patent can affect claim construction; and
- The most recent opinions designated as precedential involving both the accused infringer and patent owner triggered time bars and statutory disclaimer.

We welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored within an issue of the newsletter, please reach out to me.

To view our past issues, as well as other firm newsletters, please click [here](#).

Best,

Jason Eisenberg

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Federal Circuit Confirms in *BioDelivery v. Aquestive* that the PTAB Has Broad, Unchecked Discretion to Reconsider and Vacate its Institution Decisions Even if Trial Has Ended



By: [Pauline M. Pelletier](#)

In *BioDelivery Sciences Int'l v. Aquestive Therapeutics, Inc.*, the Federal Circuit confirmed that the PTAB has broad discretion to reconsider institution decisions and terminate instituted proceedings even after trial has ended and, furthermore, that such decisions are non-appealable under 35 U.S.C. § 314(d).

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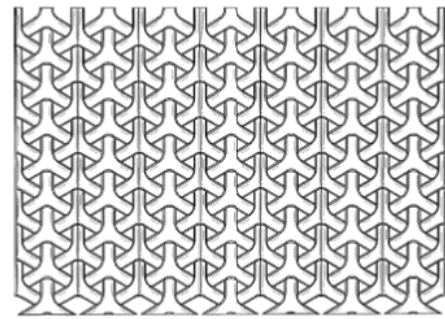


FIG. 1

PTAB Further Clarifies DJ Action Time Bar and Statutory Disclaimers

By: [George L. Howarah](#) and [Jason D. Eisenberg](#)

The PTAB designated at least three more decisions as precedential. Of note, two of the cases rely on the Federal Circuit's en banc decision in *Click to Call*, which is scheduled for argument at the Supreme Court on December 9, 2019, to decide: *Whether 35 U.S.C. § 314(d) permits appeal of the Patent Trial and Appeal Board's decision to institute an inter partes review upon finding that 35 U.S.C. § 315(b)'s time bar did not apply.*

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Back in 2015, BioDelivery filed three petitions asserting 17 grounds of unpatentability against a patent owned by Aquestive. The PTAB instituted on three grounds, one in each petition, and denied the remainder. Ultimately, the PTAB issued final decisions confirming patentability in each IPR. BioDelivery appealed. In the intervening period, the Supreme Court decided *SAS Institute Inc. v. Iancu*, which forbids the practice of instituting on some, but not all, claims and grounds in a petition. On appeal, the Federal Circuit remanded in light of SAS.

On remand, the PTAB reconsidered its institution decisions and, instead of conducting proceedings anew on all grounds raised in the petitions, elected to vacate its institution decisions and terminate the IPRs. BioDelivery appealed again, arguing that the PTAB lacked authority to reconsider its institution decisions and was required to consider and adjudicate the other 14 grounds. Aquestive moved to dismiss the appeals as foreclosed by § 314(d), which prohibits the appeal of institution decisions. The Federal Circuit agreed with Aquestive, confirming that the PTAB has authority to reconsider its institution decisions and terminate instituted IPRs.

Interestingly, the majority opinion observed that (as a practical matter) requiring the PTAB to adjudicate 14 additional grounds on remand that were found not to meet the standard for institution “would contravene the Director’s statutory charge to consider the efficiency of the Patent Office in conducting IPR proceedings.” Judge Newman dissented on grounds that, in her view, implementing SAS required issuing final decisions addressing all challenged claims.

This case is significant because it underscores the role of “efficiency” in the institution calculus, suggests that the PTAB is justified in denying institution when only a relatively small number of

grounds are deemed viable, and confirms that the PTAB has broad, unchecked discretion to reconsider and vacate its institution decisions and terminate proceedings at any stage.

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Gaps in an AIA Petition Cannot be Fixed Belatedly During Trial

By: [Trey Powers](#)

Experienced PTAB practitioners know that, in an IPR, assuming each claim element is in the asserted prior art, the rubber meets the road on the reason-to-combine arguments. In *Henny Penny Corp. v. Frymaster, LLC*, the Federal Circuit once again articulated the importance of getting it right in the petition. In upholding the PTAB's finding that the challenged claims were not unpatentable, the court relied heavily on 35 U.S.C. § 312(a)(3) which states that the petition must identify "with particularity [] each claim challenged [and] the grounds on which the challenge to each claim is based. . . ." The Federal Circuit reasoned that the PTAB properly held petitioner, Henny Penny Corp., to the obviousness theory articulated in its petition and properly disregarded petitioner's belated, alternative obviousness theory first advanced in its petitioner's reply. The court therefore upheld the PTAB's decision that the claims were not unpatentable.

In its petition, Henny Penny articulated a straightforward obviousness theory: "to modify the system of [reference A] to include the processor and/or sensor as taught by [reference B]." Slip Op. at 6. The PTAB then instituted the IPR stating that Henny Penny had articulated sufficient reasons that an artisan would have "modified the teachings of [reference A] by *replacing* its analyzer with the sensor of [reference B]." *Id.* (emphasis added). In its patent owner response, however, Frymaster provided technical reasons why such a replacement would have yielded unpredictable and otherwise problematic results.

Faced with these challenging technical reasons for why its petition's "replacement" theory would not have worked, Henny Penny shifted gears in its petitioner's reply and argued that replacement was unnecessary. Instead, Henny Penny argued that *the existing sensor* in reference A *could have been modified* to achieve the claimed limitation. *Id.* Henny Penny's sole evidence for this new theory came from a supposed deposition admission from Frymaster's technical expert obtained after Frymaster filed its patent owner response.

Frymaster objected to Henny Penny's new theory of obviousness. In the IPR's oral hearing, Henny Penny's counsel conceded that its petition only advanced an obviousness theory based on swapping the sensors from the two references, not modifying the existing sensor in reference A. The PTAB thus disregarded the new obviousness theory in its final written decision and found the claims not unpatentable.

On appeal, the Federal Circuit upheld the PTAB's decision to disregard Henny Penny's

petitioner's reply theory of obviousness. The court stated, "an IPR petitioner may not raise in reply 'an entirely new rationale' for why a claim would have been obvious." Slip Op. at 9 (internal citations omitted).

The Federal Circuit also went on to agree with the Board that under the petition's original theory of obviousness, substantial evidence supports the PTAB's finding of no unpatentability, largely crediting Frymaster's technical arguments from its patent owner response.

This case is also noteworthy because the PTAB found (and Federal Circuit's upheld) Frymaster's evidence of industry praise as supporting the patentability of the claims under objective indicia of non obviousness.

Henny Penny adds to a growing body of law that cautions petitioners to fully pressure test their obviousness rationale before they file an IPR petition. They will not be allowed to argue different obviousness theories later in the proceeding.

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Words Matter in a Design Patent

By: [Daniel A. Gajewski](#)

It is important for petitioners and patent owners alike to understand the implications of *Curver Luxembourg v. Home Expressions*, which relied on prosecution history and the title to limit design patent claim scope.

Claim construction for a design patent is mainly focused on the drawings—after all, the drawings show the ornamental design that is protected. But the Federal Circuit recently identified one situation where the drawings weren't enough to define the scope of a design patent's claim. The scope of the claim at issue in *Curver Luxembourg v. Home Expressions* was limited not only by its drawings, but by the patent's title as well. With attention to the *Curver* decision, those seeking to understand and construe a design patent's claim may begin to more critically consider the patent's title, description, and claim language, as well as its drawings.

Curver's design patent No. D677,946 claims "The ornamental design for a pattern for a chair, as shown and described." This is the required format for a design patent claim. The specification description is minimal, describing the views of the drawings. The drawings only show a segment of material, not a chair. As required by rule, the patent's claim matches its title: PATTERN FOR A CHAIR.

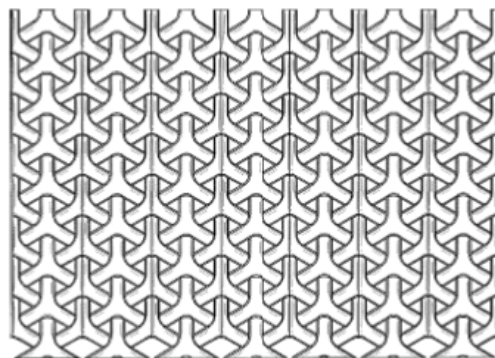


FIG. 1

Curver sued Home Expressions, alleging that baskets incorporating the patented pattern infringed the '946 patent. Home Expressions argued that the scope of Curver's patent is not broad enough to cover any article made from the patented pattern, but is limited to chairs, based on its title and claim language. Curver argued that its patent should be interpreted based on its drawings alone—which do not show a chair—and that it thus covers the depicted design applied to any article. Curver lost, first at the district court, then at the Federal Circuit.

It might seem natural that Curver’s patent be limited to a chair—after all, “chair” is in the claim. But this outcome was not certain. Traditionally, in construing the scope of a design patent, courts have focused mainly on the drawings, rather than the language, of the patent. But the Federal Circuit considered this to be a case of first impression, because it found no article evident in the drawings. (A design patent is granted on a design *applied to* an article.) Lacking a depicted article, the Court found it appropriate to look to the language of the patent to limit its scope to a pattern for a *chair*. (“We hold that claim language can limit the scope of a design patent where the claim language supplies the only instance of an article of manufacture that appears nowhere in the figures.”)

Though the *Curver* decision breaks some new ground in the way that it limits a design patent’s scope to a particular article type only identified in the patent’s text, this does not necessarily mean that text will be similarly relevant to interpreting every design patent. The Court encountered the unusual situation where it could find *no* article depicted in the drawings, and only then looked to the text to identify an article to which it could restrict the scope of the design patent’s claim. In most cases there should not be a similar need to import limitations from outside the drawings. But those seeking to invalidate—or defend—the rare design patent without a clear article depicted in its drawings may want to take account of the type of article recited in the claim when considering prior art, rather than relying only on similarity in appearance.

Applying these insights to the PTAB, remember that claim construction at the PTAB for design patents is the same as claim construction in district court. So if you are filing or defending an IPR targeting a design patent, it is imperative that your team knows and understands that the title and amendments made during prosecution can be limiting, not just the claimed figure.

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- ***Cisco Systems, Inc. v. Chrimar Systems, Inc., Case IPR2018-01511 (PTAB Jan. 31, 2019) (Paper 11)*** – This Board, following *Click-to-Call* that addressed dismissal without prejudice of a civil action with respect to 35 U.S.C. §315(b), addresses whether a petitioner's (accused infringers) dismissal without prejudice of a previously-filed civil action (declaratory judgment action) triggers the time bar on institution of an inter partes review under 35 U.S.C. § 315(a)(1).

Section 315(a)(1) bars institution of an *inter partes* review where the petitioner (accused infringer) filed a civil action (declaratory judgment action) challenging the validity of a claim of the patent before the filing date of the petition. *Click-to-Call* found that § 315(a)(1) applies even when a civil action was later dismissed without prejudice.

Petitioner asserted *four* substantive arguments that the Board ultimately found unpersuasive.

◆ *First*, petitioner asserted that the use of the term “civil action” under § 315(a)(1) requires substantive litigation, i.e., “the pendency of a litigation **where the petitioner actually had a bite at the apple.**” However, the Board found that when taken in totality, the phrase “filed a civil action” of § 315(a)(1) only requires commencement of noncriminal litigation, not substantive litigation. So subsequent acts after commencement cannot remove the bar.

◆ *Second*, petitioner asserted that the legislative history shows that the “clear purpose” of § 315(a)(1) is **coordination** of IPR and litigation so that a challenger does not get two opportunities to invalidate a patent. But the Board noted that the Petitioner's cited legislative history indicates a petitioner must only seek a declaratory judgment, not substantively litigate the civil action.

◆ *Third*, petitioner asserted that § 315(a)(1) requires the “filing” of a civil action and that voluntary dismissal of a complaint without prejudice nullifies the act of filing. Here, the Board relied on *Click-to-Call*’s finding that a voluntary dismissal without prejudice continues to have legal effect since the statute does not take into account subsequent activity once the civil action begins. On this basis, the Board stated that since the petitioner’s relied upon background legal principle is “anything but equivocal,” it does not “transform[] the ordinary meaning of the phrase [‘filed a civil action’] into something else.”

◆ *Lastly*, petitioner asserted that the purpose of dismissing without prejudice is not to eliminate the ability to litigate but to preserve this right. Petitioner asserted that although *Click-To-Call* held that the anti-preclusion principle does not apply to § 315(b), it is certainly applicable to § 315(a)(1) – a preclusion statute. The Board stated that the petitioner did not explain why the characterization of § 315(a)(1) as “a preclusion statute” warrants departure from the ordinary meaning of its statutory language. The Board then points out that their decision does not hold that § 315(a)(1) bars petitioner from filing another civil action.

- ***Infiltrator Water Techs., LLC, v. Presby Patent Trust, Case IPR2018-00224 (PTAB Oct. 1, 2018) (Paper 25)*** – This decision follows *Click-to-Call* and concerns whether a complaint for which service was waived and that was subsequently *involuntarily* dismissed for lack of personal jurisdiction triggers the § 315(b) time bar.

Click-to-Call held that the Director may not, under any circumstance, institute an *inter partes* review where the petition is filed more than one year after the petitioner is served with a complaint alleging patent infringement. *Click-to-Call* also held § 315(b) does not contain exceptions or exceptions for complaints subsequently dismissed without prejudice.

Here, petitioner acknowledged being served with the complaint more than one year prior to the filing of the petition. But the complaint was dismissed without prejudice for lack of personal jurisdiction. As such, petitioner argued that *Click-to-Call* is limited to whether a voluntary dismissal under Federal Rule Civil Procedure (Rule) 41(a) nullifies service. On this basis, petitioner argued that the complaint at issue was dismissed for lack of personal jurisdiction and that they were never effectively served with the complaint under Rule 4(k).

The Board noted that *Bennett Regulator Guards* issued after *Click-to-Call* addressed the very same issue as the present case. The Board then noted that *Bennett Regulator Guards* refused to distinguish *Click-to-Call* on the basis that it involved a voluntary, rather than an involuntary, dismissal.

Nonetheless, the Board addressed arguments that the petitioner could have raised concerning service that were not discussed in *Bennett Regulator Guards*. Specifically, the Board noted that there is no meaningful dispute that petitioner received “notice of the pendency of a legal action, in a manner and at a time that affords the defendant a fair opportunity to answer the complaint and present defenses and objections.”

The Board then found that Petitioner improperly focused on Rule 4(k), since it concerns whether serving a summons or filing a waiver of service establishes personal jurisdiction. The Board then noted that Rule 4(d) addresses waiver of service explicitly.

- ***General Electric Co. v. United Techs. Corp., Case IPR2017-00491 (PTAB July 6, 2017) (Paper 9)*** – This decision concerns the denial of an *inter partes* review pursuant to 37 C.F.R. § 42.107(e) when all contested claims were statutorily disclaimed.

Under § 42.107(e), “[t]he patent owner may file a statutory disclaimer under 35 U.S.C. 253(a) in compliance with § 1.321(a) of this chapter, disclaiming one or more claims in the patent. No *inter partes* review will be instituted based on disclaimed claims.” Accordingly, since patent owner statutorily disclaimed all claims challenged by the petitioner, the Board refused to institute an *inter partes* review on any of the claims.

The designation of these decisions as precedential underscores the Board’s emphasis that the § 315 time bars apply broadly once triggered. Litigants, as well as petitioners, are well-advised to closely observe the calendar as the § 315 time bars relate to the interplay between the PTAB and the district courts.

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