

## ARTICLES

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### IPR SPOTLIGHT SERIES: WHAT TO DO WHEN THE PTAB DENIES YOUR PETITION TO INSTITUTE IPR

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Inter partes review (IPR) before the Patent Trial and Appeal Board (PTAB) became available on September 16, 2012 as a post-grant review procedure to challenge the patentability of issued claims based on prior art patents and publications. To help navigate the uncharted waters of this procedure, each edition of IP Buzz - Post Grant Practice will include an installment of our new IPR Spotlight Series, where we will feature a specific event on the IPR timeline, from filing the petition for IPR through oral hearing and final written decision. We will present an overview of the featured filing or procedure, along with practice tips and strategy informed by recent PTAB decisions, statistics, and practical experience. In our third IPR Spotlight installment, we focus on what to do when the PTAB denies a petition to institute IPR.

#### Part 3: What to Do When the PTAB Denies Your Petition to Institute IPR

Once the petitioner has filed for IPR, the PTAB must decide whether to institute trial within six months.<sup>1</sup> The PTAB's written decision will include claim construction determinations and either grant or deny institution of IPR based on the grounds of unpatentability proposed in the petition. To date, the PTAB has **denied approximately 20% of IPR petitions** outright.

The PTAB's decision not to institute IPR is "final and nonappealable" under 35 U.S.C. § 314(d). Recent Federal Circuit decisions have made clear that there is no flexibility in the language of the statute; a PTAB decision not to institute IPR is not immediately reviewable by the Federal Circuit, either by means of an appeal or a petition for mandamus review. In *St. Jude Medical, Cardiology Div., Inc. v. Volcano Corp.*,<sup>2</sup> the Federal Circuit granted the plaintiff's motion to dismiss an appeal of the PTAB's decision denying St. Jude's petition for IPR as untimely. The Federal Circuit held that it does not have jurisdiction to hear appeals of PTAB decisions not to institute IPR. In a companion case, *In re Dominion Dealer Solutions, LLC*,<sup>3</sup> the Federal Circuit denied the defendant's petition for mandamus review of the PTAB's decision not to institute IPR for failure to meet the "reasonable likelihood" of prevailing standard under 35 U.S.C. § 314(a). The Federal Circuit held that "given our conclusion [in *St. Jude*] about the statutory scheme, Dominion has no 'clear and indisputable' right to challenge a non-institution decision directly in this court, including by way of mandamus."<sup>4</sup> Similarly, a non-institution decision cannot be challenged in district court under the Administrative Procedure Act (APA).<sup>5</sup> Although a petitioner cannot appeal the PTAB's decision not to institute IPR, there are several alternatives to consider, depending on the basis of the denial.

#### 1. Try Again: Filing a Request for Rehearing

Although the PTAB's decision not to institute cannot be appealed, the petitioner can still challenge the PTAB's decision by requesting a rehearing under 37 C.F.R. § 42.71(d). The rehearing request must be filed within 30 days of the PTAB's decision not to institute IPR.<sup>6</sup> No prior authorization from the PTAB is needed. In the request, the petitioner should identify specifically all matters the PTAB misapprehended or overlooked, and the place where each matter was previously addressed.<sup>7</sup> Furthermore, the identified mistake must be more specific than the PTAB's ultimate conclusion not to institute IPR, and the petitioner should not attempt to introduce new arguments.

The standard of review is abuse of discretion, a high bar for the challenger. Chances of a successful request for rehearing are slim: only 12% of the PTAB's decisions actually grant a rehearing.<sup>8</sup> Nevertheless, unsuccessful petitioners have had more luck with the PTAB granting requests for rehearing than unsuccessful patent owners, with the PTAB granting less than 1% of patent owner

requests.<sup>9</sup> If the twelve-month window to file an IPR petition after being served with a complaint alleging infringement of the patent has already passed, filing a request for rehearing may be the petitioner's best option after the PTAB refuses to institute IPR. Requesting a rehearing may be particularly useful where the PTAB's non-institution decision does not identify any specific issues with the petition, such as including argument in claim charts or having deficiencies in the supporting expert declarations.

## 2. Start Over: Filing a New IPR Petition

As noted above, under 35 U.S.C. § 315(b), a defendant in a district court patent infringement suit has one year from the filing of the complaint to timely file a petition for IPR. The PTAB must issue a decision on institution no later than six months after the petition is filed.<sup>10</sup> That means that if a defendant files a petition for IPR in the first few months after the patent owner files a complaint for patent infringement and the PTAB denies the petition, the defendant/petitioner will have time remaining before the one-year bar to file a second IPR petition. For IPR petitions filed without concurrent district court litigation, the filing of a second IPR petition has no such time limit. This second petition is an opportunity to address the deficiencies of the first petition, as well as the PTAB's claim construction determinations in the initial decision on institution.

## 3. Switch It Up: Pursuing Alternative Grounds for Invalidity

Although estoppel does not attach if IPR is not instituted, the patent owner may try to use the PTAB's non-institution decision to undercut the cited prior art in district court litigation. The petitioner may be better served pursuing alternative invalidity arguments at district court. Because IPR is limited to patents and printed publications, an unsuccessful petitioner should consider other types of prior art, such as prior art products and systems, to support its invalidity analysis in district court litigation. In addition, an unsuccessful petitioner can also seek to pursue non-prior art invalidity defenses, such as lack of written description and/or enablement, lack of patentable subject matter, or unenforceability defenses.

Regardless of what option is taken after a denial of a petition, the unsuccessful petitioner should be aware that any post-institution fees, to the extent that such fees have been paid, are refundable.<sup>11</sup> However, the USPTO will only refund those fees if a request for refund is filed.

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<sup>1</sup> 35 U.S.C. § 314(b).

<sup>2</sup> No. 2014-1183 (Fed. Cir. Apr. 24, 2014)

<sup>3</sup> No. 2014-109 (Fed. Cir. Apr. 24, 2014)

<sup>4</sup> *Id.* at 4.

<sup>5</sup> *Dominion Dealer Solutions, LLC v. Lee*, 3:13-cv-699, 2014 WL 1572061 (E.D. Va. Apr. 18, 2014) (granting patent owner's motion to dismiss petitioner's APA action for review of the PTAB's decisions denying all five of petitions for IPR and denying petitioner's requests for rehearing, holding that Section 314(d) precludes judicial review, thereby foreclosing APA review).

<sup>6</sup> 37 C.F.R. § 42.71(d)(2).

<sup>7</sup> 37 C.F.R. § 42.71(d).

<sup>8</sup> Patent Trial and Appeal Board Best Practices Webcast, Federal Circuit Bar Association, April 25, 2014.

<sup>9</sup> *See id.*

<sup>10</sup> 37 C.F.R. § 42.108.

<sup>11</sup> [Insights from a Recent Panel on Navigating AIA Trials](#), July 24, 2014.