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### PATENTS

As a result of recent changes in the PTAB rules of practice, counsel for patent owners should consider whether there are opportunities to identify factual deficiencies in petitions. Counsel for petitioners in inter partes review proceedings should recognize that they might not have the opportunity to supplement any factual deficiencies, and should include all support with the petition.

## How the PTAB Treats Pre-Institution Factual Disputes



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### I. Introduction

As of May 2, the Patent Trial and Appeal Board rules of practice have been amended to allow patent owners to submit testimonial evidence with a preliminary response and to provide that a “genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to in-

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stitute an inter partes review.”<sup>1</sup> This article explores how PTAB panels have addressed pre-institution factual disputes and the potential impact of the PTAB's recent rule changes. In particular, three areas are considered: (1) disputes about the substance of what a prior art reference discloses; (2) disputes about whether a reference qualifies as prior art; and (3) disputes about whether a petition is barred based on actions of a privy or real party-in-interest of the petitioner.

### II. Factual disputes going to the merits of what a reference discloses

In cases where there is a pre-institution dispute about what a reference discloses, the panels have generally allowed the dispute to be resolved through the trial process. For example, in *Arisdyne Systems*, the parties disputed what the references disclosed with respect to “fluctuation frequencies.”<sup>2</sup> The panel instituted the inter partes review: “The record contains discussion pro and con on the fluctuation frequencies described by [the references]. . . . Resolution of any factual dispute on fluctuation frequencies is an issue best resolved during trial.”<sup>3</sup> Similarly, in *Sanofi-Aventis*, the panel instituted trial despite noting there was a dispute as to “the

<sup>1</sup> Amendments to the Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 Fed. Reg. 18,750, 18,763 (April 1, 2016).

<sup>2</sup> *Arisdyne Systems, Inc., v. Cavitation Technologies, Inc.*, Case IPR2015-00977, slip op. at 20 (P.T.A.B. Aug. 17, 2015) (Paper 16).

<sup>3</sup> *Id.*

prevailing ‘mindset’ of those skilled in the art prior to April 1983.”<sup>4</sup> The panel explained that at least one reference supported petitioner’s view, which the panel found sufficient at the institution stage.<sup>5</sup>

In *Mexichem Amanco Holdings*, the panel likewise concluded factual disputes as to whether an embodiment in a reference would be used as a refrigerant were best resolved by instituting the proceeding.<sup>6</sup> The panel in *Mangrove Partners* reached a similar conclusion. The patent owner had argued that “each of [petitioner’s] proposed rejections rely on a view of [the reference] that clashes with the Federal Circuit’s view of [the reference].”<sup>7</sup> The panel rejected this argument at the institution stage and concluded such disputes should be resolved through trial.<sup>8</sup>

This trend appears likely to continue under the PTAB’s amended rules. In cases in which the patent owner does not submit new testimonial evidence in a preliminary response, PTAB panels will likely continue finding that factual disputes going to the merits are best resolved through trial.

Similarly, in cases in which the patent owner submits new testimonial evidence that creates a genuine issue of material fact, PTAB panels will apply a presumption in favor of petitioners as provided by the amended rules.

Additional decisions, however, will be needed to illuminate whether and under what circumstances patent owners can overcome this presumption. As such, patent owners should consider whether there are opportunities to use the preliminary response to highlight deficiencies in a petition, rather than simply creating a factual dispute going to the merits.

### III. Factual disputes about whether a reference qualifies as prior art

Factual disputes also arise as to whether a reference qualifies as prior art (e.g., whether a reference was “publicly accessible” such that it qualifies as a prior art printed publication).

In these situations, panels sometimes conclude that the dispute should be resolved through trial, and other times find the petitioner has not met its burden and decline to institute.

Although no bright line rule emerges, the more support for public accessibility included with the petition, the more panels appear willing to allow disputes as to public accessibility to be resolved at trial. The PTAB’s amended rules do not appear likely to change this practice.

#### A. Public accessibility of conference papers

The issue of public accessibility has arisen in cases dealing with whether a paper being presented at a con-

ference is sufficient to establish it is “publicly accessible” at the institution decision stage.

In *Valeo*, the panel concluded the petitioner provided sufficient evidence the paper was publicly accessible, whereas in *TRW Automotive* and in *Crestron*, the panel reached the opposite conclusion and declined to institute the proceeding.

The petitioner in *Valeo* submitted a declaration stating that the reference “is a publication that dates back to June 14–17, 2004, and was presented at the 2004 IEEE Intelligent Vehicles Symposium,”<sup>9</sup> which the panel concluded was sufficient at the institution stage.<sup>10</sup> Following institution, the panel authorized petitioner to submit supplemental evidence on public accessibility, including additional declarations providing information relating to the publication and accessibility of the reference.<sup>11</sup> Patent owner then filed a motion to exclude based on relevance and authentication,<sup>12</sup> which the panel rejected in the final written decision.<sup>13</sup>

By contrast, in *TRW Automotive*, the panel concluded: “Information about the date and location of a symposium appearing on [the reference]” was insufficient.<sup>14</sup> The panel contrasted a conference paper with a publication: “The Board has held that an IEEE *publication* requires no further evidence of publication date.”<sup>15</sup> The panel in *Crestron* reached a similar decision—the date on a conference paper was sufficient at the institution stage to establish public accessibility.<sup>16</sup>

The *Valeo* and *TRW Automotive* decisions not only reached different outcomes, but reached them for the same reference.<sup>17</sup> The two panels (which shared one common ALJ)<sup>18</sup> did not explain why they reached different conclusions in these cases, nor did the second panel reference the decision of the earlier panel. One possible distinction is that *Ericsson*,<sup>19</sup> which the panel in *TRW Automotive* cited for the distinction between a publication and a conference paper, had not yet been decided when the panel in *Valeo* issued its institution decision.

Another possible distinction is that the petitioner’s expert in *Valeo* stated in his declaration that the reference published on June 14-17, 2004 (although the declaration does not specifically state whether the expert

<sup>9</sup> *Valeo North America, Inc. v. Magna Elecs., Inc.*, Case IPR2014-01204, slip op. at 15-16 (P.T.A.B. Jan. 28, 2015) (Paper 13).

<sup>10</sup> *Id.*

<sup>11</sup> *Valeo North America, Inc. v. Magna Elecs., Inc.*, Case IPR2014-01204, slip op. at 2-3, 5 (P.T.A.B. Apr. 10, 2015) (Paper 26).

<sup>12</sup> *Valeo North America, Inc. v. Magna Elecs., Inc.*, Case IPR2014-01204, slip op. at 3-4 (P.T.A.B. Aug. 13, 2015) (Paper 33).

<sup>13</sup> *Valeo North America, Inc. v. Magna Elecs., Inc.*, Case IPR2014-01204, slip op. at 20-21 (P.T.A.B. Jan. 25, 2016) (Paper 52).

<sup>14</sup> *TRW Automotive US LLC v. Magna Electronics Inc.*, Case IPR2015-00960, -00961, slip op. at 18 (P.T.A.B. Oct. 5, 2015) (Paper 9).

<sup>15</sup> *Id.* at 19.

<sup>16</sup> *Crestron Electronics, Inc. v. Intuitive Building Controls*, Case IPR 2015-01379, slip op. at 18 (P.T.A.B. Dec. 15, 2015) (Paper 16).

<sup>17</sup> *Compare Valeo*, slip op. at 7 (Paper 13) with *TRW Automotive*, slip op. at 18 (Paper 9).

<sup>18</sup> Judge Phillip J. Kauffman sat on both panels.

<sup>19</sup> *Ericsson Inc. v. Intellectual Ventures I LLC*, Case IPR2014-00527 (P.T.A.B. May 18, 2015) (Paper 41).

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

<sup>5</sup> *Id.* at 20-21.

<sup>6</sup> *Mexichem Amanco Holdings S.A. de C.V. v. Honeywell International, Inc.*, Case IPR2013-00576, slip op. at 14 (P.T.A.B. Feb. 27, 2014) (Paper 13) (internal citations omitted). In its subsequent final decision, the board sided with petitioner on these issues. *Mexichem Amanco Holdings S.A. de C.V. v. Honeywell International, Inc.*, Case IPR2013-00576, (P.T.A.B. Feb. 26, 2015) (Paper 50).

<sup>7</sup> *Mangrove Partners Master Fund, Ltd. v. Virnetx Inc.*, Case IPR2015-01046, slip op. at 9 (P.T.A.B. Oct. 7, 2015) (Paper 11).

<sup>8</sup> *Id.*

had personal knowledge of the publication date),<sup>20</sup> whereas in *TRW Automotive*, the panel found that petitioner asserted the reference was prior art “without citation of any supporting evidence.”<sup>21</sup> The panel in *Crestron* did not have any judges in common with the panels in *Valeo* or *TRW Automotive*, nor did the *Crestron* decision cite either of the other decisions.

These cases suggest that additional evidence, such as a statement in an expert declaration, or even indicia of publication on the face of the reference, could be enough to tip a panel towards finding petitioner had met its burden at the institution stage.

But in view of the *TRW Automotive* panel’s application of *Ericsson*, petitioners should consider submitting additional corroborating evidence such as declarations from individuals that can attest to a conference paper in fact being published and accessible as of the date of the conference or other prior art references that cite the conference paper.

## B. Public accessibility of dated documents

Panels have also reached different outcomes with regard to the sufficiency of a date appearing on a reference.

In *Ford*, the patent owner argued petitioner had failed to show a reference had been disseminated to the public.<sup>22</sup> The panel rejected this argument. The panel noted that the reference “has a date of ‘Apr. 1998’ printed on each odd-numbered page and has the appearance of an official publication,” and that it was “cited on the face of [patent owner’s] related patent . . . [as] a ‘Publication’ bearing the same date.”<sup>23</sup> After institution, the panel granted petitioner’s motion to supplement on public accessibility with a declaration from a librarian,<sup>24</sup> and in the final written decision, the panel noted that the declaration (which attested to the reference having been accessible at the library from prior to the critical date to present) was sufficient and that the patent owner did not dispute the reference was prior art.<sup>25</sup> By contrast, in the *TRW Automotive* decision discussed above, the panel concluded that “Intelligent Robots and Systems. Elsevier, 1994” printed on a document was not sufficient to establish public accessibility at the institution stage.<sup>26</sup>

Here again, the successful petitioner cited additional evidence. In *Ford*, petitioner noted that the reference was “cited on the face of [patent owner’s] related patent . . . [as] a ‘Publication’ bearing the same date,”<sup>27</sup> whereas in *TRW Automotive*, the board concluded petitioner provided no explanation or additional evidence beyond the date on the reference to support it being prior art.<sup>28</sup> These decisions suggest that including some additional evidence of public accessibility can be

<sup>20</sup> *Valeo*, slip op. at 15-16 (Paper 13); *Valeo* (Exhibit 1013, para. 113).

<sup>21</sup> *TRW Automotive*, slip op. at 17 (Paper 9).

<sup>22</sup> *Ford Motor Co. v. Paice LLC*, Case IPR2014-01415, slip op. at 9 n.7 (P.T.A.B. Mar. 12, 2015) (Paper 10).

<sup>23</sup> *Id.*

<sup>24</sup> *Ford Motor Co. v. Paice LLC*, Case IPR2014-01415, slip op. at 2 (P.T.A.B. Apr. 27, 2015) (Paper 15).

<sup>25</sup> *Ford Motor Co. v. Paice LLC*, Case IPR2014-01415, slip op. 31 n.16 (P.T.A.B. Mar. 10, 2016) (Paper 30).

<sup>26</sup> *TRW Automotive*, slip op. at 19 (Paper 9).

<sup>27</sup> *Ford*, slip op. at 9 n.7 (Paper 10).

<sup>28</sup> *TRW Automotive*, slip op. at 19 (Paper 9).

enough to tip the scales in petitioner’s favor at the institution stage.

## C. Hearsay Objections

A related issue is whether hearsay objections to dates and other information appearing on documents can be raised pre-institution. In *Ford*, the panel noted that hearsay objections should be raised and addressed post-institution.<sup>29</sup> Panels reached similar conclusions in *Synovia*,<sup>30</sup> *Finisar*,<sup>31</sup> and *Advanced Micro Devices*.<sup>32</sup>

By contrast, in *Servicenow*, the majority indicated that petitioner should address potential hearsay objections pre-institution and concluded petitioner had failed to establish any hearsay exception or exclusion applies to the date on the face of an exhibit.<sup>33</sup> Similarly, in *Crestron*, the panel addressed hearsay objections at the institution stage. But in contrast to *Servicenow*, the panel rejected patent owner’s arguments, concluding that the statements regarding the archival dates of the webpages, submitted in an affidavit, were sufficient to authenticate the web pages at the institution stage.<sup>34</sup>

These decisions suggest that, while panels may delay evidentiary arguments until after institution, petitioners should consider affirmatively addressing them in the petition in case they are not given the opportunity to address them before institution.

Likewise, patent owners should consider raising objections such as hearsay in their preliminary response, especially when part of an argument that the petition fails to establish that a reference qualifies as prior art, because the panel may be willing to entertain the objection pre-institution.

The amended rules do not appear likely to change this practice. In many cases, whether a reference qualifies as prior art will depend on the sufficiency of petitioner’s evidence, rather than a genuine issue of material fact resulting from new testimonial evidence submitted by the patent owner. As such, it will not likely trigger the presumption in favor of petitioners created by the amended rules.

## IV. Factual disputes over privity and real party-in-interest

Disputes at the time of institution also arise in the context of establishing whether a petition is barred based on a suit against a privy or real party-in-interest.<sup>35</sup> Here again, panels reach different conclusions on how these disputes should be resolved pre-institution. For example, in *Aruze Gaming*, the patent owner argued in its preliminary response that *Aruze Gaming America*

<sup>29</sup> *Ford*, slip op. at 9 n.7 (Paper 10).

<sup>30</sup> *Synovia Solutions, LLC, v. Zonar Systems, Inc.*, Case IPR2015-00166, slip op. at 10-11 (P.T.A.B. May 22, 2015) (Paper 11).

<sup>31</sup> *Finisar Corp. v. Thomas Swan & Co. Ltd.*, Case IPR2014-00460, slip op. at 17-18 (P.T.A.B. Aug. 21, 2014) (Paper 9).

<sup>32</sup> *Advanced Micro Devices, Inc. v. LG Electronics, Inc.*, Case IPR2015-01409, slip op. at 17 (P.T.A.B. Dec. 31, 2015) (Paper 10).

<sup>33</sup> *Servicenow, Inc. v. Hewlett-Packard Co.*, Case IPR2015-00707, slip op. at 16 (P.T.A.B. Aug. 26, 2015) (Paper 12). The dissent argued hearsay objections should be addressed post-institution. *Id.*, slip op. at 4 (Dissent, J. Crumbley).

<sup>34</sup> *Crestron*, slip op. at 16 (Paper 14).

<sup>35</sup> See 35 U.S.C. 315(b).



(AGA) was an RPI or a privy of petitioner Aruze Gaming Macau (AGM), and that the suit was time-barred because AGA had been sued more than a year prior to the filing of the petition.<sup>36</sup> The panel concluded that the “record before us is insufficient to establish that AGA and AGM have so blurred the lines of corporate separation . . . such that [AGA] could have controlled the filing and participation of this proceeding.”<sup>37</sup> The panel noted, however, that this “does not preclude MGT from seeking further discovery on this issue during trial, or from presenting further evidence in its patent owner’s Response that AGA is an RPI.”<sup>38</sup> With regard to privity, the board similarly concluded that “on this record . . . there is a reasonable likelihood that AGM is not a privy of AGA” and again noted “this determination does not preclude MGT from seeking further discovery on the relationship between AGA and AGM during trial and presenting further evidence in its patent owner response.”<sup>39</sup>

By contrast, in *Amazon*, the panel concluded petitioners failed to meet its burden to identify the real parties-in-interest.<sup>40</sup> In its preliminary response, the patent owner argued that petitioners Amazon.com and Amazon Web Services (AWS) failed to identify Amazon Digital Services, Inc. (ADS) and AWSHC LLC (AWSHC) as real parties-in-interest.<sup>41</sup> In response, the panel requested additional briefing from petitioners on whether ADS and AWSHC are real parties-in-interest and authorized petitioners to “include evidence, but not testimony, as part of its brief, if it chooses to file a brief.”<sup>42</sup> Petitioners did not file a brief or submit any additional evidence.<sup>43</sup> The panel explained that “Petitioner was given the opportunity to provide additional evidence to rebut patent owner’s evidence and meet its

burden, but petitioner chose not to provide any such evidence,” and concluded “based on the record before [it], petitioner has not sufficiently demonstrated that the Petition complies with the statutory requirement to identify all real parties-in-interest.”<sup>44</sup>

These panel decisions suggest that petitioners should consider addressing real party-in-interest and privity issues in the petition and utilizing opportunities to submit additional briefing and evidence when requested by the board.

In the *Amazon* case, the panel may have been influenced by petitioner declining to submit a brief or additional evidence when given the opportunity to do so. Patent owners should consider whether there are opportunities to challenge the identification of real parties-in-interest or privies in the preliminary response.

In many cases, such challenges can be made in a preliminary response without new testimonial evidence and can therefore likely avoid the presumption in favor of petitioners for genuine issues of material fact that results from new testimonial evidence.

## V. Practice Pointers

Given the risk that petitioner will not have a chance to supplement any factual deficiencies with regard to whether a reference qualifies as prior art or other potential deficiencies in a petition, petitioners should consider putting in the evidence necessary to establish these facts up front.

Although some decisions have allowed petitioners to submit supplementary evidence on public accessibility post-institution, other decisions have declined to institute.

Therefore, petitioners should not assume they will have an opportunity to submit supplemental evidence. Likewise, patent owners should consider identifying any factual deficiencies in the petition, such as failing to establish a document was publicly accessible, in a preliminary response.

Such deficiencies can provide the opportunity to challenge the sufficiency of the petition without new testimonial evidence that could trigger a presumption in favor of the petitioner.

<sup>36</sup> *Aruze Gaming Macau, Ltd. v. MGT Gaming, Inc.*, Case IPR2014-01288, slip op. at 6 (P.T.A.B. Feb. 20, 2015) (Paper 13).

<sup>37</sup> *Id.* at 10 (internal quotations omitted).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 11. The proceeding ultimately settled.

<sup>40</sup> *Amazon.com, Inc. and Amazon Web Services, Inc., v. Appistry, Inc.*, Case IPR2015-00480, slip op. at 2 (P.T.A.B. July 13, 2015) (Paper 18).

<sup>41</sup> *Id.*

<sup>42</sup> *Amazon.com, Inc. and Amazon Web Services, Inc., v. Appistry, Inc.*, Case IPR2015-00480, slip op. at 2 (P.T.A.B. June 22, 2015) (Paper 17).

<sup>43</sup> *Id.*

<sup>44</sup> *Amazon*, slip op. at 6 (Paper 18).