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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 we cover:

- How the Federal Circuit dismissed a Petitioner's appeal from a PTAB final written decision when it determined that a Patent Owner's voluntary cessation in its district court action mooted the PTAB appeal;
- A Petitioner's District Court stipulation results in PTAB trial institution under the PTAB's *Fintiv* analysis; and
- We give our readers a sneak peek of the upcoming *Federal Circuit Appeals from the PTAB and ITC: Summaries of Key 2020 Decisions* report.

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 D. Eisenberg

IN THIS ISSUE

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PATENT OWNER'S DISTRICT COURT DISAVOWAL MOOTS PETITIONER'S PTAB-BASED CAFC APPEAL UNDER DOCTRINE OF VOLUNTARY CESSATION

By: Trent W. Merrell and Jason D. Eisenberg

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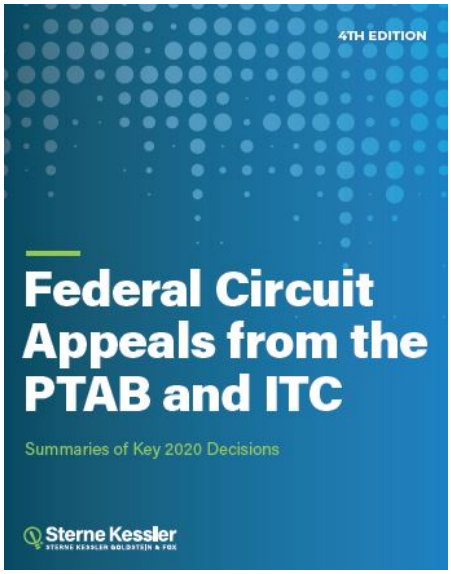
SNEAK PEEK -- FEDERAL CIRCUIT APPEALS FROM THE PTAB AND ITC: SUMMARIES OF KEY 2020 DECISIONS REPORT

We are pleased to share a sneak peek of the upcoming *Federal Circuit Appeals from the PTAB and ITC: Summaries of Key 2020 Decisions* report with our readers. This annual report provides insights into last year's significant rulings on appeal from the PTAB and ITC. Please contact us at info@sternekessler.com if you have any questions.

To view the report, please click here.



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We begin unweaving the parallel proceedings by providing a condensed procedural posture for the case at the Federal Circuit:

- June 2017 (District Court)– Cytonome/ST, LLC ("Cytonome"), Inguran, LLC, and XY, LLC filed a complaint against ABS Global, Inc. ("ABS") in district court, alleging infringement of claims in six patents, including U.S. Patent No.: 8,529,161 (the "'161 patent).
- October 2017 (PTAB) – ABS filed a petition for *inter partes* review of all claims of the '161 patent.
- April 2019 (PTAB) – The PTAB issued a final written decision holding several claims not unpatentable (i.e., valid), while also finding some claims unpatentable.
- April 2019 (District Court) – Two weeks after the PTAB's final written decision, the district court granted, in part, ABS's motion for summary judgment, concluding that ABS's accused products did not infringe any of the '161 patent claims.
- June 2019 (PTAB, Federal Circuit) – Petitioner ABS filed a notice of appeal from the PTAB's final written decision.
- September 2019 (District Court) – The district court held a jury trial covering patents remaining in the case.
- November 2019 (Federal Circuit) – ABS filed its opening blue brief challenging the aspects of the Board's final written decision that found it failed its burden of proving unpatentability.
- February 2020 (Federal Circuit) – Cytonome filed a response red brief, including an affidavit by Cytonome's counsel that it "has elected not to pursue an appeal of the district court's finding of non-infringement as to the '161 patent and hereby disclaims such an

appeal."[ii] The brief argued that, because it "disavowed its ability to challenge the district court's summary judgment that ABS did not infringe the '161 patent claims, ABS lacked the requisite injury in fact required for Article III standing to appeal the Board's final written decision regarding validity of the claims of the '161 patent."[iii]
- April 2020 (Federal Circuit) -- ABS responded that "mootness, not standing, provides the proper framework to assess jurisdiction" of the case and that its appeal is not moot under a "purported patent-specific exception to the mootness doctrine set forth in *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340 (Fed. Cir. 2005)."[iv]

In the Federal Circuit majority decision, Judge Stoll applied the doctrine of voluntary cessation to dismiss ABS's PTAB appeal as moot. Specifically, Judge Stoll determined that "Cytonome has demonstrated that its challenged conduct is not reasonably expected to recur, and that ABS has failed to demonstrate that it is engaged in or has sufficiently concrete plans to engage in activities not covered by Cytonome's disavowal."[v] The Court further explained that Cytonome's disavowal estops it from asserting the '161 patent against the accused ABS products or any ABS products that are "essentially the same" as the accused products.[vi]

Judge Stoll further determined that *Fort James* stands for the principle that a district court has the power to decide questions posed in alternative grounds for relief (non-infringement rather than invalidity) when its decree was subject to review by a court of appeal. *Fort James* is therefore inapplicable to the instant case because a "determination of invalidity in ABS's IPR proceeding . . . could not provide an alternative ground for the district court's judgment against Cytonome in an entirely different proceeding."[vii]

Finally, ABS argued, for the first time at oral argument, that if the Federal Circuit were to find the case moot, "vacat[ing] the challenged portion of the [Board's] decision" would be proper.[viii] Judge Stoll declined ABS's vacatur request, stating that "wait[ing] over seven months to raise vacatur, requesting it for the first time at oral argument" and failing to "explain why vacatur would be the appropriate remedy either at oral argument or by seeking permission to file supplemental briefing," constituted forfeiture.[ix]

Practice Tips:

First, PTAB Parties need to be aware of the doctrine of voluntary cessation and the effects that it may have on a right to appeal, including the possibility that such a district court disavowal may cement a PTAB victory (or defeat).

Second, Parties should also consider the possible effects of a timely request during PTAB appeal for vacatur after a voluntary district court cessation is made. While it is true that, although the Supreme Court "normally do[es] vacate the lower court judgment in a moot case," Judge Prost argues, in dissent, that this rule is not absolute.[x] Indeed Judge Prost, argues that "[v]acatur is in order when mootness occurs through happenstance—circumstances not attributable to the parties—or, relevant here, the 'unilateral action of the party who prevailed in the lower court.'"[xi] Judge Prost's dissent continues, "[t]his appeal was not mooted by mere happenstance but by the unilateral act of an adversary to cement its victories below."[xii] Vacatur, Judge Prost argues, avoids this unfairness.[xiii]

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[i] *ABS Global, Inc. v. Cytonome/ST, LLC.*, Appeal No. 2019-2051, slip op. 6 (Fed. Cir. 2021).
[ii] *Id*. at 2.
[iii] *Id*. at 3.
[iv] *Id*. at 3-4 (citing *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340 (Fed. Cir. 2005)).
[v] *Id*. at 4.
[vi] *Id*. at 8-9 (citing *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045, 1058 (Fed. Cir. 2014) and *SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317, 1323 (Fed. Cir. 2015)).
[vii] *Id*. at 16.
[viii] *Id*. at 17.
[ix] *Id.*
[x] *Id*. at 22 (Prost, dissenting).
[xi] *Id*. at 21 (Prost, dissenting).
[xii] *Id*. at 23 (Prost, dissenting).
[xiii] *Id*. at 21 (Prost, dissenting).

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The *Fintiv* Factors:

In March 2020, the PTAB set forth six *Fintiv* factors governing the exercise of its discretion to deny institution of a post-grant proceeding in view of a parallel district court or ITC litigation.[ii] The *Fintiv* factors aim to preserve the efficiency and integrity of the patent system and require the Board to look at circumstances outside the USPTO when determining whether to deny a PTAB petition.

The six *Fintiv* factors include:

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;
3. Investment in the parallel proceeding by the court and 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. [iii]

***Sotera Wireless, Inc.* v. *Masimo Corporation*:**

In June 2019, Sotera ("Patent Owner") filed a complaint against Masimo ("Petitioner") in district court alleging infringement of U.S. Patent No. RE47,353 (the '353 patent). In May 2020, Sotera

filed a petition requesting *inter partes* review of the ’353 patent. After Patent Owner filed its Preliminary Patent Owner Response (POPR), the Board allowed each party to file additional briefing to address the *Fintiv* factors.

Before filing its additional briefing at the PTAB, Petitioner filed a stipulation in the district court stating, that if the PTAB institutes *inter partes* review, it “will not pursue in [the District Court] the specific grounds [asserted in the *inter partes* review], or on any other ground . . . that was raised or could have been reasonably raised in an IPR (i.e., any ground that could be raised under §§ 102 or 103 on the basis of prior art patent or printed publications).”[iv]

The Board’s institution decision explained that “Petitioner’s stipulation here mitigates any concerns of duplicative efforts between the district court and the Board, as well as concerns of potentially conflicting decisions . . . Importantly, Petitioner broadly stipulates to not pursue ‘any ground raised or that could have been reasonably raised.”[v] The Board then concluded that “Petitioner’s broad stipulation ensures that an *inter partes* review is a ‘true alternative’ to the district court proceeding” and this weighs “strongly in favor of not exercising discretion to deny institution under 35 U.S.C. § 314(a).”[vi]

After walking through each of the other *Fintiv* factors and taking a “holistic view of whether efficiency and integrity of the system are best served by denying or instituting review,” the Board ultimately determined that the parties had expended a “relatively limited investment in the parallel proceeding to date” and that “the timing of the Petition was reasonable.”[vii] The Board instituted trial against the ’353 patent.

Practice Tip: Parties should be aware that actions taken in a parallel proceeding, including a Masimo-like stipulation, may carry significant weight at the PTAB and can influence the Board’s decision whether or not it should exercise its discretionary power under § 314(a).

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[i] *Sotera Wireless, Inc.* v*. Masimo Corporation*, IPR2020-01019, Paper 12 (PTAB December 1, 2020) (Precedential as to §II.A).
[ii] *See Apple Inc.* v. *Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB March 20, 2020) (Precedential).
[iii] *Fintiv* at 6.
[iv] *Sotera Wireless* at 13-14.
[v] *Id*. at 19.
[vi] *Id*.
[vii] *See id.*at 14-20.