

# 5 Things To Consider Before Heading To PTAB

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Those familiar with Patent Trial and Appeal Board proceedings are no doubt aware of some basic trends with respect to post-grant challenges: Institution rates have dropped over the past two years to around 60 percent, and the likelihood of at least some challenged claims surviving a PTAB proceeding has correspondingly increased. This article, rather than focusing on statistics, analyzes recent case law developments, rule changes and shifting legal frameworks, and presents five factors that companies facing patent infringement claims should consider when determining how to best leverage the advantages of PTAB proceedings.

## [SAS Institute Inc. v. Iancu](#)

The [U.S. Supreme Court](#)'s SAS decision generated significant debate over whether petitioners or patent owners will benefit more from the decision. Regardless of the overall balance, it is clear that the threat of estoppel with respect to prior art has grown significantly, and petitioners can no longer expect that printed prior art will be available at trial. Petitioners can alleviate estoppel concerns by (1) investigating system art early, because that art is not subject to potential estoppel; (2) conducting more intensive and thorough prior art searching earlier in cases, so that the best art is presented in an inter partes review petition; and (3) preparing high quality IPR challenges shortly after a patent lawsuit has been filed.

In addition to estoppel, SAS requires that the parties address grounds which the PTAB found unlikely to be successful at institution. While this provides a petitioner an additional opportunity to change the panel's view on a ground that otherwise would not have gone forward, it will require both petitioners and patent owners to make difficult strategic decisions regarding how much effort and attention to place on such grounds. For example, when preparing a patent owner response and during the deposition of the petitioner's expert, the patent owner will have to decide whether to spend time attacking grounds that the PTAB has already found unlikely to succeed, which will likely reduce the patent owner's ability to attack and focus on other grounds.

SAS will also require petitioners to carefully consider whether to include potentially weaker grounds in petitions, as such grounds can still result in estoppel even if the board finds them unlikely to succeed at the institution stage. Previously, the denial of such grounds at institution would not have triggered estoppel.

## **35 U.S.C. § 314, 325, and the Evolving General Plastic Analysis**

SAS changed the estoppel landscape and increased the need to present stronger prior art arguments at the PTAB. Additionally, the board has limited the prior art grounds and

arguments available to petitioners with the factors set forth in *General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha*.<sup>[1]</sup> These General Plastic factors not only limit the ability of a petitioner to file a second or “follow-on” petition, but also are being used by patent owners to greatly limit the prior art arguments available for IPR challenges. This includes prior art “previously considered” by the [U.S. Patent and Trademark Office](#), which patent owners argue not only includes art used in office actions, but also anything cited on the face of the patent or used in other post-grant challenges of the claims (including those filed by separate parties).

While the decision may be an outlier, the General Plastic test has even been used to deny institution of an IPR by a company that had not previously challenged the claims. In *NetApp*,<sup>[2]</sup> the board decided that NetApp had waited too long to file its own IPR petition while other companies moved forward with IPRs of their own. While the factual history underlying NetApp is unique and complicated, it still leaves open the question of how broadly panels will utilize the General Plastic test.

### **PTAB Rule Changes (Sur-Replies and the Phillips Standard)**

Beyond case law changes, the structure of PTAB proceedings continues to change, resulting in additional challenges that petitioners must be equipped to handle. With a recent rule change, IPR proceedings will now include sur-replies for patent owners, allowing patent owners to have the last word in written briefing before the oral hearing. Petitioners must factor in this change — including its many ramifications on strategy, counter-strategy, and potential new arguments — when preparing a petition, lest they be caught off-guard later in the proceeding, when it is too late to change course.

Last week, the PTAB instituted a rule change to switch from the “broadest reasonable interpretation” standard to the Philips claim construction standard. This switch will create additional implications that defendants must consider and account for when preparing a petition. To date, petitioners have been able to utilize the BRI standard to challenge the claims using the same — often broad — interpretation of claims from the patent owner’s infringement allegations, while at the same time preserving arguments in the district court that such a construction is not proper under the Philips standard. With the PTAB’s switch to the Philips standard, petitioners must carefully consider the strategy implications of, for example, filing an IPR that challenges the claims with a broad construction consistent with the patent owner’s interpretation in district court; filing an IPR under a narrower and proper construction under Philips; or to avoid certain IPR challenges (at least some claims) to preserve arguments for district court. Additionally, the Philips standard for PTAB proceedings will require defendants to determine much earlier in litigation — at higher costs and disruption to its business — whether to prioritize noninfringement or invalidity arguments, and what proposed constructions will be needed when a Markman hearing is likely still at least a year away.

### **Federal Circuit Decisions: Applications in Internet Time and Click-to-Call**

Two recent Federal Circuit opinions have increased the difficulty for IPR petitioners in

ways beyond technical and legal arguments. In *Applications in Internet Time LLC v. RPX Corp.*,<sup>[3]</sup> the Federal Circuit raised numerous questions on real-party-in-interest and privity issues but left ambiguity as to the boundaries defining an RPI. Because failure to identify an RPI can result in denial of a petition, companies facing patent infringement allegations will need to take extra care to analyze the positions of co-defendants and other business relationships to avoid an allegation of an undisclosed RPI. Particular care must be paid to these issues when multiple companies join a single petition, as the actions or relationships of a single company could result in the petition being denied for all companies.

With *Click-to-Call Technologies LP v. Ingenio Inc.*,<sup>[4]</sup> the Federal Circuit also created uncertainty for companies served with a complaint for patent infringement and subsequently dismissed without prejudice. In such situations, companies must now assess whether to file an IPR before the one-year window runs out, despite no lawsuit existing. This may result in gamesmanship by at least some plaintiffs by filing lawsuits against numerous companies, serving complaints, and then dismissing without prejudice, thereby creating the potential to file suit a year later, after the defendants are precluded from filing IPR petitions.

### **Hiding Patent Claims**

The success of IPR proceedings has forced patent owners to adopt new tactics, including attempts to make IPR proceedings more difficult and expensive. One tactic (which is growing in popularity) is asserting a larger number of patents and claims in a complaint while attempting to stall the identification of which claims the patent owner realistically plans to pursue in litigation. Particularly with patent litigation becoming more dispersed across different venues after *TC Heartland*, with varying disclosure requirements in each venue, this tactic can, absent intervention by litigants or judges, allow patent owners to waste time and resources by forcing petitioners to file IPRs on large sets of claims that the patent owners never plan to truly pursue.

### **Approach Going Forward**

PTAB proceedings remain powerful tools for companies accused of patent infringement, providing the opportunity to challenge asserted claims in front of three technically trained judges. However, recent changes from the Supreme Court and Federal Circuit, and PTAB rule and analysis changes have increased the challenges and hurdles faced by petitioners. Petitioners must understand and account for the impact of these changes when developing their PTAB strategy. Careful consideration must be paid at the early stages of litigation to determine what published and system art is available, push for a narrowing of claims, select prior art grounds that will prevail not only at the PTAB but at the Federal Circuit, and avoid RPI issues. More than ever, these new hurdles will require adept and sophisticated IPR counsel for a petition to be successful.

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[1] *General Plastic Indus. Co., Ltd. v. Canon Kabushiki Kaisha*, IPR2016-01357 (PTAB

Nov. 21, 2013)(Paper 19).

[2] NetApp, IPR2017-01196 (PTAB Oct. 13, 2017).

[3] Applications in Internet Time, LLC v. RPX Corp., 897 F.3d 1336 (Fed. Cir. 2018).

[4] Click-to-Call Techs., LP v. Ingenio, Inc. et al., 899 F.3d 1321 (Fed. Cir. 2018).