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The Report

Special Post-Grant Proceedings Updated Issue

In This Issue

Post-Grant Proceedings:
Decisions Recently
Made Precedential1,3-5

President's Corner2

Recent Developments in Biopharma
PTAB Practice6-8

Post-Grant Procedures in the
Patent Office — Inter Partes
and Post-Grant Reviews9-15

Timing Considerations When
Settling Post-Grant Proceedings:
How Late is Too Late?16-18

Historian's Corner19-20

Moving Up & Moving On.....20

February/March 2017
IP Media Links.....21

Notable Trademark
Decisions22-25

Calendar25

CLE Programs.....26-27

Board Minutes.....29-31

New Members.....32

Post-Grant Proceedings: Decisions Recently Made Precedential

*By Mark Saralino, Luis Carrion, and TaeRa Franklin**

Post-grant proceedings such as inter partes review (IPR), post-grant review (PGR), and covered business method patent review (CBM) have become very popular, and the rules governing these proceedings are changing at a fast pace. Understanding the rules and regulations concerning these proceedings is a strategic necessity in the development and management of IP portfolios.¹ This article presents a brief review and highlights of eight recent post-grant proceedings decisions declared precedential by the Patent Trial and Appeals Board (PTAB).

I. Institution of Post-Grant Proceedings

The first line of defense for a defendant/patent owner is to try to avoid institution of the proceeding. The PTAB has issued two precedential decisions on this topic—one relating to whether an infringement complaint was dismissed with or without prejudice before an IPR was instituted, and another relating to whether an invalidity action was filed before a CBM proceeding was instituted.

A. Dismissal of an Infringement Complaint With or Without Prejudice Will Determine Whether an IPR Can Be Instituted

In *Oracle Corp. v. Click-to-Call Technologies, LP*, the patent owner urged the PTAB to deny institution of an IPR because one of the petitioners was served with an infringement complaint more than one year prior to the filing date of the IPR petition.² The PTAB held that the statutory one-year time limit under 35 U.S.C. § 315(b) was inapplicable if a prior infringement action was voluntarily dismissed without prejudice.³ The PTAB relied on Federal Circuit cases interpreting the effect of a voluntary dismissal without prejudice “as leaving the parties as though the action had never been brought.”⁴ Thus, the PTAB held that “the dismissal of the infringement suit ... nullifies the effect of the service of the complaint and, as a consequence, does not bar [the petitioner] or any of the other Petitioners from pursuing an *inter partes* review of the [patent at issue].”⁵

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cont. on page 3

As I write this column, the NYIPLA is making final preparations for our signature celebration—the 95th Annual Dinner in Honor of the Federal Judiciary. By the time you read this, the Dinner will have happened and many of our members and guests will have commented on the new venue, the New York Hilton Midtown. I and the other Officers, Board members, and the Executive Office team will have uncrossed our fingers. A great time will have been had by all.

The Waldorf Astoria New York, which closed for renovations on February 28th, had been the Judges Dinner venue since the first one in December 1922 (although the Waldorf itself moved from 33rd Street and 5th Avenue to Park Avenue in 1931). Winston Churchill is reported to have said that “to improve is to change; to be perfect is to change often.” Granted, Mr. Churchill did not have changing hotels in mind, but in some ways the New York Hilton Midtown works better than the Waldorf. It has a bigger ballroom, more and better elevators, wider hallways (alleviating the old 4th floor Waldorf squeeze), and proximity to the theaters for those guests who are making it a New York weekend. It just doesn’t have the same history, the art deco lobby, the clock tower, the three-tier ballroom, or the salad.

However, the NYIPLA has its own traditions, and we are bringing them to the New York Hilton Midtown with us.

We are bringing an impressive array of honored guests—distinguished members of the federal judiciary who perform the vital work of administering justice under our nation’s intellectual property laws; officials and administrative patent judges of the USPTO, which has the central role in protecting new ideas and investments in innovation and creativity; commissioners and administrative law judges of the ITC; clerks of the federal courts; and leaders of IP associations from across the nation.



We are bringing a most deserving Outstanding Public Service Award winner and native New Yorker, Judge Denny Chin of the Second Circuit Court of Appeals. We recognize Judge Chin for his remarkable career as a United States district court and circuit court judge, his leadership of and pro bono service to the Asian-American community, his role as a teacher at Fordham University School of Law and as a frequent speaker on the law, and his service to the wider community on the boards of numerous non-profit organizations.

We are bringing an A-list Keynote Speaker, Walter Isaacson, who has written best-selling books, including a famous biography of Steve Jobs, and books on a subject that is the reason for intellectual property law—innovation and innovators, in addition to having led two world-renowned news organizations, as Chairman and CEO of CNN and as Managing Editor of *Time* magazine.

We are bringing the familiar elements that provide some of the Dinner’s atmosphere—beginning the Dinner with our national anthem, the Julliard singers, the scrolling of our honored guests’ names, and even our longtime professional announcer and “shusher” (who, hopefully, will not have a prominent role).

Our Judges Dinner Planning Committee, led this year by Matthew McFarlane and our Executive Office under Feikje van Rein, has worked especially hard this year to make the transition to the New York Hilton Midtown and to ensure that this year’s Judges Dinner is as enjoyable and memorable as any the NYIPLA has held, and I sincerely thank them for their efforts. The Judges Dinner provides an opportunity for NYIPLA members to celebrate our shared experiences and our camaraderie with the judges before whom we practice, our clients, spouses, significant others and friends. It’s all about the people, not the hotel.

Walt Hanley

In contrast, the PTAB declined to institute an IPR in *LG Electronics, Inc. v. Mondis Technology Ltd.*,⁶ which involved two complaints filed against the petitioner LG, one served within the one-year limit and the other served well beyond the one-year limit. LG argued that, since the language of the statute is “ambiguous” for failing to expressly require that the complaint be the “first” complaint, the later complaint falling within the one-year limit should be interpreted as “a complaint” under the statute.⁷ The PTAB rejected such a “broad” reading of the statute and distinguished LG’s “hybrid” dismissal, in which some products were dismissed with prejudice, and others were dismissed without prejudice from the dismissal in *Oracle*, in which the “entire” complaint was dismissed without prejudice.⁸ Such a hybrid dismissal did not leave the parties in the same legal positions as those held before the complaint was filed.⁹

B. A Prior Invalidity Action Will Bar Institution of CBM Review

While CBM proceedings share many statutory standards and procedures with PGR, there are certain exceptions. In *SecureBuy, LLC v. CardinalCommerce Corp.*,¹⁰ the PTAB addressed such an exception, which prohibits institution of a post-grant review if the petitioner filed a civil action challenging the validity of a claim in the disputed patent before filing the petition for CBM review. Relying on 35 U.S.C. § 325(a)(1),¹¹ the PTAB refused to institute a CBM review filed by a petitioner who had also filed two civil actions for declaratory judgments two weeks prior to filing the CBM petition.¹²

II. Standards for Additional Discovery

Discovery is limited in post-grant proceedings, particularly when compared to district court litigation. When should additional discovery be allowed in post-grant proceedings?

A. “Necessary in the Interests of Justice” Standard Applies to Additional Discovery in IPRs

Garmin International, Inc. v. Cuozzo Speed Technologies LLC, enumerates five factors under the “necessary in the interest of justice” standard for allowing additional discovery in IPRs: (1) more than a possibility and mere allegation of finding something useful; (2) asking for litigation positions and their underlying basis; (3) ability to generate equivalent information by other means; (4) easily understandable instructions; and (5) requests not overly burdensome to answer given the expedited nature of IPRs.¹³

The “essence” of the first factor is that “the requester of information should already be in possession of a threshold amount of evidence or reasoning tending to show beyond speculation that something useful will be uncovered.”¹⁴ The PTAB interpreted the word “useful” as meaning “favorable in substantive value to a contention of the party moving for discovery,” not “merely ‘relevant’ and/or ‘admissible.’”¹⁵ As to the second factor, the PTAB noted that “[a]sking for the other party’s litigation positions and the underlying basis for those positions is not necessary in the interest of justice.” The PTAB pointed out that the procedures established for presenting arguments and evidence should not be changed under “the pretext of discovery.”¹⁶ With regard to the third factor, the PTAB noted that “[i]nformation a party can reasonably figure out or assemble without a discovery request would not be in the interest of justice to have produced by the other party.”¹⁷ On the fourth factor, the PTAB held the two-page interrogatories and two-page document requests were “easily understandable,” but found that “ten pages of complex instructions for answering questions is prima facie unclear.”¹⁸ As to the fifth factor, the PTAB found the discovery requests requiring the respondent to expend approximately 175 to 275 labor hours and a total cost of \$52,500-\$82,500 in preparing the response as “overly burdensome.”¹⁹

B. “Good Cause” Standard Applies to Additional Discovery in CBMs and Post-Grant Reviews

In *Bloomberg Inc. v. Markets-Alert Pty. Ltd.*, the PTAB set forth factors to be considered in determining additional discovery allowable in CBM reviews under the “good cause standard.” While acknowledging that the interests of justice standard is “slightly higher” than the good cause standard, the PTAB emphasized the legislative intent that “each review should be an efficient, streamlined, and cost-effective alternative to district court litigation.”²⁰ Further, the PTAB noted a statement by former Senator Jon Kyl in the legislative history stating “[g]iven the time deadlines imposed on these proceedings, it is anticipated that, regardless of the standards imposed . . . , [the] PTO will be conservative in its grants of discovery.”²¹ Hence, the PTAB held that the same five factors are applicable in determining additional discovery allowable in CBM patent reviews with slight modification of each factor from *Garmin*.

The five factors to be considered in CBM patent reviews are: (1) more than a possibility and mere allegation of finding something useful; (2) asking for the other party’s litigation positions and the underlying basis for those positions; (3) ability to generate

equivalent information by other means; (4) easily understandable instructions; and (5) requests not overly burdensome to answer given the expedited nature of a CBM patent review.

Applying these factors, the PTAB found a request for production of “all documents and things considered by . . . Bloomberg’s expert, in conjunction with the preparation of his declaration filed in this proceeding . . . necessary for good cause” since the request was “specific and tailored narrowly, seeking information from one individual that is related to a single declaration on the issues raised by Bloomberg in its petition.”²² As to the requests for production of the prior art known to but not submitted by the petitioner or information considered or reviewed by the petitioner in preparation of the petition, the PTAB determined that such discovery was not necessary for good cause since the arguments for its production were “highly speculative,” “irrelevant to the instituted grounds of unpatentability,” and “merely cumulative to the prior art already submitted” by the petitioner.²³ Further, Markets-Alert also failed to “explain why it could not avoid unnecessary arguments and amendments using the result of its own prior art search or expert opinion.”²⁴ The production requests for materials related to licensing and commercial implementation were also found to be unnecessary for good cause since they were “directed vaguely to anything relating to a long list of hypothetical and unspecified activities over an eleven-year time period,” not for identifying “any specific licensing proposals, communications or commercial implementations.”²⁵ The PTAB found that Markets-Alert did not adequately explain or present evidence to establish a “nexus between the merits of the invention and such a licensing agreement,” and “[w]ithout a showing of nexus, the mere existence of licenses is insufficient to overcome the conclusion of obviousness.”²⁶

III. Real Party in Interest May Be Changed After Institution

In *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, there was a change in the real parties in interest owing to a corporate reorganization after the IPR was instituted. During a teleconference held among the parties, the PTAB allowed the petitioner to file a motion to re-caption the proceeding. The motion was granted later without opposition from the patent owner. Thereafter, the patent owner filed a motion to terminate, alleging that the PTAB lacked jurisdiction to institute the IPR since the petition was incomplete for failing to identify the real party in interest under 35 U.S.C. § 312(a).²⁷ Relying on its prior decision in *Elektro, Inc. v. Varian Medical Systems, Inc.*, the PTAB held

the statute is not jurisdictional in nature, and thus, “a lapse in compliance with those requirements [under the statute] does not deprive the Board of jurisdiction over the proceeding, or preclude the Board from permitting such lapse to be rectified.”²⁸

IV. Statutory Estoppel Is Determined on a Case-by-Case Basis

In *Westlake Services, LLC v. Credit Acceptance Corp.*, the PTAB denied a patent owner’s request to terminate a CBM review involving claims uninstituted in an earlier CBM review.²⁹ The PTAB had issued a final written decision in the earlier CBM review holding certain claims unpatentable. The patent owner moved to terminate the later CBM review of the remaining claims of the patent as estopped. The patent owner argued that since 35 U.S.C. § 328(a) required that the PTAB “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner,” the final written decision on the earlier CBM review incorporated even those claims for which institution was denied since all of the claims were “challenged by the petitioner.” The PTAB rejected that argument and held “estoppel is applied on a claim-by-claim basis,” and thus, the uninstituted claims did not constitute claims that resulted in a final written decision under 35 U.S.C. § 328(a). Under 35 U.S.C. § 325(e)(1) estoppel does not apply to those uninstituted claims since “[b]y its terms, estoppel is invoked . . . as to ‘a claim in a patent’ that ‘results in a final written decision under’ 35 U.S.C. § 328(a).”³⁰ Further, the patent owner did not seek reconsideration of the decision on institution of the pending trial.

The PTAB noted that many of the patent owner’s arguments directed to harassment or abuse of patent owners through serial petitions are more appropriately addressed under 35 U.S.C. § 325(d), which provides for the discretion to “take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.” In this case, however, the PTAB decided that denial of the later CBM petition was inappropriate in view of Supreme Court decisions vacating key precedent on which the earlier CBM decision relied³¹ and a Federal Circuit decision that reached a conclusion opposite to that of the key precedent.³²

V. Motions to Amend Claims—The Burden Is on the Patent Owner to Show Patentability of Amended Claims

In *Masterimage 3D, Inc. v. RealD Inc.*, the PTAB stated that, in making a motion to amend claims, the

requirements set forth in *Idle Free Systems, Inc. v. Bergstrom, Inc.*, should be followed by the patent owner.³³ Further, the PTAB clarified its statement in *Idle Free* that “[t]he burden is not on the petitioner to show unpatentability, but on the patent owner to show patentable distinction over the *prior art of record* and also *prior art known to the patent owner*.”³⁴ The “prior art of record” refers to:

- a. any material art in the prosecution history of the patent;
- b. any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and
- c. any material art of record in any other proceeding before the [USPTO] involving the patent.³⁵

The “prior art known to the patent owner” refers to “no more than the material prior art that Patent Owner makes of record in the current proceeding pursuant to its

duty of candor and good faith to the [USPTO] under 37 C.F.R. § 42.11, in light of a Motion to Amend.”³⁶ With regard to a motion to amend, the burden of production is on the petitioner once the patent owner has made a *prima facie* case of patentability of the amended claims over the prior art of record. Nonetheless, the ultimate burden to show patentability of the amended claims stays with the patent owner.³⁷

VI. Conclusion

Post-grant proceedings (PGPs) are still relatively new and the procedures/regulations enacted with respect to them will continue to evolve. But make no mistake, PGPs are here to stay. Recognition of that reality has been manifested by the formation of the Patent Trial and Appeals Board Bar Association (PTABBA) dedicated solely to PTAB practices. The PTABBA is the first national IP bar association created in 30 years. Therefore, it behooves practitioners to pay attention to any developments involving PGPs within the PTAB and in other forums.

(Endnotes)



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¹ Apple invalidated claims in U.S. Patent No. 6,128,290, owned by DSS Technology Management Inc., which was directed to wireless data communication, and Sony invalidated claims in two patents (U.S. Patent Nos. 6,665,003 and 7,477,284) directed to 3-D panoramic picture patents, which were owned by Hebrew University, in IPR proceedings.

² *Oracle Corp. v. Click-to-Call Techs., LP*, IPR2013-00312, Paper 26 at 17 (PTAB Oct. 30, 2013).

³ 35 U.S.C. § 315(b) (2017), entitled *Patent Owner's Action*, provides:

An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.

The PTAB decision was appealed to the Federal Circuit, which held that it lacked jurisdiction to review the matter under 35 U.S.C. § 314(d) and in light of its ruling in *Achates Reference Publ'g, Inc. v. Apple Inc.*, 2015 U.S. App. LEXIS 17183 (Fed. Cir. Sept. 30, 2015). The case was appealed to the Supreme Court, which vacated the Federal Circuit's decision and remanded the case back to the Federal Circuit on June 27, 2016 for review in light of its holding in *Cuozzo Speed Techs., LLC v. Lee*.

⁴ *Oracle Corp.*, Paper 26 at 17.

⁵ *Id.*

⁶ *LG Electronics, Inc. v. Mondis Tech. Ltd.*, IPR2015-00937, Paper 8 at 24 (PTAB Sept. 17, 2015).

⁷ *Id.* at 5.

⁸ *Id.* at 6.

⁹ *Id.* at 6-7.

¹⁰ *SecureBuy, LLC v. CardinalCommerce Corp.*, CBM2014-00035, Paper 12, slip op. at 2-3 (PTAB Apr. 25, 2014).

¹¹ 35 U.S.C. § 325(a)(1) (2017) entitled, *Post-Grant Review Barred by Civil Action*, states in relevant part:

A post-grant review may not be instituted under this chapter if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

¹² *SecureBuy*, Paper 12, at 3.

¹³ *Garmin Int'l, Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-0001, Paper 26, slip op. at 6-7 (PTAB Mar. 5, 2013).

¹⁴ *Id.* at 7.

¹⁵ *Id.*

¹⁶ *Id.* at 13.

¹⁷ *Id.* at 6.

¹⁸ *Id.* at 6, 14.

¹⁹ *Id.* at 15.

²⁰ *Bloomberg Inc. v. Markets-Alert Pty. Ltd.*, CBM2013-00005, Paper 32, slip op. at 3 (PTAB May 29, 2013).

²¹ *Id.*

²² *Id.* at 6-7.

²³ *Id.* at 7-8.

²⁴ *Id.* at 8.

²⁵ *Id.* at 10-11.

²⁶ *Id.* at 11.

²⁷ *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, IPR2015-00739, Paper 38, slip op. at 2-3 (PTAB Mar. 4, 2016).

²⁸ *Id.* at 4-5. The PTAB also relied on 37 C.F.R. § 42.8(a)(3), which gives 21 days to a party to give the PTAB notice of the change in the real party in interest “without the loss of ‘jurisdiction’ over the proceeding.” *Id.* at 5.

²⁹ *Westlake Servs., LLC v. Credit Acceptance Corp.*, CBM2014-00176, Paper 28, slip op. at 5 (PTAB May 14, 2015).

³⁰ *Id.* at 4-5.

³¹ *Alice Corp. Pty. Ltd v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) and *WildTangent, Inc. v. Ultramercial, LLC*, 134 S. Ct. 2870 (2014), *vacating Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013).

³² *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014).

³³ *Masterimage 3D, Inc. v. Reald Inc.*, IPR2015-00040, Paper 42, slip op. at 2 (PTAB Jul. 15, 2015).

³⁴ *Id.* at 2 (italics in original).

³⁵ *Id.*

³⁶ *Id.* at 3.

³⁷ *Id.* at 4.

Recent Developments in Biopharma PTAB Practice

By Tasha Francis, Ph.D., Will Orlady, and Dorothy Whelan*

In 2016, the Patent Trial and Appeal Board (PTAB) was once again the busiest forum for challenging patent validity, surpassing other leading venues such as the Eastern District of Texas and the District of Delaware. Although the overall number of petitions for inter partes review (IPR) has started to plateau, the percentage of biopharma petitions—defined as those petitions involving Group 1600 patents—continues to grow. More specifically, in 2016, biopharma petitions accounted for 13% of all IPR petitions filed at the PTAB—representing a 4% increase over 2015 and a 7% increase over 2014. Further, the IPR biopharma petitions expanded from small molecules to biologics. This article reports developing trends in biopharma PTAB practice. More particularly, we discuss (1) which biopharma entities played significant roles in biopharma IPRs in 2016, (2) statistics including petition numbers, institution rates, and settlement rates in the biopharma space, and, finally, (3) an analysis concerning the PTAB’s evaluation of objective indicia of nonobviousness in the biopharma space.

I. Biopharma Entities Involved in IPRs

As can be seen in Table 1, the most active IPR petitioners in 2016 were Mylan Pharmaceuticals (59 petitions), the Coalition for Affordable Drugs (28 petitions), and Amneal Pharmaceuticals (23 petitions). This list reveals that both pioneers and generics filed petitions challenging patent validity. Notably, the Coalition for Affordable Drugs, run by hedge fund manager Kyle Bass, was the second-most active participant and is neither a patent owner nor a biopharma manufacturer.

As also can be seen in Table 1, the most targeted patent owners in the biopharma space in 2016 were Allergan (16 validity challenges), AstraZeneca (15 validity challenges), and Senju Pharmaceutical (15 validity challenges).

Table 1: Most Active Biopharma Entities at the PTAB

Top 2016 Biopharma IPR Petitioners	Top 2016 Biopharma IPR Patent Owners
Mylan Pharmaceuticals (59 petitions)	Allergan (16 validity challenges)
Coalition for Affordable Drugs (28 petitions)	AstraZeneca (15 validity challenges)
Amneal Pharmaceuticals (23 petitions)	Senju Pharmaceutical (15 validity challenges)
Apotex (23 petitions)	Cubist Pharmaceuticals (13 validity challenges)
Lupin (18 petitions)	Genentech (13 validity challenges)
Dr. Reddy’s Laboratories (14 petitions)	Myriad Genetics (12 validity challenges)
GeneDx (12 petitions)	Procter & Gamble (12 validity challenges)
Praxair Distribution (10 petitions)	Novartis (11 validity challenges)
Agila Specialties (9 petitions)	Depomed (9 validity challenges)
Fresenius Kabi USA, Illumina, and Teva Pharmaceuticals (three-way tie) (8 petitions each)	Pozen (9 validity challenges)

(Source: LegalMetric, current data as of November, 2016)

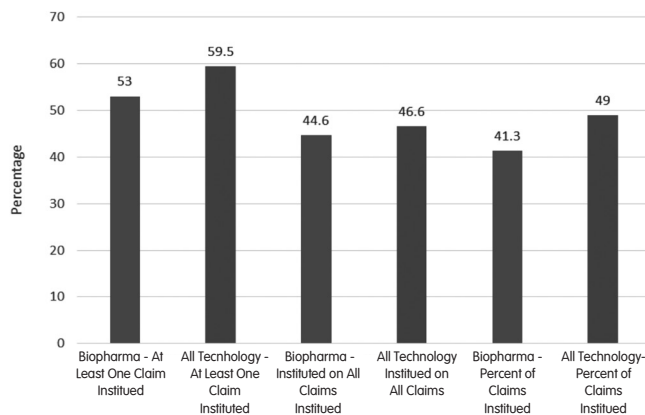
In addition to IPR challenges focused on small molecules, petitioners continued to challenge patents covering biologic products in 2016. Specifically, the data show that from 2013 to 2015, the number of IPR petitions concerning biologics increased severalfold. In 2013, for example, the PTAB received only four IPR petitions concerning biologics; in 2015, it received 17; and, in 2016, 16 petitions were filed. As it stands, the most challenged biologics patents relate to Abbvie’s Humira® (adalimumab) (12 petitions to date), and Genentech’s Herceptin® (trastuzumab) (8 petitions to date) and Rituxan® (rituximab) (7 petitions to date). These challenges suggest that, at least in some cases, the IPR process may form part of a “freedom to operate” strategy to clear out patents in the early stages of biosimilar development to avoid patent issues arising later in the development process.

II. Facts and Figures: A Statistical Analysis of Biopharma Activity at the PTAB

The PTAB’s role in resolving biopharma patent validity challenges appears to be growing as the raw number of biopharma IPR petitions submitted to the PTAB continues to grow. In 2013, for example, the PTAB saw only 44 IPR filings concerning biopharma patents. This number grew sharply over time. In 2015, the PTAB received 186 biopharma IPR petitions, and in 2016, it received 161. Though the data show a slight drop in 2016, the raw number of biopharma IPR petitions indicates that the PTAB is, and will continue to be, a significant forum to resolve biopharma patent validity challenges.

The data also demonstrate that fewer IPRs have been instituted for biopharma patents as compared to patents covering other technology spaces. For example, as shown in Figure 1 below, the PTAB instituted review on at least one challenged claim in 59.5% of petitions filed across all technology spaces. This same rate among biopharma petitions is only 53%. Further, the PTAB instituted IPR on all challenged claims in 46.6% of petitions. Again, this rate is lower among biopharma petitions, reaching only 44.6% percent. Biopharma petitions are further distinguished from the overall number of IPR petitions with respect to the percentage of claims for which the PTAB institutes review. Overall, the PTAB institutes review on 49% of challenged claims. This rate among biopharma petitions is only 41.3%.

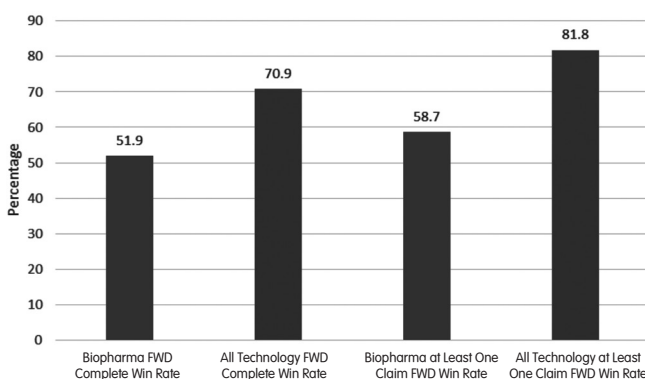
Figure 1: IPR Institution Rates



(Source: LegalMetric, current data as of November, 2016)

As shown in Figure 2, the data also indicate that biopharma patent owners win more frequently if the proceeding reaches a final written decision than do patent owners in general. More particularly, the PTAB canceled all challenged claims at the final written decision phase in 70.9% of all IPRs. This rate for biopharma IPRs is considerably lower—a mere 51.9%. Moreover, biopharma final written decisions are relatively favorable to patent owners when observing instances where the PTAB cancels at least one of the challenged claims. Generally, PTAB final written decisions cancel at least one challenged claim in 81.8% of IPRs. In biopharma IPRs, PTAB final written decisions cancel at least one claim only 58.7% of the time.

Figure 2: Final Written Decision (FWD) Petitioner Win Rates



(Source: LegalMetric, current data as of November, 2016)

These data suggest that challenged biopharma claims have generally fared better at the PTAB than have claims in other technical fields.

A. Settlements in Biopharma IPRs

One of the AIA's policy objectives is to incentivize parties to settle patent disputes. Statistics tracking IPR

termination show that 16.6% of IPRs spanning all technologies end in pre-institution settlement. Although the total number of biopharma IPR petitions filed to date is smaller as compared to other technologies, the settlement rate is quite similar—16.2%.¹

Post-institution settlement rates are predictably lower than pre-institution settlement rates, but less likely in the biopharma space. Across all technologies, parties terminate IPRs through post-institution settlement 13.5% of the time. Biopharma IPRs terminate less frequently through post-institution settlement—only 9.8% of the time.²

B. Statistical Trends in Biologic/Biosimilar PTAB Proceedings

As noted above, the number of IPR petitions against patents covering biologic products is on the rise. A total of 52 IPR petitions concerning 13 different biologics have been filed to date. Irrespective of terminations and pending petitions,³ the PTAB has instituted IPRs of approximately 61% of the challenged biologic patents. Further, seven IPRs concerning biologics have reached a final written decision. All but one of those final written decisions resulted in the PTAB holding all of the challenged claims unpatentable.⁴

Settlement rates among biologic IPR parties have been extremely low, measuring only 0.6%. In raw numbers, this amounts to three IPRs ending in settlement. Of these three, one ended in pre-institution settlement, the other two in post-institution settlement.

III. Interesting Legal Analysis Advanced by the PTAB

In addition to the statistical trends discussed above, parties should note the PTAB's recent treatment of certain objective indicia of nonobviousness in the biopharma field, which suggests that the PTAB may place more emphasis on unexpected results as compared to commercial success, industry acclaim, or long-felt need.

In *Innopharma Licensing, Inc. v. Senju Pharmaceutical Co., Ltd.*, the PTAB emphasized the patent owner's evidence of unexpected results based on its experimental data over its evidence of commercial success and industry acclaim analysis.⁵ As stated by the PTAB:

Taking account of the objective indicia of non-obviousness, including Patent Owner's significant evidence of unexpected results, we are not persuaded that Petitioner demonstrates sufficiently that the combined disclosures . . . establish the obviousness of the claimed invention. Petitioner's proposed substitution . . . produced a surprising and unexpected stabilizing effect

cont. on page 8

on bromfenac. The *other objective indicia of non-obviousness flow from that surprising result*.⁶

While the PTAB rejected the proposition that objective indicia of nonobviousness could never overcome a strong prima facie case of obviousness, the case nonetheless suggests that the PTAB appears to be more receptive to objective evidence of unexpected results—especially when such evidence is supported by experimental data.⁷ Other objective indicia of non-obviousness—e.g., commercial success and industry acclaim—may not be as effective for warding off an obviousness challenge.

IV. The Takeaways

The PTAB's role in resolving biopharma patent validity challenges has grown in the past four years. In addition, patents covering biologic products continue to rise. In view of the data discussed above, these trends will likely not reverse in the coming years, highlighting the PTAB's role in resolving major biopharma intellectual property disputes.

Given this trajectory, biopharma entities and patent practitioners should note the emerging statistical trends concerning biopharma practice at the PTAB. In particular, it appears that petitions concerning biopharma patents result in lower institution rates than do petitions before the PTAB in general. Moreover, biopharma patents appear to survive PTAB final written decisions more frequently than do patents in other technology spaces. Of course, these data do not show or predict the success or failure of any given case, but they may suggest that biopharma PTAB proceedings pose unique challenges not seen in other technology spaces.

In addition, parties should be aware that settlement is a frequent result of IPR petitions in general and, at least at the pre-institution phase, biopharma IPRs terminate at a similar rate due to settlement. But, as noted above, biopharma parties at the post-institution stage appear to be less likely to settle than are parties in other technology spaces, indicating that settlement incentives at this stage of IPR may be different among biopharma players than they are in other technology fields.

Finally, recent PTAB decisions discussing objective indicia of nonobviousness suggest that the PTAB may favor certain objective evidence over others. More specifically, the *Innopharma* decision indicates that objective evidence of unexpected results supported by experimental data will be most persuasive to at least some PTAB judges. But, as is seen in *Coalition for Affordable Drugs II LLC v. NPS Pharmaceuticals, Inc.*, the PTAB will not necessarily be persuaded by

such evidence if it is without empirical support. Thus, biopharma parties faced with an obviousness challenge before the PTAB should attempt to proffer objective evidence of unexpected results supported by data to the extent that it is available.

In sum, major biopharma entities have become active players in PTAB disputes, choosing, in many cases, to bring patent validity challenges through IPR rather than district court litigation. As such, biopharma entities should be aware of statistical and legal trends that develop as biopharma PTAB proceedings increase not only in popularity, but also importance.

(Endnotes)



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¹ Source: LegalMetric, current data as of November, 2016.

² Source: LegalMetric, current data as of November, 2016.

³ Four petitions have been terminated by a statutory disclaimer or by unopposed motion. Nine petitions concerning biologics have been filed in 2017 and are still pending.

⁴ The petitioner did not prove the unpatentability of the challenged claims in the 2014 IPR concerning the Kadcyla® (ado-trastuzumab emtansine) patent.

⁵ IPR2015-00902, Paper No. 90, at 13 (PTAB Jul. 28, 2016) (citing *WBIP, LLC v. Kohler Co.*, Nos. 2015-1038, 2015-1044, 2016 WL 3902668, at *5 (Fed. Cir. Jul. 19, 2016)).

⁶ *Id.* at 27 (emphasis added).

⁷ Compare *id.* with *Coalition for Affordable Drugs II LLC v. NPS Pharms., Inc.*, IPR2015-01093, Paper No. 67, at 30 (PTAB Oct. 21, 2016) (rejecting the patent owner's reliance on objective evidence of unexpected results when such results were supported only by bar graphs displaying data that were not probative of nonobviousness).

Post-Grant Procedures in the Patent Office — Inter Partes and Post-Grant Reviews

By John Richards*

The objective of the changes made by the America Invents Act (“AIA”) to create inter partes review and post-grant review was to permit the challenger greater participation in the proceedings, while reaching a decision more quickly than under the old inter partes reexamination proceedings.

Because few patents have yet been granted under the AIA novelty provisions, there have been few challenges so far under the post-grant review proceedings, although there have been a number of challenges under the covered business method review proceedings. On the other hand, notwithstanding the high government fees, inter partes review is popular with defendants to infringement actions. A number of factors may account for the popularity of inter partes review and the success of the challengers:

1. The burden of proof applying to the party challenging validity in the review proceedings (balance of the probabilities) is lower than the burden of proof in district court proceedings (clear and convincing evidence).
2. The claims are given the broadest reasonable interpretation in Patent and Trademark Office (“Patent Office” or “PTO”) review proceedings, whereas in district court proceedings a narrower claim interpretation may be employed.
3. The review proceedings must be completed no more than one year from the institution of proceedings, as set by the statute.

The only real downside is that if a party fails in a Patent Office review, the party is estopped from later challenging validity in any district court or ITC proceeding on any ground that could reasonably have been raised in the Patent Office review proceeding.

Some features of the new procedures have proven to be controversial or to raise interesting legal issues, as discussed below.

I. No Presumption of Validity

Unlike district court proceedings, where a patent claim is presumed valid and where clear and convincing evidence is required to overcome that presumption, inter partes review, post-grant review, and covered business method review each require a challenger to

prove invalidity by a preponderance of the evidence.¹ The challenger does, however, still have to discharge the burden of establishing the necessary facts. In *Dynamic Drinkware LLC v. National Graphics, Inc.*, the Federal Circuit held that the petitioner had the burden of showing that a prior application that was still unpublished at the time of the review proceeding could still be cited in the review.² Similarly, in *In re Magnum Oil Tools International, Ltd.*, the court held that the challenger bore the burden of showing that the claimed plug was obvious and that there was a rationale for combining two sets of references, although the Patent Trial & Appeal Board (“PTAB” or the “Board”) had put the burden on the patent owner to show why the references should not have been combined.³

II. Claims Are to Be Given Their Broadest Reasonable Interpretation

Patent Office rules provide that: “A claim in an unexpired patent that will not expire before a final written decision is issued shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”⁴

In support of its original adoption of this standard, the PTO commented:

Only through use of the broadest reasonable claim interpretation standard can the Office ensure that uncertainties of claim scope are removed or clarified. Since patent owners have the opportunity to amend their claim during IPR, PGR and CBM trials, unlike in district court proceedings, they are able to resolve ambiguities and overbreadth through this interpretive approach, producing clear and defensible patents at the lowest cost point in the system.⁵

The PTO’s decision to use the “broadest reasonable interpretation” (“BRI”) standard rather than the more flexible standard used in court proceedings has been controversial due to the procedural difficulties in amending claims. But, the Supreme Court ultimately upheld this standard in *Cuozzo Speed Technologies, LLC v. Lee*.⁶

cont. on page 10

The Supreme Court reasoned that Congress had expressly delegated to the PTO the right to make rules regulating inter partes review⁷ and that the BRI rule was consistent with the policy reasons for creating post-grant procedures, not only to resolve disputes between parties but also to create a proceeding that “offers a second look at an earlier administrative grant of a patent.”⁸ The Court dismissed arguments disapproving the possibility of amendment as justification for the BRI standard, noting that the low rate of acceptance of claim amendments may well be attributable to different reasons.⁹

It should, however, be noted that the claim construction adopted by the PTAB is not necessarily the interpretation proposed by the challenger. In *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.*, the Board adopted its own interpretation over that of the challenger, whose interpretation was deemed to be too broad to be reasonable.¹⁰ In *PPC Broadband, Inc. v. Corning Optical Communications RF, LLC*, the Federal Circuit upheld the PTAB’s interpretation even though it agreed that this would have been the wrong interpretation in district court proceedings, where the district court would have decided the correct claim construction consistent with the standard set out in *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc).¹¹

The interpretation must always be reasonable. The PTAB’s claim constructions were reversed in *Microsoft Corp. v. Proxyconn, Inc.*,¹² and in *PPC Broadband Inc. v. Corning Optical Communications RF, LLC*,¹³ because the PTAB’s constructions were broader than reasonable.

Criticism of the use of the BRI standard led to a minor change in the rules that became effective on May 2, 2016. 37 CFR § 42.100 and 37 CFR § 42.200 were amended to allow either party to file a motion requesting a “district court-type claim construction approach” if that party certified that the patent will expire within eighteen months of the filing date of the petition for review.¹⁴

III. Institution Decision and Initiation of Review

35 U.S.C. § 314(a) for inter partes review and 35 U.S.C. § 324(a) for post-grant review provide that the Director of the PTO may not authorize a review to be instituted unless the Director determines that the information presented in the petition and any response filed show that the threshold requirement for institution of the review has been met.¹⁵

The decision on whether to institute proceedings has been delegated to the PTAB, and normally the same panel will make the decision on institution of review and the final decision on patentability.¹⁶

A decision on whether or not to institute proceedings is not subject to appeal.¹⁷ Neither is it subject to a

writ of mandamus,¹⁸ nor to review under the Administrative Procedure Act.¹⁹ Similarly, a decision to terminate a previously instituted review, where the PTAB concluded that institution was an error, is neither appealable nor subject to review under the Administrative Procedure Act.²⁰

The issue was considered by the Supreme Court in *Cuozzo Speed Technologies LLC v. Lee*.²¹ The Supreme Court held that review of the Patent Office’s decision to institute IPR proceedings is precluded at least in cases “where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application of the statutes related to the Patent Office’s decision to initiate ... review.”²² Writing for the majority, Justice Breyer noted that Section 314(d):

though it may not bar consideration of a constitutional question, for example, does bar judicial review of the kind of mine-run [i.e., unexceptional] claim at issue here, involving the Patent Office’s decision to institute inter partes review.²³

He noted that although there was a “strong presumption” in favor of judicial review when interpreting statutes, in the present case allowing judicial review would undercut one important congressional objective, namely, giving the Patent Office significant power to revisit and revise earlier patent grants.²⁴ Justices Alito and Sotomayer dissented and would have held that in at least some cases the PTAB’s decisions on institution of proceedings should be subject to judicial review.²⁵

Decisions relating to institution of proceedings may still be challenged when there is a question of whether the patent was challengeable under the review proceeding, as, for example, if the patent did not relate to a covered business method.²⁶ The mere fact that the final decision rested on a determination made during the decision to institute review does not prevent it from being reviewed during an appeal from the PTAB’s final decision.²⁷

In *Achates Reference Publishing, Inc. v. Apple Inc.*, the Federal Circuit held that the decision to institute an inter partes review was not subject to appeal even after a final decision by the PTAB.²⁸ In *Achates*, the challenge was on the question of whether the petition was timely, which raised different issues.²⁹ In *Wi-Fi One, LLC v. Broadcom Corp.*, the Federal Circuit held that the *Achates* decision was unaffected by the Supreme Court’s reasoning in *Cuozzo Speed Technologies, LLC v. Lee*.³⁰ However, on January 4, 2017, the Federal Circuit agreed to review this issue en banc.³¹

In *Conopco, Inc. dba Unilever v. Procter & Gamble Co.*, the PTAB declined to institute inter partes review

proceedings, noting that 35 U.S.C. § 314(a) made institution of proceedings a matter of discretion:

Congress did not mandate that the Director, and by extension the Board, must institute an *inter partes* review whenever a petitioner establishes a reasonable likelihood of prevailing with respect to at least one challenged claim. Congress provided that the Director may, but not must, institute a proceeding when that condition is met. 35 U.S.C. § 314(a) (institution of review is discretionary, not mandatory).³²

In most cases a review is ordered when requested, albeit not always on every ground or every claim set out in the petition.³³ There have, however, been a number of cases where institution of proceedings has been refused on the broad ground that such proceedings would be a duplication of effort.

35 U.S.C. § 325(d) provides:

In determining whether to institute or order a proceeding under this chapter,³⁴ chapter 30,³⁵ or chapter 31,³⁶ the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

This provision has been used to refuse to institute proceedings in a number of cases either because the art being cited added nothing substantially different from what had been considered previously or the art in question should have been cited in a previous petition.³⁷

However, the fact that the art relied upon had previously been considered by the examiner or by a court does not necessarily prevent the PTAB from ordering review.³⁸

A related issue arises under 35 U.S.C. § 315(e)(1) which provides that:

The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.³⁹

Applying this provision, the PTAB in *Dell Inc. v. Electronics & Telecommunications Research Institute* estopped pursuing a new IPR with prior art that could have been raised in a prior proceeding with the same petitioners.⁴⁰

As part of its decision on institution of a review, the PTAB will carry out claim construction. As the proceedings develop following institution, the Board's initial claim construction may prove to be erroneous. In *SAS Institute, Inc. v. ComplementSoft, LLC*, it was held that should this occur, the parties had to be given the opportunity to present arguments relating to the new claim construction adopted by the Board before it reached its final decision.⁴¹ The PTAB can still base its final decision on new art to institute a review as long as the parties had adequate notice of the art in question and the Board did not change theories midstream.⁴²

IV. Discovery

The rules provide for two types of discovery in which a party is required to supply information in its possession to the other side: routine discovery and additional discovery.⁴³ Issues have arisen as to when additional discovery should be permitted.

In *inter partes* review, additional discovery is permitted only in the interest of justice, unless the parties agree.⁴⁴ In post-grant review proceedings, it may be permitted for good cause. The PTAB has considered when additional discovery should be permitted in *Garmin International Inc. v. Cuozzo Speed Technologies LLC*, which held that the Board should typically weigh five factors when considering whether additional discovery in an IPR is "necessary in the interest of justice."⁴⁵ These factors are:

1. Whether what is involved is more than a possibility or mere allegation of finding something useful where there is already a threshold amount of evidence or reasoning tending to show beyond speculation that something useful (in the sense of something favorable in substantive value to a contention of the party moving for discovery) will be uncovered.
2. Whether what is asked for are litigation positions and the underlying basis for those positions (i.e., so-called contention interrogatories). The Board noted that asking for the other party's litigation positions and the underlying basis for those positions is not necessarily in the interest of justice.
3. Whether there is an ability to generate equivalent information by other means.

4. Whether the discovery requests are easily understandable; and
5. Whether the requests are overly burdensome to answer bearing in mind the financial burden, the burden on human resources, and the burden on meeting the time schedule of the review.⁴⁶

In *Garmin*, Cuzzo's motion for additional discovery was denied mainly on failure to meet the first requirement.⁴⁷ The Board noted "conspicuously absent from Cuzzo's motion is a threshold amount of evidence or reasoning tending to show beyond speculation that the information to be discovered will be 'useful' to Cuzzo."⁴⁸

Additional discovery has been allowed in some cases. In *ARRIS Group, Inc. v. C-Cation Technologies, LLC*, the patent owner sought discovery of documents relating to the possibility that the challenger was in privity with a party who had instituted prior district court proceedings which would render the petition for IPR time-barred. The Board held that the *Garmin* factors were satisfied and additional discovery was ordered.⁴⁹ In *Corning Inc. v. DSM IP Assets B.V.*, the Board ordered additional discovery of laboratory notebooks of an expert who gave evidence for the challenger in support of its petition for inter partes review.⁵⁰ In *SAP America, Inc. v. Versata Development Group, Inc.*, additional discovery of documents in a related district court case was ordered subject to a suitable protective order.⁵¹

V. Amendment of Claims

Amendments are permitted only to cancel a challenged claim or to replace a challenged claim with a reasonable number of substitute claims. Normally there will be only one opportunity to amend. The PTO has indicated that claim substitution should be on a one-for-one basis.⁵² The "scope of the claims" may not be "enlarged."⁵³ *Idle Free Systems, Inc. v. Bergstrom, Inc.*, held that when submitting an amendment, the patent owner needs to explain why the amended claim is patentable over the cited art, the prior art of record and other art the patent owner is aware of,⁵⁴ and how the claim is supported by the specification.⁵⁵ The patent owner also needs to explain the significance of any proposed new feature to be added to a claim from the perspective of one skilled in the art, including an explanation of such a person's knowledge and skill set.⁵⁶ And, a 15-page limit on motions to amend, including the text of the claim amendments, is to be enforced.⁵⁷ The decision also emphasized that the norm is a one-for-one replacement of a canceled claim with an amended claim.⁵⁸ The Board noted that "because an amendment can only cancel or substitute claims, the

condition and target of substitution should be clearly stated, without ambiguity."⁵⁹

This decision has been widely criticized, and 37 C.F.R. § 42.24 was subsequently amended to increase the permitted number of pages on motions to amend to 25 pages and to permit the required claim listing showing the amendments to be included in an appendix.⁶⁰

The *Idle Free* decision was further clarified in *MasterImage 3D, Inc. v. RealD Inc.*, where the Board noted:

The reference to 'prior art of record' ... in *Idle Free*, should be understood as referring to:

- a. any material art in the prosecution history of the patent;
- b. any material art of record in the current proceeding, including art asserted in grounds on which the Board did not institute review; and
- c. any material art of record in any other proceeding before the Office involving the patent.⁶¹

The reference to "prior art known to the patent owner" in *Idle Free* should be understood as what the patent owner makes of record in the current proceeding pursuant to its duty of candor and good faith to the PTO under 37 C.F.R. § 42.11. "Because a proposed substitute claim is considered after the corresponding patent claim is determined unpatentable, [a] [p]atent [o]wner's addition of a limitation to render the claim as a whole patentable places the focus, initially, on the added limitation itself." The Board further noted that "[i]nformation about the added limitation can still be material even if it does not include all of the rest of the claim limitations."⁶²

Once the patent owner has set out a prima facie case of patentability, the burden shifts to the challenger to show that the patent owner did not make out a prima facie case or to rebut it. Rebuttal can include submitting additional prior art against the substitute claims. The ultimate burden of persuasion remains with the patent owner to demonstrate the patentability of the amended claims.⁶³

This issue was considered by the Federal Circuit in *Nike, Inc. v. Adidas AG*, where the court noted that, in rejecting the patent owner's request for amendment, the PTAB had read *Idle Free* "too aggressively."⁶⁴ The court held that:

At the heart of *Idle Free*, as interpreted by *MasterImage 3D*, is the question of whether the patent owner has submitted the necessary information to comply with its duty of candor to the office.⁶⁵

Prior to the Federal Circuit's decision in *Nike, Inc. v. Adidas AG* there had been no suggestion of a lack of candor and that rejection of a claim amendment on the basis of *Idle Free* was unwarranted. Similarly, in *Veritas Technologies LLC v. Veeam Software Corp.*, the Federal Circuit held that the PTAB had erred in failing to permit an amendment when patentability of the amended claims lay in a combination of features and the motion to amend, and the supporting declaration, had failed to discuss the novelty of each of the features in question separately.⁶⁶ The PTAB's decision was therefore vacated, and the case was returned to the PTAB for consideration of the patentability of the amended claims.⁶⁷

Permission to make amendments may be refused if the proposed amendment lacks support in the original patent application,⁶⁸ which may be the case if a new claim is directed to an embodiment combining features from different parts of the original disclosure.⁶⁹ Such permission will also be refused if the PTAB is not convinced that the amended claims are novel and not obvious.⁷⁰

Amendment to most of the claims for which amendment was requested was allowed in *International Flavors & Fragrances Inc. v. United States*.⁷¹ In that case, the motion to amend was unopposed and the patent owner provided several publications, as well as a declaration, to demonstrate the level of ordinary skill in the art as well as the unobviousness of features being relied upon to demonstrate patentability of the proposed claims.⁷²

VI. Conclusion

Although there is still uncertainty in some aspects of the new procedures introduced by the AIA, general considerations of what is permissible for and required of participants in the new post-grant proceedings are becoming clearer. These developments make it easier to provide guidance to clients contemplating challenges or defending patents in such proceedings.

(Endnotes)

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¹ 35 U.S.C. § 316(e) for inter partes review and 35 U.S.C. § 326(e) for post-grant review.

² 800 F.3d 1375, 1380-81 (Fed. Cir. 2015). The court reasoned that since the PTO does not normally examine claims to priority, the challenger had to show that the claims of the earlier-filed application on which it was relying were supported and enabled by the provisional application which was alleged to establish the priority date claimed for the reference.

³ 829 F.3d 1364, 1376 (Fed. Cir. 2016).

⁴ 37 CFR § 42.100(b) for inter partes review; 37 CFR § 43.200 (b) for post-grant review.

⁵ 77 Fed. Reg. 48764 (Aug. 14, 2012).

⁶ 136 S. Ct. 2131, 2142-43 (2016).

⁷ *Id.* (citing 35 U.S.C. § 316(a)(4)).

⁸ *Id.* at 2144.

⁹ *Id.* at 2145.

¹⁰ CBM2012-00002, 2014 Pat. App. LEXIS 2267, at *10-13 (PTAB Jan. 23, 2014).

¹¹ 815 F.3d 734, 742 (Fed. Cir. 2016).

¹² 789 F.3d 1292, 1298-1300 (Fed. Cir. 2015).

¹³ 815 F.3d 747, 755-56 (Fed. Cir. 2016).

¹⁴ 81 Fed. Reg. 18762 (Apr. 1, 2016).

¹⁵ For inter partes review, the request must show “that there is a reasonable likelihood that the requester would prevail with respect to” at least one claim. 35 U.S.C. § 314(a). For post-grant review it should be more likely than not that at least one claim will be found to be invalid. 35 U.S.C. § 324(a).

¹⁶ *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1028-29 (Fed. Cir. 2016), *reh’g en banc denied*, 826 F.3d 1366 (Fed. Cir. Jun. 22, 2016). Ethicon petitioned the

U.S. Supreme Court for certiorari on September 20, 2016, which was denied on January 9, 2017 (Docket No. 16-366).

¹⁷ 35 U.S.C. § 314(d) for inter partes review and 35 U.S.C. § 324(e) for post-grant review. Both sections state that decisions as to whether to institute a review shall be “final and non-appealable”; so are decisions on reconsideration. *Medtronic, Inc. v Robert Bosch Healthcare Sys., Inc.*, 839 F.3d 1382, 1384 (Fed. Cir. 2016).

¹⁸ *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379, 1381 (Fed. Cir. 2014); *In re Procter & Gamble Co.*, 749 F.3d 1376, 1378-79 (Fed. Cir. 2014).

¹⁹ *Versata Dev. Corp. v. Rea*, 959 F. Supp. 2d 912, 924 (E.D. Va. 2013), *aff’d sub. nom.*, *Versata Dev. Group, Inc. v. Lee*, 793 F.3d 1352 (Fed. Cir. 2015).

²⁰ *Medtronic, Inc. v. Lee*, 151 F. Supp. 3d 665, 673 (E.D. Va. 2016).

²¹ 136 S. Ct. 2131 (2016), *aff’g*, *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. 2015).

²² *Id.* at 2141.

²³ *Id.* at 2136.

²⁴ *Id.* at 2139-40.

²⁵ *Id.* at 2155.

²⁶ Furthermore, appeals from final decisions cannot address issues that could have been remedied by better pleading or by the challenge being brought by a different party (in the case where a challenge was made too late). *Cuozzo*, *supra* note 21, at 2142, and *Achates Reference Publ’g, Inc. v. Apple Inc.*, 803 F.3d 652, 657 (Fed. Cir. 2015). The Federal Circuit will, however, review questions of whether review should have been carried out in cases where the review was allegedly one that fell outside the scope of the legislation, for example whether the patent being challenged fell within the statutory definition of a “covered business method.” *Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1322-23 (Fed. Cir. 2015); *SightSound Techs. LLC v. Apple Inc.*, 809 F.3d 1307, 1314 (Fed. Cir. 2015).

²⁷ *In re Magnum Oil Tools Int’l, Ltd.*, 829 F.3d 1364, 1374 (Fed. Cir. 2016).

²⁸ 803 F.3d 652, 658 (Fed. Cir. 2015).

²⁹ *Id.* at 654.

³⁰ 837 F.3d 1329, 1334 (Fed. Cir. 2016).

³¹ *Wi-Fi One LLC v. Broadcom Corp.*, Nos. 2015-1944, 2015-1945, 2015-1946, 2017 U.S. App. LEXIS 61, at *2 (Fed. Cir. Jan. 4, 2017).

³² IPR2014-00506, Paper 25, at 4 (PTAB Dec. 10, 2014).

³³ This, coupled with the limits on the length of the petition, indicates that petitioners may wish to limit the grounds raised to those most likely to succeed. The practice of instituting review on only some claims was held to conform to the statutory language of 35 U.S.C. § 318(a), which requires a decision on “any claim challenged by the petitioner and any new claim added” in the proceedings. *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1316 (Fed. Cir. 2016) and *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1352 (Fed. Cir. 2016), *reh’g and reh’g en banc denied*, 2016 U.S. App. LEXIS 20013 (Fed. Cir. Nov. 7, 2016). Similarly, *Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1368 (Fed. Cir. 2016), and *Shaw Indus.*

Group, Inc. v. Automated Creel Sys., 817 F.3d 1293, 1298 (Fed. Cir. 2016), held that the PTAB was entitled to institute review on only some of the grounds raised by the challenger and dismiss others as being redundant and that no appeal was available against such decision not to institute a review.

³⁴ Chapter 32 dealing with post-grant review.

³⁵ Dealing with ex parte re-examination.

³⁶ Dealing with inter partes review.

³⁷ Such cases include *Intelligent Bio-Systems, Inc. v. Illumina Cambridge Ltd.*, IPR2013-00324, Paper 19, at 6-7 (PTAB Nov. 21, 2013); *Medtronic, Inc. v. Robert Bosch Healthcare Sys., Inc.*, IPR2014-00436, Paper 17, at 12 (PTAB Jun. 19, 2014); *Conopco, Inc. dba Unilever v. Procter & Gamble Co.*, IPR2014-00506, Paper 25, at 5 (PTAB Dec. 10, 2014); *Prism Pharma Co., Ltd. v. Choongwae Pharma Corp.*, IPR2014-00315, Paper 14, at 13 (PTAB Jul. 8, 2014); *Unified Patents, Inc. v. PersonalWeb Techs., LLC*, IPR2014-00702, Paper 13, at 8-9 (PTAB Jul. 24, 2014); *Medtronic, Inc. v. NuVasive, Inc.*, IPR2014-00487, Paper 8, at 7 (PTAB Sept. 11, 2014).

³⁸ *See, e.g., K-40 Elecs., LLC v. Escort, Inc.*, IPR2013-00203, Paper 6, at 7 (PTAB Aug. 29, 2013).

³⁹ 35 U.S.C. § 325(e)(1) sets out a similar provision for post-grant review.

⁴⁰ IPR2015-00549, Paper 10, at 4 (PTAB Mar. 26, 2015).

⁴¹ 825 F.3d 1341, 1351 (Fed. Cir. 2016).

⁴² *Genzyme Therapeutic Prods. L.P. v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1366 (Fed. Cir. 2016). In *In re NuVasive Inc.*, 841 F.3d 966, 972 (Fed. Cir. 2016), the Federal Circuit held that the patent owner had not been given notice of and a fair opportunity to meet a potential ground of rejection and so the requirements of due process and the Administrative Procedure Act had not been met.

⁴³ 37 C.F.R. § 42.51 provides that the parties may agree on mandatory initial disclosures and may commence discovery on those issues without further authorization from the PTAB, although any such agreement must be filed with the PTAB.

⁴⁴ 37 C.F.R. § 42.51(b)(2)(i).

⁴⁵ IPR2012-00001, Paper 26, at 6 (PTAB Mar. 5, 2013).

⁴⁶ *Id.* at 6-7.

⁴⁷ *Id.* at 7-12.

⁴⁸ *Id.* at 8.

⁴⁹ IPR2015-00635, Paper 10, at 6-7 (PTAB May 1, 2015).

⁵⁰ IPR2013-00043, Paper 27, at 3-5 (PTAB Jun. 21, 2013).

⁵¹ CBM2012-00001, Paper 24, at 4 (PTAB Nov. 15, 2012).

⁵² In *Corning Optical Communications RF, LLC v. PPC Broadband Inc.*, IPR2014-00441, Paper 19, at 3 (PTAB Oct. 30, 2014), it was held that “[c]ompliance is not achieved merely by maintaining the same total number of claims before and after the amendment.” *Id.* The requirement is viewed on a per claim basis.

⁵³ *Idle Free Sys. v. Bergstrom, Inc.*, IPR2012-00027, Paper 26, at 4 (PTAB Jun. 11, 2013).

⁵⁴ In *Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292, 1308 (Fed. Cir. 2015), the Federal Circuit upheld the requirement that the patent owner had to establish patentability over the prior art of record, which included art

cited during prosecution and art cited against other claims in inter partes review. But, the court also held that it did not have to consider whether *Idle Free*'s requirement to establish patentability over all art known to the patent owner was correct. *Id.* at 1307 n.4. In *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1334 (Fed. Cir. 2016), the Federal Circuit held that the burden of proof set out in 35 U.S.C. § 316(e) applies only to the original claims, but not to amended claims. In *In re Aqua Prods., Inc.*, 823 F.3d 1369, 1373 (Fed. Cir. 2016), the Federal Circuit held that since the patent owner did not present arguments as to why its amended claims were patentable, the PTAB did not abuse its discretion by failing to consider objective criteria supporting the amended claims. However, a petition for rehearing this case en banc was granted on August 12, 2016. *In re Aqua Prods., Inc.*, 833 F.3d 1335 (Fed. Cir. 2016).

⁵⁵ See *Idle Free*, Paper 26, at 2. The patent owner's petition to amend was in any case dismissed because it had not consulted with the Board prior to submitting the proposed amendment as required by 37 CFR § 42.121(a). An inter partes review is more adjudicatory than examination, in nature. See *Abbott Labs v. Cordis Corp.*, 710 F.3d 1318, 1326 (Fed. Cir. 2013). If a patent owner desires a complete remodeling of its claim structure according to a different strategy, it may do so in another type of proceeding before the Office.

⁵⁶ *Avaya Inc. v. Network-1 Security Solutions, Inc.*, IPR-2013-00071, Paper 38, at 2-3 (PTAB July 22, 2013). In its final *Idle Free* decision, the PTAB made the following points:

Distinguishing the proposed substitute claims only from the prior art references applied to the original patent claims ... is insufficient to demonstrate general patentability over prior art. An *inter partes* review is neither a patent examination proceeding nor a patent reexamination proceeding. The proposed substitute claims are not entered automatically and then subjected to examination. Rather, the proposed substitute claims will be added directly to the patent, without examination, if the patent owner's motion to amend claims is granted. As the moving party, a patent owner bears the burden to show entitlement to the relief requested.

For a patent owner's motion to amend claims, 37 C.F.R. § 42.20(c) places the burden on the patent owner to show general patentability over prior art.... Bergstrom bears the burden of proof in demonstrating patentability of the proposed substitute claims over the prior art in general, and thus entitlement to add these proposed substitute claims to its patent.

Bergstrom is not assumed to be aware of every item of prior art presumed to be known to a hypothetical person of ordinary

skill in the art. Nevertheless, Bergstrom can, and is expected to, set forth what it does know about the level of ordinary skill in the art, and what was previously known, regarding each feature it relies and focuses on for establishing patentability of its proposed substitute claims.

Idle Free, IPR2012-00027, Paper 66, at 33 (PTAB Jan. 7, 2014).

Since Bergstrom had failed to discuss the level of skill of the worker in the art, failed to state whether it was the first to combine all four main features of the claim, and, if not, what would have been known to one of ordinary skill in the art about these features, and failed to indicate whether it was aware of similar methods of operation in other fields and, if so, why it would not have been obvious to apply these methods to the problem solved by the invention, it was held that Bergstrom had failed to set out a prima facie case for admission of its proposed amendments. *Id.* at 34-38.

⁵⁷ *Innolux Corp. v. Semiconductor Energy Lab. Co., Ltd.*, IPR 2013-00066, Paper 24, at 5 (PTAB Jul. 18, 2013). The Board suggested that if the patent owner wanted more amendments this could be effected by ex parte re-examination.

⁵⁸ *Idle Free*, Paper 26, at 5.

⁵⁹ *Id.* at 10.

⁶⁰ 80 Fed. Reg. 28561, 28562 (May 16, 2015).

⁶¹ IPR2015-00040, Paper 42, at 2 (PTAB Jul. 15, 2015).

⁶² *Id.* at 3 (citing *VM Ware, Inc. v. Clouding Corp.*, IPR2014-01292, Paper 23, at 2 (PTAB Apr. 7, 2015)).

⁶³ *Microsoft Corp. v. Proxyconn, Inc.*, IPR2012-00026, 2013-00109, Paper 73, at 54-55 (PTAB Feb. 19, 2014), *aff'd*, 789 F.3d 1292 (Fed. Cir. 2015). This view was confirmed by the Federal Circuit in *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1332-33 (Fed. Cir. 2016), where the court noted that Congress had delegated rulemaking on IPR procedures to the Director of the PTO.

⁶⁴ *Nike*, 812 F.3d at 1350.

⁶⁵ *Id.* at 1350-51.

⁶⁶ 835 F.3d 1406, 1414 (Fed. Cir. 2016).

⁶⁷ *Id.* at 1408.

⁶⁸ In *Nichia Corp. v. Emcore Corp.*, IPR2012-00005, Paper 68, at 54-55 (PTAB Feb. 11, 2014), it was noted that the support must be found in the original patent application as filed, not in the patent as granted or the provisional application from which priority was claimed.

⁶⁹ *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, IPR2012-00001, Paper 59, at 47-48 (PTAB Nov. 13, 2013).

⁷⁰ *Intellectual Ventures Management LLC v. Xilinx Inc.*, IPR2012-00018, Paper No. 35, at 42 (PTAB Feb. 10, 2014), where the Board noted that modification of the teachings of references in order to combine them was within the level of one of ordinary skill in the art and so found the proposed amended claims to be obvious and thus unacceptable.

⁷¹ IPR2013-00124, Paper 12, at 18 (PTAB May 20, 2014).

⁷² *Id.* at 2 and 12.

Timing Considerations When Settling Post-Grant Proceedings: How Late is Too Late?

By Cynthia Lambert Hardman, Sarah Fink, and Krupa Parikh*

I. Introduction

In general, because “[t]here are strong public policy reasons to favor settlement between the parties to a proceeding,” the Patent Trial and Appeal Board (“Board”) expects that a post-grant proceeding “will terminate after the filing of a settlement agreement.”¹ Despite this stated expectation, the applicable statute and regulations give the Board discretion to proceed to a final written decision on its own, even when no petitioner remains as a participant in the proceeding.

In a handful of early cases, the Board did in fact proceed to a final written decision, despite the parties having settled and the petitioner having withdrawn from further participation. In those cases, the Board reasoned that because the proceeding had advanced to a late stage, the Board would issue a final written decision, irrespective of the parties’ settlement of their dispute. These cases have led to much uncertainty as to how late is too late to settle a post-grant proceeding. However, a review of the Board’s recent decisions suggests that the Board will typically terminate a review if the parties file a joint motion to terminate at any time prior to the oral hearing, including just a few hours before the oral hearing is scheduled.

II. Overview of Applicable Statutes and Regulations

Pursuant to 35 U.S.C. § 317(a), an instituted inter partes review “shall be terminated” with respect to any settling petitioner upon the joint request of the petitioner and the patent owner, “unless the Office has decided the merits of the proceeding before the request for termination is filed.”² The regulations specify that “[t]he parties may agree to settle any issue in a proceeding, but the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.”³

III. Timing of Motion to Terminate Does Not Affect Termination Until the Very Latest Stages of Review

As exemplified by the cases discussed below, the earlier the parties settle, the more likely it is that the Board will terminate.

A. Requesting Termination Prior to Institution or Substantive Briefing

In the easiest case, the Board will grant a motion to terminate where the parties settle before the Board issues a decision on institution. We have found no cases in which the Board did not terminate at this stage. Similarly, the Board will grant the motion to terminate if the parties jointly move to terminate shortly after institution, but before submitting any substantive briefing. Again, we have found no cases in which the Board did not terminate at this stage.

When parties move to terminate during the briefing period, but before all briefing has been completed, the Board, again, will likely terminate. For example, in *Itron, Inc. v. Certified Measurement, LLC*, the Board terminated the review after the patent owner submitted its response but before the petitioner submitted its reply.⁴ The Board explained that it could not proceed to review the patent because the record was not fully developed.⁵

B. Early Cases Requesting Termination at an Advanced Stage of the Proceeding

A few early cases suggested that the Board would not grant a motion to terminate a review once the review had reached an advanced stage, i.e., all briefing had been completed and an oral hearing was scheduled for the near future. For example, in *Interthinx, Inc. v. CoreLogic Solutions, LLC*, the parties filed a joint motion to terminate less than one week before the oral hearing.⁶ The Board noted that the “matter was briefed fully and ready for oral hearing at the time the parties moved to terminate.”⁷ The Board terminated the review with respect to the settling petitioner, but proceeded to determine the patentability of the claims “in view of the advanced stage of the proceeding.”⁸

In another early case, the parties jointly moved to terminate the day before the oral hearing was scheduled, when the “trial issues had been briefed fully.”⁹ The Board again declined to grant the motion to terminate the review “in view of the advanced stage of this proceeding.”¹⁰

Notwithstanding these early cases, the Board appears to have retreated from its position on the termination of proceedings at a late stage, at least with re-

spect to those proceedings that have not reached the oral hearing, as illustrated by two decisions from 2014. In *Medline Industries, Inc. v. Paul Harmann AG*,¹¹ and *Volusion, Inc. v. Versata Software, Inc.*,¹² the parties requested authorization to file motions to terminate. In *Medline*, the parties made the request two days before the oral hearing, and in *Volusion*, the request was made one day before the oral hearing. In both cases, the parties filed their motions after the scheduled date for the oral hearing. In *Medline*, the Board did not hold the oral hearing, but in *Volusion*, the Board held the oral hearing without the participation of the petitioner. And, in both cases, the Board decided that it was “appropriate,” despite the late stage of the proceeding, to terminate without a final written decision.¹³

C. More Recent Cases Requesting Termination at an Advanced Stage of the Proceeding

The Board has not backtracked on the trend to terminate proceedings even at very advanced stages, and continues to do so.¹⁴ In another case, *Brinkman Corp. v. A&J Manufacturing, LLC*, about a week before the oral hearing the parties informed the Board of their intent to settle and requested adjournment of the hearing. The Board adjourned the hearing and terminated upon the joint motion of the parties, which was filed three days after the oral hearing had been scheduled. The Board explained that termination “conserves the Board’s resources, promotes efficiency, and minimizes unnecessary costs.”¹⁵

In yet another case, *Micro Motion, Inc. v. Invensys Systems, Inc.*, the Board terminated following a motion to terminate filed the day before the oral hearing.¹⁶ The Board agreed with the parties that continuing a review after the parties settled would waste judicial resources and discourage settlement by decreasing certainty.¹⁷

D. Cases Requesting Termination After the Oral Hearing

The Board’s discretion to terminate a review ends once it has decided the merits of the case.¹⁸ Therefore, parties moving to terminate following the oral hearing run the risk that the Board has already decided the merits and will refuse termination. For example, in *Apple Inc. v. OpenTV, Inc.*, the parties moved to terminate five weeks after the oral hearing in each of three parallel IPR proceedings.¹⁹ The Board refused to terminate because although “the panel has not yet issued a Final Written Decision in any of these proceedings, the panel deliberated and decided the merits of each proceeding before the requests were filed.”²⁰

In another case, the parties jointly moved to terminate prior to the oral hearing, but had not yet finalized the settlement.²¹ Instead, in their motion, the parties told the Board that they were nearing a settlement.²² The Board denied the motion because the settlement agreement was not finalized.²³ The parties finalized their settlement and renewed their motion to terminate eight days after the oral hearing was held.²⁴ The Board denied that motion because it had already “substantially decided the merits of the proceeding.”²⁵

And in another case, the Board agreed to terminate the review with respect to the petitioner but proceeded to issue a final written decision when the parties moved to terminate almost two months after the oral hearing, “in view of the advanced stage of this proceeding.”²⁶

The Board has also refused to terminate proceedings upon a motion to terminate filed after the oral hearing, not because it had already decided the merits, but for other reasons. In *Yahoo! Inc. v. CreateAds LLC*,²⁷ the parties moved to terminate two weeks after the oral hearing. The Board denied the motion “in view of the advanced stage of these proceeding[s] and the number of existing district court cases involving the ’320 patent.”²⁸ The district court cases had been stayed pending the decision in the inter partes review.²⁹

As illustrated by these cases, parties seeking termination after the oral hearing risk that the Board will still proceed with the review. However, the risk is not absolute, and the Board will sometimes terminate a review even after the oral hearing has been held when it has “not yet decided the merits of the proceeding.”³⁰

However, in a decision in which the Board agreed to terminate after oral argument because it had not yet reached a decision, the Board warned that “[g]oing forward, parties should not expect the Board to freely terminate proceedings if settlement is reached so close to the statutory deadline for a final written decision.”³¹

According to the Board, since it had not yet reached a decision on the merits, it was required to terminate with respect to petitioner Mitsubishi.³² The Board explained that because of the resources that had been expended, the public interest in reaching a decision on the validity of the challenged patent was very high.³³ However, because other reviews with different petitioners concerning the same patent were at very similar stages, the Board agreed to terminate the proceeding.³⁴

IV. Conclusion

Despite a few early decisions, the Board will generally terminate a review upon a joint motion by the parties following settlement at any time before the oral hearing. However, this is not a certainty following the oral hearing, since the Board sometimes will proceed

cont. on page 18

to issue a final written decision if it has substantially decided the merits of the proceeding or for other reasons.

(Endnotes)

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¹ Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,768 (Aug. 14, 2012).

² See also 35 U.S.C. § 327 (discussing settlement of post-grant review and covered business method review proceedings).

³ 37 C.F.R. § 42.74(a).

⁴ IPR2015-00570, Paper 28 (PTAB Feb. 16, 2016).

⁵ *Id.* at 3.

⁶ CBM2012-00007, Paper 47 (PTAB Nov. 12, 2013).

⁷ *Id.* at 2.

⁸ *Id.*

⁹ *Blackberry Corp. v. MobileMedia Ideas LLC*, IPR2013-00016, Paper 31, at 3 (PTAB Dec. 11, 2013).

¹⁰ *Id.* at 3.

¹¹ IPR2013-00173, Paper 44 (PTAB Mar. 26, 2014).

¹² CBM2013-00018, Paper 52 (PTAB Jun. 17, 2014).

¹³ *Medline*, IPR2013-00173, Paper 44, at 2; *Volusion*, CBM2013-00018, Paper 52, at 2.

¹⁴ See, e.g., *TRW Auto. U.S. LLC v. Magna Elecs. Inc.*, IPR2015-00436, Paper 32 (PTAB Feb. 22, 2016) (terminating after all briefing had been completed, but before the oral argument had been scheduled).

¹⁵ *Brinkman Corp. v. A&J Mfg., LLC*, IPR2015-00056, Paper 26, at 2 (PTAB Dec. 21, 2015).

¹⁶ *Micro Motion, Inc. v. Invensys Sys., Inc.*, IPR2014-00167, Paper 52 (PTAB Mar. 31, 2015).

¹⁷ *Id.* at 2.

¹⁸ See 35 U.S.C. § 317(a); 35 U.S.C. § 327(a).

¹⁹ See, e.g., IPR2015-00969, Paper 27 (PTAB Aug. 30, 2016).

²⁰ *Apple Inc.*, IPR2015-00969, Paper 29, at 4 (PTAB Sept. 10, 2016).

²¹ See *Kinetic Techs, Inc. v. Skyworks Solutions, Inc.*, IPR2014-00690, Paper 37 (PTAB May 27, 2015).

²² See *id.*

²³ See *id.*, Paper 43, at 2-3 n.1 (PTAB Oct. 19, 2015).

²⁴ See *id.* (referencing Paper 39).

²⁵ *Id.*, Paper 43, at 20-21.

²⁶ *Blackberry Corp.*, Paper 64, at 3 (PTAB Jan. 21, 2014).

²⁷ IPR2014-00200, Paper 38 (PTAB Feb. 16, 2015).

²⁸ *Id.*, Paper 40, at 2 (PTAB Feb. 26, 2015).

²⁹ *Id.*

³⁰ *Clio USA, Inc. v. Procter & Gamble Co.*, IPR2013-00438, Paper 57 (PTAB Oct. 31, 2014) (terminating where parties filed joint motion to terminate close to three months after oral hearing). See also *TRW Auto. U.S. LLC v. Magna Elecs., Inc.*, IPR2014-01499, Paper 27 (PTAB Feb. 22, 2016) (terminating where parties filed joint motion to terminate two months after oral hearing).

³¹ *Mitsubishi Plastics, Inc. v. Celgard, LLC*, IPR2014-00524, Paper 67, at 3 (PTAB Aug. 31, 2015).

³² See *id.* at 2.

³³ See *id.* at 3.

³⁴ See *id.* at 3-4.



As Time Goes By— Destroying the American Patent System

The destruction of the American patent system during the last decade was effected, not by a single blow, but by a thousand cuts. The destruction was masterminded not by buffoons setting out to wreak havoc on the system, but by a small group of plotting, plodding patent lawyers who would likely prefer to remain nameless and faceless. History will hold them, the Obama Administration, Congress, and the Supreme Court as it was constituted from 2006-2016, all accountable.

The vast majority of patent lawyers are doubtless dedicated to the betterment of the system and our profession. Nonetheless, many may have been caught sitting on their hands as shocks went rumbling through the system, perhaps due to the misguided notion that there was good money to be made as uncertainty and unpredictability crept into the system with new rules and new procedures.

Now that the havoc is undeniably apparent, brave souls are finally speaking out to register their disgust. Witness Neal Solomon's recent article entitled, "The Disintegration of the American Patent System."¹ In it, Mr. Solomon pointed a finger at multinational incumbents that may wish to stay on top of their respective heaps forever and ever, so to speak.

Mr. Solomon theorizes that our current patent system does not recognize all patentees as equals, but rather recognizes some patentees as being more equal than others. Specifically, he alludes to a three-tier caste system of patentees.² As you may have guessed, multinational incumbents are in the top tier, followed by original inventors, small companies and universities in the second tier, and patent acquisition companies as "untouchables" in the third tier.



This caste system is the antithesis of what our Founding Fathers had in mind when putting pen to paper to draft Article 1, Section 8, Clause 8 of the Constitution. They vested rights in the first, true inventor, not the second comer who wins the race to the Patent Office. They recognized

that the only right that the mom-and-pop shop patentee had was the right to exclude others, even if the patentee lacked the wherewithal to commercialize the patented item himself or herself. This so-called negative right was respected until SCOTUS converted it into the mere possibility of a right in its decision in *eBay*.³

You may wonder, as I do, if the destroyers of the American patent system are happy with what they have wrought. That is doubtful, since the long-term impact will have negative consequences in terms of diminished innovation for all users of the system, even for the multinational incumbents that instigated the changes. Nonetheless, some may wish to whitewash, or otherwise minimize, the messes made, such as the mess resulting from creation of the PTAB.

A February 2017 Bloomberg Law and AIPLA survey report entitled, "Patent Owners, Petitioners Not Far Apart on PTAB Value," suggests that complaints from patent owners and others surrounding high patent invalidation rates at the PTAB "have largely subsided."⁴ Gene Quinn and Steve Brachmann, authors of an article discussing the survey on the IP Watchdog Blog, note that the AIPLA/Bloomberg report is fatally flawed since it is said to reflect the views of patent owners, when in reality the survey was completed by 167 patent attorneys, not their clients.⁵ One wonders if some of those patent lawyers were nameless and faceless drafters of the inaptly-titled, ineptly-framed America Invents Act of 2011 that established the PTAB, *inter alia*.

The largely redundant post-grant review procedures in the AIA were likely doomed from the start. When critics cautioned against establishing a European-style opposition procedure, AIA drafters simply deleted the word "Opposition" and replaced it with the phrase "Post Grant Review" (PGR). Of course, a logical flaw in placing PGR in juxtaposition to the "Inter Partes Review"



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cont. on page 20

cont. from page 21

(IPR) protocol is that IPR is post-grant, and PGR is inter partes. Needless to say, patentees, other stakeholders in the patent system, and perhaps even some patent lawyers, may become confused because the titles of the protocols themselves overlap. Confusion in patent law is not a good thing.

It is worth learning that Japan, China, and Taiwan each had both an opposition system, analogous to PGR, and a separate “invalidation trial” administrative protocol, analogous to IPR. All three countries abolished their opposition systems within a decade of implementing them.⁶ If history is any guide, PGR will go the way of the dinosaur soon.

In the meantime, patent applicants will continue to send good money to the Patent Office to obtain a patent only to face the risk that a multinational incumbent with deeper pockets will be ready, willing, and able to pay much larger sums to the exact same Patent Office that issued the patent to have the patent invalidated by the PTAB. It goes without saying that, most of the time, the multinational incumbent will prevail.

I look forward to a day when the phoenix of the American patent system rises out of its ashes to once

again incentivize American innovation. As officers of the court, our duty lies in favor of betterment of the system, not in favor of keeping multinational incumbents on top of their heap.

With kind regards,

Dale Carlson

(Endnotes)

¹ Neal Solomon, *The Disintegration of the American Patent System*, IP WATCHDOG (Jan. 26, 2017), <http://www.ipwatchdog.com/2017/01/26/disintegration-american-patent-system/id=77594>.

² *Id.*

³ *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

⁴ See generally Gene Quinn and Steve Brachmann, *Patent owners do not like IPRs despite what Bloomberg Law, AIPLA study says*, IP WATCHDOG (Feb. 6, 2017), <http://www.ipwatchdog.com/2017/02/06/patent-owners-iprs-bloomberg-aipla/id=78029>.

⁵ *Id.*

⁶ See Dale L. Carlson and Robert A. Miglioni, *Patent Reform at the Crossroads: Experience in the Far East with Oppositions Suggests an Alternative Approach for the United States*, 7(2) N.C.J. L. & TECH., 261, 308-9 (Spring 2006), available at http://ncjolt.org/wp-content/uploads/2016/09/13_7_NCJLTech2612005-2006.pdf.

Moving UP ▲ & Moving ON ►►►

- Marylee Jenkins, a partner at Arent Fox LLP and a former president of the NYIPLA, has been appointed to a second term on the USPTO's Patent Public Advisory Committee ("PPAC"), and has been named Chair of the Committee.
- Peter Thurlow, a partner at Polsinelli PC and Second Vice President of the NYIPLA, has been appointed to a second term on the PPAC.
- Jeffrey Sears, Associate General Counsel and Chief Patent Counsel for Columbia University, has been appointed to a first term on the PPAC.
- Ilene Tannen, Of Counsel at Jones Day, has been appointed to a first term on the USPTO's Trademark Public Advisory Committee ("TPAC").
- Brian Winterfeldt, a partner at Mayer Brown LLP, has been appointed to a first term on the TPAC.
- Jarno Vanto, formerly of Borenus Attorneys LLP, has joined Polsinelli PC as a shareholder in its intellectual property practice.
- Brian Rosenthal, formerly of Mayer Brown LLP, has joined Gibson, Dunn & Crutcher LLP as a partner in its Intellectual Property Practice.
- Michael Ertel, formerly of Haynes and Boone, LLP, has joined Meister Seelig & Fein LLP as a partner in its Intellectual Property Group.
- Khue Hoang, formerly of Ropes & Gray LLP, has joined Hughes Hubbard & Reed LLP as a partner in its Intellectual Property and Technology Practice group.
- Christopher Harnett, formerly of Ropes & Gray LLP, has joined Jones Day as a partner in its Intellectual Property practice.
- Ralph De Palma III, formerly of Rayner Rowe LLP, has joined Pryor Cashman LLP as Counsel in its Litigation, Media + Entertainment, and Intellectual Property Groups.
- Lee Sporn, formerly of Michael Kors Holdings Ltd., has joined Olshan Frome Wolosky LLP as Of Counsel in its Intellectual Property group.
- Jill Tomlinson has been promoted to partner at Kilpatrick Townsend & Stockton LLP.
- Susanne Flanders, Natalie Lieber, and Dennis McMahon have been promoted to partner at Fitzpatrick, Cella, Harper & Scinto.

The Report's **Moving Up and Moving On** feature is for publicizing news of intellectual property attorneys' transitions and accolades. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to The Report editors: Mary Richardson (mary.e.w.richardson@gmail.com), William Dippert (wdippert@patentusa.com) or Dale Carlson (dlcarlson007@gmail.com).

February/March 2017 IP Media Links

By Jayson L. Cohen*

“Trump” in China

In February 2017, intellectual property was at the center of press scrutiny directed at the President’s business interests abroad while he is in office. On February 16, 2017, in *The Washington Post*, Simon Denyer published the article “Trump gets his trademark in China. But he won’t be reaping the benefits.” The President’s company, which, according to the article, “promised that his business will do ‘no new foreign deals’ during his presidency,” as opposed to “no new deals” at all, secured the Chinese trademark to “Trump” for construction services relating to residential, business, and hotel real estate. The article reports that this grant of rights by the Chinese government marked the end of a ten-year battle against another claimant, who was not allowed to capitalize on the Trump name because Mr. Trump is a public figure. The Chinese “Trump” mark for construction services is one of dozens registered for different uses by the President’s company in China. The article makes clear, however, that “Trump’s trademark activity in China predates his election” and that the President “has turned management of his company over to his children and a team of executives in order to remove himself from his business and its trademark portfolio.”

Nevertheless, Denyer reports that Norman Eisen, former President Obama’s chief White House ethics lawyer, questions the appropriateness of Chinese trademark rights afforded to the Trump name. Mr. Eisen has argued that “China could use Trump’s desire to control his brand to influence policy, especially as its courts and bureaucracy reflect the will of the Communist Party.” According to an Eisen statement to *The Associated Press*, “[i]t’s fair to conclude that this is an effort to influence Mr. Trump that is relatively inexpensive for the Chinese, potentially very valuable to him, but it could be very costly for the United States.” Moreover, as Denyer noted, there is a lawsuit involving Eisen that contends that Trump’s foreign business ties violate the Constitution. (https://www.washingtonpost.com/news/worldviews/wp/2017/02/16/no-fake-trump-hotels-in-china-but-no-special-favors-for-the-president-either/?utm_term=.8f7a48990a30.)

L.A. Gear Leads a Charge Against the Chargers

In a January 16, 2017 article for *Forbes*, entitled “LA Gear Strikes LA Chargers in Trademark Dispute,” Darren Heitner reported on the apparel company LA Gear’s challenge to a trademark application filed by the NFL’s Chargers’ franchise. The Chargers’ January 2016 trademark filings anticipated the team’s planned move from San Diego to Los Angeles. According to Heitner’s

article, the Chargers filed “intent-to-use” trademark applications for the mark LA CHARGERS for a wide variety of goods and services, which would include branded football gear and clothing. LA Gear filed its notice of opposition to the mark for clothing use on December 20, 2016. It claims a likelihood of confusion among consumers as to the source of goods, which the company contends could potentially lead to irreparable harm and loss of goodwill. (<https://www.forbes.com/sites/darrenheitner/2017/01/16/la-gear-strikes-la-chargers-in-trademark-dispute/#37c4d4c31bf8>.)

Interested readers are directed to the Trademark Trial & Appeal Board docket for Opposition No. 91232118. (http://tsdr.uspto.gov/#caseNumber=86875043&caseSearchType=US_APPLICATION&caseType=SERIAL_NO&searchType=statusSearch.) The mark at issue is U.S.S.N. 86/875,043. Only trademark Class 25 is at issue in LA Gear’s opposition: “Clothing, footwear and headwear, namely, caps, hats, visors, headbands, ear muffs, wristbands, tops, T-shirts, tank tops, sleepwear, golf shirts, sweaters, sweatshirts, turtlenecks, jackets, neckties, bibs not of paper, jerseys, coats, robes, ponchos, sneakers, gloves, scarves, mittens, aprons, shorts, sweatpants, jeans, pants, socks, underwear, swimwear, rompers.” On January 7, 2016, the USPTO instituted the opposition, setting forth a schedule that, barring a settlement, will postpone resolution of the status of the LA CHARGERS mark until at least 2018. On February 16, 2017, the Chargers answered the notice of opposition formally. Among the defenses is a claim to prior use by the Chargers’ franchise at least as early as 1960, which is when the team resided in Los Angeles before its move to San Diego.

Because of this opposition, the Chargers may move back to Los Angeles with the status of their ultimate right to brand clothing with the LA CHARGERS mark uncertain. LA Gear, however, did not challenge the team’s application to register the LOS ANGELES CHARGERS mark.

(Endnote)



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Notable Trademark Decisions

By Scott Greenberg, Pina Campagna, and Michael Kraich*

U.S. Court of Appeals for the Federal Circuit Rules That Registrant May Be Rendering Personnel Placement/Recruitment Services Through the Provision of Registrant's Software; Remands to Board for Further Consideration

The U.S. Court of Appeals for the Federal Circuit (“the Federal Circuit”) vacated the Trademark Trial and Appeal Board’s (“the Board’s”) decision that upheld a counterclaim to cancel the registrant’s registrations for the mark JOBDIVA for “personnel placement and recruitment services” on the ground of abandonment. The Federal Circuit remanded the case to the Board to further consider the abandonment issue under the correct legal standard, i.e., whether users of the registrant’s software would perceive the registrant as providing such personnel-related services *through* the registrant’s software.

Board Decision

Registrant JobDiva, Inc. brought a cancellation proceeding against Jobvite, Inc.’s registration for JOBVITE on the ground of likelihood of confusion with JobDiva’s registered mark JOBDIVA, registered in connection with, *inter alia*, “personnel placement and recruitment services.” Jobvite counterclaimed to cancel JobDiva’s registrations with respect to said services on the ground of abandonment, arguing that JobDiva was not performing personnel placement and recruitment services under the subject mark and, instead, only provided access to JobDiva’s cloud-based software, which performs multiple functions relating to personnel placement and recruitment. The Board agreed with Jobvite and cancelled JobDiva’s registrations. *In re JobDiva, Inc.*, 843 F.3d 936, 938-40 (Fed. Cir. 2016). The Board also dismissed JobDiva’s likelihood of confusion cancellation claim, and that ruling was not appealed.

Federal Circuit Decision

The Federal Circuit held that the Board committed error by requiring evidence that JobDiva was rendering personnel placement/recruitment services *in addition to* providing access to its software. *Id.* at 941. The court noted that JobDiva’s software performs multiple functions to facilitate the job-filling process, including searching online sources to find suitable candidates and reviewing and analyzing the resumes of such candidates. *Id.* at 937-38. JobDiva’s CEO testified that the software actually performs personnel placement/recruitment services, but the Board was not persuaded by this testimony. *Id.* at 939-40.

The court concluded that the Board erred by appearing to apply “a bright-line rule” requiring JobDiva to show that it performed the subject services “in a way other than having its software perform those services.” *Id.* at 941. The court noted that the key consideration on the issue is the perception of the user of the software. *Id.* The Board therefore must consider more fully the question of whether a user of the software would associate the mark with the subject personnel placement/recruitment services “even if JobDiva’s software performs each of the steps of the service.” *Id.* Because the ultimate question at issue is a question of fact, the court held that it must be answered in the first instance by the Board and, therefore, remanded the case. As guidance for the Board on remand, the court noted that “if the software is hosted on JobDiva’s website such that the user perceives direct interaction with JobDiva during operation of the software, a user might well associate JobDiva’s marks with personnel ‘placement and recruitment’ services performed by JobDiva.” *Id.* at 942.

In re JobDiva, Inc., 843 F.3d 936 (Fed. Cir. 2016) [precedential].

Board Grants Summary Judgment Based on Likelihood of Confusion Between Opposer’s Famous “3-Stripes” Footwear Mark and Applicant’s “Stylized E” Mark

The Board granted summary judgment to Adidas AG in its opposition to Etonic Holdings, LLC’s application for a mark described as the stylized “E” design based on a likelihood of confusion with Adidas’ “3-Stripes” mark for footwear and other clothing products. Etonic’s applied-for mark is shown here:



Regarding Adidas’ registered marks, the Board focused primarily on the version of the “3-Stripes” mark shown in Reg. No. 3029129:



The Board noted that both parties’ goods included the identical item “footwear,” and in the absence of limitations, would have the identical channels of trade,

purchasers and conditions of sale, and would include footwear at all price points, “including relatively inexpensive footwear subject to impulse purchase without significant deliberation.” *Adidas AG v. Etonic Holdings, LLC*, 2016 TTAB LEXIS 607, at *29 (TTAB Dec. 22, 2016).

The Board also found Adidas’ evidence of the fame of its mark, including long use, high levels of sales, advertising and third-party publicity convincing. *Id.* at *12-17. Moreover, the applicant did not dispute the fame of Adidas’ “3-Stripes” mark. *Id.* at *17.

All of the foregoing was held to have a bearing on the critical likelihood of confusion factor of similarity of the marks. The Board noted that as the fame of a mark increases, the degree of similarity needed to support a conclusion of likelihood of confusion declines; and the same is true when the parties’ goods are identical. *Id.* at *22.

The foregoing factors led the Board to conclude that the parties’ marks were confusingly similar. The Board observed that the applicant’s mark includes three parallel stripes which could potentially appear at the same place on the side of footwear as Adidas’ mark, and which may be juxtaposed at the same direction and angle as Adidas’ stripes. Moreover, because two of the stripes in the applicant’s mark are not connected to the perpendicular element in the mark, as would be the case with a letter “E,” “the overall impression of Applicant’s mark is one of three stripes, rather than the letter ‘E.’” *Id.* at *24. The “subtle distinctions” between the two marks are not likely to be recalled by purchasers seeing the marks at different times. *Id.*

The Board therefore concluded that, when viewing the evidence in the light most favorable to the applicant, Adidas satisfied its burden that there is no genuine issue of material fact remaining for trial, and that the likelihood of confusion had been established as a matter of law. *Id.* at *29-30. The Board granted summary judgment sustaining the opposition based on likelihood of confusion with Adidas’ registered mark in Reg. No. 3029129, and did not consider the opposer’s other grounds for opposition. *Id.* at *30-31.

Adidas AG v. Etonic Holdings, LLC, 2016 TTAB LEXIS 607 (TTAB Dec. 22, 2016) [nonprecedential, but published].

Board Finds No Likelihood of Confusion Between ROSE SENIOR LIVING and PRIMROSE, Both for Assisted Living Facility Services

An application to register ROSE SENIOR LIVING (“Senior Living” disclaimed), for services including the provision of assisted living facilities as well as other real estate and health care services, was opposed based on

a claim of likelihood of confusion with the previously used and registered mark PRIMROSE in connection with “providing congregate, independent and assisted living facilities.” Notwithstanding the partial identity of the parties’ services, the Board concluded that there was no likelihood of confusion due to the dissimilarity of the marks, particularly in view of the evidence showing the dilute nature of the term “Rose” as a mark or mark-component in the relevant field, and dismissed the opposition after trial.

The Board found to be highly persuasive the applicant’s evidence showing a “multitude” of marks including the term “Rose,” and in many cases “Primrose” (the opposer’s mark), that were registered and/or being used, online and elsewhere, in connection with senior living services of various types. *Primrose Retirement Communities, LLC v. Edward Rose Senior Living, LLC*, Opposition No. 91217095, at 9-12 (TTAB Dec. 27, 2016). The applicant coupled this evidence with the testimony of an expert in the field of marketing in the senior housing and health care industries, who testified that (a) “‘rose’ is ‘commonly used as a naming convention for many senior living communities under different ownership,’” and (b) adoption of common, similar names by different owners is a predominant trend and an accepted practice in the senior living industry, also seen with terms such as “Autumn,” “Golden,” “Heritage,” “Spring,” and “Willow.” *Id.* at 12-13. The Board considered this evidence sufficient to establish that the term “Rose” may have a normally understood suggestive significance in the relevant field and is relatively weak as a mark-component in that field, so that “customers have been educated to distinguish between different marks on the basis of minute distinctions.” *Id.* at 14 (citing *Jack Wolfskin Ausrüstung Fur Draussen GmbH v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 USPQ2d 1129, 1136 (Fed. Cir. 2015) and *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 USPQ2d 1671, 1674 (Fed. Cir. 2015)).

In view of the foregoing, the Board concluded that, although there are similarities between the marks, they are specifically different from each other, and “[w]hen viewed against the background of significant third-party uses and registrations as discussed above, these differences outweigh the similarities....” *Primrose*, Opposition No. 91217095, at 20. Regarding the specific differences, the Board particularly noted the prominence of “[t]he initial element PRIM-” in the opposer’s mark, which causes that mark to differ in sound and appearance from the applicant’s mark. *Id.* at 18.

The applicant also introduced testimony from professionals in the senior living industry that potential consumers of these services carefully evaluate their options before choosing where a senior will live for the remain-

der of his or her life, and the Board found that the decision involved is a serious and often relatively expensive choice. *Id.* at 21-22. The Board also acknowledged the opposer's evidence that consumers of the parties' services are both sophisticated and unsophisticated, and that the purchasing decisions involved range from thoughtful to hasty. *Id.* at 23. Nevertheless, the Board concluded that, because of the nature of the services and the high costs associated with them, on balance, the conditions of sale favor a finding of no likelihood of confusion. *Id.* Even the least sophisticated purchaser would make the choice of a senior living community "with some thought and research, even when made hastily." *Id.* at 23-24.

Based on the above-mentioned factors, the Board concluded that there was no likelihood of confusion and dismissed the opposition. *Id.* at 24-26.

Primrose Retirement Communities, LLC v. Edward Rose Senior Living, LLC, Opposition No. 91217095 (TTAB Dec. 27, 2016) [precedential].

Board Refuses Registration of Double-Word Mark

LC Trademarks, Inc. ("applicant") was refused registration on the Principal Register for the mark "DEEP!DEEP! DISH PIZZA" ("the mark") with "DEEP DISH PIZZA" disclaimed. The Examining Attorney refused registration under Section 2(e)(1) and Section 2(f) of the Trademark Act finding that the mark is merely descriptive without a showing of acquired distinctiveness. The Board affirmed the Examining Attorney's refusal. *In re LC Trademarks, Inc.*, 2016 TTAB LEXIS 577 (TTAB Dec. 29, 2016).

The applicant first argued that repetition of the term "deep" should be viewed as a unitary phrase which, taken as a whole, conveys a different commercial impression than use of the single word "deep." *Id.* at *5. The Board rejected this argument, finding that repetitive use of the term "deep" serves merely as an intensifier. *Id.* at *5-6 (citing *In re Disc Jockeys, Inc.*, 23 USPQ2d 1715, 1716 (TTAB 1992)).

The applicant also argued that the mark is a member of a family of double word marks as support for a finding of acquired distinctiveness. *LC Trademarks*, at *10. The Board rejected the Examining Attorney's argument that the claim of acquired distinctiveness can only be maintained where the applicant owns "one or more registrations for the same mark, [and] not on a series of different registered marks." *Id.* at *15; see TMEP § 1212.04(b) (The mark is the same mark or a legal equivalent "if it creates the same, continuing commercial impression such that the consumer would consider them both the same mark."). *Id.* at n.15.

Upon review of the putative family of double word marks, the Board stated that the applicant failed to prove the family (1) had a recognizable common characteristic, (2) was distinctive, and (3) was promoted in such a way as to create "recognition among the purchasing public that the common characteristic is indicative of a common origin of the goods or services." *Id.* at *24-25 (citing *Truescents LLC v. Ride Skin Care LLC*, 81 USPQ2d 1334, 1337-38 (TTAB 2006)). Additionally, the Board found that the evidence of record was insufficient to support a finding of acquired distinctiveness with respect to the mark, and affirmed the refusal to register the mark. *Id.* at *38.

In re LC Trademarks, Inc., 2016 TTAB LEXIS 577 (TTAB Dec. 29, 2016) [precedential].

Board Dismisses Opposition of "Tequila" as Certification Mark

Consejo Regulador del Tequila, A.C. ("applicant"), a non-profit entity approved by the Mexican government to regulate Tequila production, sought registration on the Principal Register for the certification mark "TEQUILA" ("the mark") for distilled spirits. Luxco, Inc. ("opposer") opposed registration of the mark, claiming, in pertinent part, that the mark is generic, that the applicant had not and could not exercise legitimate control over the mark, and fraud. *Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 2017 TTAB LEXIS 6, at *2-3 (TTAB Jan. 23, 2017). The Board dismissed the opposition.

The mark was first analyzed under the two-part generic test of (i) identifying the genus of the goods or services at issue and (ii) determining whether the term sought to be registered is understood by the relevant public to primarily refer to the genus identified. *Id.* at *18 (citing *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 109 USPQ2d 1949 (TTAB 2014), *vacated and remanded on other grounds*, 786 F.3d 960, 114 USPQ2d 1827 (Fed. Cir. 2015)). The Board identified the genus of goods certified by the applicant's mark as "spirits distilled from the blue tequilana weber variety of agave plant," with the relevant public being purchasers of such spirits. *Luxco*, at *21-22. After detailed review, the Board found the evidence of record tended to show the mark has significance as a designation of geographic origin. *Id.* at *70-71 (noting, inter alia, standard references overwhelmingly referred to Tequila as a spirit originating in Mexico, and labels affixed to bottles containing the spirit include the statement "Product of Mexico" or "Hecho en Mexico.").

Additionally, Luxco argued that the Mexican government, not the applicant, was the owner of the

term “Tequila.” *Id.* at *77-78. The Board noted that the Mexican government authorized the applicant to request registration of the mark in the United States and that the applicant was authorized by the Mexican government to verify compliance with official standards for Tequila production. *Id.* at *79; see TMEP § 1306.05(b)(ii) (“[A]pplicant may be the government itself . . . or a body operating with governmental authorization that is not formally a part of the government.”). Given the control vested in the applicant by the Mexican government to regulate the production and sale of Tequila, the Board dismissed Luxco’s claim. *Luxco*, at *88-89. As such, the Board found that the applicant had exercised and was exercising legitimate control over the mark. *Id.* at *89.

After dismissing Luxco’s last claim of fraud, the Board dismissed the opposition.

Luxco, Inc. v. Consejo Regulador del Tequila, A.C., 2017 TTAB LEXIS 6 (TTAB Jan. 23, 2017).

(Endnote)



* Scott Greenberg is senior counsel in the New York office of Locke Lord LLP. His practice focuses on trademark, copyright, and unfair competition matters, and includes litigation before the courts and the U.S. Patent and Trademark Office in those fields as well as in domain name disputes. Prior to entering private practice, Mr. Greenberg was a Trademark Examining Attorney at the U.S. Patent and Trademark Office. Pina M. Campagna is a partner at Carter, DeLuca, Farrell & Schmidt, LLP. Ms. Campagna’s practice includes representing regional, national and international businesses, with a particular concentration in trademark and design patent matters. Michael Kraich is an associate at Carter, DeLuca, Farrell, & Schmidt, LLP, and focuses on patent and trademark prosecution. His patent practice focuses on the software, electromechanical, and mechanical arts.

NYIPLA Calendar

www.nyipla.org

► MAY 16, 2017 ◀

NYIPLA Annual Meeting

The Princeton Club, 15 West 43rd Street, New York, New York 10036

► JULY 19, 2017 ◀

Hot Topics in Trademark Law

The Princeton Club, 15 West 43rd Street, New York, New York 10036

► NOVEMBER 16, 2017 ◀

One-Day Patent CLE

The Princeton Club, 15 West 43rd Street, New York, New York 10036

When in Rome: Insights from Practitioners in the Nation's Busiest Patent Courts

By Marc Pensabene

On January 11, 2017, four leading practitioners from the busiest patent venues in the country discussed practices in their districts. The event was hosted and moderated by Marc J. Pensabene of O'Melveny & Myers LLP, and was sponsored by the NYIPLA Patent Litigation Committee.

The event played to a full house and addressed a variety of topics, including use of magistrate judges, dispositive motions and the handling of willfulness issues. The panel also discussed pointers and strategies for succeeding in their

districts. There was no shortage of discussion and everyone left wanting more.

The panelists included Jack Blumenfeld of Morris, Nichols, Arsht & Tunnell LLP (Wilmington, DE), Arnold Calmann of Saiber LLC (Newark, NJ), Jennifer Doan of Haltom & Doan (Texarkana, TX) and Clyde Siebman of Siebman, Burg, Phillips & Smith, LLP (Sherman, TX). The Patent Litigation Committee thanks all of the panelists for their participation and for sharing their years of experience and valuable insights.

Understanding the Upcoming Changes to the Trademark Rules and Practice

By Dyan Finguerra-DuCharme

On January 12, 2017, the Trademark Law & Practice Committee held a CLE panel presentation entitled, "Understanding Changes to the Trademark Rules and Practice." The panel was moderated by Committee Co-Chair Dyan Finguerra-DuCharme, and the speakers included the Honorable David Mermelstein, Administrative Trademark Judge for the Trademark Trial and Appeal Board, and Colleen Kearney, Staff Attorney in the Office of the Deputy Commissioner for Trademark Examination Policy in the United States Patent and Trademark Office. The panelists discussed and reviewed the extensive new rules that were planned

to go into effect two days after the presentation. The new rules have a significant impact on procedure and fees for examination and on inter partes procedure. The CLE presentation, which drew a standing-room-only crowd, was viewed as a "crash course" for trademark practitioners who were aware that the rules had been modified, but were still unfamiliar with the new procedures. Attendees also appreciated the opportunity to ask questions directly to high-ranking members of the USPTO, and the panelists engaged attendees in a lengthy and detailed question and answer session. The CLE presentation was hosted by Pryor Cashman LLP.



Happy Hour Hosted by the Young Lawyers and Women in IP Law Committees

By Gary Yen

On Tuesday, February 7, the Women in IP Law Committee and the Young Lawyers Committee held a joint happy hour at the Turmill Bar in the Flatiron District in Manhattan. Over thirty New York IP attorneys mixed and mingled over food and drink, as participants made new connections and reconnected with old friends. The Committees thank everyone for attending, and look forward to our next event together!

Copyright Law & Practice and Trademark Law & Practice Happy Hour

By Michael Cannata

On the evening of February 16, 2017, the Trademark Law & Practice Committee and the Copyright Law & Practice Committee co-hosted a social event at Charlie Palmer at the Knick located within the famed Knickerbocker Hotel. The event was well attended by approximately twenty-five individuals, including members of several different NYIPLA committees, together with many other practitioners new to the organization. The conversation was lively, covering recent trends and cases in the intellectual property arena. The Committees look forward to co-hosting another social event in the upcoming months.

Protecting Valuable and Sensitive Information in the Corporate Setting

By Jessica Copeland

On February 28, 2017, the Women in IP Law Committee collaborated with the Trade Secrets Committee to put on a well-rounded and well-received panel discussion on data privacy and best practices to prepare for, prevent and respond to cyber breaches. The event kicked off with a networking half-hour sponsored by Skadden, Arps, Slate, Meagher & Flom LLP, rolling seamlessly into the panel discussion. The panelists included Mark Schildkraut, Assistant General Counsel-IP and Worldwide Cybersecurity Counsel for BD, Andrew Tannenbaum, Cybersecurity Counsel for IBM, Joanna Levin, Corporate Counsel, Global Privacy for Pfizer, and Erez Liebermann, Chief Counsel-Cybersecurity and Privacy for Prudential Financial, Inc. The panel was moderated by Una Dean, Assistant U.S. Attorney for the Eastern District of New York, National Security and Cybercrime Section. In a lively discussion, the panel explored a variety of data privacy concerns throughout the financial, pharmaceutical, medical device, and computer industries, while providing legal strategies for getting in front of, or remediating, security breaches. The panel's moderator enhanced the discussion by providing insight into the role of the U.S. Attorney's Office in investigating cyber attacks and security breaches.

Extra . . . Extra – Call for Submissions!

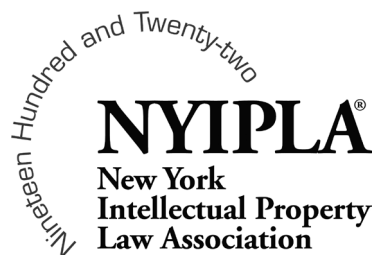
The Publications Committee seeks original articles for possible publication in upcoming issues of *The Report*. Articles on all intellectual property-related topics will be considered.

An article can be any length, but a length of 1700 to 2500 words is about average. Articles should be submitted in MICROSOFT WORD®, 1997-2003 format (i.e., “.doc,” not “.docx”) and with endnotes rather than footnotes. Authors should also provide us with electronic copies of any sources cited in either the text of the article or in the endnotes to assist us with the editing process.

Please send your submission via e-mail to Publications Committee Co-Chairs Mary W. Richardson at mary.e.w.richardson@gmail.com, William Dippert at wdippert@patentusa.com, and Dale Carlson at dcarlson007@gmail.com. Please check with the Co-Chairs regarding the deadline for submission of your article.



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ANNUAL MEETING

Tuesday, May 16, 2017

The Princeton Club of New York

Registration and Refreshments

1:45 p.m. - 2:00 p.m., Fourth Floor

CLE Program I

Mock Oral Argument: Reconsidering Amazon v. OnLine in view of Akamai v Limelight

hosted by Amicus Brief Committee

CLE Program II

The DMCA – How Recent Decisions Have Impacted the Scope of Protection

hosted by Trademark Law & Practice Committee and Copyright Law & Practice Committee

2:00 p.m. - 3:15 p.m., Fourth Floor

***Committee Meetings**

Refreshments will be served

3:30 p.m. - 4:30 p.m., Second Floor

***Annual Meeting of Members**

4:30 p.m. - 5:30 p.m., Fourth Floor

Board Meeting

Board of Director and Past Presidents only

5:30 p.m. - 6:00 p.m., Fourth Floor

Cocktail Reception

followed by

Awards Dinner

5:30 p.m. - 9:00 p.m., Second Floor

Keynote Speaker

Honorable Katherine Forrest

United States District Court, Southern District of New York

Hon. William C. Conner Writing Competition

Inventor of the Year

Dr. Adrian Krainer

Inventor of U.S. Patent No. 8,980,853. Recognized for his research that led to the first-ever drug for the treatment of Spinal Muscular Atrophy (SMA) in children and adults

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MINUTES OF DECEMBER 14, 2016

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at Andrews Kurth Kenyon LLP's midtown office. President Walter Hanley called the meeting to order at approximately 12:25 p.m. In attendance were:

Dorothy Auth	Charles Macedo
Mark Bloomberg	William McCabe
Garrett Brown (by phone)	Kathleen McCarthy
Frank DeLucia	Colman Ragan
Walter Hanley	Robert Rando
Annmarie Hassett	Peter Thurlow (by phone)
Robert Isackson	Jeanna Wacker (by phone)

Matthew McFarlane, Peter Thurlow, and Heather Schneider were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The meeting was called to order by President Hanley, and the Board approved the Minutes of the November 9, 2016 Board meeting.

Mr. Rando addressed the financial report, indicating that the Association is in sound financial condition.

The Board approved new members and then discussed membership issues.

The Amicus Brief Committee (ABC) discussed its numerous activities. Rob Isackson mentioned that the authors of the NYIPLA's amicus brief filed in *Life Technologies Corp. v. Promega Corp.* were invited to join an American University Washington College of Law webinar to discuss amicus briefing and the oral argument in the Supreme Court. Irena Royzman, Co-Chair of the ABC and one of the amicus brief co-authors,

participated in the webinar, held on the American University Washington College of Law's campus on the afternoon of the Supreme Court oral argument, and presented the NYIPLA's positions. The panel also included representatives from the petitioner and respondent and other selected amici. The NYIPLA has a standing invitation to participate in future webinars about SCOTUS cases in which the NYIPLA files an amicus brief.

The Legislative Action Committee reported on the Association's participation in two recent Patent Office Roundtables relating to Section 101. Peter Thurlow represented the NYIPLA at the Roundtable discussing ways to improve the USPTO's Section 101 Guidance for patent examiners, which took place in Arlington, VA, on November 14, 2016. Dorothy Auth participated on behalf of the NYIPLA at the Roundtable discussing issues relating to the application of Section 101 more broadly, beyond patent prosecution at the USPTO, which took place at Stanford University on December 5, 2016. At the Stanford Roundtable, Ms. Auth presented, on behalf of the NYIPLA, a draft proposal for a legislative amendment to Section 101, which the NYIPLA provided to serve as a tool to facilitate discussion on how best to amend the statute to enable an objective, clear, and flexible standard for patent eligibility.

Dorothy Auth mentioned that she is planning another NYIPLA Presidents' Forum and asked for Board volunteers.

The meeting was adjourned at 2:00 p.m.

The next Board meeting will take place on February 15, 2017 at The Union League Club.



NYIPLA Job Board

A perfect chance to submit job openings,
 refer members to postings,
 and search for new opportunities
 at www.nyipla.org.

MINUTES OF JANUARY 11, 2017

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at Andrews Kurth Kenyon LLP's midtown office. President Walter Hanley called the meeting to order at approximately 12:00 p.m. In attendance were:

Mark Bloomberg (by phone, joined approx. 1:00 pm)	William McCabe
Frank DeLucia (by phone)	Kathleen McCarthy
Walter Hanley	Colman Ragan
Annemarie Hassett	Robert Rando
Robert Isackson	Heather Schneider
Charles Macedo	Peter Thurlow (by phone)

Matthew McFarlane, Dorothy Auth, Garrett Brown, and Jeanna Wacker were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The meeting was called to order by President Hanley, and the Board approved the Minutes of the December 14, 2016 Board meeting.

Mr. Rando provided a financial report, indicating that the Association is in sound financial condition.

The Board approved new members and then discussed the membership report. Ms. Schneider discussed the results of a membership survey. The Board discussed membership ideas, such as sending the survey to members who left, sending the survey to junior associates in the fall, and whether or not to distribute the survey at tables at the Judges Dinner. The Board also discussed sending the survey to firm liaisons and generally developing new ways to reach out to each year's class of incoming associates. The Board also discussed having one or two social events per year, such as a holiday party similar to those held by other bar organizations.

Robert Isackson then discussed the Amicus Brief Committee's numerous activities, including the conflict check for Oracle/Google, the *Lexmark* proposal, and *Wi-Fi One*.

On behalf of the Legislative Action Committee Ms. Hassett discussed the continued interest in Section 101 and review of materials to help consider a possible legislative amendment. She reported that the Copyright Law & Practice Committee has reviewed a Goodlatte proposal with comments that are due January 31 and that the LAC is reviewing it as well. Ms. Hassett also discussed the Patent Office roundtable comments due January 18, which Ms. Hassett and Mr. Thurlow will discuss further. She reported that the LAC proposed that all NYIPLA comments on legislative proposals and rules should be reviewed by the LAC to have consistency within the organization and benefit from their expertise. The Board generally agreed and discussed whether to add something to the LAC description to memorialize that oversight and coordination.

President Hanley then discussed the March 6 Presidents' Forum that will address legislative solutions for Section 101. He is considering including leaders from other organizations such as the IPO, the ABA Section of IP Law, and the AIPLA. He is also considering inviting Congressman Nadler and perhaps some retired judges.

The Board then discussed logistics for the Judges Dinner, including invitations to legislators such as Sen. Charles Schumer. Mr. Bloomberg provided an update on the Day of Dinner CLE that will address issues of intent in patent law. The other committee liaisons then provided updates on the Patent Law & Practice, Trademark Law & Practice, Young Lawyers, Women in IP Law, and Inventor of the Year Committees. In particular, the recent Trademark Law & Practice Committee event attracted a lot of non-members. The Inventor of the Year Award received many quality submissions.

The meeting was adjourned at approximately 2:00 p.m.

The next Board meeting will take place on February 15, 2017 with committee co-chairs at The Union League Club.



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MINUTES OF FEBRUARY 15, 2017

MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was held at The Union League Club, New York, NY. President Walter Hanley called the meeting to order at approximately 5:15 p.m. In attendance were:

Mark Bloomberg	Charles Macedo
Garrett Brown (by phone)	Matthew McFarlane
Frank DeLucia (by phone)	(by phone)
Walter Hanley	Colman Ragan
Annmarie Hassett	Robert Rando
Robert Isackson (by phone)	Jeanna Wacker (by phone)

Heather Schneider, Peter Thurlow, Kathleen McCarthy, William McCabe, and Dorothy Auth were absent and excused from the meeting. Feikje van Rein was in attendance from the Association's executive office.

The clerk confirmed that a quorum was reached at 5:15 p.m., at which time President Hanley called the meeting to order.

The Board approved the Minutes of the January 11, 2017 Board meeting.

Mr. Rando provided the financial report, indicating that the Association is in sound financial condition.

The Board approved new members and then discussed the membership report. A total of 15 new members were approved.

The Amicus Brief Committee then discussed its numerous activities, including the final version of the *Impression Products, Inc. v. Lexmark International, Inc.* brief. The Committee is awaiting final Board approval of the *Oracle America, Inc. v. Google Inc.* brief and the *Wi-Fi One, LLC v. Broadcom Corp.* brief.

The Legislative Action Committee then discussed its assistance with the upcoming Presidents' Forum event. The Committee pointed out that very little is taking place in Congress these days on the IP front.

President Hanley then discussed the March 6 Presidents' Forum that will address legislative solutions to Section 101.

President Hanley discussed the proposed creation of a mentoring program or even a formal committee in response to the membership survey. The Board discussed creating a mentoring program in which junior and senior lawyers would be paired. The guidance of the YLC was thought to be very helpful in getting any program started. The Board discussed the dynamics of overseeing engagements and determined that a pilot program would be appropriate. The scale of the program will be determined if the pilot program is successful.

The Board then discussed logistics for the Judges Dinner. President Hanley reported that preparations were moving as expected. Financials are pretty close to last year's. It is hard to do an apples-to-apples comparison, but an individual count reveals the similarity with last year. There are 20 fewer honored guests than last year, mostly judges.

Upcoming programs: Trade Secrets program on February 28 and a happy hour with Asian American Bar Association of New York (AABANY) young lawyers on March 3. The Board discussed increasing awareness and attendance for the Trade Secrets program.

Mr. Bloomberg provided an update on the Day of Dinner CLE that will address issues of intent in patent law. The Programs Committee has received confirmation from three judges as speakers so far.

David Leichtman and Jonathan Auerbach, Co-Chairs of the Inventor of the Year (IOTY) Award Committee, joined the Board meeting. They reported on the submissions and their ultimate choices. The IOTY Award Committee recommended Adrian Kramer as the winner, which the Board approved.

The meeting was adjourned at approximately 6.30 p.m.

The next Board meeting will take place on March 8, 2017.

Last Name	First Name	Company/ Firm /School	Membership Type	State
Alexander	Ross	Condo Roccia Koptiw LLP	Affiliate	Pennsylvania
Douglas	Nicholas	Elisabeth Haub School of Law, Pace University	Student	New York
Famularo	Anthony	Cory J. Rosenbaum, P.C.	Active 3-	New York
Gilmore	Martin	Perkins Coie LLP	Active 3+	New York
Glynn	Michael	Fox Rothschild LLP	Active 3+	New York
Kelly	Kelsie	Brooklyn Law School	Student	New York
Makar	Chad	Thomson Reuters Corporation	Corporate	New Jersey
Murphy	Brian	United States Patent and Trademark Office	Active 3+	New York

General Call for Committee Volunteers May 2017 - April 2018

Apply by Thursday, June 15, 2017



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Committees are open to members only. Membership dues must be current for May 2017 to April 2018 to be considered for a committee.

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More information about each Committee can be found at www.nyipla.org under the "About Us" menu.

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